

Paul First Nation

Consolidated Financial Statements

March 31, 2022

Paul First Nation**Consolidated Financial Statements**

March 31, 2022

Page

Management's Responsibility for Financial Reporting 3

Independent Auditors' Report 4 - 5

Financial Statements

Consolidated Statement of Financial Position	6
Consolidated Statement of Remeasurement Gains and Losses	7
Consolidated Statement of Operations and Accumulated Surplus	8
Consolidated Statement of Change in Net Financial Assets	9
Consolidated Statement of Cash Flow	10
Notes to Consolidated Financial Statements	11 - 31

Paul First Nation

Management's Responsibility for Financial Reporting

March 31, 2022

The accompanying consolidated financial statements of Paul First Nation are the responsibility of management and have been approved by Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Crowe MacKay LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Paul First Nation and meet when required.

On behalf of Paul First Nation:

Original signed by _____ Date
Executive Director

Original signed by _____ Date
Finance Director

Original signed by _____ Date

Original signed by _____ Date

Original signed by _____ Date

Independent Auditors' Report

To the Members of Paul First Nation

Qualified Opinion

We have audited the consolidated financial statements of Paul First Nation, which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements present fairly, in all material respects, the financial position of Paul First Nation as at March 31, 2022 and the results of its consolidated operations, the changes in its consolidated net financial assets and its consolidated cash flows for the year for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Paul First Nation's investments in related First Nation entities, represents a significant amount of the assets of the consolidated financial statements as at March 31, 2022. We were unable to obtain sufficient appropriate evidence about the carrying amount of the Paul First Nation investments, equity and net income for the year ended March 31, 2021. Consequently, we were unable to determine whether adjustments to the results of the consolidated operations and cash flows might be necessary for the year ended March 31, 2021.

The opinion on the current year's consolidated operations and cash flows for the year ended March 31, 2022 was modified because of the possible effects of the limitations in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditors' Report (continued)

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Edmonton, Canada
March 30, 2023

Crowe Mackay LLP
Chartered Professional Accountants

Paul First Nation

Consolidated Statement of Financial Position

March 31	2022	2021
----------	------	------

Financial Assets

Cash (Note 2)	\$ 24,394,046	\$ 7,854,198
Accounts receivable (Note 3)	3,239,931	239,975
Loan receivable (Note 4)	-	2,539,688
Investments and advances (Note 5)	5,835,175	1,004,975
Trust funds (Note 7)	7,644,447	11,151,116
	41,113,599	22,789,952

Liabilities

Operating loan (Note 8)	-	954,617
Accounts payable (Note 9)	2,630,810	2,291,338
Deferred revenue (Note 10)	27,832,870	7,274,724
Long-term debt (Note 11)	6,710,468	8,173,421
	37,174,148	18,694,100

Net financial assets **3,939,451** **4,095,852**

Non-financial Assets

Capital assets (Note 12)	72,832,991	73,766,845
Prepaid expenses	8,550	8,550
	72,841,541	73,775,395

Accumulated Surplus (Note 13) **\$ 76,780,992** **\$ 77,871,247**

Accumulated Surplus consists of

Accumulated operating surplus	76,463,846	77,434,309
Accumulated remeasurement gains, end of year	317,146	436,938
	76,780,992	77,871,247

Contingent liabilities (Note 14)

Approved on behalf of the Council

Original signed by _____, Chief Original signed by _____, Councillor

Original signed by _____, Councillor Original signed by _____, Councillor

Original signed by _____, Councillor Original signed by _____, Councillor

Paul First Nation**Consolidated Statement of Remeasurement Gains and Losses**

For the year ended March 31	2022	2021
Accumulated remeasurement gains, beginning of year	\$ 436,938	\$ 177,572
Gains/losses consists of:		
Unrealized gain (loss) on Trust Funds	(5,933)	301,659
Realized (gain) loss on Trust Funds	(113,859)	(42,293)
Net remeasurement gains and (losses)	(119,792)	259,366
Accumulated remeasurement gains, end of year	\$ 317,146	\$ 436,938

Paul First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2022 Budget	2022 Actual	2021 Actual
Revenue			
Indigenous Services Canada (ISC)	\$ 9,297,042	\$ 16,546,330	\$ 20,330,645
Indigenous Services Canada - Health	1,861,159	3,209,142	2,090,653
CMHC	-	880,278	208,860
First Nations Development Fund	541,431	695,271	247,577
Service Canada (ISETS)	245,457	492,288	665,318
Ottawa Trust revenue	-	159,426	248,740
Wapta Mnodai Developments Ltd.	-	5,000	6,800
Industry and other revenue	2,387,535	1,583,004	3,308,854
Net income (loss) from Band owned Enterprises	-	1,493,936	1,540,589
	14,332,624	25,064,675	28,648,036
Expenses			
Band Government	1,825,025	6,247,154	5,173,084
Education	4,606,556	5,205,101	5,010,544
Health	1,712,391	3,211,588	2,013,545
Economic Development	95,708	92,770	262,813
Public Works	2,048,066	1,753,012	2,195,504
Community Services	1,054,224	843,411	23,988
Social Services	2,990,654	3,406,948	3,303,477
Employment Programs	-	319,952	372,700
Housing	-	120,986	283,964
Capital Projects	-	777,317	332,794
Amortization	-	3,984,936	3,024,610
Wapta Mnodai Developments Ltd.	-	71,964	92,864
	14,332,624	26,035,139	22,089,887
Excess (deficiency) of revenue over expenses	-	(970,464)	6,558,149
Accumulated surplus, beginning of year	-	77,871,247	71,053,732
Remeasurement gains (losses)	-	(119,792)	259,366
Accumulated surplus, end of year	\$ -	\$ 76,780,991	\$ 77,871,247

Paul First Nation**Consolidated Statement of Change in Net Financial Assets**

For the year ended March 31**2022****2021**

<u>Excess (deficiency) of revenue over expenses</u>	\$ (970,464)	\$ 6,558,149
Acquisition of tangible capital assets	(3,052,081)	(8,672,044)
Amortization of tangible capital assets	3,650,459	3,057,413
Impairment of tangible capital assets	334,477	-
Remeasurement gains (losses) on trust funds	(119,792)	259,366
Disposal of tangible capital assets	1,000	-
	814,063	(5,355,265)
Use of prepaid asset	-	99,474
Increase in net financial assets	(156,401)	1,302,358
Net financial assets, beginning of year	4,095,852	2,793,494
Net financial assets, end of year	\$ 3,939,451	\$ 4,095,852

Paul First Nation

Consolidated Statement of Cash Flow

For the year ended March 31, 2022	2022	2021
Cash flows from Operating activities		
Excess (deficiency) of revenue over expenses	\$ (970,464)	\$ 6,558,149
Items not affecting cash		
Amortization	3,650,459	3,057,413
Impairment	334,477	-
	3,014,472	9,615,562
Change in non-cash operating working capital		
Accounts receivable	(2,999,956)	530,663
Loans receivable	-	183,906
Prepaid expenses	-	99,473
Accounts payable	339,472	(1,442,318)
Deferred revenue	20,558,146	1,479,045
	20,912,134	10,466,331
Capital activities		
Capital asset additions	(3,052,081)	(8,672,044)
Capital asset disposals	1,000	-
	(3,051,081)	(8,672,044)
Financing activities		
Repayment of long-term debt	(1,839,843)	(468,959)
Proceeds from long-term debt	376,890	163,503
	(1,462,953)	(305,456)
Investing activities		
Change in investments	(2,290,512)	(185,199)
Change in funds held in trust	3,386,877	(2,129,290)
	1,096,365	(2,314,489)
Increase in cash and cash equivalents	17,494,465	(825,658)
Cash and cash equivalents, beginning of year	6,899,581	7,725,239
Cash and cash equivalents, end of year	\$ 24,394,046	\$ 6,899,581
Represented by		
Cash	\$ 24,394,046	\$ 7,854,198
Operating loan	-	(954,617)
	\$ 24,394,046	\$ 6,899,581

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2022

1. Basis of Presentation and Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Reporting entity principles of financial reporting

The Paul First Nation reporting entity includes the Paul First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the Paul First Nation.

The modified equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform with those of the First Nation. Thus, the First Nation's investment in these enterprises is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses. Enterprises accounted for by the modified equity basis include:

1. Alberta Groups GP Ltd.
2. Paul Band Business Trust
3. Paul Band Land Holdings Ltd.
4. Paul First Nation Cascade (GP) Inc.
5. Paul First Nation Industry Relations Corporation
6. Paul First Nation Renewable Energy (GP) Inc.
7. PFN Development Corporation
8. PFN Land Holdings Inc.
9. Weh-Hnim-Nay Energy (GP) Inc.
10. Wihne Industrial Closure Services (GP) Inc.
11. 399250 Alberta Ltd.

Enterprises accounted for by full consolidation include:

1. Wapta Mnodai Developments Ltd. (o/a Ironhead Golf Course)

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessarily been eliminated on the individual schedules.

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2022

1. Basis of Presentation and Significant Accounting Policies (continued)

(b) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Investment and other income are recorded on an accrual basis.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, operating loans and broker investment accounts.

(d) Portfolio investments

Portfolio investments are carried at fair market value.

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2022

1. Basis of Presentation and Significant Accounting Policies (continued)

(e) Tangible capital assets

Capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Infrastructure includes certain roads and bridges disclosed at a nominal amount. The First Nation holds works of art and historical treasures of a cultural value, which have not been included in capital assets due to their inability of estimating future benefits associated with such property. The cost of the capital assets are amortized over their expected useful life using the following rates and methods:

Buildings and Housing	20/25 years Straight line/4% Declining balance
Housing	20 years Straight line
Automotive equipment	5-10 years Straight line/20% Declining balance
Computer equipment	4 years Straight line
Office furniture and equipment	20% Declining balance
Infrastructure	10-75 years Straight line
Paving	8% Declining balance

Capital assets are written down when conditions indicate that they no longer contribute to Paul First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets, including interest in reserve lands and natural resources, as well as assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

(f) Financial instruments

All significant financial assets, financial liabilities and equity instruments of the entity are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

(g) Use of estimates

The preparation of financial statements in accordance with Public Sector Accounting Board Standards requires management to make estimates and assumptions, that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year.

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2022

1. Basis of Presentation and Significant Accounting Policies (continued)

(h) Impairment of Long-Lived Assets

The First Nation tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

2. Cash

	2022	2021
Externally restricted		
Province of Alberta	\$ 751,708	\$ 255,459
Internally restricted		
Capital projects	1,202,671	77,847
Legal	8,014	17,225
	<hr/> 1,210,685	<hr/> 95,072
Unrestricted		
General accounts	22,431,653	7,503,667
	<hr/> \$ 24,394,046	<hr/> \$ 7,854,198

3. Accounts receivable

	2022	2021
Indigenous Services Canada (ISC)	\$ 2,457,296	\$ 83,531
Canada Mortgage and Housing Corporation (CMHC)	640,000	-
Province of Alberta	61,824	137,877
GST receivable	80,811	17,667
Advances to members	262,853	283,352
Other	198,585	130,746
	<hr/> 3,701,369	<hr/> 653,173
Allowance for doubtful accounts	(461,438)	(413,198)
	<hr/> \$ 3,239,931	<hr/> \$ 239,975

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2022

4. Loan receivable

	2022	2021
Weh-Hnim-Nay Energy Limited Partnership loan receivable, repaid during the year.	\$ -	\$ 2,539,688

5. Investments and advances

	2022	2021
Investments		
Paul Band Business Trust (Note 6)	\$ 3,197,350	\$ 1,353,421
Paul First Nation Renewable Energy (GP) Inc.	78	(383)
Weh-Hnim-Nay Energy (GP) Inc.	945	884
PFN Development Corporation	(55,279)	(56,428)
Paul Band Land Holdings Ltd.	100	100
399250 Alberta Ltd.	100	100
Paul First Nation Industry Relations Corporation	606,752	937,528
Paul First Nation Cascade (GP) Inc.	92	96
Wihne Industrial Closure Services (GP) Corp.	279	-
PFN Land Holdings Inc.	(19,962)	-
	3,730,455	2,235,318
Advances		
Paul Band Business Trust (Note 6)	977,807	(1,456,460)
Paul Band Land Holdings Ltd.	(100)	(100)
Paul First Nation Industry Relations Corporation	226,523	226,523
PFN Land Holdings Inc.	900,896	-
Paul First Nation Renewable Energy (GP) Inc.	(100)	(100)
Weh-Hnim-Nay Energy (GP) Inc.	(6)	(6)
Paul First Nation Cascade (GP) Inc.	(100)	(100)
Wihne Industrial Closure Services (GP) Corp.	(100)	-
399250 Alberta Ltd.	(100)	(100)
	2,104,720	(1,230,343)
	\$ 5,835,175	\$ 1,004,975

Paul Band Land Holdings Ltd., Paul First Nation Cascade (GP) Inc., Paul First Nation Industry Relations Corporation, Paul First Nation Renewable Energy (GP) Inc., PFN Development Corporation, PFN Land Holdings Inc., Weh-Hnim-Nay Energy Limited Partnership, Weh-Hnim-Nay Energy (GP) Inc., Wapta Mnodai Developments Ltd. (o/a Ironhead Golf Course), Wihne Industrial Closure Services (GP) Corp. and 399250 Alberta Ltd. are owned 100% by Paul First Nation.

Unaudited financial statements for Paul First Nation Cascade (GP) Inc., Paul First Nation Renewable Energy (GP) Inc., Weh-Hnim-Nay Energy (GP) Inc., Wihne Industrial Closure Services (GP) Corp., PFN Development Corporation, Paul Band Land Holdings Ltd. and 399250 Alberta Ltd. have been prepared for the year ended March 31, 2022.

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2022

6. Investment in and advances to/from Paul First Nation Entities

Paul Band Business Trust include the following entities:

Alberta Groups Limited Partnership
Alberta Groups GP Ltd.
Paul Band Business Trust
Paul Band Developments Limited Partnership
Paul First Nation Cascade Limited Partnership
Paul First Nation Renewable Energy Limited Partnership
Weh-Hnim-Nay Energy Limited Partnership
Wihneme Industrial Closure Services Limited Partnership

Paul Band Corporations include the following companies:

399250 Alberta Ltd.
Paul Band Land Holdings Ltd.
PFN Developments Corporation
PFN Land Holdings Inc.
Paul First Nation Cascade (GP) Inc.
Paul First Nation Industry Relations Corporation
Paul First Nation Energy (GP) Inc.
Weh-Hnim-Nay Energy (GP) Inc.
Wihneme Industrial Closure Services (GP) Corp.

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2022

6. Investment in and advances to/from Paul First Nation Entities (continued)

Balance Sheet

	Paul Band Business Trust	Paul Band Corporations	2022 Total	2021 Total
Cash	\$ 3,055,516	\$ 58,504	\$ 3,114,020	\$ 1,192,680
Accounts receivable	2,776,956	544,032	3,320,988	843,416
Prepaid expenses	50,000	-	50,000	-
Due from related parties	4,083,194	317,437	4,400,631	4,012,192
Investments	220,279	3,204	223,483	3,875,626
Capital assets	45,606	847,728	893,334	10,707
Total assets	\$ 10,231,551	\$ 1,770,905	\$ 12,002,456	\$ 9,934,621
Accounts payable	\$ 3,757,030	\$ 52,976	\$ 3,810,006	\$ 402,211
Note payable	-	-	-	4,121,315
Due to related parties	833,921	1,184,824	2,018,745	560,606
Loan payable	2,443,250	-	2,443,250	2,571,750
Deferred revenues	-	-	-	43,421
Total liabilities	7,034,201	1,237,800	8,272,001	7,699,303
Equity	3,197,350	533,105	3,730,455	2,235,318
Total equity	3,197,350	533,105	3,730,455	2,235,318
Total liabilities and equity	\$ 10,231,551	\$ 1,770,905	\$ 12,002,456	\$ 9,934,621
Revenue and Expenses				
	Paul Band Business Trust	Paul Band Corporations	2022 Total	2021 Total
Revenue	\$ 3,480,862	\$ 1,651,293	\$ 5,132,155	\$ 3,264,485
Expenses	1,637,933	2,000,286	3,638,219	1,723,896
Net income (loss)	\$ 1,842,929	\$ (348,993)	\$ 1,493,936	\$ 1,540,589

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2022

6. Investment in and advances to/from Paul First Nation Entities (continued)

	2022	2021
Advances from Paul Band Developments Limited Partnership	\$ (357,068)	\$ (379,364)
Advances from Paul Band Business Trust	(100)	(100)
Advances to Paul First Nation Cascade Limited Partnership	4,075	75
Advances to Paul First Nation Renewable Energy Limited Partnership	14,000	-
Advances to (from) Weh-Hnim-Nay Energy Limited Partnership	1,316,900	(1,077,071)
Accumulated surplus (deficit) in Paul Band Business Trust	3,197,350	1,353,421
 <u>Investment and advances in Paul Band Business Trust</u>	 <u>\$ 4,175,157</u>	 <u>\$ (103,039)</u>

7. Trust funds

	March 31, 2021	Income 2022	Withdrawals 2022	Gains/(losses) 2022	March 31, 2022
Ottawa Trust Funds - Capital	\$ 1,730,525	\$ -	\$ -	\$ -	\$ 1,730,525
Ottawa Trust Funds - Revenue	849,097	159,426	-	-	1,008,523
Settlement Trust Funds	4,265,287	216,355	(246,066)	(119,792)	4,115,784
Community Trust	4,306,207	412,707	(3,929,299)	-	789,615
 <u></u>	 <u>\$ 11,151,116</u>	 <u>\$ 788,488</u>	 <u>\$ (4,175,365)</u>	 <u>\$ (119,792)</u>	 <u>\$ 7,644,447</u>

The Ottawa Trust Funds in the amount of \$2,739,048 (2021: \$2,579,622) arise from monies derived from capital and revenue sources which the Crown considers are described in Section 62 of the Indian Act. These funds are held in trust by the Government of Canada and the Crown treats these funds as primarily governed by section 64 and 69 of the Indian Act. The Funds earn interest pursuant to section 61(2) of the Indian Act.

The Settlement Trust Funds are held in the form of short-term notes and fixed income Canadian government and corporate bonds with various terms. Under the terms of the agreement, the First Nation can withdraw up to 80% of the income earned annually for use in its operations. During the year, \$246,066 (2021: \$16,241) was withdrawn. The cost of the Settlement Trust Funds at March 31, 2022 was \$3,798,972 (2021: \$3,828,349).

The Community Trust Funds are held in the form of cash and mutual funds. During the year, \$3,929,299 (2021: \$nil) was withdrawn. The cost of the Community Trust Funds at March 31, 2022 was \$789,615 (2021: \$4,306,207).

8. Operating loan

During the year, the Canadian Mortgage and Housing Corporation (CMHC) phase 7 project was completed and the operating loan was converted into a mortgage with an interest adjustment date of October 1, 2021.

Paul First Nation**Notes to Consolidated Financial Statements**

March 31, 2022

9. Accounts payable

	2022	2021
Accounts payables - trade	\$ 2,238,250	\$ 2,046,402
Government remittances	72,479	57,482
Per Capita Distribution	35,800	35,800
Wages payable	284,281	151,654
	<hr/> \$ 2,630,810	<hr/> \$ 2,291,338

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2022

10. Deferred revenue

Deferred revenue represents funds received, that will be recognized as revenue in the next fiscal year, when the related expenses are incurred, or when the terms of the funding have been completed. The deferred revenue relates to the following programs and funders:

	March 31, 2021	Funding received, 2022	Revenue recognized, 2022	March 31, 2022
Assisted Living - ISC	\$ 17,585	\$ 216,701	\$ (30,572)	\$ 203,714
Capital Projects: Road Upgrade - ISC	598,844	4,776,000	(2,707,828)	2,667,016
Child and Family Services - ISC	215,278	7,323,677	(376,084)	7,162,871
Community Health Services - Health	2,245,761	5,040,038	(3,183,527)	4,102,272
COVID-19 program - ISC	867,251	3,676,251	(2,352,702)	2,190,800
Daycare - ISC	213,622	123,120	(129,510)	207,232
Daycare - ISETS	-	305,418	(232,217)	73,201
Economic Development - ISC	94,147	113,128	(92,770)	114,505
Education Partners Program (EPP) - ISC	119,412	209,668	(161,761)	167,319
Elementary and Junior High School - ISC	895,324	4,858,501	(3,332,960)	2,420,865
Enhanced Service Delivery - ISC	255,071	135,446	(390,517)	-
Gas Station and Market Feasibility Study - ISC	-	131,414	(131,214)	200
Housing - ISC	25,289	1,700,000	(8,821)	1,716,468
Indigenous Skills and Employment Training Strategy - ISETS	82,386	665,296	(260,071)	487,611
Municipal Services - ISC	-	3,499,782	(1,165,488)	2,334,294
Post Secondary Education - ISC	100,966	895,280	(700,392)	295,854
Social Assistance - ISC	355,928	3,115,960	(1,319,540)	2,152,348
Social Assistance to Employment & Training - ISC	71,104	332,152	(217,655)	185,601
Social Development - Service Delivery - ISC	927,698	597,370	(352,349)	1,172,719
Specific Claims - ISC	-	175,530	(101,865)	73,665
Treaty Days - ISC	-	41,575	(22,984)	18,591
Urban Support - ISC	-	402,500	(375,370)	27,130
	7,085,666	38,334,807	(17,646,197)	27,774,276
Provincial Government				
First Nation Development Fund	189,058	564,807	(695,271)	58,594
	\$ 7,274,724	\$ 38,899,614	\$ (18,341,468)	\$ 27,832,870

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2022

11. Long-term debt

	2022	2021
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$1,939 including interest at 0.52%, maturing May 2025. Secured by Band Funds and housing units.	\$ 71,117	\$ 93,333
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$709 including interest at 1.22%, maturing November 2034. Secured by Band Funds and housing units.	99,822	107,133
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$3,448 including interest at 1.22%, maturing November 2034. Secured by Band Funds and housing units.	485,420	520,968
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$3,551 including interest at 1.97%, maturing November 2037. Secured by Band Funds and housing units.	574,334	605,347
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$3,722 including interest at 2.50%, maturing May 2038. Secured by Band Funds and housing units.	594,059	623,549
Royal Bank of Canada demand loan, repaid during the year.	-	13,166
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$4,334 including interest at 1.12%, maturing December 2044. Secured by Band Funds and housing units.	1,117,541	-
Royal Bank of Canada demand loan due September 2023, repayable in monthly instalments of \$3,208 including interest at 4.85%. Secured by Band Funds and housing units.	214,225	241,632
Royal Bank of Canada demand loan due February 2023, repayable in monthly instalments of \$8,481 including interest at 4.85%. Secured by Band Funds and housing units.	522,317	596,762
Royal Bank of Canada term loan bearing interest at prime plus 0.50%, interest only payments, maturing January 2023. Secured by a general security agreement.	3,031,633	2,831,843
Royal Bank of Canada term loan, repaid during the year.	-	2,539,688
	\$ 6,710,468	\$ 8,173,421

Paul First Nation**Notes to Consolidated Financial Statements**

March 31, 2022

11. Long-term debt (continued)

Principal portion of long-term debt due within the next five years:

2023	\$ 3,752,158
2024	357,721
2025	175,044
2026	158,564
<u>2027 and thereafter</u>	<u>2,266,981</u>
	<hr/>
	\$ 6,710,468

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2022

12. Tangible Capital Assets

	Balance, beginning of year	Cost			Accumulated amortization			2022 net book value
		Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	
Land	\$ 2,158,907	\$ -	\$ (1,000)	\$ 2,157,907	\$ -	\$ -	\$ -	\$ 2,157,907
Buildings	57,925,759	182,805	-	58,108,564	19,079,067	1,787,716	20,866,783	37,241,781
Automotive equipment	8,505,557	810,431	-	9,315,988	7,220,691	546,513	7,767,204	1,548,784
Computer equipment	468,726	-	-	468,726	408,041	50,572	458,613	10,113
Office furniture and equipment	47,054	-	-	47,054	45,237	1,817	47,054	-
Infrastructure	45,098,842	2,058,844	-	47,157,686	13,736,886	1,546,394	15,283,280	31,874,406
Paving	180,097	-	-	180,097	128,175	51,922	180,097	-
	\$ 114,384,942	\$ 3,052,080	\$ (1,000)	\$ 117,436,022	\$ 40,618,097	\$ 3,984,934	\$ 44,603,031	\$ 72,832,991

	Balance, beginning of year	Cost			Accumulated amortization			2021 Net book value
		Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	
Land	\$ 2,158,907	\$ -	\$ -	\$ 2,158,907	\$ -	\$ -	\$ -	\$ 2,158,907
Buildings	51,943,512	6,078,688	(96,441)	57,925,759	17,817,414	1,261,653	19,079,067	38,846,692
Automotive equipment	7,788,359	717,198	-	8,505,557	6,820,981	399,710	7,220,691	1,284,866
Computer equipment	420,579	48,147	-	468,726	357,469	50,572	408,041	60,685
Office furniture and equipment	47,054	-	-	47,054	44,783	454	45,237	1,817
Infrastructure	43,174,390	1,924,452	-	45,098,842	12,396,377	1,340,509	13,736,886	31,361,956
Paving	180,097	-	-	180,097	123,660	4,515	128,175	51,922
	\$ 105,712,898	\$ 8,768,485	\$ (96,441)	\$ 114,384,942	\$ 37,560,684	\$ 3,057,413	\$ 40,618,097	\$ 73,766,845

During the year, the Nation incurred an impairment loss of \$334,477 as a result of the continued closure of the Wapta Mnodai Developments Ltd. (o/a Ironhead Golf Course).

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2022

13. Accumulated surplus

	2022	2021
Operating fund	\$ (6,493,487)	\$ (5,858,220)
Enterprise fund	5,835,175	1,004,975
Capital asset fund	69,155,157	70,964,956
Trust fund	7,327,300	10,714,178
CMHC replacement reserve	639,701	608,420
Remeasurement gain	317,146	436,938
	<hr/> \$ 76,780,992	<hr/> \$ 77,871,247

14. Contingent Liabilities

Legal proceedings:

Paul First Nation has been named as defendant in certain legal proceedings. The Nation is actively defending all lawsuits. Since the amount of loss, if any, cannot be reasonably estimated, no provision has been recorded in these financial statements. Should a loss be incurred, it will be expensed in the year the liability is determined.

Government contributions:

Government contributions related to the projects of the entity are subject to conditions regarding the expenditure of funds. The entity's accounting records are subject to audit by the various funding agencies. Should any instances be identified in which the amounts charged to projects are not in accordance with the agreed terms and conditions, amounts would be refundable to the respective funding agencies.

Adjustments to the financial statements as a result of these audits will be recorded in the period in which they become known.

15. Budget Information

Budget information for the year ended March 31, 2022 is unaudited and has been provided by management.

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2022

16. Expenses

For the year ended March 31	2022 Budget	2022 Actual	2021 Actual
Amortization	\$ -	\$ 3,650,459	\$ 3,057,413
Bad debt (recovery)	-	49,140	(30,184)
Co-Management fees	-	293,424	328,811
Community events	903,565	87,420	-
Cultural events	114,484	402,434	531,801
Economic development	469,947	696,761	917,359
Education and tuition fees	529,766	220,582	181,373
Feasibility studies	-	47,160	-
Human Resources Development	-	90,423	98,539
Impairment of capital assets	-	334,477	-
Insurance	254,000	327,325	290,876
Interest and bank charges	16,678	204,993	278,196
Materials and supplies	669,310	1,224,998	1,152,709
Meeting and travel expenses	461,747	1,237,407	596,844
Office expenses	540,853	398,739	392,289
Professional fees	274,758	1,352,847	1,178,197
Program costs	4,000	90,841	473,763
Rent	30,000	23,781	105,922
Repairs and maintenance	478,872	414,542	476,269
Social Assistance	1,588,877	2,335,764	2,020,836
Subcontractors	337,936	1,166,636	1,124,542
Training	287,450	548,892	251,515
Utilities and telephone	466,342	796,959	775,379
Vehicle	188,366	418,363	268,254
Wages and benefits	6,715,673	9,620,772	7,417,479
Writedown of investments	-	-	201,705
	\$ 14,332,624	\$ 26,035,139	\$ 22,089,887

17. CMHC Replacement Reserve Fund

Under conditions of agreements with the Canada Mortgage and Housing Corporation, the First Nation is required to maintain certain reserves of \$639,701 (2021: \$608,420) related to on-reserve housing projects. These reserves are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement Reserve Fund. As of the March 31, 2022 year end, the Replacement Reserve Fund was underfunded by \$639,701 (2021: \$608,420).

18. Economic Dependence

Paul First Nation receives substantially all of its funding through contribution arrangements with the Department of Indigenous Services Canada. The ability of the First Nation to continue operations is dependant upon funding from Indigenous Services Canada.

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2022

19. Pension Plan

The First Nation has established a defined contribution pension plan, in which all permanent full-time employees are required to participate. Pension contributions of 5.5% are matched by the First Nation. No significant changes were made to the pension plan during the year. The pension expense for the year was \$114,484 (2021: \$77,092).

20. Commitments

Paul First Nation is currently undertaking the construction of various capital projects which will continue into the next fiscal years.

21. Financial instruments

The Nation's financial instruments consist of cash, accounts receivable, band member receivables, long-term investments, trust funds, accounts payable and accrued liabilities, and long-term debt. Unless otherwise noted, the carrying value of its financial instruments approximates fair value.

It is management's opinion that the Nation is not exposed to significant currency risk from its financial instruments. The Nation is subject to credit risk with respect to other income. Credit risk arises from the possibility that the entities may experience financial difficulty and be unable to fulfil their obligations. The large amount of annual funding received from the Government of Canada minimizes credit risk.

22. Comparative figures

Certain comparative figures have been reclassified to conform with the presentation used in the current year.

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2022

23. Segmented information

The Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by function. The segment revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounts Policies as described in Note 1. The segment results for the period are as follows:

	Band Government		Education		Health			
	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2022 Budget	2022 Actual	2021 Actual
Revenues								
Indigenous Services Canada (ISC)	\$ 910,998	\$ 3,778,618	\$ 3,726,158	\$ 4,606,556	\$ 4,636,194	\$ 4,354,256	\$ 15,061	\$ -
ISC - Health	-	-	-	-	25,615	291,276	1,861,159	3,183,527
Other revenue	913,783	473,881	524,636	-	170,536	253,302	(163,585)	40,032
Total revenue	1,824,781	4,252,499	4,250,794	4,606,556	4,832,345	4,898,834	1,712,635	3,223,559
Expenses								
Materials and supplies	-	330,530	539,537	113,799	186,360	87,899	50,501	301,721
Meeting and travel expenses	235,708	750,343	365,372	53,806	162,829	100,290	83,593	81,958
Professional fees	136,937	1,014,232	689,385	72,821	145,226	421,431	5,000	9,500
Social Assistance	-	116,457	20,951	-	-	17,736	1,500	-
Subcontractors	48,000	162,222	85,233	28,500	136,942	210,607	81,915	331,374
Training	6,000	109,653	35,570	40,000	13,078	2,914	91,147	259,623
Utilities and telephone	181,644	261,833	218,161	77,320	172,552	108,968	36,746	38,161
Wages and benefits	908,136	2,832,872	1,973,288	2,784,404	3,165,629	2,641,181	1,051,206	1,318,414
Other expenses	308,600	669,012	1,245,587	1,435,906	1,222,485	1,437,254	294,547	869,337
Total expenses	1,825,025	6,247,154	5,173,084	4,606,556	5,205,101	5,010,544	1,712,391	3,211,588
Annual surplus (deficit)	\$ (244)	\$ (1,994,655)	\$ (922,290)	-	\$ (372,756)	\$ (111,710)	244	\$ 11,971
								\$ (181,862)

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2022

23. Segmented information (continued)

	Economic Development			Public Works			Community Services		
	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual
Revenues									
ISC	\$ 95,708	\$ 92,770	\$ 61,109	\$ 1,150,614	\$ 1,524,943	\$ 2,007,546	-	\$ -	\$ -
First Nations Development Fund	-	-	-	-	-	-	541,431	695,271	247,577
Other revenue	-	1,513,936	1,559,389	897,452	205,739	202,768	512,793	6,392	(147,124)
Total revenue	95,708	1,606,706	1,620,498	2,048,066	1,730,682	2,210,314	1,054,224	701,663	100,453
Expenses									
Materials and supplies	-	-	-	342,200	162,362	96,225	-	5,539	14,150
Meeting and travel expenses	-	270	772	5,825	4,582	18,994	16,800	27,205	-
Professional fees	60,000	-	44,238	-	19,575	-	-	-	-
Social Assistance	-	-	-	-	-	-	-	368,896	-
Subcontractors	-	80,000	16,099	107,000	340,987	624,728	-	400	-
Training	35,708	-	-	46,264	7,069	-	-	-	-
Utilities and telephone	-	-	-	112,332	256,297	355,368	4,800	4,800	-
Wages and benefits	-	500	-	1,107,031	672,293	623,472	85,758	151,257	9,838
Other expenses	-	12,000	201,704	327,414	289,847	476,717	946,866	285,314	-
Total expenses	95,708	92,770	262,813	2,048,066	1,753,012	2,195,504	1,054,224	843,411	23,988
Annual surplus (deficit)	\$ -	\$ 1,513,936	\$ 1,357,685	\$ -	\$ (22,330)	\$ 14,810	\$ -	\$ (141,748)	\$ 76,465

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2022

23. Segmented information (continued)

	Social Services		Employment Programs			Housing			
	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual
Revenues									
ISC	\$ 2,518,105	\$ 3,191,597	\$ 2,668,966	-	\$ -	\$ -	-	\$ 8,821	\$ 389,711
CMHC	-	-	-	-	-	-	-	880,278	208,860
ISETS	245,457	232,217	242,618	-	260,071	422,700	-	-	-
Other revenue	227,092	39,505	566,547	-	3,228	(47,677)	-	17,338	24,746
Total revenue	2,990,654	3,463,319	3,478,131	-	263,299	375,023	-	906,437	623,317
Expenses									
Materials and supplies	162,810	79,248	48,619	-	-	-	-	3,764	126,597
Meeting and travel expenses	66,015	185,519	50,860	-	17,900	18,309	-	6,800	-
Professional fees	-	12,406	-	-	4,500	-	-	-	-
Social Assistance	1,571,141	1,848,911	1,999,885	-	-	-	-	-	-
Subcontractors	72,521	67,860	87,520	-	-	-	-	20,850	15,142
Training	68,331	148,294	18,045	-	11,175	110,338	-	-	-
Utilities and telephone	53,500	20,600	28,491	-	3,183	5,492	-	2,021	-
Wages and benefits	779,138	966,726	885,224	-	169,081	129,249	-	-	-
Other expenses	217,198	77,384	184,833	-	114,113	109,312	-	87,551	142,225
Total expenses	2,990,654	3,406,948	3,303,477	-	319,952	372,700	-	120,986	283,964
Annual surplus (deficit)	\$ -	\$ 56,371	\$ 174,654	-	\$ (56,653)	\$ 2,323	-	\$ 785,451	\$ 339,353

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2022

23. Segmented information (continued)

	2022 Budget	Capital Projects		2021 Actual	2022 Budget	Trust Funds		2021 Actual	2022 Budget	Amortization	
		2022 Actual	2021 Actual			2022 Actual	2021 Actual			2022 Actual	2021 Actual
Revenues											
ISC	\$ -	\$ 3,313,387	\$ 7,122,899			\$ -	\$ 765,779			\$ -	\$ -
Other revenue	-	-	-								
Total revenue	-	3,313,387	7,122,899			765,779	2,129,290				
Expenses											
Materials and supplies	-	155,475	1,681			-	-			-	-
Professional fees	-	141,242	-			-	-			-	-
Subcontractors	-	26,000	-			-	-			-	-
Utilities and telephone	-	-	12,775			-	-			-	-
Wages and benefits	-	344,000	232,739			-	-			-	-
Other expenses	-	110,600	85,599			-	-			3,984,936	3,024,610
Total expenses	-	777,317	332,794			-	-			3,984,936	3,024,610
Annual surplus (deficit)	\$ -	\$ 2,536,070	\$ 6,790,105			\$ 765,779	\$ 2,129,290			\$ (3,984,936)	\$ (3,024,610)

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2022

23. Segmented information (continued)

	Wapta Mnodai Developments Ltd.			Consolidated totals		
	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual
Revenues						
ISC	\$ -	\$ -	\$ -	\$ 9,297,042	\$ 16,546,330	\$ 20,330,645
ISC - Health	-	-	-	1,861,159	3,209,142	2,090,653
CMHC	-	-	-	-	880,278	208,860
First Nations Development Fund	-	-	-	541,431	695,271	247,577
ISETS	-	-	-	245,457	492,288	665,318
Other revenue	-	5,000	6,800	2,387,535	3,241,366	5,104,983
Total revenue	-	5,000	6,800	14,332,624	25,064,675	28,648,036
Expenses						
Materials and supplies	-	-	-	669,310	1,224,999	1,152,710
Meeting and travel expenses	-	-	-	461,747	1,237,406	596,844
Professional fees	-	6,166	14,415	274,758	1,352,847	1,178,197
Social Assistance	-	-	-	1,588,877	2,335,764	2,020,836
Subcontractors	-	-	-	337,936	1,166,635	1,124,541
Training	-	-	-	287,450	548,892	251,517
Utilities and telephone	-	37,511	25,165	466,342	796,958	775,379
Wages and benefits	-	-	6,038	6,715,673	9,620,772	7,417,479
Other expenses	-	28,287	47,246	3,530,531	7,750,866	7,572,384
Total expenses	-	71,964	92,864	14,332,624	26,035,139	22,089,887
Annual surplus (deficit)	\$ -	\$ (66,964)	\$ (86,064)	-	\$ (970,464)	\$ 6,558,149