

Paul First Nation

Consolidated Financial Statements

March 31, 2024

Paul First Nation**Consolidated Financial Statements**

March 31, 2024

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Paul First Nation

Management's Responsibility for Financial Reporting

March 31, 2024

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>July 24, 2024</u> Date
<u>Original signed by</u> Finance Director	<u>July 24, 2024</u> Date
<u>Original signed by</u>	<u>July 24, 2024</u> Date
<u>Original signed by</u>	<u>July 24, 2024</u> Date
<u>Original signed by</u>	<u>July 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, 2024, and the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, change in net 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, 2024 and the results of its consolidated operations, the changes in its consolidated net 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 the Note 21 to the consolidated financial statements, asset retirement obligations have not been estimated and recorded on the consolidated statement of financial position as at the year-end March 31, 2024. Management believes that the cost of any future material obligation will be offset by a funding agency. The First Nation's tangible capital assets represent a significant amount of the assets of the consolidated financial statements as at March 31, 2024 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, 2024, and net financial assets, non-financial assets and accumulated surplus as at March 31, 2024.

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, 2024. 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, 2024 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
July 29, 2024

Crowe Mackay LLP
Chartered Professional Accountants

Paul First Nation

Consolidated Statement of Financial Position

March 31,	2024	2023
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Financial Assets

Cash (Note 3)	\$ 24,168,454	\$ 28,442,987
Accounts receivable (Note 4)	2,927,708	1,082,719
Investments and advances (Note 5)	-	5,680,259
Trust funds (Note 7)	7,759,650	7,213,334
	34,855,812	42,419,299

Liabilities

Accounts payable and accrued liabilities (Note 8)	4,546,955	3,091,795
Deferred revenue (Note 9)	28,614,082	31,117,006
Deficit in excess of investment and advances (Note 5)	2,861,141	-
Capital lease obligations (Note 10)	846,836	-
Long-term debt (Note 11)	13,588,882	11,201,867
	50,457,896	45,410,668
Net debt	(15,602,084)	(2,991,369)

Non-financial Assets

Tangible Capital assets (Note 12)	78,967,920	74,863,305
Prepaid expenses	8,550	8,550
	78,976,470	74,871,855
Accumulated Surplus (Note 13)	\$ 63,374,386	\$ 71,880,486

Accumulated Surplus consists of

Accumulated operating surplus	63,009,872	71,687,572
Accumulated remeasurement gains, end of year	364,514	192,914
Accumulated Surplus	63,374,386	71,880,486

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>2024</u>	<u>2023</u>
<u>Accumulated remeasurement gains, beginning of year</u>	<u>\$ 192,914</u>	<u>\$ 317,146</u>
Gains/losses consists of:		
Unrealized gain (loss) on Trust Funds	172,409	(27,307)
Realized (gain) loss on Trust Funds	(809)	(96,925)
<u>Net remeasurement gains and (losses)</u>	<u>171,600</u>	<u>(124,232)</u>
<u>Accumulated remeasurement gains, end of year</u>	<u>\$ 364,514</u>	<u>\$ 192,914</u>

Paul First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2024 Budget	2024 Actual	2023 Actual
Revenue			
Indigenous Services Canada (ISC)	\$ 17,758,649	\$ 31,237,005	\$ 27,394,157
Canada Mortgage and Housing Corporation (CMHC)	-	233,041	220,274
First Nations Development Fund (FNDF)	879,000	772,835	790,214
Indigenous Skills and Employment Training Strategy (ISETS)	1,097,457	1,071,484	764,128
Ottawa Trust revenue	-	307,324	369,099
Wapta Mnodai Developments Ltd.	-	4,600	2,905
Industry and other revenue	2,287,805	5,677,786	2,995,282
Net income from Band owned Enterprises	-	(8,295,026)	564,522
	22,022,911	31,009,049	33,100,581
Expenses (Note 15)			
Band Government	2,709,352	6,298,862	12,227,316
Education	7,600,831	9,651,402	8,887,430
Health	601,413	2,974,532	2,848,469
Economic Development	95,708	89,416	114,229
Public Works	2,450,573	4,170,756	2,695,470
Community Services	516,000	1,322,907	1,233,582
Social Services	6,499,443	7,771,810	4,384,122
Employment Programs	492,630	475,146	547,874
Housing	399,514	953,552	784,692
Capital Projects	80,000	267,182	185,526
Paul Band Business Trust	-	632,000	-
Amortization	-	4,897,747	3,849,358
Wapta Mnodai Developments Ltd.	-	181,438	118,786
	21,445,464	39,686,750	37,876,854
Deficiency of revenue over expenses	577,446	(8,677,700)	(4,776,275)
Accumulated surplus, beginning of year	71,880,487	71,880,486	76,780,992
Net Remeasurement gain (losses)	-	171,600	(124,232)
Accumulated surplus, end of year	\$ 72,457,933	\$ 63,374,386	\$ 71,880,486

Paul First Nation**Consolidated Statement of Change in Net Debt**

For the year ended March 31,	2024 Actual	2023 Actual
Deficiency of revenue over expenses	\$ (8,677,700)	\$ (4,776,275)
Acquisition of tangible capital assets	(9,002,362)	(5,879,672)
Amortization of tangible capital assets	4,897,747	3,849,358
Net Remeasurement gain (losses) on trust funds	171,600	(124,232)
	(3,933,015)	(2,154,545)
Decrease in net financial assets	(12,610,715)	(6,930,820)
Net financial assets (debt), beginning of year	(2,991,369)	3,939,451
Net debt, end of year	\$ (15,602,084)	\$ (2,991,369)

Paul First Nation

Consolidated Statement of Cash Flow

For the year ended March 31,	2024	2023
Cash flows from		
Operating activities		
Deficiency of revenue over expenses	\$ (8,677,700)	\$ (4,776,273)
Items not affecting cash		
Amortization of tangible capital assets	4,897,747	3,849,358
	(3,779,953)	(926,915)
Change in non-cash operating working capital		
Accounts receivable	(1,844,989)	2,157,212
Accounts payable and accrued liabilities	1,455,162	460,984
Deferred revenue	(2,502,924)	3,284,136
	(6,672,704)	4,975,417
Capital activities		
Purchase of tangible capital assets	(9,002,362)	(5,879,672)
Financing activities		
Repayment of long-term debt	(245,561)	(287,897)
Proceeds of long-term debt	2,632,574	4,779,296
Repayment of capital lease obligations	(73,714)	-
Proceeds of capital lease obligations	920,550	-
	3,233,849	4,491,399
Investing activities		
Net change in investments and advances	8,541,400	154,916
Net change in funds held in trust	(374,716)	306,881
	8,166,684	461,797
Increase (decrease) in cash and cash equivalents	(4,274,533)	4,048,941
Cash and cash equivalents, beginning of year	28,442,987	24,394,046
Cash and cash equivalents, end of year	\$ 24,168,454	\$ 28,442,987

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2024

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 Chartered Professional Accountants of Canada.

(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 Land Holdings Ltd.
3. Paul First Nation Cascade (GP) Inc.
4. Paul First Nation Industry Relations Corporation
5. Paul First Nation Renewable Energy (GP) Inc.
6. PFN Development Corporation
7. PFN Land Holdings (GP) Inc.
8. Weh-Hnim-Nay Energy (GP) Inc.
9. Wihneme Industrial Closure Services (GP) Corp.
10. 399250 Alberta Ltd.
11. PFN Business Centre (GP) Inc.
12. PFN Construction (GP) Inc.
13. PFN Fleet (GP) Inc.
14. PFN Business Centre Limited Partnership
15. Paul Band Group of Limited Partnerships

Enterprises accounted for by full consolidation include:

1. Wapta Mnodai Developments Ltd. (o/a Ironhead Golf Course)
2. Paul Band Business Trust

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, 2024

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.

Revenue from transactions with no performance obligations is recognized at realizable value when the First Nation has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor.

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.

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2024

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

(d) 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 / Capital lease assets	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

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Paul First Nation's incremental cost of borrowing.

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.

(e) 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, 2024

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

(f) 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.

(g) 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, 2024

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

(h) 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 held in trust funds. 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 Consolidated Statement of Remeasurement Gains and Losses. Upon settlement, the cumulative gain or loss is reclassified from the Consolidated Statement of Remeasurement Gains and Losses and recognized in the Consolidated Statement of Operations. Interest and dividends attributable to financial instruments are reported in the Consolidated 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, 2024

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 Consolidated 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 Consolidated Statement of Operations when received, except for recoveries of impaired portfolio investments. 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 Consolidated 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, 2023 (the transition date):

Revenue

On April 1, 2023, the First Nation adopted Section PS 3400 "Revenue". The new standard establishes standards on how to account for and report on revenue, specifically in regard to revenue arising from transactions with performance obligations (exchange transactions) and those without performance obligations (non-exchange transactions).

Revenue from transactions with performance obligations should be recognized when (or as) the First Nation satisfies a performance obligation by providing the promised goods or services to a payor.

Revenue from transactions with no performance obligations should be recognized when the First Nation:

- has the authority to claim or retain an inflow of economic resources; and
- identifies a past transaction or event that gives rise to an asset.

The First Nation has applied the change prospectively on the transition date in accordance with the applicable transitional provisions.

The adoption of the new requirements had no significant impact on the First Nation's consolidated financial statements.

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

March 31, 2024

3. Cash

	2024	2023
Externally restricted		
Province of Alberta	\$ 1,516,798	\$ 955,679
Internally restricted		
Child and Family Services	4,007,906	6,412,784
Medical Services	3,397,530	5,873,287
Capital projects	1,003,871	2,578,662
Social Services	23,198	1,970,557
Human Resources Development	2,176,365	1,640,933
Education	(16,762)	163,238
Legal	69,671	3,724
	10,661,779	18,643,185
Unrestricted		
General accounts	11,989,877	8,844,123
	\$ 24,168,454	\$ 28,442,987

4. Accounts receivable

	2024	2023
Indigenous Services Canada (ISC)	\$ 505,724	\$ 596,842
Canada Mortgage and Housing Corporation (CMHC)	600,000	-
Province of Alberta	68,994	62,044
GST receivable	147,184	245,467
Advances to members	249,823	252,192
Other	1,708,657	284,100
	3,280,382	1,440,645
Allowance for doubtful accounts	(352,674)	(357,926)
	\$ 2,927,708	\$ 1,082,719

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2024

5. Investments and advances

	2024	2023
Investments		
Paul Band Group of Limited Partnerships (Note 6)	\$ (5,051,789)	\$ 3,393,995
PFN Business Centre Limited Partnership (Note 6)	(7,394)	-
Paul First Nation Renewable Energy (GP) Inc.	(8,653)	(850)
Weh-Hnim-Nay Energy (GP) Inc.	1,195	1,064
PFN Development Corporation	(53,897)	(54,095)
Paul Band Land Holdings Ltd.	100	100
399250 Alberta Ltd.	100	100
Paul First Nation Industry Relations Corporation	1,191,066	1,025,077
Paul First Nation Cascade (GP) Inc.	80	86
Wihne Industrial Closure Services (GP) Corp.	(239)	108
PFN Land Holdings (GP) Inc.	(70,812)	(70,807)
PFN Business Centre (GP) Inc.	1	6
PFN Construction (GP) Inc.	51	51
PFN Fleet (GP) Inc.	6	6
Paul Band Property Management Corporation	100	100
	(4,000,085)	4,294,941
Advances		
Paul Band Group of Limited Partnerships (Note 6)	84,889	246,756
PFN Business Centre Limited Partnership (Note 6)	7,394	-
Paul Band Land Holdings Ltd.	(100)	(100)
Paul First Nation Industry Relations Corporation	81,522	226,523
PFN Land Holdings (GP) Inc.	915,461	910,461
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) Corporation	(100)	(100)
399250 Alberta Ltd.	(100)	(100)
PFN Development Corporation	50,347	2,247
PFN Business Centre (GP) Inc.	(6)	(6)
PFN Construction (GP) Inc.	(51)	(51)
PFN Fleet (GP) Inc.	(6)	(6)
Paul Band Property Management Corporation	(100)	(100)
	1,138,944	1,385,318
	\$ (2,861,141)	\$ 5,680,259

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 (GP) Inc., PFN Fleet (GP) Inc., PFN Construction (GP) Inc., PFN Business Centre (GP) Inc., 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.

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2024

5. Investments and advances (continued)

Unaudited financial statements for Paul First Nation Cascade (GP) Inc., Paul First Nation Renewable Energy (GP) Inc., Weh-Hnim-Nay Energy (GP) Inc., Wihneme Industrial Closure Services (GP) Corp., PFN Development Corporation, Paul Band Land Holdings Ltd., 399250 Alberta Ltd., PFN Land Holdings (GP) Inc., PFN Business Centre (GP) Inc., PFN Construction (GP) Inc. and PFN Fleet (GP) Inc. have been prepared for the year ended March 31, 2024.

Audited Financial Statements for Paul Band Property Management Corporation were not prepared for the year-ended March 31, 2024.

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

Paul Band Group of Limited Partnerships include the following entities:

Alberta Groups Limited Partnership
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

PFN Business Centre Limited Partnership include the following entities:

PFN Construction Limited Partnership
PFN Land Holdings Limited Partnership

Paul Band Corporations include the following companies:

399250 Alberta Ltd.
Alberta Groups GP Ltd.
Paul Band Land Holdings Ltd.
PFN Business Centre (GP) Inc.
PFN Construction (GP) Inc.
PFN Developments Corporation
PFN Land Holdings (GP) 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.
Wihneme Industrial Closure Services (GP) Corp.
PFN Fleet (GP) Inc.

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2024

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

	2024	2023
Advances from Paul Band Developments Limited Partnership	\$ (739,318)	\$ (757,168)
Advances from Wihneme Industrial Closure Services Limited Partnership	(205,457)	(205,457)
Advances to Paul First Nation Cascade Limited Partnership	9,325	9,325
Advances to Paul First Nation Renewable Energy Limited Partnership	32,493	14,000
Advances to Weh-Hnim-Nay Energy Limited Partnership	995,240	1,186,056
Accumulated (deficit) surplus in Paul Band Group of Limited Partnerships	(5,051,789)	3,393,995
Accumulated deficit in PFN Business Centre Limited Partnership	(7,394)	-
	\$ (4,966,900)	\$ 3,640,751

Balance Sheet	Paul Band	Paul Band				2024 Total	2023 Total
	Group of	Business					
	Limited	Centre Limited		Paul Band			
	Partnerships	Partnership		Corporations			
Cash	\$ 1,431,042	\$ -	\$ 780,546	\$ 2,211,588	\$ 1,533,367		
Accounts receivable	378,870	-	522,945	901,815	2,737,619		
Due from related parties	4,026,970	200	851,701	4,878,871	4,901,564		
Investments	6,474,187	-	-	6,474,187	2,414,305		
Capital assets	98,825	844,754	-	943,579	117,718		
Total assets	\$ 12,409,894	\$ 844,954	\$ 2,155,192	\$ 15,410,040	\$ 11,704,573		
Accounts payable	\$ 167,529	\$ 10,000	\$ 37,171	\$ 214,700	\$ 810,869		
Note payable	14,963,425	-	-	14,963,425	3,110,026		
Due to related parties	2,174,390	844,754	1,054,400	4,073,544	3,506,652		
Deficit in excess of investment	-	-	4,408	4,408	-		
Deferred revenues	165,100	-	-	165,100	-		
Total liabilities	17,470,444	854,754	1,095,979	19,421,177	7,427,547		
Total (deficit) equity	(5,060,550)	(9,800)	1,059,213	(4,011,137)	4,277,026		
Total liabilities and equity	\$ 12,409,894	\$ 844,954	\$ 2,155,192	\$ 15,410,040	\$ 11,704,573		

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2024

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

Income statement	Paul Band Group of Limited Partnerships	Paul Band Business Centre Limited Partnership	Paul Band Corporations	2024 Total	2023 Total
Revenue	\$ 1,682,027	\$ -	\$ 1,265,819	\$ 2,947,846	\$ 11,162,262
Expenses	9,449,237	10,000	1,292,086	10,751,323	10,597,740
Net (loss) income	\$ (7,767,210)	\$ (10,000)	\$ (26,267)	\$ (7,803,477)	\$ 564,522

7. Trust funds

	March 31, 2023	Income 2024	Withdrawals 2024	Unrealized gains/(losses) 2024	March 31, 2024
Ottawa Trust Funds - Capital	\$ 1,837,521	\$ 943	\$ -	\$ -	\$ 1,838,464
Ottawa Trust Funds - Revenue	1,270,625	306,381	-	-	1,577,006
Settlement Trust Funds	4,101,992	89,777	(21,571)	171,600	4,341,798
Community Trust	3,196	-	(914)	-	2,282
Legacy Trust	-	100	-	-	100
	\$ 7,213,334	\$ 397,201	\$ (22,485)	\$ 171,600	\$ 7,759,650

The Ottawa Trust Funds in the amount of \$3,415,470 (2023: \$3,108,146) 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.

	2024		2024 Total Fair Value	2023 Total Fair Value
	Level 1	Level 2		
Securities Held at Fair Value:				
Cash	\$ 17,143	\$ -	\$ 17,143	\$ 81,307
Common shares	1,083,455	-	1,083,455	968,561
Securities Designated to Fair Value:				
Fixed income	-	3,243,915	3,243,915	3,055,320
	\$ 1,100,598	\$ 3,243,915	\$ 4,344,503	\$ 4,105,188

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

March 31, 2024

8. Accounts payable and accrued liabilities

	2024	2023
Accounts payables - trade and accrued liabilities	\$ 4,080,732	\$ 2,561,125
Government remittances	-	135,954
Per Capita Distribution	136,758	88,238
Wages payable	329,465	306,477
	<hr/> \$ 4,546,955	<hr/> \$ 3,091,794

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2024

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, 2023	Funding received, 2024	Revenue recognized, 2024	March 31, 2024
Assisted Living - ISC	\$ 198,338	\$ 171,798	\$ (93,257)	\$ 276,879
Capital Projects: New School - ISC	680,000	291,739	(146,112)	825,627
Capital Projects: Road Upgrade - ISC	120,219	962,459	(742,437)	340,241
Capital Projects: Wastewater System Upgrade - ISC	-	1,000,000	(108,185)	891,815
Child and Family Services - ISC	9,538,641	5,716,666	(3,099,800)	12,155,507
Community Health Services - ISC	5,521,905	2,564,878	(2,841,018)	5,245,765
COVID-19 program - ISC	612,742	-	(612,742)	-
Daycare - ISC	151,045	123,120	(248,042)	26,123
Economic Development - ISC	169,448	347,196	(89,416)	427,228
Education Partners Program - ISC	42,694	-	(42,694)	-
Elementary and Junior High School - ISC	156,386	6,434,655	(6,591,041)	-
Enhanced Service Delivery - ISC	100,073	-	-	100,073
Fire Protection and Awareness - ISC	525,000	585,962	(1,110,962)	-
Housing - ISC	3,382,072	2,218,578	(3,823,811)	1,776,839
Infrastructure Development - ISC	10,000	-	(10,000)	-
Municipal Services - ISC	3,608,355	2,465,578	(5,162,738)	911,195
Post Secondary Education - ISC	156,435	762,747	(919,182)	-
Pre-employment Support - ISC	568,941	1,021,594	(448,904)	1,141,631
Social Assistance - ISC	2,535,735	1,576,213	(3,323,024)	788,924
Social Assistance to Employment & Training - ISC	250,230	332,152	(304,054)	278,328
Social Development - Service Delivery - ISC	989,580	353,497	(342,830)	1,000,247
Specific Claims - ISC	77,200	-	(77,200)	-
Tech. Table and Strengthening Relationships - ISC	49,248	160,294	(209,542)	-
Treaty Days - ISC	61,578	-	(61,578)	-
Urban Support - ISC	38,714	-	(38,714)	-
	29,444,506	27,089,126	(30,447,283)	26,086,349
Other				
Specific Claims	500,000	25,492	(250,000)	275,492
Tech. Table and Strengthening Relationships	140,000	-	(140,000)	-
Stoney Language Reclamation	-	125,747	(25,747)	100,000
Policing and Protection Services	-	230,000	(66,375)	163,625
Terrestrial Cumulative Effects Initiative	-	322,205	(192,480)	129,725
Housing	-	600,000	-	600,000
Daycare	-	35,039	(10,039)	25,000
Elementary and Junior High Community Health Services	204,147	151,945	(241,027)	115,065
Indigenous Skills and Employment Training Strategy - ISETS	619,265	492,631	(630,939)	480,957
Daycare - ISETS	209,088	592,850	(440,545)	361,393
	1,672,500	3,013,990	(2,158,757)	2,527,733
	\$ 31,117,006	\$ 30,103,116	\$ (32,606,040)	\$ 28,614,082

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

March 31, 2024

10. Capital lease obligations

	2024	2023
Lease payable to Caterpillar Financial Services Limited, repayable in blended monthly installments of \$17,945 including interest at 4.99% per annum, secured by equipment with a net book value \$586,950, maturing November 2027.	\$ 720,176	\$ -
Lease payable to Caterpillar Financial Services Limited, repayable in blended monthly installments of \$2,988 including interest at 2.00% per annum, secured by equipment with a net book value \$103,463, maturing November 2027.	<u>126,660</u>	-
	<hr/>	<hr/>
Total capital lease payments within the next five years	\$ 846,836	\$ -
	<hr/>	<hr/>
2025	\$ 251,189	\$ -
2026	251,189	-
2027	251,189	-
2028	167,459	-
	<hr/>	<hr/>
Total minimum lease payments	921,027	-
Less amounts representing interest at 2.00 to 4.99%	(74,191)	-
	<hr/>	<hr/>
Present value of net minimum capital lease payments	\$ 846,836	\$ -
	<hr/>	<hr/>

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

March 31, 2024

11. Long-term debt

	2024	2023
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.	\$ 18,641	\$ 33,895
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.	85,068	92,489
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.	413,672	449,758
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$4,018 including interest at 3.74%, maturing November 2037. Secured by Band Funds and housing units.	516,301	544,201
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$4,051 including interest at 3.74%, maturing May 2038. Secured by Band Funds and housing units.	534,948	563,827
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$4,334 including interest at 1.12%, maturing October 2046. Secured by Band Funds and housing units.	1,037,671	1,077,816
Canada Mortgage and Housing Corporation mortgage advance.	887,407	-
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.	170,615	185,468
Royal Bank of Canada demand loan due February 2025, repayable in monthly instalments of \$7,502 plus interest at prime plus 2%. Secured by Band Funds and housing units.	368,459	443,482
Royal Bank of Canada term loan bearing interest at prime plus 0.50%, interest only payments, maturing January 2026. Secured by a general security agreement.	3,431,768	3,431,768
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.	612,296	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.	716,784	582,775

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

March 31, 2024

11. Long-term debt (continued)

	2024	2023
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.	862,737	623,535
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.	791,842	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.	978,762	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.	1,675,367	1,294,320
Specific claim loan, interest free, repayable in full earlier of March 2027, or a date on which the claim is settled.	156,957	-
Specific claim loan, interest free, repayable in full earlier of March 2028, or a date on which the claim is settled.	104,442	-
Specific claim loan, interest free, repayable in full earlier of March 2028, or a date on which the claim is settled.	108,531	-
Specific claim loan, interest free, repayable in full earlier of March 2028, or a date on which the claim is settled.	116,614	-
	\$ 13,588,882	\$ 11,201,867

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

2025	\$ 701,772
2026	3,584,573
2027	1,578,775
2028	6,032,812
2029 and thereafter	1,690,950
	\$ 13,588,882

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2024

12. Tangible Capital Assets

	Cost				Accumulated amortization				2024 net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	on disposals	Balance, end of year	
Land	\$ 2,157,907	\$ -	\$ -	\$ 2,157,907	\$ -	\$ -	\$ -	\$ -	\$ 2,157,907
Buildings and Housing	60,066,539	5,437,917	(191,103)	65,313,353	22,960,858	2,272,094	(191,103)	25,041,850	40,271,503
Automotive equipment	9,790,406	1,991,644	-	11,782,050	8,138,532	706,382	-	8,844,914	2,937,136
Computer equipment	468,726	-	-	468,726	456,687	12,037	-	468,724	2
Office furniture and equipment	47,054	-	-	47,054	47,054	-	-	47,054	-
Infrastructure	50,604,964	652,252	-	51,257,216	16,669,160	1,677,096	-	18,346,256	32,910,960
Paving	180,097	-	-	180,097	180,097	-	-	180,097	-
Capital lease assets	-	920,550	-	920,550	-	230,138	-	230,138	690,412
	123,315,693	\$ 9,002,362	\$ (191,103)	\$ 132,126,953	\$ 48,452,388	\$ 4,897,747	\$ (191,103)	\$ 53,159,033	\$ 78,967,920

	Cost				Accumulated amortization				2023 Net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	on disposals	Balance, end of year	
Land	\$ 2,157,907	\$ -	\$ -	\$ 2,157,907	\$ -	\$ -	\$ -	\$ -	\$ 2,157,907
Buildings and Housing	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	371,328	-	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	\$ 5,879,672	\$ -	\$ 123,315,693	\$ 44,603,031	\$ 3,849,358	\$ -	\$ 48,452,388	\$ 74,863,305

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2024

13. Accumulated surplus

	2024	2023
Operating fund	\$ (16,314,506)	\$ (13,156,367)
Enterprise fund	(2,861,141)	5,680,259
Capital asset fund	74,088,302	71,472,370
Trust fund	7,395,136	7,020,420
CMHC replacement reserve	702,081	670,891
Remeasurement gain	364,514	192,914
	<hr/> \$ 63,374,386	<hr/> \$ 71,880,487

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

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

March 31, 2024

15. Expenses

For the year ended March 31	2024 Budget	2024 Actual	2023 Actual
Administration fees	\$ 56,939	\$ 25,046	\$ 91,658
Amortization	-	4,897,747	3,849,358
Bad debt (recovery)	-	(5,252)	(103,512)
Co-Management fees	-	-	183,890
Community events	253,538	623,715	239,585
Cultural Events	889,781	1,583,789	1,736,282
Economic development	714,462	1,472,490	1,395,494
Education and tuition fees	253,721	350,893	325,487
Feasibility studies	-	-	55,000
Health Care expenses	-	4,350	3,279
Insurance	266,088	343,103	405,687
Interest and bank charges	25,120	1,103,874	513,286
Materials and supplies	476,140	1,998,030	1,446,934
Meeting and travel expenses	1,139,230	1,825,284	1,879,642
Office expenses	490,112	753,123	297,017
Distribution	-	634,600	851,550
Professional Development	45,000	113,920	20,512
Professional fees	1,193,828	2,943,343	6,317,520
Program costs - Prevention and Intervention	-	30,235	74,030
Rent	94,811	107,073	110,473
Repairs and maintenance	863,718	968,219	885,760
Social assistance	1,409,554	3,357,020	2,640,044
Subcontractors	1,394,324	2,735,423	2,030,975
Training	1,318,021	1,981,952	693,980
Utilities and telephone	708,855	1,141,933	891,389
Vehicle	483,497	559,201	515,569
Wages and benefits	9,368,725	10,137,639	10,525,965
	\$ 21,445,464	\$ 39,686,750	\$ 37,876,854

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2024

16. 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 past due for which an allowance has not been recorded. Management's assessment is based on specific identification and the age of the receivables are disclosed in Note 4.

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 11. 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.

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2024

16. Risk Management (continued)

There have been no significant changes to interest rate risk from the previous year and no significant 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 in trust funds 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.

Management has determined that any fluctuation in market prices will not have a significant impact on its fair value financial instruments.

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.

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 \$702,081 (2023: \$670,891) 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, 2024 year end, the Replacement Reserve Fund was underfunded by \$702,081 (2023: \$670,891).

18. 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 \$106,353 (2023: \$101,652).

19. 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, 2024

20. Comparative Amounts

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current year.

21. 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, 2024

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		
	2024 Budget	2024 Actual	2023 Actual	2024 Budget	2024 Actual	2023 Actual	2024 Budget	2024 Actual	
Revenues									
Indigenous Services Canada (ISC)	\$ 161,632	\$ 2,374,716	\$ 3,770,031	\$ 7,693,965	\$ 8,438,939	\$ 8,799,105	\$ 727,162	\$ 3,311,255	\$ 2,862,004
Other revenue	1,165,493	1,557,726	1,356,689	227,208	1,070,971	468,221	-	(207,637)	46,286
Total revenue	1,327,125	3,932,442	5,126,720	7,921,173	9,509,910	9,267,326	727,162	3,103,618	2,908,290
Expenses									
Materials and supplies	-	5,150	181,330	243,174	429,159	577,218	22,843	348,267	198,450
Meeting and travel expenses	255,548	818,511	951,927	146,538	135,985	334,891	19,233	139,106	111,679
Professional fees	125,000	1,692,490	5,275,845	519,328	841,267	774,527	-	72,099	26,424
Social assistance	-	222,671	264,549	-	-	-	-	8,042	10,190
Subcontractors	79,839	120,021	419,493	343,725	264,808	252,599	55,462	310,004	266,355
Training	30,000	78,269	96,883	222,000	609,688	266,696	9,014	198,902	83,814
Utilities and telephone	197,618	291,650	187,599	96,460	189,168	187,828	12,071	22,607	23,011
Wages and benefits	1,598,779	1,500,037	2,962,922	4,530,287	4,945,706	4,177,530	374,676	1,041,432	1,239,146
Other expenses	422,568	1,570,063	1,886,768	1,499,319	2,235,621	2,316,141	108,114	834,073	889,400
Total expenses	2,709,352	6,298,862	12,227,316	7,600,831	9,651,402	8,887,430	601,413	2,974,532	2,848,469
Annual surplus (deficit)	\$ (1,382,227)	\$ (2,366,420)	\$ (7,100,596)	\$ 320,342	\$ (141,492)	\$ 379,896	\$ 125,749	\$ 129,086	\$ 59,821

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2024

22. Segmented information (continued)

	Economic Development			Public Works			Community Services		
	2024 Budget	2024 Actual	2023 Actual	2024 Budget	2024 Actual	2023 Actual	2024 Budget	2024 Actual	2023 Actual
Revenues									
ISC	\$ 95,708	\$ 89,416	\$ 98,690	\$ 2,342,617	\$ 6,684,499	\$ 2,702,795	-	-	-
First Nations Development Fund	-	-	-	-	-	-	879,000	772,835	790,214
Other revenue	-	(8,295,026)	580,061	229,514	(1,596,116)	440,674	944,638	757,881	6,645
Total revenue	95,708	(8,205,610)	678,751	2,572,131	5,088,383	3,143,469	1,823,638	1,530,716	796,859
Expenses									
Materials and supplies	-	-	-	79,609	857,798	330,443	-	21,495	758
Meeting and travel expenses	-	9,300	14,678	75,511	45,309	18,609	9,600	78,693	43,904
Professional fees	72,000	70,500	49,719	-	55,462	56,001	-	-	11,800
Social assistance	-	-	-	21,187	6,846	9,500	12,000	447,602	470,420
Subcontractors	-	-	26,878	206,300	894,589	666,719	-	23,396	500
Training	23,708	4,500	20,954	24,000	92,113	5,660	-	-	-
Utilities and telephone	-	-	-	214,306	474,559	368,911	9,600	4,500	8,700
Wages and benefits	-	-	500	978,186	959,335	746,871	206,018	46,547	174,972
Other expenses	-	5,116	1,500	851,474	784,745	492,756	278,782	700,674	522,528
Total expenses	95,708	89,416	114,229	2,450,573	4,170,756	2,695,470	516,000	1,322,907	1,233,582
Annual surplus (deficit)	\$ -	\$ (8,295,026)	\$ 564,522	\$ 121,558	\$ 917,627	\$ 447,999	\$ 1,307,638	\$ 207,809	\$ (436,723)

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2024

22. Segmented information (continued)

	Social Services			Employment Programs			Housing		
	2024 Budget	2024 Actual	2023 Actual	2024 Budget	2024 Actual	2023 Actual	2024 Budget	2024 Actual	2023 Actual
Revenues									
ISC	\$ 5,966,546	\$ 7,482,795	\$ 4,505,339	-	-	-	\$ 449,514	\$ 3,821,108	\$ 1,909,396
CMHC	-	-	-	-	-	-	-	233,041	220,274
ISETS	354,577	440,545	403,151	742,880	630,939	360,977	-	-	-
Other revenue	30,000	100,783	88,026	(309,048)	-	216,305	-	1,411,393	240,174
Total revenue	6,351,123	8,024,123	4,996,516	433,832	630,939	577,282	449,514	5,465,542	2,369,844
Expenses									
Materials and supplies	130,515	114,523	48,546	-	-	-	-	189,123	65,384
Meeting and travel expenses	589,600	509,812	332,327	43,200	57,997	66,636	-	-	1,798
Professional fees	473,000	36,181	28,879	4,500	-	4,500	-	10,338	32,530
Social assistance	1,376,367	2,671,860	1,885,386	-	-	-	-	-	-
Subcontractors	229,484	477,766	109,073	-	-	-	399,514	585,505	255,642
Training	948,500	932,179	195,412	60,799	66,302	24,561	-	-	-
Utilities and telephone	170,400	111,889	70,803	8,400	5,625	6,892	-	-	-
Wages and benefits	1,476,818	1,366,083	940,517	203,961	213,903	183,107	-	-	52,420
Other expenses	1,104,759	1,551,517	773,179	171,770	131,319	262,178	-	168,586	376,918
Total expenses	6,499,443	7,771,810	4,384,122	492,630	475,146	547,874	399,514	953,552	784,692
Annual surplus (deficit)	\$ (148,320)	\$ 252,313	\$ 612,394	\$ (58,798)	\$ 155,793	\$ 29,408	\$ 50,000	\$ 4,511,990	\$ 1,585,152

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2024

22. Segmented information (continued)

	Capital Projects		2023 Actual	2024 Budget	Trust Funds		2023 Actual	2024 Budget	Amortization	
	2024 Budget	2024 Actual			2024 Actual	2023 Actual			2024 Actual	2023 Actual
Revenues										
ISC	\$ 321,505	\$ (965,725)	\$ 2,746,797	-	\$ -	\$ 375,652	\$ -	\$ -	\$ -	\$ -
Other revenue	-	1,882,459	-	-	375,652	485,822	-	-	-	-
Total revenue	321,505	916,734	2,746,797	-	375,652	485,822	-	-	-	-
Expenses										
Materials and supplies	-	16,575	42,805	-	-	-	-	-	-	-
Meeting and travel expenses	-	30,572	3,194	-	-	-	-	-	-	-
Professional fees	-	152,122	50,296	-	-	-	-	-	-	-
Subcontractors	80,000	59,334	33,715	-	-	-	-	-	-	-
Wages and benefits	-	-	12,026	-	-	-	-	-	-	-
Other expenses	-	8,579	43,490	-	-	-	-	-	4,897,747	3,849,358
Total expenses	80,000	267,182	185,526	-	-	-	-	-	4,897,747	3,849,358
Annual surplus (deficit)	\$ 241,505	\$ 649,552	\$ 2,561,271	-	\$ 375,652	\$ 485,822	-	\$ (4,897,747)	\$ (3,849,358)	

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2024

22. Segmented information (continued)

	Wapta Mnodai Developments Ltd.			Paul Band Business Trust			Consolidated totals		
	2024 Budget	2024 Actual	2023 Actual	2024 Budget	2024 Actual	2023 Actual	2024 Budget	2024 Actual	2023 Actual
Revenues									
ISC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,758,649	\$ 31,237,005	\$ 27,394,157
CMHC	-	-	-	-	-	-	-	233,041	220,274
First Nations Development Fund	-	-	-	-	-	-	879,000	772,835	790,214
ISETS	-	-	-	-	-	-	1,097,457	1,071,484	764,128
Other revenue	-	4,600	2,905	-	632,000	-	2,287,805	(2,305,314)	3,931,808
Total revenue	-	4,600	2,905	-	632,000	-	22,022,911	31,009,049	33,100,581
Expenses									
Materials and supplies	-	15,937	2,000	-	-	-	476,140	1,998,028	1,446,936
Meeting and travel expenses	-	-	-	-	-	-	1,139,230	1,825,285	1,879,643
Professional fees	-	12,885	7,000	-	-	-	1,193,828	2,943,344	6,317,521
Social assistance	-	-	-	-	-	-	1,409,554	3,357,021	2,640,045
Subcontractors	-	-	-	-	-	-	1,394,324	2,735,423	2,030,974
Training	-	-	-	-	-	-	1,318,021	1,981,953	693,980
Utilities and telephone	-	41,934	37,645	-	-	-	708,855	1,141,932	891,389
Wages and benefits	-	64,595	35,955	-	-	-	9,368,725	10,137,638	10,525,966
Other expenses	-	46,087	36,186	-	632,000	-	4,436,786	13,566,127	11,450,402
Total expenses	-	181,438	118,786	-	632,000	-	21,445,463	39,686,751	37,876,856
Annual surplus (deficit)	\$ -	\$ (176,838)	\$ (115,881)	-	\$ -	\$ -	\$ 577,446	\$ (8,677,700)	\$ (4,776,275)