

Paul First Nation

Consolidated Financial Statements

March 31, 2025

Paul First Nation**Consolidated Financial Statements**

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Paul First Nation

Management's Responsibility for Financial Reporting

March 31, 2025

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 23, 2025</u> Date
<u>Original signed by</u> Finance Director	<u>July 23, 2025</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, 2025, 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 possible 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, 2025 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 20 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, 2025. The First Nation's tangible capital assets represent a significant amount of the assets of the consolidated financial statements as at March 31, 2025 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, 2025, and net financial debt, non-financial assets and accumulated surplus as at March 31, 2025.

Paul First Nation's investment in related First Nation entities, represents a significant amount of the assets of the consolidated financial statements as at March 31, 2025. 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, 2025 was modified because of the possible effects of these 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 23, 2025

Crowe Mackay LLP
Chartered Professional Accountants

Paul First Nation**Consolidated Statement of Financial Position**

<u>March 31</u>	<u>2025</u>	<u>2024</u>
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Financial Assets

Cash (Note 2)	\$ 22,024,248	\$ 24,168,454
Accounts receivable (Note 3)	1,091,251	2,927,708
Trust funds (Note 4)	6,924,971	7,759,650
	30,040,470	34,855,812

Liabilities

Accounts payable and accrued liabilities (Note 5)	2,936,277	4,546,958
Deferred revenue (Note 6)	30,979,223	28,614,082
Deficit in excess of investment and advances (Note 7)	3,641,774	2,861,141
Capital lease obligations (Note 9)	629,650	846,836
Long-term debt (Note 10)	17,197,633	13,588,882
	55,384,557	50,457,899
Net debt	(25,344,087)	(15,602,087)

Non-financial Assets

Tangible capital assets (Note 11)	94,814,528	78,967,920
Prepaid expenses	31,239	8,551
	94,845,767	78,976,471

Accumulated Surplus (Note 12)	\$ 69,501,680	\$ 63,374,384
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Accumulated Surplus consists of

Accumulated operating surplus	69,016,362	63,009,870
Accumulated remeasurement gains, end of year	485,318	364,514
	69,501,680	63,374,384

Contingent liabilities (Note 13)

Approved on behalf of the Council

<u>Original signed by</u> _____, Chief	<u>Original signed by</u> _____, Councillor
<u>Original signed by</u> _____, Councillor	<u>Original signed by</u> _____, Councillor
<u>Original signed by</u> _____, Councillor	<u>Original signed by</u> _____, Councillor

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

<u>For the year ended March 31</u>	<u>2025</u>	<u>2024</u>
<u>Accumulated remeasurement gains, beginning of year</u>	<u>\$ 364,514</u>	<u>\$ 192,914</u>
Gains/losses consists of:		
Unrealized gain on Trust Funds	19,202	172,409
Realized loss (gain) on Trust Funds	101,602	(809)
<u>Net remeasurement gains</u>	<u>120,804</u>	<u>171,600</u>
<u>Accumulated remeasurement gains, end of year</u>	<u>\$ 485,318</u>	<u>\$ 364,514</u>

Paul First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2025 Budget	2025 Actual	2024 Actual
Revenue			
Indigenous Services Canada (ISC)	\$ 31,689,289	\$ 42,423,926	\$ 31,237,005
Canada Mortgage and Housing Corporation (CMHC)	-	371,894	233,041
First Nations Development Fund (FNDF)	610,000	844,513	772,835
Indigenous Skills and Employment Training Strategy (ISETS)	1,594,146	884,226	1,071,484
Ottawa Trust revenue	-	226,678	307,324
Wapta Mnodai Developments Ltd.	-	250	4,600
Industry and other revenue	2,003,266	9,421,880	5,677,788
Net loss from Band Owned Enterprises	-	(2,333,577)	(8,295,026)
	35,896,701	51,839,790	31,009,051
Expenses (Note 14)			
Band Government	2,961,028	7,293,709	6,298,862
Education	8,739,466	9,840,896	9,651,402
Health	2,099,482	3,307,123	2,974,535
Economic Development	95,708	36,400	89,416
Public Works	3,618,902	6,064,389	4,170,756
Community Services	1,149,617	1,408,929	1,322,907
Social Services	2,557,599	5,300,935	4,133,283
Employment Programs	829,654	407,301	475,146
Housing	4,079,305	506,185	953,552
Capital Projects	860,627	643,009	267,182
Paul Band Business Trust	-	1,011,453	632,000
Amortization	-	6,337,749	4,897,748
Wapta Mnodai Developments Ltd.	-	170,109	181,438
Child and Family Services	3,048,893	3,505,111	3,638,527
	30,040,281	45,833,298	39,686,754
Excess (deficiency) of revenue over expenses	5,856,420	6,006,492	(8,677,703)
Accumulated surplus, beginning of year	63,374,384	63,374,384	71,880,487
Net remeasurement gain	-	120,804	171,600
Accumulated surplus, end of year	\$ 69,230,804	\$ 69,501,680	\$ 63,374,384

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

For the year ended March 31	2025 Budget	2025 Actual	2024 Actual
Excess (deficiency) of revenue over expenses	\$ 5,856,420	\$ 6,006,492	\$ (8,677,703)
Acquisition of tangible capital assets	-	(22,400,779)	(9,002,363)
Amortization of tangible capital assets	-	6,337,749	4,897,748
Proceeds on disposal of tangible capital assets	-	209,500	-
Loss on disposal of tangible capital assets	-	6,926	-
	-	(15,846,604)	(4,104,615)
Acquisition of prepaid asset	-	(22,692)	-
Net remeasurement gain on trust funds	-	120,804	171,600
Increase in net financial debt	5,856,420	(9,742,000)	(12,610,718)
Net debt, beginning of year	(15,602,087)	(15,602,087)	(2,991,369)
Net debt, end of year	\$ (9,745,667)	\$ (25,344,087)	\$ (15,602,087)

Paul First Nation

Consolidated Statement of Cash Flow

For the year ended March 31	2025	2024
Cash flows from Operating activities		
Excess (deficiency) of revenue over expenses	\$ 6,006,492	\$ (8,677,703)
Items not affecting cash		
Amortization of tangible capital assets	6,337,749	4,897,748
Loss on disposal on tangible capital assets	6,926	-
	12,351,167	(3,779,955)
Change in non-cash operating working capital		
Accounts receivable	1,836,457	(1,844,989)
Prepaid expenses	(22,692)	-
Accounts payable and accrued liabilities	(1,610,670)	1,455,165
Deferred revenue	2,365,141	(2,502,924)
	14,919,403	(6,672,703)
Capital activities		
Purchase of tangible capital assets	(22,400,779)	(9,002,363)
Proceeds on disposal on tangible capital assets	209,500	-
	(22,191,279)	(9,002,363)
Financing activities		
Repayment of long-term debt	(387,554)	(245,561)
Proceeds of long-term debt	3,996,294	2,632,574
Repayment of capital lease obligations	(217,186)	(73,714)
Proceeds of capital lease obligations	-	920,550
	3,391,554	3,233,849
Investing activities		
Net change in investments and advances	780,633	8,541,400
Net change in funds held in trust	955,483	(374,716)
	1,736,116	8,166,684
Decrease in cash and cash equivalents	(2,144,206)	(4,274,533)
Cash and cash equivalents, beginning of year	24,168,454	28,442,987
Cash and cash equivalents, end of year	\$ 22,024,248	\$ 24,168,454

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2025

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.

Government business enterprises and partnerships, that are owned or controlled by the First Nation and that are not dependent on the First Nation for their continuing operations are included in the financial statements using the modified equity method, in accordance with the Public Sector Accounting Standards.

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 entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses. Entities 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. Wihname 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, 2025

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, broker investment accounts, and short-term deposits.

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2025

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, 2025

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

(f) 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 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, 2025

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.

(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.

Items subject to significant management estimate include allowance for doubtful accounts. Other management estimates includes the amortization on tangible capital assets, accrued liabilities, and deferred revenues.

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 First 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 First Nation in the period that the information becomes available.

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2025

2. Cash

	2025	2024
Externally restricted		
Province of Alberta	\$ 1,941,212	\$ 1,516,798
Internally restricted		
Child and Family Services	2,455,751	4,007,906
Medical Services	3,739,267	3,397,530
Capital projects	14,760	1,003,871
Social Services	581,156	23,198
Human Resources Development	3,379,001	2,176,365
Education	898,763	(16,762)
Legal - Cash held in Trust	280,910	69,671
	11,349,608	10,661,779
Unrestricted		
General accounts	6,421,572	11,989,877
Term deposits	2,311,856	-
	8,733,428	11,989,877
	\$ 22,024,248	\$ 24,168,454

Included in cash are various term deposits that earn interest between 2.70% to 3.00% annually and mature between June 2025 and November 2025.

3. Accounts receivable

	2025	2024
Indigenous Services Canada (ISC)	\$ 457,614	\$ 505,724
Canada Mortgage and Housing Corporation (CMHC)	-	600,000
First Nations Development Fund (FNDF)	76,695	68,994
GST receivable	148,147	147,184
Advances to members	230,287	249,823
Other	470,949	1,708,658
	1,383,692	3,280,382
Allowance for doubtful accounts	(292,441)	(352,674)
	\$ 1,091,251	\$ 2,927,708

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2025

4. Trust funds

	March 31, 2024	Income (loss) 2025	Withdrawals 2025	Unrealized gains/(losses) 2025	March 31, 2025
Ottawa Trust Funds - Capital	\$ 1,838,464	\$ 378	\$ (1,170,000)	\$ -	\$ 668,842
Ottawa Trust Funds - Revenue	1,577,006	226,300	-	-	1,803,306
Settlement Trust Funds	4,341,798	207,371	(218,552)	120,804	4,451,421
Community Trust	2,282	(27)	(953)	-	1,302
Legacy Trust	100	-	-	-	100
	\$ 7,759,650	\$ 434,022	\$ (1,389,505)	\$ 120,804	\$ 6,924,971

The Ottawa Trust Funds in the amount of \$2,472,148 (2024: \$3,415,470) 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.

	2025	2025	2025	2024
	Level 1	Level 2	Total Fair Value	Total Fair Value
Securities Held at Fair Value:				
Cash	\$ 120,514	\$ -	\$ 120,514	\$ 17,143
Common shares	1,036,176	-	1,036,176	1,083,455
Securities Designated to Fair Value:				
Fixed income	-	3,296,367	3,296,367	3,243,915
	\$ 1,156,690	\$ 3,296,367	\$ 4,453,057	\$ 4,344,513

5. Accounts payable and accrued liabilities

	2025	2024
Accounts payables - trade and accrued liabilities	\$ 2,380,205	\$ 4,080,735
Per Capita Distribution	186,797	136,758
Wages payable	369,275	329,465
	\$ 2,936,277	\$ 4,546,958

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2025

6. 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, 2024	Funding received, 2025	Revenue recognized, 2025	March 31, 2025
Administration - ISC	\$ -	\$ 510,026	\$ (225,375)	\$ 284,651
Assisted Living - ISC	276,879	5,000	(209,516)	72,363
Capital Projects: Administration - ISC	-	553,255	(28,326)	524,929
Capital Projects: New School - ISC	570,000	-	(570,000)	-
Capital Projects: EMAP - ISC	255,627	270,156	(314,913)	210,870
Capital Projects: Road Upgrade - ISC	340,241	-	(278,678)	61,563
Capital Projects: Wastewater System Upgrade - ISC	891,815	-	(375,824)	515,991
Child and Family Services - ISC	12,155,507	7,111,449	(3,648,680)	15,618,276
Coming Home Initiatives	-	433,081	(383,981)	49,100
Community Health Services - ISC	5,245,765	3,163,305	(3,748,747)	4,660,323
Daycare - ISC	26,123	123,120	(149,243)	-
Economic Development - ISC	427,228	99,950	(34,500)	492,678
Elementary and Junior High School - ISC	-	4,576,556	(4,110,084)	466,472
Hot lunch - ISC	-	228,181	(177,570)	50,611
Housing - ISC	1,776,839	2,218,578	(1,840,417)	2,155,000
IELCC - ISC	-	461,233	(160,433)	300,800
Municipal Services - ISC	911,195	2,477,436	(3,388,631)	-
Pre-employment Support - ISC	1,141,631	1,021,594	(1,041,290)	1,121,935
Social Assistance - ISC	788,924	2,638,279	(2,759,828)	667,375
Social Assistance to Employment & Training - ISC	278,328	332,152	(432,026)	178,454
Social Development - Service Delivery - ISC	1,000,247	343,667	(499,816)	844,098
Solar Power - ISC	-	536,472	(59,146)	477,326
	26,086,349	27,103,490	(24,437,024)	28,752,815
Other				
Specific Claims	275,492	-	(275,492)	-
Administration - Elders Benefits	-	310,000	(168,804)	141,196
Stoney Language Reclamation	100,000	220,200	(166,495)	153,705
Policing and Protection Services	163,625	25,000	(35,480)	153,145
Terrestrial Cumulative Effects Initiative	129,725	-	(129,725)	-
Housing	600,000	426,545	(1,026,545)	-
Daycare	25,000	115,613	(140,613)	-
Elementary and Junior High	276,476	150,000	(426,476)	-
Community Health Services	115,065	150,000	(84,259)	180,806
Indigenous Skills and Employment Training Strategy - ISETS	480,957	492,631	(407,301)	566,287
Daycare - ISETS	361,393	996,343	(326,467)	1,031,269
	2,527,733	2,886,332	(3,187,657)	2,226,408
	\$ 28,614,082	\$ 29,989,822	\$ (27,624,681)	\$ 30,979,223

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2025

7. Investments and advances

	2025	2024
Investments		
Paul Band Group of Limited Partnerships (Note 8)	\$ (7,128,264)	\$ (5,051,789)
PFN Business Centre Limited Partnership (Note 8)	(30,411)	(7,394)
Paul First Nation Renewable Energy (GP) Inc.	(9,369)	(8,653)
Weh-Hnim-Nay Energy (GP) Inc.	1,345	1,195
PFN Development Corporation	(54,094)	(53,897)
Paul Band Land Holdings Ltd.	100	100
399250 Alberta Ltd.	100	100
Paul First Nation Industry Relations Corporation	958,199	1,191,066
Paul First Nation Cascade (GP) Inc.	72	80
Wihne Industrial Closure Services (GP) Corp.	(257)	(239)
PFN Land Holdings (GP) Inc.	(70,819)	(70,812)
PFN Business Centre (GP) Inc. (Note 8)	(19)	1
PFN Construction (GP) Inc.	(51)	51
PFN Fleet (GP) Inc.	6	6
Paul Band Property Management Corporation	100	100
	(6,333,560)	(4,000,085)
Advances		
Paul Band Group of Limited Partnerships (Note 8)	1,639,623	84,889
PFN Business Centre Limited Partnership (Note 8)	30,441	7,394
PFN Business Centre (GP) Inc. (Note 8)	19	-
Paul Band Land Holdings Ltd.	(100)	(100)
Paul First Nation Industry Relations Corporation	56,747	81,522
PFN Land Holdings (GP) Inc.	915,461	915,461
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	50,157	50,347
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)
	2,691,786	1,138,944
	\$ (3,641,774)	\$ (2,861,141)

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., Paul Band Property Management Corporation, Alberta Groups GP Ltd. and 399250 Alberta Ltd. are owned 100% by Paul First Nation.

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2025

7. 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., PFN Fleet (GP) Inc. have been prepared for the year ended March 31, 2025.

Audited Financial Statements for Paul Band Property Management Corporation were not prepared for the year-ended March 31, 2025.

8. 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
PFN Investments Limited Partnership
PFN Wildland Firefighting Limited Partnership
Paul Solar Farm Limited Partnership

PFN Business Centre (GP) Inc. include the following entities:

PFN Investments Holdings (GP) Inc.
PFN Wildland Firefighting (GP) Inc.
Paul Solar Farm (GP) Inc.

Paul Band Corporations include the following entities:

399250 Alberta Ltd.
Alberta Groups GP Ltd.
Paul Band Land Holdings Ltd.
PFN Business Centre (GP) Inc.
PFN Construction (GP) Inc.
PFN Development 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, 2025

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

	2025	2024
Advances from Paul Band Developments Limited Partnership	\$ (10,837)	\$ (739,318)
Advances to Paul Land Holdings Limited Partnership	1,170,000	-
Advances to Paul Solar Farm Limited Partnership	8,778	-
Advances from Wihneme Industrial Closure Services Limited Partnership	(308,339)	(205,457)
Advances to Paul First Nation Cascade Limited Partnership	22,240	9,325
Advances to Paul First Nation Renewable Energy Limited Partnership	10,001	32,493
Advances to Weh-Hnim-Nay Energy Limited Partnership	778,240	995,240
Accumulated deficit in Paul Band Group of Limited Partnerships	(7,128,264)	(5,051,789)
Accumulated deficit in PFN Business Centre Limited Partnership	(30,441)	(7,394)
Accumulated deficit in PFN Business (GP) Inc.	(19)	-
	\$ (5,488,641)	\$ (4,966,900)

Balance Sheet	Paul Band Group of Limited Partnerships	Paul Band Business Centre Limited Partnership	Paul Band Corporations	2025 Total	2024 Total
Cash	\$ 688,087	\$ 295,956	\$ 505,842	\$ 1,489,885	\$ 2,211,588
Accounts receivable	615,306	260,454	550,625	1,426,385	901,815
Due from related parties	3,304,013	700	241,701	3,546,414	4,878,871
Investments	8,347,767	-	4,303	8,352,070	6,474,187
Capital assets	56,036	844,754	610,000	1,510,790	943,579
Total assets	\$ 13,011,209	\$ 1,401,864	\$ 1,912,471	\$ 16,325,544	\$ 15,410,040
Accounts payable	\$ 110,184	\$ 118,645	\$ 47,789	\$ 276,618	\$ 214,700
Note payable	18,051,731	-	-	18,051,731	14,963,425
Due to related parties	1,951,895	1,313,342	1,029,605	4,294,842	4,073,544
Deficit in excess of investment	-	19	9,779	9,798	4,408
Deferred revenues	37,102	-	-	37,102	165,100
Total liabilities	20,150,912	1,432,006	1,087,173	\$ 22,670,091	19,421,177
Total (deficit) equity	(7,139,703)	(30,142)	825,298	(6,344,547)	(4,011,137)
Total liabilities and equity	\$ 13,011,209	\$ 1,401,864	\$ 1,912,471	\$ 16,325,544	\$ 15,410,040

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2025

8. 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	2025 Total	2024 Total
Revenue	\$ 3,385,059	\$ 776,818	\$ 1,058,154	\$ 5,220,031	\$ 2,947,846
Expenses	4,358,743	802,760	830,751	5,992,254	10,751,323
Net (loss) income	\$ (973,684)	\$ (25,942)	\$ 227,403	\$ (772,223)	\$ (7,803,477)

PFN Business (GP) Inc.'s financials are consolidated into Paul Band Business Centre Limited Partnership.

9. Capital lease obligations

	2025	2024
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 \$391,300 (2024 - \$586,950), maturing November 2027.	\$ 536,618	\$ 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 \$68,975 (2024 - \$103,463), maturing November 2027.	93,032	126,660
	\$ 629,650	\$ 846,836
Total capital lease payments within the next three years		
2026	\$ 251,189	
2027	251,189	
2028	167,460	
Total minimum lease payments	669,838	
Less amounts representing interest at 2.00% to 4.99%	(40,188)	
Present value of net minimum capital lease payments	\$ 629,650	

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2025

10. Long-term debt

	2025	2024
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.	\$ 2,720	\$ 18,641
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.	77,552	85,068
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.	377,121	413,672
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$4,018 including interest at 3.74%, maturing June 2028. Secured by Band Funds and housing units.	486,702	516,301
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$4,051 including interest at 3.74%, maturing June 2028. Secured by Band Funds and housing units.	505,656	534,948
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.	997,022	1,037,671
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$8,104 including interest at 4.08%, maturing May 2029. Secured by Band Funds and housing units.	1,497,871	887,407
Royal Bank of Canada demand loan due September 2028, repayable in monthly instalments of \$2,208 including interest at prime plus 1.50%. Secured by Band Funds and housing units.	152,953	170,615
Royal Bank of Canada demand loan due February 2026, repayable in monthly instalments of \$7,502 plus interest at prime plus 2.00%. Secured by Band Funds and housing units.	263,427	368,459
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 payments, due February 2028. Secured by a general security agreement.	650,324	612,296
Royal Bank of Canada term loan bearing interest at prime plus 0.75%, repayable quarterly in interest only payments, due February 2028. Secured by a general security agreement.	813,768	716,784

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2025

10. Long-term debt (continued)

	2025	2024
Royal Bank of Canada term loan bearing interest at prime plus 0.75%, repayable quarterly in interest only payments, due on February 2028. Secured by a general security agreement.	2,228,592	862,737
Royal Bank of Canada term loan bearing interest at prime plus 0.75%, repayable quarterly in interest only payments, due on February 2028. Secured by a general security agreement.	1,069,991	791,842
Royal Bank of Canada term loan bearing interest at prime plus 0.75%, repayable quarterly in interest only payments, due on February 2028. Secured by a general security agreement.	1,143,218	978,762
Royal Bank of Canada term loan bearing interest at prime plus 0.75%, repayable quarterly in interest only payments, due on February 2028. Secured by a general security agreement.	1,912,164	1,675,367
Specific claim loan, interest free, repayable in full earlier of March 2027, or a date on which the claim is settled.	156,957	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	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	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	116,614
Specific claim loan, interest free, repayable in full earlier of March 2029, or a date on which the claim is settled.	121,581	-
Specific claim loan, interest free, repayable in full earlier of March 2029, or a date on which the claim is settled.	93,407	-
Specific claim loan, interest free, repayable in full earlier of March 2029, or a date on which the claim is settled.	93,842	-
Loan payable to Daimler Truck Financial, repayable in blended monthly installments of \$14,131 including interest at 8.50% per annum, secured by automotives with a net book value \$710,833, maturing February 2031.	791,410	-
	\$ 17,197,633	\$ 13,588,882

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

March 31, 2025

10. Long-term debt (continued)

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

2026	\$ 398,073
2027	5,114,705
2028	815,857
2029	9,432,943
2030 and thereafter	1,436,055
	<hr/>
	\$ 17,197,633

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2025

11. Tangible Capital Assets

	Cost				Accumulated amortization				2025 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	65,313,353	20,512,585	-	85,825,938	25,041,850	3,274,594	-	28,316,445	57,509,493
Automotive equipment	11,782,050	1,793,084	(295,954)	13,279,180	8,844,914	1,146,410	(79,534)	9,911,790	3,367,390
Computer equipment	468,726	-	-	468,726	468,726	-	-	468,724	-
Office furniture and equipment	47,054	-	-	47,054	47,054	-	-	47,054	-
Infrastructure	51,257,216	95,111	-	51,352,327	18,346,256	1,686,607	-	20,032,863	31,319,464
Paving	180,097	-	-	180,097	180,097	-	-	180,097	-
Capital lease assets	920,550	-	-	920,550	230,138	230,138	-	460,276	460,274
	132,126,953	\$ 22,400,779	\$ (295,954)	\$ 154,231,779	\$ 53,159,035	\$ 6,337,749	\$ (79,534)	\$ 59,417,249	\$ 94,814,528

	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	2,272,095	(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	\$ 9,002,363	\$ (191,103)	\$ 132,126,953	\$ 48,452,388	\$ 4,897,748	\$ (191,103)	\$ 53,159,033	\$ 78,967,920

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

March 31, 2025

12. Accumulated surplus

	2025	2024
Operating fund	\$ (23,553,348)	\$ (16,314,508)
Enterprise fund	(3,641,774)	(2,861,141)
Capital asset fund	89,032,445	74,088,302
Trust fund	6,439,653	7,395,136
CMHC replacement reserve	739,386	702,081
Remeasurement gain	485,318	364,514
	<hr/> \$ 69,501,680	<hr/> \$ 63,374,384

13. 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, 2025

14. Expenses

For the year ended March 31	2025 Budget	2025 Actual	2024 Actual
Administration fees	\$ 99,000	\$ 24,384	\$ 25,046
Amortization	-	6,337,749	4,897,748
Bad debt (recovery)	-	(60,233)	(5,252)
Community events	449,750	1,068,734	623,715
Cultural events	920,218	1,654,130	1,595,045
Distribution	-	1,670,793	634,600
Economic development	696,342	1,295,688	1,461,235
Education and tuition fees	223,100	292,810	350,893
Health Care expenses	-	5,856	4,350
Insurance	382,548	306,672	343,103
Interest and bank charges	158,588	1,399,985	1,104,352
Materials and supplies	783,461	2,612,987	2,002,284
Meeting and travel expenses	1,139,243	2,213,819	1,825,284
Office expenses	886,556	503,201	718,868
Professional development	320,000	372,941	113,920
Professional fees	633,009	3,156,744	2,984,116
Program costs - Prevention and Intervention	621,000	1,344	30,235
Rent	236,411	147,603	107,073
Repairs and maintenance	1,247,723	1,215,034	940,586
Social assistance	1,522,556	3,598,693	3,357,020
Subcontractors	7,118,815	2,497,852	2,735,381
Training	832,878	1,224,067	1,968,813
Utilities and telephone	1,064,873	1,573,766	1,141,933
Vegetation expenses	-	203,908	29,566
Vehicle	383,500	615,162	559,201
Wages and benefits	10,320,710	11,899,609	10,137,639
	\$ 30,040,281	\$ 45,833,298	\$ 39,686,754

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2025

15. 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 of allowance for doubtful accounts is based on specific identification and the age of the receivables and is disclosed in Note 3.

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.

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2025

15. 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.

16. 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 \$739,386 (2024: \$702,081) 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, 2025 year end, the Replacement Reserve Fund was underfunded by \$739,386 (2024: \$702,081).

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 5.50% 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 \$126,393 (2024: \$106,353).

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, 2025

19. Comparative Amounts

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

20. 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.

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2025

21. 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		2025 Budget	2025 Actual	2024 Actual
	2025 Budget	2025 Actual	2025 Budget	2025 Actual	2024 Actual	2025 Budget			
Revenues									
Indigenous Services Canada (ISC)	\$ 2,223,414	\$ 2,007,554	\$ 2,374,716	\$ 7,349,313	\$ 8,597,137	\$ 8,438,939	\$ 2,288,014	\$ 3,748,748	\$ 3,311,255
Other revenue	730,213	6,019,315	1,557,726	25,000	641,225	1,070,971	150,000	83,955	(207,635)
Total revenue	2,953,627	8,026,869	3,932,442	7,374,313	9,238,362	9,509,910	2,438,014	3,832,703	3,103,620
Expenses									
Materials and supplies	-	11,424	5,150	190,517	575,278	429,159	198,587	233,713	348,267
Meeting and travel expenses	285,900	1,032,135	818,511	154,800	97,863	135,985	56,830	153,592	139,106
Professional fees	140,000	1,676,449	1,733,263	343,509	870,626	841,267	3,000	60,302	72,099
Social assistance	-	291,795	222,671	-	-	-	30,000	4,308	8,042
Subcontractors	251,488	248,114	120,021	314,720	211,008	264,808	228,718	116,146	310,004
Training	30,000	75,437	78,269	287,000	391,221	609,688	44,500	210,714	198,902
Utilities and telephone	191,600	204,872	291,650	526,420	180,054	189,168	24,404	18,542	22,607
Wages and benefits	1,591,554	1,839,448	1,500,037	4,648,893	5,310,546	4,945,706	1,200,286	1,422,005	1,041,432
Other expenses	470,486	1,914,035	1,529,290	2,273,607	2,204,300	2,235,621	313,157	1,087,801	834,076
Total expenses	2,961,028	7,293,709	6,298,862	8,739,466	9,840,896	9,651,402	2,099,482	3,307,123	2,974,535
Annual surplus (deficit)	\$ (7,401)	\$ 733,160	\$ (2,366,420)	\$ (1,365,153)	\$ (602,534)	\$ (141,492)	\$ 338,532	\$ 525,580	\$ 129,085

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2025

21. Segmented information (continued)

	Economic Development			Public Works			Community Services		
	2025 Budget	2025 Actual	2024 Actual	2025 Budget	2025 Actual	2024 Actual	2025 Budget	2025 Actual	2024 Actual
Revenues									
ISC	\$ -	\$ 34,500	\$ 89,416	\$ 2,886,999	\$ 4,330,865	\$ 6,684,499	-	\$ -	\$ -
First Nations Development Fund	-	-	-	-	-	-	610,000	844,513	772,835
Other revenue	95,708	(2,331,677)	(8,295,026)	650,345	453,806	(1,596,116)	324,000	5,309	757,881
Total revenue	95,708	(2,297,177)	(8,205,610)	3,537,344	4,784,671	5,088,383	934,000	849,822	1,530,716
Expenses									
Materials and supplies	-	-	-	82,434	998,505	857,798	-	-	21,495
Meeting and travel expenses	-	-	9,300	24,000	148,712	45,309	4,800	38,371	78,693
Professional fees	72,000	28,300	70,500	-	188,550	55,462	-	-	-
Social assistance	-	-	-	22,000	34,396	6,846	360,000	415,950	447,602
Subcontractors	-	5,100	-	1,341,957	813,239	894,546	-	3,000	23,396
Training	23,708	-	4,500	86,861	152,889	78,974	-	-	-
Utilities and telephone	-	-	-	243,306	981,310	474,559	4,800	4,400	4,500
Wages and benefits	-	-	-	1,035,276	1,191,476	959,335	291,018	255,921	46,547
Other expenses	-	3,000	5,116	783,068	1,555,312	797,927	488,999	691,287	700,674
Total expenses	95,708	36,400	89,416	3,618,902	6,064,389	4,170,756	1,149,617	1,408,929	1,322,907
Annual surplus (deficit)	\$ -	\$ (2,333,577)	\$ (8,295,026)	\$ (81,558)	\$ (1,279,718)	\$ 917,627	\$ (215,617)	\$ (559,107)	\$ 207,809

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2025

21. Segmented information (continued)

	Social Services			Employment Programs			Housing		
	2025 Budget	2025 Actual	2024 Actual	2025 Budget	2025 Actual	2024 Actual	2025 Budget	2025 Actual	2024 Actual
Revenues									
ISC	\$ 3,180,235	\$ 4,535,877	\$ 4,382,996	-	\$ -	\$ -	\$ 2,866,942	\$ 13,952,821	\$ 3,821,108
CMHC	-	-	-	-	-	-	-	371,894	233,041
ISETS	634,970	476,924	440,545	959,176	407,301	630,939	-	-	-
Other revenue	28,000	159,232	(690,258)	-	-	-	-	654,651	1,411,393
Total revenue	3,843,205	5,172,033	4,133,283	959,176	407,301	630,939	2,866,942	14,979,366	5,465,542
Expenses									
Materials and supplies	92,000	159,809	65,614	-	-	-	-	140,637	189,123
Meeting and travel expenses	67,713	82,683	60,812	62,000	19,150	57,997	-	262	-
Professional fees	-	-	-	4,500	7,432	-	-	-	10,338
Social assistance	1,100,556	2,744,726	2,671,860	-	-	-	-	-	-
Subcontractors	42,000	66,491	47,705	-	-	-	4,079,305	155,824	585,505
Training	268,816	336,992	80,925	91,993	50,913	66,302	-	-	-
Utilities and telephone	58,200	85,558	85,812	5,200	3,400	5,625	-	182	-
Wages and benefits	727,214	1,090,129	854,896	201,142	145,202	213,903	-	800	-
Other expenses	201,100	734,547	265,659	464,819	181,204	131,319	-	208,480	168,586
Total expenses	2,557,599	5,300,935	4,133,283	829,654	407,301	475,146	4,079,305	506,185	953,552
Annual surplus (deficit)	\$ 1,285,606	\$ (128,902)	-	\$ 129,522	\$ -	\$ 155,793	\$ (1,212,363)	\$ 14,473,181	\$ 4,511,990

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2025

21. Segmented information (continued)

	Capital Projects		Trust Funds		Amortization			
	2025 Budget	2025 Actual	2024 Actual	2025 Budget	2025 Actual	2024 Actual	2025 Budget	2025 Actual
Revenues								
ISC	\$ -	\$ 1,567,742	\$ (965,725)	-	\$ -	\$ -	\$ -	\$ -
Other revenue	-	-	1,882,459	-	575,284	375,652	-	-
Total revenue	-	1,567,742	916,734	-	575,284	375,652	-	-
Expenses								
Materials and supplies	-	63,982	16,575	-	-	-	-	-
Meeting and travel expenses	-	41,694	30,572	-	-	-	-	-
Professional fees	-	265,590	152,122	-	-	-	-	-
Subcontractors	860,627	161,902	59,334	-	-	-	-	-
Wages and benefits	-	18,000	-	-	-	-	-	-
Other expenses	-	91,841	8,579	-	-	-	6,337,749	4,897,748
Total expenses	860,627	643,009	267,182	-	-	-	6,337,749	4,897,748
Annual surplus (deficit)	\$ (860,627)	\$ 924,733	\$ 649,552	-	\$ 575,284	\$ 375,652	-	\$ (6,337,749)
								(4,897,748)

Paul First Nation

Notes to Consolidated Financial Statements

March 31, 2025

21. Segmented information (continued)

	Wapta Mnodai Developments Ltd.			Paul Band Business Trust			Child and Family Services		
	2025 Budget	2025 Actual	2024 Actual	2025 Budget	2025 Actual	2024 Actual	2025 Budget	2025 Actual	2024 Actual
Revenues									
ISC	\$ -	\$ -	\$ 250	\$ -	\$ 4,600	\$ -	\$ -	\$ 10,894,372	\$ 3,648,680
Other revenue	-	-	250	-	4,600	-	1,011,453	632,000	42,431
Total revenue	-	250	4,600	-	1,011,453	632,000	10,894,372	3,691,111	3,890,840
Expenses									
Materials and supplies	-	26,732	15,937	-	-	-	219,923	34,696	48,726
Meeting and travel expenses	-	-	-	-	-	-	483,200	599,355	449,000
Professional fees	-	8,500	12,885	-	-	-	70,000	50,996	36,181
Social assistance	-	-	-	-	-	-	10,000	107,518	-
Subcontractors	-	-	-	-	-	-	-	717,028	430,061
Training	-	-	-	-	-	-	-	5,900	851,254
Utilities and telephone	-	41,753	41,934	-	-	-	10,943	53,695	26,077
Wages and benefits	-	62,626	64,595	-	-	-	625,327	563,454	511,187
Other expenses	-	30,498	46,087	-	1,011,453	632,000	1,629,500	1,372,469	1,286,041
Total expenses	-	170,109	181,438	-	1,011,453	632,000	3,048,893	3,505,111	3,638,527
Annual surplus (deficit)	\$ -	\$ (169,859)	\$ (176,838)	-	\$ -	\$ -	\$ 7,845,479	\$ 186,000	\$ 252,313

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

March 31, 2025

21. Segmented information (continued)

		Consolidated totals		
	2025 Budget	2025 Actual	2024 Actual	
Revenues				
ISC	\$ 31,689,289	\$ 42,423,926	\$ 31,237,005	
CMHC	-	371,894	233,041	
First Nations Development Fund	610,000	844,513	772,835	
ISETS	1,594,146	884,226	1,071,484	
Other revenue	2,003,266	7,315,231	(2,305,312)	
Total revenue	35,896,701	51,839,790	31,009,051	
Expenses				
Materials and supplies	783,461	2,244,776	1,997,844	
Meeting and travel expenses	1,139,243	2,213,817	1,825,285	
Professional fees	633,009	3,156,745	2,984,117	
Social assistance	1,522,556	3,598,693	3,357,021	
Subcontractors	7,118,815	2,497,852	2,735,380	
Training	832,878	1,224,066	1,968,814	
Utilities and telephone	1,064,873	1,573,766	1,141,932	
Wages and benefits	10,320,710	11,899,607	10,137,638	
Other expenses	6,624,736	17,423,976	13,538,723	
Total expenses	30,040,281	45,833,298	39,686,754	
Annual surplus (deficit)	\$ 5,856,420	\$ 6,006,492	\$ (8,677,703)	