

Horse Lake First Nation

Consolidated Financial Statements

March 31, 2024

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Management's Responsibility for Financial Reporting

March 31, 2024

The accompanying consolidated financial statements of **Horse Lake 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.

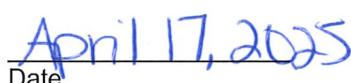
The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditors' 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 **Horse Lake First Nation** and meet when required.

On behalf of Horse Lake First Nation:


Chief

CEO


Date

Date

Independent Auditors' Report

To the Members of Horse Lake First Nation

Qualified Opinion

We have audited the consolidated financial statements of Horse Lake First Nation, which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects and possible effects of the matters 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 Horse Lake First Nation as at March 31, 2024 and the results of its operations, the changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

As discussed in Note 7 to the consolidated financial statements, investments in related First Nation entities are accounted for on the consolidated statement of financial position as at March 31, 2024 using the modified equity method. Horse Lake First Nation's share of these enterprises' net income is included in Horse Lake First Nation's consolidated statement of operations for the year then ended. This constitutes a departure from Canadian Public Sector Accounting as a number of these First Nation entities are not self sufficient and should be accounted for using the full consolidation method in the consolidated financial statements.

Horse Lake 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, 2024. We were unable to obtain any financial records for investments that are material to the financial statements and unable to obtain sufficient appropriate evidence about the carrying amount of the remaining investments. Therefore, we were unable to obtain sufficient appropriate evidence about the carrying amount of Horse Lake First Nation investments, equity and net income for the year. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

As discussed in Note 14 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 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.

The opinion on the consolidated financial statements for the year ended March 31, 2023 was modified because of the effects of this departure from Canadian Public Sector Accounting Standards and the possible 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.

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 Group 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
April 17, 2025

Chartered Professional Accountants

Horse Lake First Nation

Consolidated Statement of Financial Position

March 31,	2024	2023 Restated (Note 23)
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Financial Assets

Cash (Note 3)	\$ 1,344,261	\$ 363,469
Accounts receivable (Note 4)	3,226,208	6,262,898
Members receivables (Note 5)	244,124	238,120
Portfolio investments (Note 6)	2,500,000	-
Investment in related First Nation entities (Note 7)	32,136,898	30,676,987
Other investments	1,000	1,000
Federal trust funds (Note 8)	2,498,263	1,836,234
Horse Lake First Nation Agricultural Benefits Trust (Note 9)	16,732,608	15,946,237
	58,683,362	55,324,945

Liabilities

Operating loan (Note 3)	-	200,000
Accounts payable and accrued liabilities (Note 10)	3,633,713	2,724,188
Deferred revenue (Note 11)	13,846,265	10,744,689
Long-term debt (Note 12)	11,783,136	11,765,015
	29,263,114	25,433,892
Net financial assets	29,420,248	29,891,053

Non-financial Assets

Tangible capital assets (Note 13)	39,534,725	39,567,557
Prepaid expenses	71,062	71,062
	39,605,787	39,638,619
Accumulated Surplus (Note 15)	\$ 69,026,035	\$ 69,529,672

Accumulated Surplus consists of

Accumulated operating surplus	71,234,408	73,176,245
Accumulated remeasurement losses, end of year	(2,208,373)	(3,646,573)
Accumulated Surplus	69,026,035	69,529,672

Contingent liabilities (Note 16)

Approved on behalf of the Horse Lake First Nation

, Chief

, CEO

Horse Lake First Nation**Consolidated Statement of Remeasurement Gains and Losses**

For the year ended March 31	2024	2023
Accumulated remeasurement gains and (losses), beginning of year	\$ (3,646,573)	\$ 599,724
Unrealized gains and (losses) attributable to:		
Portfolio investments	1,438,512	(4,242,752)
Amounts reclassified to the statement of operations		
Realized (gains) losses on portfolio investments	(312)	(3,545)
Net remeasurement gains and (losses)	1,438,200	(4,246,297)
Accumulated remeasurement losses, end of year	\$ (2,208,373)	\$ (3,646,573)

Horse Lake First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31,	2024 Budget	2024 Actual	2023 Actual Restated (Note 23)
Revenue			
Western Cree Tribal Council - ISC	\$ 4,560,416	\$ 5,919,751	\$ 6,700,449
Western Cree Tribal Council - ISET	-	349,871	176,527
ISC - Health	-	2,726,741	2,122,310
CMHC subsidy	-	545,928	314,126
CMHC contributions - RHI	-	214,811	2,323,114
First Nation Development Funds	-	1,229,853	249
Treaty 8 First Nations of Alberta	-	-	73,602
Government of Alberta	-	136,666	195,037
Interest income	-	966,741	896,854
Rental income	-	64,123	12,550
Donations	-	483,043	91,932
Other revenue	-	1,638,791	2,036,978
Income (Loss) from related First Nation entities	-	212,617	41,606
	4,560,416	14,488,936	14,985,334
Expenses (Note 24)			
Administration	693,060	4,193,629	4,521,072
Community Services	544,629	480,922	531,553
Economic Development	113,180	12,273	120,997
Education	682,984	1,139,558	1,153,916
Employment Programs	-	722,681	707,709
Health	-	2,179,107	2,479,932
Other	1,084,276	2,747,524	1,912,590
Public Works	674,617	1,103,617	1,237,719
Social Services	767,670	689,903	694,640
Amortization	-	2,055,828	1,979,658
Per Capita Distribution	-	431,900	420,500
Agricultural Benefits Settlement	-	673,835	1,532,918
	4,560,416	16,430,777	17,293,204
Deficiency of revenue over expenses	-	(1,941,837)	(2,307,874)
Accumulated surplus, beginning of year	73,176,245	73,176,245	75,484,119
Accumulated surplus, end of year	\$ 73,176,245	\$ 71,234,408	\$ 73,176,245

Horse Lake First Nation

Consolidated Statement of Change in Net Financial Assets

For the year ended March 31,	2024 Budget	2024 Actual	2023 Actual Restated (Note 23)
Deficiency of revenue over expenses	\$ -	\$ (1,941,837)	\$ (2,307,874)
Acquisition of tangible capital assets	-	(2,022,996)	(5,094,618)
Amortization of tangible capital assets	-	2,055,828	1,979,658
	-	32,832	(3,114,960)
Acquisition of prepaid asset	-	-	418
Effects of remeasurement gains (losses) for the year	-	1,438,200	(4,246,297)
Decrease in net financial assets	-	(470,805)	(9,668,713)
Net financial assets, beginning of year	29,891,053	29,891,053	39,559,766
Net financial assets, end of year	\$ 29,891,053	\$ 29,420,248	\$ 29,891,053

Horse Lake First Nation

Consolidated Statement of Cash Flow

For the year ended March 31,

2024

2023
Restated
(Note 23)

Cash flows from

Operating activities

Deficiency of revenue over expenses	\$ (1,941,837)	\$ (2,307,874)
Items not affecting cash		
Amortization	2,055,828	1,979,658
Gain on sale of portfolio investments	(312)	(3,545)
	113,679	(331,761)
Change in non-cash operating working capital		
Accounts receivable	3,036,690	(1,207,457)
Prepaid expenses	-	418
Accounts payable and accrued liabilities	909,523	1,050,724
Members receivables	(6,004)	26,335
Deferred revenue	3,101,576	3,363,689
	7,155,464	2,901,948

Capital activities

Purchase of tangible capital assets	(2,022,996)	(5,094,618)
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Financing activities

Advances of long term debt	348,947	187,298
Repayment of long term debt	(330,824)	(640,502)
	18,123	(453,204)

Investing activities

Funds held in Federal Trust Funds	(662,029)	(1,361,080)
Investment in related First Nation entities	(1,459,911)	(1,275,471)
Horse Lake First Nation Agricultural Benefits Settlement Trust	652,141	4,064,103
Purchase of portfolio investments	(2,500,000)	-
	(3,969,799)	1,427,552

Increase in cash and cash equivalents	1,180,792	(1,218,322)
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Cash and cash equivalents, beginning of year	163,469	1,381,791
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Cash and cash equivalents, end of year	\$ 1,344,261	\$ 163,469
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Represented by

Cash	\$ 1,344,261	\$ 363,469
Operating loan	-	(200,000)
	\$ 1,344,261	\$ 163,469

Horse Lake 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 Horse Lake First Nation reporting entity includes the Horse Lake First Nation government and all related entities that are accountable to the First Nation and are either owned or controlled by the Horse Lake First Nation.

First Nation business enterprises, that are owned or controlled by the Horse Lake 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 Recommendations.

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 method include:

1. 424337 Alberta Ltd. at March 31, 2024
2. Horse Lake Oil and Gas Corporation at March 31, 2024
3. Horse Lake Industry Relations Corporation at December 31, 2023
4. Horse Lake First Nation Investment Management Board (HLIMB) at December 31, 2023
5. HLFN Oilfield Construction Corp. at December 31, 2023

Entities accounted for by full consolidation include:

1. Horse Lake First Nation Agricultural Benefits Settlement Trust at December 31, 2023

All inter-entity balances have been eliminated on consolidation; however, transactions between funds have not been eliminated in order to present the results of operations for each specific fund.

Horse Lake 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 and the entity expects to obtain future economic benefits. All revenues are recorded on an accrual basis, when a reasonable estimate can be determined.

Revenue from transactions with no performance obligations are recognized at the realizable value when the 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.

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.

Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance; those which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

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

Income from investments is recorded on the accrual basis.

(c) Cash

Cash and cash equivalents include cash on hand and short-term investments that are readily convertible to cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

(d) Investments

Investments, other than Investments in related First Nation entities, are carried at cost.

Horse Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

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

(e) Tangible capital assets

Tangible capital assets are recorded at cost, except for reserve lands, natural resources, and cultural resources, which are not recorded.

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 Horse Lake First Nation's incremental cost of borrowing.

Amortization is provided for using the straight-line method over their estimated useful lives as follows:

Buildings	50 years Straight line
Automotive equipment	7 - 10 years Straight line
Equipment	3 - 20 years Straight line
Solar panels	25 years Straight line
Equipment under capital lease	10 years Straight line
Construction equipment	10 years Straight line
Roads	25 years Straight line
Housing	10 - 50 years Straight line
Water Infrastructure	30 - 75 years Straight line

Tangible capital assets are written down when conditions indicate that they no longer contribute to Horse Lake 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 recognized 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.

Horse Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

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

(f) Financial instruments

Measurement

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

Financial assets measured at amortized cost include cash, accounts receivable, members receivable, portfolio investments, advances to related First Nation entities, and Federal Trust Funds. Financial liabilities measured at amortized cost include operating loan, accounts payable and accrued liabilities, and long-term debt.

Financial assets measured at fair value include marketable securities in equity instruments held under Horse Lake First Nation Agricultural Benefits Trust. The 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.

Horse Lake 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.

(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. Items subject to management estimate include the useful lives and impairment of tangible capital assets, deferred revenue, and contingent liabilities.

(h) 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.

Horse Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

2. Changes in Accounting Policies

The 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 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 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 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 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 Nation's financial statements.

3. Cash and cash equivalents

The Nation has a revolving demand facility to a maximum of \$500,000, bearing interest at RBC prime plus 0.75%, secured by a general security agreement. As at March 31, 2024, the Nation has drawn \$nil (2023: \$200,000) of this facility.

The Nation also has access to a credit card to a maximum amount of \$50,000.

On October 21, 2021, the Horse Lake First Nation Agricultural Benefits Settlement Trust (the "Trust") became a guarantor of three credit facilities between Royal Bank of Canada ("RBC") and Horse Lake First Nation, a beneficiary of the Trust. The Trust guarantees payment to RBC of all present and future debts and liabilities, including interest due at any time by Horse Lake First Nation to RBC limited to the sum of \$10,550,000, with various interest terms. The Trust further secures RBC by postponing all debt and claims, present and future, of the Trust against the Nation to the debts and claims of RBC against the Nation.

Horse Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

Cash and cash equivalents, continued

	2024	2023
Externally restricted		
Canada Mortgage and Housing Corporation	\$ 2,729	\$ 2,688
First Nation Development Fund	139	159
Agricultural Benefits Trust Money Market Funds	<u>124,754</u>	273,658
	<u>127,622</u>	276,505
Unrestricted		
General accounts	931,964	(21,501)
Cash held in trust	<u>284,675</u>	108,465
	<u>1,216,639</u>	86,964
	<u>\$ 1,344,261</u>	<u>\$ 363,469</u>

4. Accounts receivable

	2024	2023
		Restated (Note 23)
Accounts receivable	\$ 60,469	\$ 10,411
CMHC subsidy assistance receivable	23,726	26,452
GST receivable	51,556	393,048
Indigenous Services Canada - Health receivable	291,994	106,730
Horse Lake First Nation Investment Management Board	223,875	81,089
Western Cree Tribal Council receivable	1,842,370	5,299,034
First Nation Development Fund receivable	<u>732,218</u>	346,134
	<u>\$ 3,226,208</u>	<u>\$ 6,262,898</u>

Horse Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

5. Members receivables

Payroll advances receivable from Horse Lake First Nation members are collected from employee's future wages. During the year, management reviews the amounts due from members to determine whether they are collectible. If the amounts are considered not collectible, there is an allowance for doubtful accounts recorded in the program in which the employee worked.

	2024	2023
Chief and Council advances	\$ 162,302	\$ 152,914
Members and staff advances receivable	324,944	328,328
Less: allowance for doubtful accounts	(243,122)	(243,122)
	<hr/> \$ 244,124	<hr/> \$ 238,120

6. Portfolio investments

Portfolio investments include investment in GICs accruing interest at 5.20% to 5.25%, maturing April 2024 to March 2025.

Horse Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

7. Investments in First Nation Controlled Entities

Horse Lake First Nation owns 100% of the shares of Horse Lake First Nation Investment Management Board. With the consent of Council, Horse Lake First Nation is allowed to withdraw a maximum of \$5,000,000 from Horse Lake First Nation Investment Management Board to be used for the operations of Band programs. Horse Lake First Nation Investment Management Board owns 100% of 959447 Alberta Ltd., Clear Hills Development Corporation and 2035555 Alberta Ltd. 2035555 Alberta Ltd. owns 100% of Dash Energy Services Ltd.

Horse Lake First Nation owns 100% of 424337 Alberta Ltd., Horse Lake Oil & Gas Corporation, Horse Lake Industry Relations Corporation, and HLFN Oilfield Construction Corp.

Advances to related Nation entities are unsecured, non-interest bearing and due on demand. The amounts below include the Nation's equity in the related First Nation entity and advances made by the Nation to the entity.

These investments in First Nation controlled entities have been recorded in these consolidated financial statements using the modified equity basis. The financial statements of the First Nation controlled entities have been disclosed in Note 21 and have not been consolidated in these consolidated financial statements. The following First Nation controlled entities' financial information was not available at the date of the completed consolidated financial statements and therefore nil balances have been presented in Note 21:

- 424337 Alberta Ltd.
- Horse Lake Oil and Gas Corporation
- Horse Lake First Nation Investment Management Board
- HLFN Oilfield Construction Corp.

Horse Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

7. Investments in First Nation Controlled Entities, continued

	2024	2023 Restated (Note 23)
Advances to 424337 Alberta Ltd.	\$ 27,519	\$ 14,339
Advances from Horse Lake Oil and Gas Corporation	(39,212)	(39,212)
Advances to 959447 Alberta Ltd.	2,727,575	2,727,575
Advances to Clear Hills Development Corporation	603,724	603,724
Advances from Horse Lake Industry Relations Corporation	(490,874)	(490,874)
Advances to HLFN Oilfield Construction Corp.	8,768,158	8,178,711
Advances from Horse Lake First Nation Investment Management Board	(7,599,495)	(7,599,495)
Advances to Dash Energy Services Ltd.	52,413	32,111
Advances from Clear Hills Youth Treatment Centre	213,266	(279,899)
Advances to 2035555 Alberta Ltd.	<u>2,661,700</u>	<u>2,530,500</u>
	<u>6,924,774</u>	<u>5,677,480</u>
Equity in 424337 Alberta Ltd.	92,667	92,667
Equity in Horse Lake Oil and Gas Corporation	36,114	36,114
Equity in Horse Lake Industry Relations Corporation	1,668,818	1,456,201
Equity in HLFN Oilfield Construction Corp.	(7,792,484)	(7,792,484)
Equity in Horse Lake First Nation Investment Management Board	<u>31,207,009</u>	<u>31,207,009</u>
	<u>25,212,124</u>	<u>24,999,507</u>
	<u>32,136,898</u>	<u>30,676,987</u>

Change in investment in First Nation Entities

	2024	2023 Restated (Note 23)
Investment and advances beginning of year	30,676,987	29,401,516
Advances less repayments	1,247,294	1,233,865
Equity pick-up	212,617	41,606
Investment and advances end of year	<u>\$ 32,136,898</u>	<u>\$ 30,676,987</u>

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8. Federal Trust Funds

	March 31, 2023	Revenue, 2024	March 31, 2024
Revenue funds held in trust	\$ 222,781	\$ 150,063	\$ 372,844
Capital funds held in trust	1,613,453	511,966	2,125,419
	\$ 1,836,234	\$ 662,029	\$ 2,498,263

The Ottawa Trust Funds 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 Sections 64 and 69 of the Indian Act.

Ottawa Trust Funds are held in trust in the Consolidated Revenue fund of the Government of Canada. The funds earn interest as specified in Section 61(2) of the Indian Act.

Horse Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

9. Horse Lake First Nation Agricultural Benefits Settlement Trust

The Trustees of the Horse Lake First Nation Agricultural Benefits Settlement Trust are required to hold the Trust Property in trust and use the Trust Property for the specific purposes as outlined in the Horse Lake First Nation Agricultural Benefits Settlement Trust Agreement.

Per capita distributions due to beneficiaries under the age of 18 are held in Trust and invested in agreed upon investment funds as outlined in the Trust Agreement. Trustees are required to monitor and evaluate the performance of the investments to ensure they are in compliance with the Trust Agreement.

Upon a beneficiary reaching the age of 18 years old, the beneficiary is entitled to their proportionate per capita distribution, adjusted for inflation. As at March 31, 2024, the amount due to minor members, adjusted for inflation, is \$11,641,342 (2023: \$12,044,519).

Annual income of the Trust, is deemed to be due and payable to Horse Lake First Nation to be used for specific purposes as outlined in the Trust Agreement.

The financial statements of the Trust for the year ended December 31, 2023 were audited by another auditor, who expressed an unqualified audit opinion on those financial statements on March 26, 2025.

	2024	2023
Cash	\$ 124,754	\$ 273,658
Investments	30,000,368	30,097,609
Overpayment recoverable	255,969	-
 Total assets	 \$ 30,381,091	 \$ 30,371,267
 Accounts payable	 \$ 47,297	 \$ 47,919
Annual distribution accrual	658,436	590,643
Per capita distribution payable	799,407	-
 Total liabilities	 1,505,140	 638,562
Legacy Account	18,869,242	19,666,032
Minor Trust Account	10,006,709	10,066,673
 Total equity	 28,875,951	 29,732,705
 Total liabilities and equity	 \$ 30,381,091	 \$ 30,371,267

Horse Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

9. Horse Lake First Nation Agricultural Benefits Settlement Trust, continued

	2024	2023
Revenue	\$ 1,211,802	\$ 898,927
Unrealized gains/losses	<u>1,438,200</u>	(4,246,297)
	<u>2,650,002</u>	(3,347,370)
Expenses	<u>254,846</u>	250,729
Net income	<u>\$ 2,395,156</u>	\$ (3,598,099)

The Trust Funds were transferred into portfolio investments. The portfolio investments in equity funds are carried at fair market value using Level 1 measurements. The portfolio investments in bond funds the Nation has elected to record at fair value using Level 2 measurements.

	2024 Market	2024 Cost	2023 Market	2023 Cost
Securities Designated to Fair Value:				
PH&N Core Plus Bond Fund	<u>\$ 13,413,370</u>	\$ 14,770,860	\$ 12,593,548	\$ 14,511,612
Securities Held at Fair Value:				
PH&N Canadian Equity Fund	<u>3,101,012</u>	3,282,855	3,120,183	3,555,767
RBC QUBE Low Volatility Canadian Equity Fund	<u>3,047,521</u>	3,248,324	3,172,385	3,646,564
RBC Global Equity Focus Fund	<u>5,264,208</u>	5,731,942	5,458,911	6,381,650
RBC QUBE Low Volatility Global Equity Fund	<u>5,174,257</u>	5,174,850	5,752,612	5,830,622
	<u>\$ 30,000,368</u>	<u>\$ 32,208,831</u>	<u>\$ 30,097,639</u>	<u>\$ 33,744,215</u>

The total balance in the Horse Lake First Nation Agricultural Benefits Trust is comprised of the balance of the portfolio investments, less the balance due to minors, less outstanding withdrawals from the Trust in the amount of \$1,626,418 (2023: \$2,106,853).

10. Accounts payable and accrued liabilities

	2024	2023
Accounts payable - trade	\$ 2,425,848	\$ 2,357,313
Accounts payable - related party	<u>110,000</u>	-
ISC - Health payable	<u>220,417</u>	220,417
Payroll remittances payable	<u>77,624</u>	60,518
Wages and vacation payable	<u>74,824</u>	85,940
Western Cree Tribal Council Payable	<u>725,000</u>	-
	<u>\$ 3,633,713</u>	<u>\$ 2,724,188</u>

Horse Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

11. 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 satisfied. The deferred revenue relates to the following programs and funders:

	March 31, 2023 Restated (Note 23)	Funding received, 2024	Revenue recognized, 2024	March 31, 2024
Federal government				
Western Cree Tribal Council - Block	\$ 1,361,300	\$ 4,641,085	\$ (3,387,234)	\$ 2,615,151
Western Cree Tribal Council - Fixed	1,760,556	3,588,529	(2,238,439)	3,110,646
Western Cree Tribal Council - Flexible	123,460	256,350	(123,460)	256,350
Western Cree Tribal Council - Set	500	400,000	(262,436)	138,064
Western Cree Tribal Council - Prior Year	3,015,183	-	-	3,015,183
Indigenous Services Canada - Health	2,606,628	2,157,589	(2,726,741)	2,037,476
Western Cree Tribal Council - Indigenous Skills and Employment				
Training	290,090	639,337	(349,871)	579,556
Canada Mortgage Housing Corporation	214,811	-	(214,811)	-
	9,372,528	11,682,890	(9,302,992)	11,752,426
Provincial Government				
First Nation Development Fund	1,156,263	1,001,083	(1,229,854)	927,492
Government of Alberta	176,048	168,522	(136,666)	207,904
	1,332,311	1,169,605	(1,366,520)	1,135,396
Other				
Other	39,850	2,465,256	(1,546,663)	958,443
	\$ 10,744,689	\$ 15,317,751	\$ (12,216,175)	\$ 13,846,265

Horse Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

12. Long-term debt

	2024	2023
CMHC Mortgage bearing interest at 3.78%, repayable in blended monthly instalments of \$2,830, maturing February 2029, secured by a Ministerial Guarantee.	\$ 268,994	\$ 292,563
CMHC Mortgage bearing interest at 0.68% repayable in blended monthly instalments of \$1,798, maturing October 2025, secured by a Ministerial Guarantee.	225,345	245,461
CMHC Mortgage bearing interest at 1.50% repayable in blended monthly instalments of \$2,040, maturing January 2027, secured by a Ministerial Guarantee.	285,786	306,217
CMHC Mortgage bearing interest at 3.70% repayable in blended monthly instalments of \$3,659, maturing December 2027, secured by a Ministerial Guarantee.	473,467	500,985
CMHC Mortgage bearing interest at 1.72% repayable in blended monthly instalments of \$3,986, maturing March 2025, secured by a Ministerial Guarantee.	843,041	877,355
CMHC Mortgage advance repayable in terms to be set once construction completed, secured by a Ministerial Guarantee.	348,947	-
CIBC Mortgage bearing interest at 4.94% repayable in blended monthly instalments of \$2,407, maturing August 2025, secured by property financed.	98,812	123,507
CIBC Mortgage bearing interest at 4.45% repayable in blended monthly instalments of \$1,736, maturing July 2026, secured by property financed.	53,860	66,097
CIBC Mortgage bearing interest at 4.94% repayable in blended monthly instalments of \$2,035, maturing August 2025, secured by property financed.	162,804	176,518
CIBC Mortgage bearing interest at 4.79% repayable in blended monthly instalments of \$2,882, maturing November 2025, secured by property financed.	101,538	125,595
CIBC Mortgage repaid during the year.	-	7,958
CIBC Mortgage repaid during the year.	-	30,713
CIBC Mortgage repaid during the year.	-	73,848
CIBC Mortgage repaid during the year.	-	65,694
CIBC Mortgage repaid during the year.	-	26,507

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Notes to Consolidated Financial Statements

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12. Long-term debt, continued

	2024 \$	2023 \$
CIBC Mortgage repaid during the year.	-	26,073
RBC Loan bearing interest at 4.29% repayable in blended monthly instalments of \$21,550, maturing September 2025, secured by a general security agreement.	373,200	610,119
RBC Loan refinanced during the year.	-	5,610,474
RBC Loan bearing interest at 6.32% repayable in blended quarterly instalments of \$116,104 maturing November 2025, secured by a general security agreement and guaranteed by the HLFN Agricultural Benefits Settlement Trust.	5,549,243	-
RBC Loan bearing interest at 3.95% repayable in blended quarterly instalments of \$23,682, maturing November 2026, secured by a general security agreement and guaranteed by the HLFN Agricultural Benefits Settlement Trust.	1,414,525	1,455,551
RBC Loan bearing interest at 3.86% repayable in blended quarterly instalments of \$18,000, maturing November 2026, secured by a general security agreement and guaranteed by the HLFN Agricultural Benefits Settlement Trust.	918,607	956,482
Treaty Land Entitlement non-interest bearing repayable in one or multiple payments in total of \$187,298 on the earlier of March, 31, 2027 or the date on which the claim is settled.	664,967	187,298
	\$ 11,783,136	\$ 11,765,015

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

2025	\$ 1,778,339
2026	7,265,462
2027	1,004,793
2028	458,601
2029 and thereafter	1,275,941
	\$ 11,783,136

Horse Lake First Nation

Notes to Consolidated Financial Statements

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13. Tangible Capital Assets

	Cost			Accumulated amortization			2024 Net Book Value
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	
Land	\$ 250,001	\$ -	\$ 250,001	\$ -	\$ -	\$ -	\$ 250,001
Buildings	18,639,874	35,589	18,675,463	5,422,842	373,153	5,795,995	12,879,468
Automotive equipment	2,045,814	269,653	2,315,467	1,683,249	111,414	1,794,663	520,804
Equipment	592,120	843,064	1,435,184	556,127	33,876	590,003	845,181
Solar panels	483,974	-	483,974	95,922	19,359	115,281	368,693
Projects in progress	5,184,756	(4,506,849)	677,907	-	-	-	677,907
Construction Equipment	2,639,807	-	2,639,807	2,402,140	73,076	2,475,216	164,591
Roads	2,317,343	-	2,317,343	2,303,414	13,929	2,317,343	-
Housing	21,432,791	4,078,861	25,511,652	12,402,623	995,805	13,398,428	12,113,224
Water	17,831,536	1,302,678	19,134,214	6,984,142	435,216	7,419,358	11,714,856
	\$ 71,418,016	\$ 2,022,996	\$ 73,441,012	\$ 31,850,459	\$ 2,055,828	\$ 33,906,287	\$ 39,534,725

Horse Lake First Nation

Notes to Consolidated Financial Statements

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	Cost			Accumulated amortization			2023 Net Book Value
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	
Land	\$ 250,001	\$ -	\$ 250,001	\$ -	\$ -	\$ -	\$ 250,001
Buildings	14,982,530	3,657,344	18,639,874	5,086,618	336,224	5,422,842	13,217,032
Automotive equipment	2,030,524	15,290	2,045,814	1,562,572	120,677	1,683,249	362,565
Equipment	592,120	-	592,120	537,090	19,037	556,127	35,993
Solar panels	483,974	-	483,974	76,563	19,359	95,922	388,052
Projects in progress	3,978,783	1,205,973	5,184,756	-	-	-	5,184,756
Construction Equipment	2,639,807	-	2,639,807	2,329,065	73,075	2,402,140	237,667
Roads	2,317,343	-	2,317,343	2,287,529	15,885	2,303,414	13,929
Housing	21,216,779	216,012	21,432,791	11,454,210	948,413	12,402,623	9,030,168
Water	17,831,536	-	17,831,536	6,537,153	446,989	6,984,142	10,847,394
	\$ 66,323,397	\$ 5,094,619	\$ 71,418,016	\$ 29,870,800	\$ 1,979,659	\$ 31,850,459	\$ 39,567,557

Horse Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

14. 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 the obligation. In addition, management believes that the Nation will receive sufficient government funding to cover any asset retirement obligations as they arise, resulting in the net effect to the consolidated statement of financial position to be nil.

15. Accumulated surplus

	2024	2023
		Restated (Note 23)
CMHC replacement reserve	\$ 1,416,814	\$ 1,359,723
Operating surplus (deficit)	(16,807,781)	(11,809,852)
Equity in Tangible Capital Assets	35,257,606	35,166,916
Equity in Federal Trust Funds	2,498,263	1,836,234
Equity in Agricultural Benefit Settlement Trust	16,732,608	15,946,237
Equity in investments in First Nation entities	32,136,898	30,676,987
Remeasurement gains (losses)	<u>(2,208,373)</u>	<u>(3,646,573)</u>
	<hr/> \$ 69,026,035	<hr/> \$ 69,529,672

16. Contingent Liabilities

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

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

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17. Replacement reserve

Under the terms of an agreement with Canada Mortgage and Housing Corporation, the Nation is required to provide a replacement reserve, established by an annual allocation of \$57,091 (2023 - \$57,091). This reserve is to ensure replacement of buildings financed by Canada Mortgage and Housing Corporation. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by Canada Deposit Insurance Corporation, or as may otherwise be approved by Canada Mortgage and Housing Corporation. Cash of \$2,729 (2023 - \$2,688) has been set aside to fund the reserve of \$1,416,814 (2023 - \$1,359,723) which results in an unfunded amount of \$1,414,085 (2023 - \$1,357,035).

	2024	2023
Replacement reserve, beginning of the year	\$ 1,359,723	\$ 1,302,632
Required contribution per CMHC	57,091	57,091
	\$ 1,416,814	\$ 1,359,723

18. Risk management

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

a) 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 entity 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 entity's interest-bearing financial instruments include a variable rate operating loan and 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 entity does not employ derivative financial instruments to hedge its exposure to interest rate risk.

The sensitivity of the Nation's fair market value of portfolio investments in Horse Lake First Nation Agricultural Benefits Trust due to a 0.5% change in the interest rate is the increase or decrease to remeasurement gains for the year of \$67,067.

Increased economic uncertainty and changing inflation rates due to a range of economic factors has resulted in a change in interest rate risk from the prior year.

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 Nation's portfolio investments in Horse Lake First Nation Agricultural Benefits Trust expose the 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

Horse Lake First Nation

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expectations, changes in market rates of interest, general economic indicators and restrictions of credit markets. The 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.

The sensitivity of the Nation's fair market value of portfolio investments in Horse Lake First Nation Agricultural Benefits Trust due to a 5.3% change in the rate of return in the market is the increase or decrease to remeasurement gains for the year of \$927,717.

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.

b) 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 Nation is subject to credit risk with respect to accounts receivable and members receivables. Credit risk arises from the possibility that an entity or individual may experience financial difficulty and be unable to fulfil their obligations. A significant portion of the Nation's accounts receivable is from federal and provincial governments, which minimizes credit risk. Management further mitigates credit risk through continuously monitoring its financial assets; consistent collection efforts; and maintaining regular contact with funders and other credit applicants. The maximum exposure to credit risk is the carrying value of accounts receivable and members receivables.

The Nation performs continuous evaluation of its financial assets and records impairment in accordance with the stated policy. As at year-end management has determined that a portion of members receivables are impaired. Impaired members receivables are disclosed in Note 5. Management's assessment is based on specific identification and the age of the receivables.

Aged financial assets that are past due but not impaired include: \$278,247 > 90 days.

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

c) Liquidity risk

Liquidity risk is the risk that the Nation will encounter difficulty in meeting its obligations associated with financial liabilities. The 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 12.

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

19. Related Party Transactions

Transactions with related parties, if any, are in the normal course of business, and recorded at the exchange amount, which is the amount established and agreed to by the related parties.

Horse Lake First Nation

Notes to Consolidated Financial Statements

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20. Economic dependence

The Nation receives substantially all of its revenue from Indigenous Services Canada (ISC), flowed through Western Cree Tribal Council.

21. Investment in related First Nation entities

The investment in related First Nation entities is summarized as follows:

- ◆ 424337 Alberta Ltd.
- ◆ Horse Lake Oil and Gas Corporation
- ◆ Horse Lake Industry Relations Corporation
- ◆ Horse Lake First Nation Investment Management Board
- ◆ HLFN Oilfield Construction Corp.

	424337	Horse Lake Alberta Ltd.	Horse Lake Oil and Gas Corporation	Horse Lake Industry Relations Corporation	Horse Lake First Nation Investment Management Board	HLFN Oilfield Construction Corp.	2024 Total
Cash	\$ -	\$ -	\$ 317,425	\$ -	\$ -	\$ 317,425	\$ 317,425
Accounts receivable				\$ 814,787			\$ 814,787
Due from related parties				\$ 716,784			\$ 716,784
Tangible capital assets				\$ 2,890			\$ 2,890
Loans receivable				\$ 95,800			\$ 95,800
Total assets	\$ -	\$ -	\$ 1,947,686	\$ -	\$ -	\$ -	\$ 1,947,686
Accounts payable	\$ -	\$ -	\$ 78,868	\$ -	\$ -	\$ 78,868	\$ 78,868
Due to related parties				\$ 200,000			\$ 200,000
Total liabilities	\$ -	\$ -	\$ 278,868	\$ -	\$ -	\$ -	\$ 278,868
Equity	\$ -	\$ -	\$ 1,668,818	\$ -	\$ -	\$ -	\$ 1,668,818
Total liabilities and equity	\$ -	\$ -	\$ 1,947,686	\$ -	\$ -	\$ -	\$ 1,947,686

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Notes to Consolidated Financial Statements

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21. Investment in related First Nation entities, continued

	424337	Horse Lake Alberta Ltd.	Horse Lake Oil and Gas Corporation	Horse Lake Industry Relations Corporation	First Nation Management Board	Horse Lake Investment Management Board	HLFN Oilfield Construction Corp.	2024 Total
Revenue	\$ -	\$ -	\$ 2,706,000	\$ -	\$ -	\$ -	\$ -	\$ 2,706,000
Expenses								
Operating expenses		-	-	2,467,030	-	-	-	2,467,030
Other expenses		-	-	26,353	-	-	-	26,353
		-	-	2,493,383	-	-	-	2,493,383
	\$ -	\$ -	\$ 212,617	\$ -	\$ -	\$ -	\$ -	\$ 212,617

22. Comparative Amounts

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

Horse Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

23. Prior period restatement

During the year, it was determined that there were several adjustments required to the prior period balances of Horse Lake First Nation. The adjustments have been summarized below.

The Nation recorded expenses totaling \$61,420 that was paid on behalf of a related First Nation entity. This resulted in an understatement of advances to related First Nation entities and accumulated surplus and an overstatement of expenses in the year ended March 31, 2023.

The Nation accrued an accounts receivable that differed from the balance received from a funder in the amount of \$299,680. This resulted in an overstatement of accounts receivable and deferred revenue for the year ended March 31, 2023.

Accordingly, a prior period adjustment has been recorded as follows:

For the year ended March 31,	As previously stated in 2023	Adjustments		Restated 2023
		Increase (Decrease)		
Consolidated Statement of Financial Position				
Financial assets				
Accounts receivable	\$ 6,562,578	\$ (299,680)	\$ 6,262,898	
Investment in related First Nation entities	30,615,567	61,420	30,676,987	
Liabilities				
Deferred revenue	11,044,369	(299,680)	10,744,689	
Net financial assets	29,829,633	61,420	29,891,053	
<u>Accumulated surplus</u>	<u>69,468,252</u>	<u>61,420</u>	<u>69,529,672</u>	

Consolidated Statement of Operations

Expenses			
Administration	4,582,492	(61,420)	4,521,072
<u>Excess (deficiency) of revenue over expenses</u>	<u>\$ (2,369,290)</u>	<u>\$ 61,420</u>	<u>\$ (2,307,870)</u>

24. Expenditures by type

For the year ended March 31	2024 Budget	2024 Actual	2023 Actual
Expenses			
Administration	\$ 64,998	\$ 215,297	\$ 220,737
Advertising	-	-	5,782
Agricultural Benefits Settlement disbursements	-	79,045	36,920
Amortization	-	2,055,828	1,979,658
Assisted Living	53,878	44,353	47,842
Automotive	-	247,418	276,037
Books and supplies	-	55,245	60,140

Horse Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

Bussing repairs and fuel	-	94,602	85,685
Capital	-	-	1,350
Children Out of Parental Home expenses	40,652	35,262	28,273
Classroom supplies	-	14,955	17,675
Client support	-	174,598	244,700
Community wellness	-	31,098	57,657
Computer support	-	210,031	267,290
Construction	9,957	99,342	139,661
Core benefits	449,614	422,123	427,374
Cultural events	-	-	65,352
Economic development	113,180	-	110,608
Elder support	-	-	268,523
Employment Training - National Child Benefit	-	51,258	76,923
First Nation and Inuit youth employment strategy	-	56,464	83,382
Funerals	-	62,033	123,707
Gas support	-	37,743	-
Insurance	-	598,037	593,851
Interest and bank charges	-	367,734	1,340,282
Interest on long term debt	-	504,142	485,720
Job maintenance	-	17,522	13,206
Medical travel	-	100,288	166,985
Meetings	-	-	73,241
Minor hockey	-	11,746	28,323
New path	-	1,582	4,591
Office supplies	-	132,818	103,721
Per capita distribution	-	431,900	420,500
Professional fees	-	561,888	390,133
Program expenses	544,629	2,690,625	2,185,176
Rent	-	63,823	13,450
Repairs and maintenance	-	370,667	447,691
Salaries, wages and benefits	2,983,221	4,664,832	4,723,171
Security services	-	7,395	52,776
Sewer	-	6,240	21,074
Special Needs	3,800	-	11,439
Student allowances	296,487	183,112	182,748
Student awards	-	16,701	39,682
Student field trips	-	1,000	1,206
Supplies	-	3,500	2,334
Telephone and utilities	-	508,484	419,667
Training	-	75,284	267,009
Travel	-	620,214	597,670
Tuition	-	216,106	77,199
Water system construction	-	275,034	-
Workshops & conferences	-	13,408	5,083

\$ 4,560,416 \$ 16,430,777 \$ 17,293,204

Horse Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

25. Segmented information

	Administration		Community Services			Economic Development			
	2024 Budget	2024 Actual	2023 Actual	2024 Budget	2024 Actual	2023 Actual	2024 Budget	2024 Actual	2023 Actual
Revenues									
Western Cree Tribal Council	\$ 693,060	\$ 1,366,406	\$ 945,573	\$ 544,629	\$ 184,826	\$ 373,241	\$ 113,180	\$ 12,273	\$ 120,997
Government of Alberta	-	2,728	125	-	-	-	-	-	-
Donations	-	368,597	55,474	-	2,000	-	-	-	-
Rental income	-	12,300	12,550	-	-	-	-	-	-
Other revenue	-	691,406	315,069	-	78,963	10,000	-	212,617	41,606
Total revenue	693,060	2,441,437	1,328,791	544,629	265,789	383,241	113,180	224,890	162,603
Expenses									
Salaries, wages and benefits	693,060	1,391,746	1,357,385	-	229,303	253,799	-	1,724	1,202
Repairs and maintenance	-	-	11,805	-	628	1,949	-	-	-
Telephone and utilities	-	368,722	373,172	-	6,734	4,102	-	-	-
Professional fees	-	246,663	295,298	-	-	-	-	-	-
Program expenses	-	206,327	133,414	544,629	226,038	222,966	-	10,549	9,186
Travel	-	507,787	449,339	-	4,760	15,959	-	-	-
Other expenses	-	1,472,384	1,900,659	-	13,459	32,778	113,180	-	110,609
Total expenses	693,060	4,193,629	4,521,072	544,629	480,922	531,553	113,180	12,273	120,997
Annual surplus (deficit)	\$ -	\$ (1,752,192)	\$ (3,192,281)	-	\$ (215,133)	\$ (148,312)	-	\$ 212,617	\$ 41,606