

Paul First Nation

Consolidated Financial Statements

March 31, 2023

Paul First Nation**Consolidated Financial Statements**

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Paul First Nation

Management's Responsibility for Financial Reporting

March 31, 2023

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:

<u>Original signed by</u> Executive Director	<u>January 24, 2024</u> Date
<u>Original signed by</u> Finance Director	<u>January 24, 2024</u> 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, 2023, and the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, change in net financial assets (debt) 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, 2023 and the results of its consolidated operations, the changes in its consolidated net financial assets (debt) 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

As discussed in Note 15 to the consolidated financial statements, asset retirement obligations have not been estimated and recorded on the consolidated statement of financial position both as at April 1, 2022, the transition date when these standards first applied and as at the year-end March 31, 2023. The First Nation's tangible capital assets represent a significant amount of the assets of the consolidated financial statements as at March 31, 2023 and we were unable to obtain sufficient information regarding the effect of the asset retirement obligations on the consolidated financial statements. Therefore we were unable to determine whether any adjustments might be necessary to expenses, excess of revenue over expenses and cash flows from operating activities for the year ended March 31, 2023, and net financial assets, non-financial assets and accumulated surplus as at April 1, 2022 and March 31, 2023.

Paul First Nation investment in related First Nation entities, represents a significant amount of the assets of the consolidated financial statements as at March 31, 2023. 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. Consequently, we were unable to determine whether any adjustments to these amounts were necessary. The opinion on the consolidated financial statements for the year ended March 31, 2023 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.

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.

Independent Auditors' Report (continued)

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
January 29, 2024

Crowe Mackay LLP
Chartered Professional Accountants

Paul First Nation

Consolidated Statement of Financial Position

March 31,

2023

2022

Financial Assets

Cash (Note 3)	\$ 28,442,987	\$ 24,394,046
Accounts receivable (Note 4)	1,082,719	3,239,931
Investments and advances (Note 5)	5,680,259	5,835,175
Trust funds (Note 7)	7,213,334	7,644,447
	42,419,299	41,113,599

Liabilities

Accounts payable and accrued liabilities (Note 8)	3,091,794	2,630,810
Deferred revenue (Note 9)	31,117,006	27,832,870
<u>Long-term debt (Note 10)</u>	11,201,867	6,710,468
	45,410,667	37,174,148
Net financial assets (debt)	(2,991,368)	3,939,451

Non-financial Assets

Capital assets (Note 11)	74,863,305	72,832,991
<u>Prepaid expenses</u>	8,550	8,550
	74,871,855	72,841,541

Accumulated Surplus (Note 12)

Accumulated Surplus consists of		
Accumulated operating surplus	71,687,573	76,463,846
Accumulated remeasurement gains, end of year	192,914	317,146
Accumulated Surplus	71,880,487	76,780,992

Contingent liabilities (Note 14)

Approved on behalf of the Council

Original signed by _____, Chief _____

Original signed by . Councillor

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

<u>For the year ended March 31,</u>	<u>2023</u>	<u>2022</u>
<u>Accumulated remeasurement gains, beginning of year</u>	<u>\$ 317,146</u>	<u>\$ 436,938</u>
Gains/losses consists of:		
Unrealized loss on Trust Funds	(27,307)	(5,933)
Realized loss on Trust Funds	(96,925)	(113,859)
<u>Net remeasurement losses</u>	<u>(124,232)</u>	<u>(119,792)</u>
<u>Accumulated remeasurement gains, end of year</u>	<u>\$ 192,914</u>	<u>\$ 317,146</u>

Paul First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2023 Budget	2023 Actual	2022 Actual
Revenue			
Indigenous Services Canada (ISC)	\$ 6,952,248	\$ 27,394,157	\$ 19,751,937
Canada Mortgage and Housing Corporation (CMHC)	-	220,274	880,278
First Nations Development Fund (FNDF)	-	790,214	695,271
Indigenous Skills and Employment Training Strategy (ISETS)	705,887	764,128	492,288
Ottawa Trust revenue	-	369,099	159,426
Wapta Mnodai Developments Ltd.	-	2,905	5,000
Industry and other revenue	1,908,531	2,995,282	1,583,004
Net income from Band owned Enterprises	-	564,522	1,493,936
	9,566,666	33,100,581	25,061,140
Expenses			
Band Government	1,701,172	12,232,497	6,243,619
Education	1,207,692	8,843,367	5,205,101
Health	2,294,993	2,848,469	3,211,588
Economic Development	95,708	114,229	92,770
Public Works	1,111,831	2,787,854	1,736,663
Community Services	181,431	1,228,401	843,411
Social Services	1,839,323	4,428,185	3,406,948
Employment Programs	643,088	547,874	319,952
Housing	-	692,308	137,335
Capital Projects	-	185,526	777,317
Amortization	-	3,849,357	3,984,936
Wapta Mnodai Developments Ltd.	-	118,786	71,964
	9,075,238	37,876,853	26,031,604
Deficiency of revenue over expenses	491,429	(4,776,273)	(970,464)
Accumulated surplus, beginning of year	-	76,780,992	77,871,247
Remeasurement losses	-	(124,232)	(119,792)
Accumulated surplus, end of year	\$ 491,429	\$ 71,880,487	\$ 76,780,992

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

For the year ended March 31,	2023 Actual	2022 Actual
Deficiency of revenue over expenses	\$ (4,776,273)	\$ (970,464)
Acquisition of tangible capital assets	(5,879,672)	(3,052,081)
Amortization of tangible capital assets	3,849,358	3,650,459
Impairment of tangible capital assets	-	334,477
Remeasurement losses on trust funds	(124,232)	(119,792)
Disposal of tangible capital assets	-	1,000
	(2,154,546)	814,063
Decrease in net financial assets	(6,930,819)	(156,401)
Net financial assets, beginning of year	3,939,451	4,095,852
Net financial assets, end of year	\$ (2,991,368)	\$ 3,939,451

Paul First Nation

Consolidated Statement of Cash Flow

For the year ended March 31,	2023	2022
Cash flows from		
Operating activities		
Deficiency of revenue over expenses	\$ (4,776,273)	\$ (970,464)
Items not affecting cash		
Amortization	3,849,357	3,650,459
Impairment	-	334,477
	(926,916)	3,014,472
Change in non-cash operating working capital		
Accounts receivable	2,157,212	(2,999,956)
Accounts payable	460,985	339,472
Deferred revenue	3,284,136	20,558,146
	4,975,417	20,912,134
Capital activities		
Capital asset additions	(5,879,672)	(3,052,081)
Capital asset disposals	-	1,000
	(5,879,672)	(3,051,081)
Financing activities		
Repayment of long-term debt	(287,897)	(1,839,843)
Proceeds from long-term debt	4,779,296	376,890
	4,491,399	(1,462,953)
Investing activities		
Change in investments	154,916	(2,290,512)
Change in funds held in trust	306,881	3,386,877
	461,797	1,096,365
Increase in cash and cash equivalents	4,048,941	17,494,465
Cash and cash equivalents, beginning of year	24,394,046	6,899,581
Cash and cash equivalents, end of year	\$ 28,442,987	\$ 24,394,046

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2023

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 (GP) Inc. (formerly PFN Land Holdings Inc.)
9. Weh-Hnim-Nay Energy (GP) Inc.
10. Wihne Industrial Closure Services (GP) Inc.
11. 399250 Alberta Ltd.
12. PFN Business Centre (GP) Inc.
13. PFN Construction (GP) Inc.
14. PFN Fleet (GP) Inc.

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, 2023

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 funding is recognized as revenues when the funding is authorized and any eligibility criteria are met, except to the extent that funding stipulations give rise to an obligation that meets the definition of a liability. Funding is recognized as deferred revenue when funding stipulations give rise to a liability. Funding 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.

Other income is recognized when earned and collection is reasonably assured.

(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, 2023

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

(e) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. 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
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

Tangible 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) Asset Retirement Obligation

A liability is recognized when, as at the financial reporting date:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related tangible capital asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion expense is included in the Consolidated Statement of Operations.

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2023

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

(g) 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.

(h) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Oil and gas royalties and surface rights payments related to oil and gas exploration and development activities are administered directly by the Government of Canada ("Canada") under the provisions of the Indian Oil and Gas Act. The Nation records receipts based on currently available information supplied by Canada. Royalty payments from oil and gas producers are subject to periodic revision. Adjustments are recorded by the Nation in the period that the information becomes available.

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2023

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

(i) Financial instruments

Measurement

The First Nation measures all its financial assets and financial liabilities at cost or amortized cost, except for the following, which are measured at fair value without any adjustment for transaction costs: derivatives, portfolio investments in equity instruments that are quoted in an active market and portfolio investments that the First Nation has elected to measure at fair value. The effective interest rate method is used to determine interest revenue or expenses for financial instruments measured at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable and other trust funds. Advances are recorded at cost.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

Financial assets measured at fair value include portfolio investments in equity instruments. The First Nation has also elected to measure at fair value instruments for which it defines and implements a risk management or investment strategy to manage and evaluate the performance on a fair value basis alongside its equity instruments. Those instruments are: fixed income securities managed and evaluated alongside equity instruments under one portfolio.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy used has the following levels:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1, that are observable for the asset or liability either directly, such as prices, or indirectly, such as those derived from prices; and
- Level 3 – Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the Statement of Remeasurement Gains and Losses. Upon settlement, the cumulative gain or loss is reclassified from the Statement of Remeasurement Gains and Losses and recognized in the Statement of Operations. Interest and dividends attributable to financial instruments are reported in the Statement of Operations.

Transaction costs

Transaction costs attributable to financial instruments measured at fair value are recognized in the Consolidated Statement of Operations in the period incurred. Transaction costs for financial instruments measured at cost or amortized cost are recognized in the original cost of the instrument.

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2023

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

Impairment

At the end of each reporting period, management assesses financial assets or groups of financial assets for evidence of objective impairment. An impairment loss is recognized in the Statement of Operations when there is a loss in value that is other than temporary. Future recoveries of impaired financial assets are recognized in the Statement of Operations when received, except for recoveries of impaired marketable securities. Future recoveries of impaired portfolio investments are not recognized. In the case of an item in the fair value category, a reversal of any net remeasurement gains recognized in previous reporting periods up to the amount of the write-down is reported in the Statement of Remeasurement Gains and Losses.

2. Change in Accounting Policy from Changes to Accounting Standards

The First Nation adopted the following new accounting policies due to changes in the Public Sector Accounting Standards of the CPA Canada Handbook. The new standards are effective for years beginning on or after April 1, 2022 (the transition date):

Financial Instruments

On April 1, 2022, the First Nation adopted Section PS 3450 “Financial Instruments”. The new standard provides guidance on the recognition, measurement, presentation and disclosure of financial instruments. Financial instruments are subsequently measured either (i) fair value or (ii) cost or amortized cost. For financial instruments measured at fair value, unrealized gains and losses are reported on the Consolidated Statement of Remeasurement Gains and Losses and realized gains and losses are reclassified from the Consolidated Statement of Remeasurement Gains and Losses to the Consolidated Statement of Operations. The First Nation must also disclose both qualitative and quantitative information on its exposure to financial instrument risk.

In accordance with the applicable transitional provisions, the First Nation has applied the new standard prospectively on the transition date and has recognized all financial assets and financial liabilities on its Consolidated Statement of Financial Position and classified items at (i) fair value or (ii) cost or amortized cost. Recognition, derecognition and measurement policies followed in the consolidated financial statements for periods prior to the transition date are not reversed. Therefore, the consolidated financial statements of prior periods, including comparative information, have not been restated.

The adoption of the new requirements resulted in the additional disclosures described in Note 19 of the financial statements.

Asset Retirement Obligations

On April 1, 2022, the Nation adopted Section PS 3280 “Asset Retirement Obligations”, which replaced the existing PS 3270 “Solid Waste Landfill Closure and Post-Closure Liability” standard. The new standard applies to asset retirement obligations associated with tangible capital assets controlled by the entity that are in productive use or no longer in productive use. It establishes requirements for recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of tangible capital assets.

Asset retirement obligations have not been estimated and recorded in the consolidated financial statements. Therefore, the impact of the adoption of these new requirements to the First Nation's consolidated financial statements is unknown.

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

March 31, 2023

3. Cash

	2023	2022
Externally restricted		
Province of Alberta	\$ 955,679	\$ 751,708
Internally restricted		
Child and Family Services	6,412,784	7,253,298
Medical Services	5,873,287	3,943,480
Capital projects	2,578,662	1,202,671
Social Services	1,970,557	1,049,287
Human Resources Development	1,640,933	1,390,953
Education	163,238	1,163,381
Legal	3,724	8,014
	18,643,185	16,011,084
Unrestricted		
General accounts	8,844,124	7,631,254
	\$ 28,442,987	\$ 24,394,046

4. Accounts receivable

	2023	2022
Indigenous Services Canada (ISC)	\$ 596,842	\$ 2,457,296
Canada Mortgage and Housing Corporation (CMHC)	-	640,000
Province of Alberta	62,044	61,824
GST receivable	245,467	80,811
Advances to members	252,192	262,853
Other	284,100	198,585
	1,440,645	3,701,369
Allowance for doubtful accounts	(357,926)	(461,438)
	\$ 1,082,719	\$ 3,239,931

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2023

5. Investments and advances

	2023	2022
Investments		
Paul Band Business Trust (Note 6)	\$ 3,393,995	\$ 3,197,350
Paul First Nation Renewable Energy (GP) Inc.	(850)	78
Weh-Hnim-Nay Energy (GP) Inc.	1,064	945
PFN Development Corporation	(54,095)	(55,279)
Paul Band Land Holdings Ltd.	100	100
399250 Alberta Ltd.	100	100
Paul First Nation Industry Relations Corporation	1,025,077	606,752
Paul First Nation Cascade (GP) Inc.	86	92
Wihne Industrial Closure Services (GP) Corp.	108	279
PFN Land Holdings (GP) Inc. (formerly PFN Land Holdings Inc.)	(70,807)	(19,962)
PFN Business Centre (GP) Inc.	6	-
PFN Construction (GP) Inc.	51	-
PFN Fleet (GP) Inc.	6	-
Paul Band Property Management Corp.	100	-
	4,294,941	3,730,455
Advances		
Paul Band Business Trust (Note 6)	246,756	977,807
Paul Band Land Holdings Ltd.	(100)	(100)
Paul First Nation Industry Relations Corporation	226,523	226,523
PFN Land Holdings (GP) Inc. (formerly PFN Land Holdings Inc.)	910,461	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)	(100)
399250 Alberta Ltd.	(100)	(100)
PFN Development Corporation	2,247	-
PFN Business Centre (GP) Inc.	(6)	-
PFN Construction (GP) Inc.	(51)	-
PFN Fleet (GP) Inc.	(6)	-
Paul Band Property Management Corp.	(100)	-
	1,385,318	2,104,720
	\$ 5,680,259	\$ 5,835,175

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 (GP) Inc. (formerly PFN Land Holdings Inc.), Weh-Hnim-Neh Business Development Corporation, 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., 399250 Alberta Ltd., PFN Business Centre (GP) Inc., PFN Construction (GP) Inc. and PFN Construction (GP) Inc. have been prepared for the year ended March 31, 2023.

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2023

5. Investments and advances (continued)

Audited Financial Statements for Paul Band Property Management Corporation were not prepared for the year-ended March 31, 2023. As a result, we were not able to obtain sufficient appropriate evidence about the carrying amounts of the Paul First Nation investments, equity and net income for the year then ended. Consequently, we were unable to determine whether any adjustments to these amounts were necessary, as detailed in our Basis for Qualified Opinion in the Auditors' Report.

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
Wihneeme Industrial Closure Services Limited Partnership

Paul Band Corporations include the following companies:

399250 Alberta Ltd.
Paul Band Land Holdings Ltd.
PFN Business Centre (GP) Inc.
PFN Construction (GP) Inc.
PFN Developments Corporation
PFN Land Holdings (GP) Inc. (formerly PFN Land Holdings Inc.)
Paul First Nation Cascade (GP) Inc.
Paul First Nation Industry Relations Corporation
Paul First Nation Renewable Energy (GP) Inc.
Weh-Hnim-Nay Energy (GP) Inc.
Wihneeme Industrial Closure Services (GP) Corp.
PFN Fleet (GP) Inc.

	2023	2022
Advances from Paul Band Developments Limited Partnership	\$ (757,068)	\$ (357,068)
Advances from Paul Band Business Trust	(100)	(100)
Advances from Wihneeme Industrial Closure Services Limited Partnership	(205,457)	-
Advances to Paul First Nation Cascade Limited Partnership	9,325	4,075
Advances to Paul First Nation Renewable Energy Limited Partnership	14,000	14,000
Advances to Weh-Hnim-Nay Energy Limited Partnership	1,186,056	1,316,900
Accumulated surplus in Paul Band Business Trust	<u>3,393,995</u>	<u>3,197,350</u>
	<hr/> \$ 3,640,751	<hr/> \$ 4,175,157

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2023

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

Balance Sheet

	Paul Band Business Trust	Paul Band Corporations	2023 Total	2022 Total
Cash	\$ 920,530	\$ 612,837	\$ 1,533,367	\$ 3,114,020
Accounts receivable	1,989,977	747,642	2,737,619	3,320,988
Prepaid expenses	-	-	-	50,000
Due from related parties	4,049,864	851,700	4,901,564	4,400,631
Investments	2,410,897	3,408	2,414,305	223,483
Capital assets	114,896	2,822	117,718	893,334
Total assets	\$ 9,486,164	\$ 2,218,409	\$ 11,704,573	\$ 12,002,456
Accounts payable	\$ 687,900	\$ 122,969	\$ 810,869	\$ 3,810,006
Note payable	3,110,026	-	3,110,026	-
Due to related parties	2,312,257	1,194,395	3,506,652	2,018,745
Loan payable	-	-	-	2,443,250
Total liabilities	6,110,183	1,317,364	7,427,547	8,272,001
Equity	3,375,981	901,045	4,277,026	3,730,455
Total equity	3,375,981	901,045	4,277,026	3,730,455
Total liabilities and equity	\$ 9,486,164	\$ 2,218,409	\$ 11,704,573	\$ 12,002,456

Income statement

	Paul Band Business Trust	Paul Band Corporations	2023 Total	2022 Total
Revenue	\$ 9,624,559	\$ 1,537,703	\$ 11,162,262	\$ 5,132,155
Expenses	9,430,414	1,167,326	10,597,740	3,638,219
Net income	\$ 194,145	\$ 370,377	\$ 564,522	\$ 1,493,936

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2023

7. Trust funds

	March 31, 2022	Income 2023	Withdrawals 2023	Unrealized gains/(losses) 2023	March 31, 2023
Ottawa Trust Funds - Capital	\$ 1,730,525	\$ 106,996	\$ -	\$ -	\$ 1,837,521
Ottawa Trust Funds - Revenue	1,008,523	262,102	-	-	1,270,625
Settlement Trust Funds	4,115,784	131,766	(21,326)	(124,232)	4,101,992
Community Trust	789,615	-	(786,419)	-	3,196
	\$ 7,644,447	\$ 500,864	\$ (807,745)	\$ (124,232)	\$ 7,213,334

The Ottawa Trust Funds in the amount of \$3,108,146 (2022: \$2,739,048) 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.

Settlement Trust Funds and Community Trust include cash and common shares measured at fair value using Level 1 measurements and fixed income and mutual funds that the First Nation elected to record at fair value measured using Level 2 measurements.

	2023		2023		2022 Total Fair Value
	Level 1	Level 2	Total	Fair Value	
Securities Held at Fair Value:					
Cash	\$ 81,307	\$ -	\$ 81,307	\$ 166,428	
Common shares	968,561	-	968,561	1,558,601	
Securities Designated to Fair Value:					
Fixed income	-	3,055,320	3,055,320	2,500,375	
Mutual funds	-	-	-	680,330	
	\$ 1,049,868	\$ 3,055,320	\$ 4,105,188	\$ 4,905,399	

8. Accounts payable and accrued liabilities

	2023	2022
Accounts payables - trade and accrued liabilities	\$ 2,561,125	\$ 2,238,250
Government remittances	135,954	72,479
Per Capita Distribution	88,238	35,800
Wages payable	306,477	284,281
	\$ 3,091,794	\$ 2,630,810

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2023

9. 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, 2022	Funding received, 2023	Revenue recognized, 2023	March 31, 2023
Assisted Living - ISC	\$ 203,714	\$ 68,843	\$ (74,219)	\$ 198,338
Capital Projects: New School - ISC	-	680,000	-	680,000
Capital Projects: Road Upgrade - ISC	2,667,016	200,000	(2,746,797)	120,219
Child and Family Services - ISC	7,162,871	4,067,771	(1,692,002)	9,538,640
Community Health Services - Health	4,102,272	4,532,071	(2,908,290)	5,726,053
COVID-19 program - ISC	2,190,800	577,223	(2,155,281)	612,742
Daycare - ISC	207,232	123,120	(179,307)	151,045
Daycare - ISETS	73,201	539,038	(403,151)	209,088
Economic Development - ISC	114,505	153,633	(98,690)	169,448
Education Partners Program - ISC	167,319	242,725	(367,350)	42,694
Elementary and Junior High School - ISC	2,420,865	3,821,940	(6,086,419)	156,386
Enhanced Service Delivery - ISC	-	360,000	(259,927)	100,073
Fire Protection and Awareness - ISC	-	576,022	(51,022)	525,000
Gas Station and Market Feasibility Study - ISC	200	259,385	(259,585)	-
Housing - ISC	1,716,468	3,575,000	(1,909,396)	3,382,072
Indigenous Skills and Employment Training Strategy - ISETS	487,611	492,631	(360,977)	619,265
Infrastructure Development - ISC	-	25,000	(15,000)	10,000
Municipal Services - ISC	2,334,294	3,276,525	(2,002,464)	3,608,355
Post Secondary Education - ISC	295,854	877,613	(1,017,032)	156,435
Social Assistance - ISC	2,152,348	2,162,721	(1,779,334)	2,535,735
Social Assistance to Employment & Training - ISC	185,601	332,152	(267,523)	250,230
Social Development - Service Delivery - ISC	1,172,719	572,876	(287,147)	1,458,448
Specific Claims - ISC	73,665	85,150	(81,615)	77,200
Tech. Table and Strengthening Relationships - ISC	-	49,248	-	49,248
Treaty Days - ISC	18,591	56,125	(13,138)	61,578
Urban Support - ISC	27,130	19,167	(7,583)	38,714
	27,774,276	27,725,979	(25,023,249)	30,477,006
Provincial Government				
First Nation Development Fund	58,594	731,620	(790,214)	-
Tech. Table and Strengthening Relationships	-	140,000	-	140,000
	58,594	871,620	(790,214)	140,000
Other				
Specific Claims	-	500,000	-	500,000
	\$ 27,832,870	\$ 29,097,599	\$ (25,813,463)	\$ 31,117,006

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2023

10. Long-term debt

	2023	2022
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$1,367 including interest at 4.31%, maturing May 2025. Secured by Band Funds and housing units.	\$ 33,895	\$ 71,117
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$709 including interest at 1.22%, maturing May 2026. Secured by Band Funds and housing units.	92,489	99,822
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$3,448 including interest at 1.22%, maturing May 2026. Secured by Band Funds and housing units.	449,758	485,420
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$4,281 including interest at 4.73%, maturing June 2023. Secured by Band Funds and housing units.	544,201	574,334
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$3,722 including interest at 2.50%, maturing June 2023. Secured by Band Funds and housing units.	563,827	594,059
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$4,334 including interest at 1.12%, maturing October 2026. Secured by Band Funds and housing units.	1,077,816	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.	185,468	214,225
Royal Bank of Canada demand loan due February 2024, repayable in monthly instalments of \$7,502 plus interest at prime plus 2%. Secured by Band Funds and housing units.	443,482	522,317
Royal Bank of Canada term loan bearing interest at prime plus 0.50%, interest only payments, maturing January 2024. Secured by a general security agreement.	3,431,768	3,031,633
Royal Bank of Canada term loan bearing interest at prime plus 0.75%, repayable quarterly in interest only, due February 2028. Secured by a general security agreement.	487,235	-
Royal Bank of Canada term loan bearing interest at prime plus 0.75%, repayable quarterly in interest only, due February 2028. Secured by a general security agreement.	582,775	-
Royal Bank of Canada term loan bearing interest at prime plus 0.75%, repayable quarterly in interest only, due on February 2028. Secured by a general security agreement.	623,535	-

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

March 31, 2023

10. Long-term debt, continued

	2023	2022
Royal Bank of Canada term loan bearing interest at prime plus 0.75%, repayable quarterly in interest only, due on February 2028. Secured by a general security agreement.	665,293	-
Royal Bank of Canada term loan bearing interest at prime plus 0.75%, repayable quarterly in interest only, due on February 2028. Secured by a general security agreement.	726,005	-
Royal Bank of Canada term loan bearing interest at prime plus 0.75%, repayable quarterly in interest only, due on February 2028. Secured by a general security agreement.	1,294,320	-
	\$ 11,201,867	\$ 6,710,468

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

2024	\$ 788,523
2025	1,155,152
2026	162,052
2027	385,426
2028 and thereafter	8,710,714
	\$ 11,201,867

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2023

11. Tangible Capital Assets

	Balance, beginning of year	Cost			Accumulated amortization			2023 net book value
		Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	
Land	\$ 2,157,907	\$ -	\$ -	\$ 2,157,907	\$ -	\$ -	\$ -	\$ 2,157,907
Buildings	58,108,564	1,957,975	-	60,066,539	20,866,783	2,094,075	22,960,858	37,105,681
Automotive equipment	9,315,988	474,418	-	9,790,406	7,767,204	371,329	8,138,532	1,651,874
Computer equipment	468,726	-	-	468,726	458,613	(1,926)	456,687	12,039
Office furniture and equipment	47,054	-	-	47,054	47,054	-	47,054	-
Infrastructure	47,157,686	3,447,278	-	50,604,964	15,283,280	1,385,880	16,669,160	33,935,804
Paving	180,097	-	-	180,097	180,097	-	180,097	-
	\$ 117,436,022	\$ 5,879,670	\$ -	\$ 123,315,693	\$ 44,603,031	\$ 3,849,358	\$ 48,452,388	\$ 74,863,305

	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

In the year-ended March 31, 2022, the First 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, 2023

12. Accumulated surplus

	2023	2022
Operating fund	\$ (13,156,367)	\$ (6,492,487)
Enterprise fund	5,680,259	5,835,175
Capital asset fund	71,472,370	69,154,157
Trust fund	7,020,420	7,327,300
CMHC replacement reserve	670,891	639,701
Remeasurement gain	192,914	317,146
	<hr/> \$ 71,880,487	<hr/> \$ 76,780,992

13. 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 \$670,891 (2022: \$639,701) 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, 2023 year end, the Replacement Reserve Fund was underfunded by \$670,891 (2022: \$639,701).

14. Contingent Liabilities

Legal proceedings:

Paul First Nation has been named as defendant in certain legal proceedings. The First 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. Asset Retirement Obligations

Asset retirement obligations have not been estimated and recorded in the consolidated financial statements due to the difficulty in determining the amount of obligation. In addition, management believes that the First Nation will receive sufficient government funding to cover any asset retirement obligations that will arise, resulting in the net effect to the consolidated statement of financial position to be nil.

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2023

16. Expenses

For the year ended March 31	2023 Budget	2023 Actual	2022 Actual
Administration fees	\$ 36,602	\$ 91,658	\$ -
Amortization	-	3,849,357	3,650,459
Bad debt (recovery)	-	(103,512)	49,140
Co-Management fees	-	183,890	293,424
Community events	10,000	239,585	87,420
Cultural Events	238,169	1,736,282	457,384
Economic development	336,363	1,395,494	696,761
Education and tuition fees	258,232	325,487	220,582
Feasibility studies	-	55,000	47,160
Health Care expenses	-	3,279	-
Impairment of capital assets	-	-	334,477
Insurance	232,358	405,687	327,325
Interest and bank charges	8,500	513,286	204,993
Materials and supplies	261,993	1,446,134	1,224,997
Meeting and travel expenses	486,024	1,879,642	1,237,407
Office expenses	227,308	297,817	399,789
Per capita distribution	-	851,550	-
Professional Development	18,000	20,512	-
Professional fees	175,000	6,337,396	1,349,312
Program costs - Prevention and Intervention	-	74,030	90,841
Rent	113,034	110,473	23,781
Repairs and maintenance	584,209	885,760	412,409
Social assistance	963,154	2,744,409	2,335,764
Subcontractors	159,671	2,030,975	1,166,636
Training	522,168	577,141	584,365
Utilities and telephone	286,576	891,389	796,959
Vehicle	358,031	515,569	419,447
Wages and benefits	3,799,846	10,518,563	9,620,772
	\$ 9,075,238	\$ 37,876,853	\$ 26,031,604

17. 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 \$101,652 (2022: \$114,484).

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, 2023

19. Risk Management

Transacting in and holding of financial instruments exposes the First Nation to certain financial risks and uncertainties. Qualitative and quantitative analysis of the significant risks are as follows:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The First Nation's exposure to credit risk relates to accounts receivable and arises from the possibility that a debtor does not fulfil its obligations. Management believes this risk is minimized through continuously monitoring its financial assets, negotiation of payment plans with select individuals, and maintaining regular contact with funders, members, and other credit applicants. The First Nation performs continuous evaluation of its financial assets and records impairment in accordance with the stated policy. The maximum exposure to credit risk is the carrying value of accounts receivable. A significant portion of the First Nation's accounts receivable is from federal and provincial governments, which minimizes credit risk.

As at year-end, management has determined that no amounts of accounts receivable are impaired for which an allowance has not been recorded. Management's assessment is based on specific identification and the age of the receivables.

There have been no significant changes to the credit risk from the previous year.

(b) Liquidity Risk

Liquidity risk is the risk that the First Nation will encounter difficulty in meeting its obligations associated with financial liabilities. The First Nation's exposure to liquidity risk relates to accounts payable and accrued liabilities and long-term debt and arises from the possibility that the timing and amount of its cash inflows will not be sufficient to enable it to meet its financial obligations as they become due. Management believes this risk is minimized through active working capital management including monitoring current and future cash flow requirements in consideration of current credit facilities and management of expenses. Accounts payable and accrued liabilities are due within 30 days of receipt of an invoice. The contractual maturities of long-term debt are disclosed in Note 10. There have been no significant changes to the liquidity risk from the previous year.

(c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The First Nation is exposed to market risk as follows:

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The First Nation's interest-bearing financial instruments include fixed rate and variable rate long-term debt. The fair values of fixed rate financial instruments fluctuate as market rates of interest change. The cash flows resulting from variable rate financial instruments fluctuate as interest rates applicable to the instruments change. The First Nation does not use derivative instruments to hedge its exposure to interest rate risk.

Management has determined that any fluctuation in interest rates will not have a significant impact on its fixed rate and variable rate financial instruments.

There have been no significant changes to interest rate risk from the previous year and no significant

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2023

changes to the methods and assumptions used in the sensitivity analysis.

(ii) Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk, whether those changes are caused by factors specific to the individual financial instrument or issuer, or factors affecting all similar financial instruments or issuers. The portfolio investments expose the First Nation to price risks as these instruments are subject to price changes in an open market for a variety of reasons including, investor sentiment and expectations, changes in market rates of interest, general economic indicators and restrictions of credit markets. The First Nation does not employ derivative financial instruments to hedge its exposure to other price risk. Management mitigates this risk by performing investment activities through a reputable Canadian brokerage.

There have been no significant changes to other price risk from the previous year and no significant changes to the methods and assumptions used in the sensitivity analysis.

20. Budget Information

Budget information for the year ended March 31, 2023 is unaudited and has been provided by management.

21. 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

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22. Segmented information

The First 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 year are as follows:

	Band Government			Education			Health		
	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual
Revenues									
Indigenous Services Canada (ISC)	\$ 385,341	\$ 3,770,031	\$ 3,775,083	\$ 1,207,692	\$ 8,799,105	\$ 4,661,809	\$ 2,246,451	\$ 2,862,004	\$ 3,183,527
Other revenue	1,315,831	1,522,326	473,881	-	281,584	170,536	67,658	46,286	40,032
Total revenue	1,701,172	5,292,357	4,248,964	1,207,692	9,080,689	4,832,345	2,314,109	2,908,290	3,223,559
Expenses									
Materials and supplies	-	181,330	330,530	43,100	577,218	186,360	88,510	198,450	301,721
Meeting and travel expenses	294,708	951,927	750,343	20,000	334,891	162,829	87,113	111,679	81,958
Professional fees	95,000	5,275,845	1,010,697	3,000	774,527	145,226	17,000	26,424	9,500
Social assistance	12,000	264,549	116,457	-	-	-	-	10,190	1,500
Subcontractors	-	419,493	162,222	-	252,599	136,942	105,671	266,355	331,374
Training	156,000	96,883	109,653	20,000	246,820	13,078	161,886	83,814	259,623
Utilities and telephone	179,800	187,599	261,833	16,000	187,828	172,552	41,727	23,011	38,161
Wages and benefits	674,063	2,968,103	2,802,237	299,714	4,153,343	3,165,629	1,445,037	1,239,146	1,318,414
Other expenses	289,601	1,886,768	699,647	805,878	2,316,141	1,222,485	348,049	889,400	869,337
Total expenses	1,701,172	12,232,497	6,243,619	1,207,692	8,843,367	5,205,101	2,294,993	2,848,469	3,211,588
Annual surplus (deficit)	\$ -	\$ (6,940,140)	\$ (1,994,655)	-	\$ 237,322	\$ (372,756)	\$ 19,116	\$ 59,821	\$ 11,971

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2023

22. Segmented information (continued)

	Economic Development			Public Works			Community Services		
	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual
Revenues									
ISC	\$ 95,708	\$ 98,690	\$ 92,770	\$ 895,414	\$ 2,702,795	\$ 1,524,943	-	\$ -	\$ -
First Nations Development Fund	-	-	-	-	-	-	-	790,214	695,271
Other revenue	-	580,061	1,513,936	162,186	440,674	205,739	181,431	6,645	6,392
Total revenue	95,708	678,751	1,606,706	1,057,600	3,143,469	1,730,682	181,431	796,859	701,663
Expenses									
Materials and supplies	-	-	-	12,500	330,443	162,362	34,053	758	5,539
Meeting and travel expenses	-	14,678	270	4,800	18,609	4,582	16,800	43,904	27,205
Professional fees	60,000	49,719	-	-	56,001	19,575	-	11,800	-
Social assistance	-	-	-	5,000	9,500	-	-	470,420	368,896
Subcontractors	-	26,878	80,000	25,000	759,103	324,638	-	500	400
Training	35,708	20,954	-	46,264	5,660	7,069	-	-	-
Utilities and telephone	-	-	-	16,849	368,911	256,297	4,800	8,700	4,800
Wages and benefits	-	500	500	345,993	746,871	645,258	38,778	169,791	151,257
Other expenses	-	1,500	12,000	655,425	492,756	316,882	87,000	522,528	285,314
Total expenses	95,708	114,229	92,770	1,111,831	2,787,854	1,736,663	181,431	1,228,401	843,411
Annual surplus (deficit)	\$ -	\$ 564,522	\$ 1,513,936	\$ (54,231)	\$ 355,615	\$ (5,981)	-	\$ (431,542)	\$ (141,748)

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2023

22. Segmented information (continued)

	Social Services			Employment Programs			Housing		
	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual
Revenues									
ISC	\$ 2,121,642	\$ 4,505,339	\$ 3,191,597	-	\$ -	\$ -	-	\$ 1,909,396	\$ 8,821
CMHC	-	-	-	-	-	-	-	220,274	880,278
ISETS	213,256	403,151	232,217	492,631	360,977	260,071	-	-	-
Other revenue	30,968	109,026	39,505	150,457	216,305	3,228	-	240,174	17,338
Total revenue	2,365,866	5,017,516	3,463,319	643,088	577,282	263,299	-	2,369,844	906,437
Expenses									
Materials and supplies	83,830	47,746	79,248	-	-	-	-	65,384	3,764
Meeting and travel expenses	36,803	332,327	202,919	25,800	66,636	17,900	-	1,798	6,800
Professional fees	-	48,755	12,406	-	4,500	4,500	-	32,530	-
Social assistance	946,154	1,989,750	1,848,911	-	-	-	-	-	-
Subcontractors	29,000	109,073	67,860	-	-	-	-	163,258	37,199
Training	10,000	98,448	148,294	92,310	24,561	46,649	-	-	-
Utilities and telephone	22,900	70,803	20,600	4,500	6,892	3,183	-	-	2,021
Wages and benefits	656,936	957,303	949,326	339,324	183,107	169,081	-	52,420	-
Other expenses	53,700	773,980	77,384	181,154	262,178	78,639	-	376,918	87,551
Total expenses	1,839,323	4,428,185	3,406,948	643,088	547,874	319,952	-	692,308	137,335
Annual surplus (deficit)	\$ 526,543	\$ 589,331	\$ 56,371	-	\$ 29,408	\$ (56,653)	-	\$ 1,677,536	\$ 769,102

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2023

22. Segmented information (continued)

	2023 Budget	Capital Projects		2022 Actual	2023 Budget	Trust Funds		2022 Actual	2023 Budget	Amortization	
		2023 Actual	2022 Budget			2023 Actual	2022 Budget			2023 Actual	2022 Actual
Revenues											
ISC	\$ -	\$ 2,746,797	\$ 3,313,387	\$ -	\$ -	\$ 485,822	\$ -	\$ 765,779	\$ -	\$ -	\$ -
Other revenue	-	-	-	-	-	-	-	-	-	-	-
Total revenue	-	2,746,797	3,313,387	-	485,822	765,779	-	-	-	-	-
Expenses											
Materials and supplies	-	42,805	155,475	-	-	-	-	-	-	-	-
Meeting and travel expenses	-	3,194	-	-	-	-	-	-	-	-	-
Professional fees	-	50,296	141,242	-	-	-	-	-	-	-	-
Subcontractors	-	33,715	26,000	-	-	-	-	-	-	-	-
Wages and benefits	-	12,026	344,000	-	-	-	-	-	-	-	-
Other expenses	-	43,490	110,600	-	-	-	-	-	-	3,849,357	3,984,936
Total expenses	-	185,526	777,317	-	-	-	-	-	-	3,849,357	3,984,936
Annual surplus (deficit)	\$ -	\$ 2,561,271	\$ 2,536,070	\$ -	\$ 485,822	\$ 765,779	\$ -	\$ (3,849,357)	\$ (3,984,936)		

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2023

22. Segmented information (continued)

	Wapta Mnodai Developments Ltd.			Consolidated totals		
	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual
Revenues						
ISC	\$ -	\$ -	\$ -	\$ 6,952,248	\$ 27,394,158	\$ 19,751,937
CMHC	-	-	-	-	220,274	880,278
First Nations Development Fund	-	-	-	-	790,214	695,271
ISETS	-	-	-	705,887	764,128	492,288
Other revenue	-	2,905	5,000	1,908,531	3,931,808	3,241,366
Total revenue	-	2,905	5,000	9,566,666	33,100,581	25,061,140
Expenses						
Materials and supplies	-	2,000	-	261,993	1,446,134	1,224,999
Meeting and travel expenses	-	-	-	486,024	1,879,643	1,254,806
Professional fees	-	7,000	6,166	175,000	6,337,397	1,349,312
Social assistance	-	-	-	963,154	2,744,409	2,335,764
Subcontractors	-	-	-	159,671	2,030,974	1,166,635
Training	-	-	-	522,168	577,140	584,366
Utilities and telephone	-	37,645	37,511	286,576	891,389	796,958
Wages and benefits	-	35,955	-	3,799,845	10,518,565	9,545,702
Other expenses	-	36,186	28,287	2,420,807	11,451,202	7,773,062
Total expenses	-	118,786	71,964	9,075,238	37,876,853	26,031,604
Annual surplus (deficit)	\$ -	\$ (115,881)	\$ (66,964)	\$ 491,428	\$ (4,776,272)	\$ (970,464)