

Consolidated Financial Statements

Cold Lake First Nations

March 31, 2023





COLD LAKE FIRST NATIONS

**PO Box 1769
Cold Lake, Alberta
T9M 1P4**

**Phone: (780) 594-7183
Fax: (780) 594-3577**

MARCH 31, 2023

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Cold Lake First Nations are the responsibility of management and have been approved by the Chief and Council.

The financial statements have been prepared by management in accordance with the accounting principles described in Note 1 to the financial statements. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable, and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

The First Nation's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Council carries out this responsibility principally through its approval of the financial statements.

The Council reviews the First Nation's financial statements and recommends their approval. The First Nation meets 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 financial statements and the external auditor's report. The Council also considers the engagement of the external auditors.

The financial statements have been audited by Ernst & Young LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Ernst & Young LLP have full and free access to the Council.



Chief Kelsey Jacko
Cold Lake First Nations

INDEPENDENT AUDITOR'S REPORT

To the Members of
Cold Lake First Nations

Qualified opinion

We have audited the consolidated financial statements of **Cold Lake First Nations** [the "Nation"], which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statement of operations and accumulated surplus, consolidated statement of changes in net financial assets and consolidated statement of 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 accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Nation as at March 31, 2023, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for qualified opinion

Investments in government business enterprises are accounted for on the consolidated statement of financial position as at March 31, 2023 and March 31, 2022 using the modified equity method. The Nation's share of these enterprises' net income (loss) is included in the Nation's consolidated statement of operations and accumulated surplus for the years ended March 31, 2023 and March 31, 2022.

We were unable to obtain sufficient appropriate audit evidence about the carrying amount of the Nation's investments and equity in these enterprises as at March 31, 2023 and March 31, 2022 and the Nation's share of these enterprises' net income (loss) for the years then ended. Consequently, we were unable to determine whether any adjustments to these amounts were necessary. Our audit opinion on the consolidated financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the 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 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 Nation or to cease operations, or has no realistic alternative but to do so.

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



Auditor's 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 auditor's 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 consolidated 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 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 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 auditor's 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 auditor's report. However, future events or conditions may cause the 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.

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 31, 2023

Ernst & Young LLP

Chartered Professional Accountants



A member firm of Ernst & Young Global Limited

Cold Lake First Nations

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31

	2023 \$	2022 \$
FINANCIAL ASSETS		
Cash and cash equivalents <i>[note 2]</i>	11,573,051	11,958,211
Temporary investments <i>[note 3]</i>	21,139,551	16,133,258
Accounts receivable <i>[note 4]</i>	5,256,909	9,405,065
Trust funds <i>[note 5]</i>	5,641,176	4,389,674
Investment in Government Business Enterprises <i>[note 6]</i>	58,376,836	56,852,625
	101,987,523	98,738,833
LIABILITIES		
Accounts payable and accrued liabilities <i>[note 7]</i>	4,771,934	10,121,088
Contributions carried forward	25,535,215	19,421,182
Long-term debt <i>[note 8]</i>	10,432,321	10,050,246
	40,739,470	39,592,516
NET FINANCIAL ASSETS	61,248,053	59,146,317
NON-FINANCIAL ASSETS		
Deposits and prepaid expenses	171,166	177,694
Tangible capital assets <i>[schedule 1]</i>	53,504,282	48,743,866
	53,675,448	48,921,560
ACCUMULATED SURPLUS <i>[schedule 3]</i>	114,923,501	108,067,877

Contingencies *[note 10]*

See accompanying notes

Approved by the First Nation:

	 _____ Chief	
 _____ Councilor		 _____ Councilor
 _____ Councilor		 _____ Councilor
 _____ Councilor		_____ Councilor

Cold Lake First Nations

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

Year ended March 31

	2023	2023	2022
	\$	Budget \$	\$
REVENUES			
Indigenous Services Canada (ISC)	21,965,922	8,636,437	25,394,992
Donations	6,412,568	5,095,666	7,429,300
First Nations and Inuit Health Branch (FNIHB)	4,049,524	2,505,107	4,551,950
First Nations Development Fund (FNDF)	6,381,809	1,200,000	4,792,913
Other government grants	2,423,673	1,319,259	2,604,815
Other	4,168,842	4,897,048	1,648,682
Dene ts'edi Society grants	1,211,915	403,800	780,261
Contributions carried forward from prior year	19,402,599	-	15,641,879
Contributions carried forward to next year	(25,525,863)	-	(19,402,599)
	40,490,989	24,057,317	43,442,193
EXPENSES			
Administration and governance	5,624,463	5,814,632	4,335,787
Health	5,396,059	3,028,057	5,507,384
Social	6,667,010	2,896,822	3,191,915
Infrastructure	10,025,649	7,235,365	7,432,568
Education	2,556,317	2,388,041	2,444,366
Other	5,027,185	2,694,400	3,835,638
	35,296,683	24,057,317	26,747,658
Surplus from operations before the following	5,194,306	-	16,694,535
OTHER INCOME (EXPENSES)			
Income allocation from Primrose Lake Trust <i>[note 4]</i>	937,389	-	1,069,208
Share of income (loss) from Government Business Enterprises <i>[note 6]</i>	(508,415)	-	1,841,432
Write-down of Government Business Enterprises	(6,000)	-	(2,121)
Change in fair value of temporary investments	(13,158)	-	(75,845)
Net change in trust funds	1,251,502	-	1,563,707
	1,661,318	-	4,396,381
Excess of revenues over expenses	6,855,624	-	21,090,916
Accumulated surplus, beginning of year	108,067,877	-	86,976,961
Accumulated surplus, end of year	114,923,501	-	108,067,877

See accompanying notes

Cold Lake First Nations

**CONSOLIDATED STATEMENT OF CHANGES IN
NET FINANCIAL ASSETS**

Year ended March 31

	2023	2022
	\$	\$
Excess of revenues over expenses	6,855,624	21,090,916
Acquisition of tangible capital assets	(7,639,279)	(12,000,874)
Amortization of tangible capital assets	2,878,863	2,375,303
Change in deposits and prepaid expenses	6,528	(56,744)
	(4,753,888)	(9,682,315)
Change in net financial assets	2,101,736	11,408,601
Net financial assets, beginning of year	59,146,317	47,737,716
Net financial assets, end of year	61,248,053	59,146,317

See accompanying notes

Cold Lake First Nations

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31

	2023 \$	2022 \$
OPERATING ACTIVITIES		
Excess of revenues over expenses for the year	6,855,624	21,090,916
Items not affecting cash and cash equivalents:		
Amortization of tangible capital assets	2,878,863	2,375,303
Write-down of Government Business Enterprises	6,000	2,121
Share of income (loss) from Government Business Enterprises	508,415	(1,841,432)
	<u>10,248,902</u>	<u>21,626,908</u>
Changes in non-cash working capital items:		
Accounts receivable	148,156	(1,770,871)
Deposits and prepaid expenses	6,528	(56,744)
Trust funds	(1,251,502)	(1,563,707)
Accounts payable and accrued liabilities	(3,462)	(591,641)
Contributions carried forward	6,114,033	3,748,857
	<u>5,013,753</u>	<u>(234,106)</u>
Cash provided by operating activities	<u>15,262,655</u>	<u>21,392,802</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	(963,617)	(1,441,672)
Cash used in financing activities	<u>(963,617)</u>	<u>(1,441,672)</u>
CAPITAL ACTIVITIES		
Acquisitions of tangible capital assets	(7,639,279)	(12,000,874)
Cash used in capital activities	<u>(7,639,279)</u>	<u>(12,000,874)</u>
INVESTING ACTIVITIES		
Purchase of temporary investments	(5,006,293)	(10,636,839)
Purchase of Government Business Enterprises	-	(24,589)
Advances to Government Business Enterprises	(3,846,658)	(5,166,775)
Advances from Government Business Enterprises	1,808,032	3,995,268
Cash used in investing activities	<u>(7,044,919)</u>	<u>(11,832,935)</u>
Decrease in cash and cash equivalents	(385,160)	(3,882,679)
Cash and cash equivalents, beginning of year	11,958,211	15,840,890
Cash and cash equivalents, end of year	<u>11,573,051</u>	<u>11,958,211</u>

See accompanying notes

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

Year ended March 31

		2023						
		Band buildings	Housing / mobile homes	Equipment / heavy equipment	Infrastructure	Automotive	Furniture and fixtures	Total
Cost		\$	\$	\$	\$	\$	\$	\$
	Balance, beginning of the year	4,075,837	31,400,798	3,238,312	24,049,137	2,834,942	1,229,363	66,828,389
	Acquisition of tangible capital assets	71,919	3,321,914	1,038,888	2,517,706	688,852	-	7,639,279
	Balance, end of the year	4,147,756	34,722,712	4,277,200	26,566,843	3,523,794	1,229,363	74,467,668
Accumulated amortization								
	Balance, beginning of the year	1,362,415	8,062,670	2,109,627	3,110,610	2,501,516	937,685	18,084,523
	Annual amortization	109,975	1,082,199	406,916	1,012,320	203,355	64,098	2,878,863
	Balance, end of the year	1,472,390	9,144,869	2,516,543	4,122,930	2,704,871	1,001,783	20,963,386
Net book value		2,675,366	25,577,843	1,760,657	22,443,913	818,923	227,580	53,504,282
		2022						
		Band buildings	Housing / mobile homes	Equipment / heavy equipment	Infrastructure	Automotive	Furniture and fixtures	Total
Cost		\$	\$	\$	\$	\$	\$	\$
	Balance, beginning of the year	4,075,837	29,400,237	2,530,215	14,822,171	2,800,637	1,198,418	54,827,515
	Acquisition of tangible capital assets	-	2,000,561	708,097	9,226,966	34,305	30,945	12,000,874
	Balance, end of the year	4,075,837	31,400,798	3,238,312	24,049,137	2,834,942	1,229,363	66,828,389
Accumulated amortization								
	Balance, beginning of the year	1,249,355	7,036,747	1,864,771	2,333,184	2,365,970	859,193	15,709,220
	Annual amortization	113,060	1,025,923	244,856	777,426	135,546	78,492	2,375,303
	Balance, end of the year	1,362,415	8,062,670	2,109,627	3,110,610	2,501,516	937,685	18,084,523
Net book value		2,713,422	23,338,128	1,128,685	20,938,527	333,426	291,678	48,743,866

During the year, the Nation capitalized \$68,605 of equipment and \$365,815 of infrastructure work (2022 - \$90,164 of equipment) which was purchased from / performed by certain Cold Lake First Nations' Government Business Enterprises. The transactions were in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

See accompanying notes

CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT

Year ended March 31

	2023	Budget	2022
	\$	\$	\$
Salaries and benefits	10,035,146	8,462,962	8,543,595
Subcontractors	4,870,168	2,530,370	2,834,787
Amortization of tangible capital assets	2,878,863	-	2,375,303
Materials and supplies	2,695,128	1,194,060	1,776,578
Professional fees and consultants	1,974,128	2,177,896	1,766,681
Allowances	1,914,285	751,483	1,199,252
Telephone and utilities	1,249,842	1,058,184	1,213,309
Honoraria	1,118,296	981,016	871,973
Repairs and maintenance	1,030,507	3,018,596	1,231,777
Interest	592,143	108,476	681,196
Insurance	489,808	474,980	564,369
Travel	430,740	313,263	161,372
Other program delivery	6,017,629	2,986,031	3,527,466
	35,296,683	24,057,317	26,747,658

See accompanying notes

CONSOLIDATED SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

Year ended March 31

	2023					2022	
	Unrestricted surplus (deficit)	Equity in business entities	Equity in tangible capital assets	Education Trust	Equity in trust funds	Total	Total
	\$	\$	\$	\$	\$	\$	\$
Accumulated surplus, beginning of year	4,720,921	52,211,212	45,674,252	1,071,817	4,389,675	108,067,877	86,976,961
Excess of revenues over expenses	6,855,624	-	-	-	-	6,855,624	21,090,916
Change in Government Business Enterprises:							
Net loss	508,415	(508,415)	-	-	-	-	-
Repayments from	1,808,032	(1,808,032)	-	-	-	-	-
Advances to	(3,846,658)	3,846,658	-	-	-	-	-
Long-term debt repayment	1,028,362	(1,028,362)	-	-	-	-	-
Write-off	6,000	(6,000)	-	-	-	-	-
Change in tangible capital assets:							
Additions	(7,639,279)	-	7,639,279	-	-	-	-
Amortization	2,878,863	-	(2,878,863)	-	-	-	-
Long-term debt repayment	(599,818)	-	599,818	-	-	-	-
Transfer - Education Trust	(280,510)	-	-	280,510	-	-	-
Net change in trust funds	(1,251,502)	-	-	-	1,251,502	-	-
Accumulated surplus, end of year	4,188,450	52,707,061	51,034,486	1,352,327	5,641,177	114,923,501	108,067,877

See accompanying notes

Cold Lake First Nations

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

Cold Lake First Nations (the "Nation") is a First Nation located in northeast Alberta.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards ("PSAS") established for local governments recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

The consolidated financial statements reflect the revenues, expenses, assets, liabilities and accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their financial affairs and resources to the Nation and which are owned or controlled by the Nation. Included in the reporting entity are Cold Lake First Nations, Cold Lake First Nations FNDF Corporation and the Nu Ch'anie Society.

The investment in Government Business Enterprises ("GBE") is accounted for using the modified equity method whereby the investment is initially recorded at cost and adjusted thereafter to include the post-acquisition earnings of the enterprise. The accounting policies of the GBE's have not been adjusted to conform with those of the Nation and inter-entity balances are not eliminated. Inter-entity gains and losses are eliminated on assets remaining within the government reporting entities at the reporting date.

Adoption of new standards

The Nation has prospectively adopted the following standards from April 1, 2022: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 Financial Instruments and PS 3280 Asset Retirement Obligations. The adoption of these new standards did not have a material impact on the consolidated financial statements.

Use of estimates

The preparation of consolidated financial statements in accordance with PSAS 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 consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the useful lives and residual value of tangible capital assets and estimates of accrued liabilities. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks net of bank overdrafts and short-term, liquid investments with maturities of 90 days or less.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Temporary investments

Temporary investments are recorded at amortized cost. Purchase premiums and discounts are amortized on the effective interest basis over the terms of the issues. Where there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

Portfolio investments in equity instruments that are quoted in an active market are recorded at fair value.

Tangible capital assets

Tangible capital assets acquired after March 31, 2003 are recorded at cost, which includes all amounts directly attributable to acquisition, construction, development or betterment of the asset. Costs that represent repairs to existing roads, water and sewage systems are not capitalized but rather treated as expenses of the period. Costs considered to have lasting benefit are capitalized.

The cost, less the residual value of the tangible capital assets, is amortized over the expected useful life of the asset as follows:

Band buildings	4% diminishing balance
Houses / mobile homes	4-10% diminishing balance
Equipment / heavy equipment	10-30% diminishing balance
Infrastructure	25 years straight line
Automotive	30% diminishing balance
Furniture and fixtures	20% diminishing balance

Amortization on tangible capital assets under construction commences once the assets are available for use.

Leases are classified as capital or operating leases. Leases that transfer substantially all benefits and risks to the Nation are accounted for as capital leases. Assets under capital lease are included within the respective tangible capital asset classifications. All other leases are accounted for as operating leases and the related lease payments are charged to expenses on a straight-line basis over the lease term.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue recognition

Government transfers are the transfer of monetary assets or tangible capital assets from other governments that are not the result of an exchange transaction and for which there is no future expectation of repayment or direct financial return to the transferor. The Nation receives government transfers from the federal and provincial governments to fund operating and capital expenditures. These transfers to the Nation are recognized as revenues when the transfers are authorized and all eligibility criteria have been met, except when the transfer gives rise to an obligation that meets the definition of a liability. Prior to that time, any amounts received are included in the consolidated statement of financial position as contributions carried forward.

Restricted contributions are recognized as revenue when the revenue is approved and the related expenditures are incurred. Restricted contributions that are not yet expended for the intended purpose are included in the consolidated statement of financial position as contributions carried forward.

Income earned from oil and gas royalties and lease revenue in the Trust Funds is recognized when earned.

Donation revenue is recognized when the amount is granted from the donor and collection is reasonably assured. Other revenue is recognized when persuasive evidence of an arrangement exists, delivery of goods has occurred or services have been rendered, the selling price to the buyer is fixed or determinable, and collection of the selling price is reasonably assured. Revenue is measured at the fair value of the consideration received.

Pension expenditures

The Nation sponsors a defined contribution pension plan for certain employees. Under the plan, the Nation matches the employee's contribution at a range of 2% to 9% of earnings. During the year, the Nation contributed \$383,292 (2022 - \$307,684) to the pension plan. The employer's portion of the payment is recorded as employee benefits in the period when the benefit is earned.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They may have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. Non-financial assets are comprised of tangible capital assets and deposits and prepaid expenses. The change in non-financial assets during the year, surplus for the year and the net change in trust funds provides the change in net financial assets for the year.

Financial instruments

Risk management

Credit risk arises from the possibility that certain receivables may not be collectible. The Nation addresses this risk through monitoring of receivables to ensure that amounts are being collected in a timely manner. The majority of receivables are due from funding agencies, which minimizes the exposure of non-collection.

Interest rate risk is managed by entering into fixed rate debt agreements in most instances. The Nation's exposure to fluctuations in interest rates is minimized as the total variable rate debt is kept to a manageable level.

Cold Lake First Nations

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fair value

The Nation's financial instruments consist of cash and cash equivalents, temporary investments, accounts receivable, trust funds, accounts payable and accrued liabilities and long-term debt.

The fair value of cash and cash equivalents, temporary investments, accounts receivable, trust funds, and accounts payable and accrued liabilities approximates their carrying value due to their short-term nature. The fair value of temporary investments is calculated based on market value when the information is readily available.

2. CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents is \$1,133,280 (2022 - \$865,684) held in lawyer's trust accounts for the benefit of the Nation.

3. TEMPORARY INVESTMENTS

	2023 \$	2022 \$
Temporary investments	20,505,180	15,511,754
Portfolio investments in equity instruments	634,371	621,504
	<u>21,139,551</u>	<u>16,133,258</u>

Included in temporary investments are money market mutual funds and cashable guaranteed investment certificates. The guaranteed investment certificates bear interest at rates between 0.2% to 5.0% and mature at dates between May 2023 and November 2023. As disclosed in note 9, certain of these investments are held as collateral for various loans and credit facilities and are restricted in use.

4. ACCOUNTS RECEIVABLE

	2023 \$	2022 \$
Grants and other receivables	2,284,824	2,428,114
Loans receivable from related parties	2,147,354	2,246,810
Due from Primrose Lake Trust	824,731	4,730,141
	<u>5,256,909</u>	<u>9,405,065</u>

Included in grants and other receivables is \$190,199 (2022 - \$134,982) due from GBE's. The balance due from Primrose Lake Trust is non-interest bearing, unsecured and due on demand. The loans receivable from related parties bear interest at 6%, are unsecured and are due on demand.

Cold Lake First Nations

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

5. TRUST FUNDS

Trust funds are administered by the Department of Indigenous Services Canada. The expenditure of trust funds is limited to purposes identified in the *Indian Act*. The balance at the end of the year is shown on the schedule of changes in accumulated surplus as equity in trust funds.

The balances consist of the following:

	2023 \$	2022 \$
Capital fund		
Beginning of year	1,827,618	1,402,446
Income from oil and gas royalties	708,386	425,172
End of year	<u>2,536,004</u>	<u>1,827,618</u>
Revenue fund		
Beginning of year	2,562,056	1,423,521
Income from lease and rentals	543,116	1,138,535
End of year	<u>3,105,172</u>	<u>2,562,056</u>
	<u>5,641,176</u>	<u>4,389,674</u>

6. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

	2023 \$	2022 \$
Beginning of year	56,852,625	53,817,218
Share of income (loss)	(508,415)	1,841,432
Advances from GBE's	(1,808,032)	(3,995,268)
Advances to GBE's	3,846,658	5,166,775
Write-down of GBE's	(6,000)	(2,121)
Purchase of GBE's	-	24,589
End of year	<u>58,376,836</u>	<u>56,852,625</u>

Cold Lake First Nations

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

6. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES - CONTINUED

Following is a summary of the percentage of the entities owned and the related year-ends of the GBE's:

	<u>% ownership</u>	<u>Year-end</u>
Beaver River Gas Corporation	100%	September 30
Casino Dene LP	100%	March 31
CLFN-Reid & Wright Advertising LP	100%	March 31
CLFN Hotel GP Ltd.	100%	March 31
CLFN Hotel LP	100%	March 31
CLFN Investment Holdings LP	100%	March 31
CLFN Land Corporation	100%	March 31
CLFN Sawmill & Training Centre Ltd.	100%	March 31
Cold Lake First Nations Casino Corporation	100%	March 31
Comec Industrial Services LP	51%	January 31
Comec Energy Services LP	51%	December 31
Nu Nenne Environmental LP	100%	December 31
Primco Commercial Corp.	100%	September 30
Primco Commercial LP	100%	September 30
Primco Dene (EMS) LP	100%	September 30
Primco Dene (EMS) Ltd.	100%	September 30
Primco Dene Catering Corp.	100%	September 30
Primco Dene Catering LP	100%	September 30
Primco Dene LP	100%	September 30
Primco Dene Ltd.	100%	September 30
Primco Security Services LP	100%	September 30
Primco Security Services Ltd.	100%	September 30
Seven Lakes Oilfield Services LP	50%	December 31
Treaty First Nations LP	100%	December 31
Tri-Rez EBay Energy Ltd.	100%	March 31
Tri-Rez Legoff Energy Ltd.	100%	March 31
Tri-Rez Energy Services LP	100%	March 31
Tri-Rez Energy Services Ltd.	100%	March 31
Tri-Rez Grader Ltd.	100%	March 31
Tri-Rez Grader LP	100%	March 31

Supplementary information regarding the results of operations and financial positions of the above entities, accounted for using the modified equity method of accounting, is included in supplementary schedule 2 to these consolidated financial statements.

In the normal course of operations, the Nation transacts with certain of its GBE's. All transactions are recorded at the exchange amount. During the year, the Nation incurred supplies and materials and subcontractor expenses of \$1,006,063 (2022 - \$1,283,534) from its GBE's.

Cold Lake First Nations

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023 \$	2022 \$
Trade payables and accrued liabilities	2,906,227	3,190,931
Interest payable to Primrose Lake Trust	1,865,707	6,930,157
	4,771,934	10,121,088

Included in trade payables and accrued liabilities is \$644,049 (2022 - \$498,127) owing to GBE's. During the year, interest payable to Primrose Lake Trust of \$1,345,692 was converted into long-term debt.

8. LONG-TERM DEBT

	2023 \$	2022 \$
Primrose Lake Trust loans bearing interest at rates between 0% to 12% per annum, repayable on demand, collateralized by a redirection of income allocations from the Primrose Lake Trust.	5,754,813	4,479,488
BMO demand loan bearing interest at 2.45%, repayable in blended monthly payments of \$50,627, due January 2026, collateralized by a promissory note provided by Cold Lake First Nations. The loan is being repaid by a grant received from the Dene ts'edi Society.	1,894,430	2,448,134
BMO demand loan bearing interest at 2.45%, repayable in blended monthly payments of \$29,289, due December 2025, collateralized by a promissory note provided by the Nation.	2,207,702	2,501,154
Canada Mortgage and Housing Corporation mortgage bearing interest at 1.86%, repayable with blended payments of \$4,776 per month, collateralized by a ministerial guarantee.	575,376	621,470
	10,432,321	10,050,246

Interest incurred on long-term debt amounted to \$536,940 (2022 - \$616,112) during the year. During the year, the Nation incurred interest of \$413,255 (2022 - \$460,495) on the loans with Primrose Lake Trust.

Future estimated principal and interest payments on long-term debt are as follows:

2024	\$ 6,771,121
2025	\$ 1,016,308
2026	\$ 1,016,308
2027	\$ 559,051
2028	\$ 408,779

Cold Lake First Nations

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

9. CREDIT FACILITIES

As at March 31, 2023, Cold Lake First Nations has the following lines of credit available:

- i) TD Canada Trust revolving line of credit, due upon demand, authorized to a maximum of \$750,000 bearing interest at prime plus 0.5%. At year end the balance on this line of credit was \$nil (2022 - \$nil). This line of credit is collateralized by a direction of ISC funding, an assignment of certain temporary investments in the aggregate amount of approximately \$367,000 and a guarantee in the amount of \$2,000,000 provided by the Nation.
- ii) Peace Hills Trust revolving line of credit, due upon demand, authorized to a maximum of \$180,000 bearing interest at Peace Hills Trust prime rate plus 2%, collateralized by a direction of ISC funding and assignment of certain temporary investments in the aggregate amount of approximately \$125,000. At year-end, the balance on this line of credit was \$nil (2022 - \$nil).

10. CONTINGENCIES

The Nation has been named defendants in lawsuits arising in the normal course of operations and involving various amounts. Management is of the opinion that the results of these actions should not have any material effect on the financial position of the Nation. No amounts have been accrued in these consolidated financial statements relating to any of these actions. Any awards or settlements will be reflected in the statement of operations as the matters are resolved or when sufficient information on amounts and likelihoods are known.

The Nation has provided limited guarantees in the aggregate amount of approximately \$39,500,000 on credit facilities provided to certain of its GBE's. At March 31, 2023, the aggregate outstanding balance on these facilities on which the Nation has provided guarantees was approximately \$32,250,000. These facilities are also collateralized by specific assets of the relevant GBE's and the Nation would only be required to act upon its guarantees if the GBE's were unable to satisfy the debts with their own assets. As part of its guarantee, the Nation has identified FNDF revenues as being available to support certain of its guarantees if required.

11. SEGMENT INFORMATION

The Nation provides a wide range of services to its members. Services are delivered through a number of different programs and departments. Identified segments, for which separate financial information is available, is evaluated regularly by the Chief and Council and management in allocating resources and assessing results.

For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment. The accounting policies used in the segments are consistent with the accounting policies followed in the preparation of these consolidated financial statements as disclosed in Note 1.

12. COMPARATIVE FIGURES

Certain 2022 comparative figures have been reclassified to conform with the financial statement presentation adopted by the Nation for the year ended March 31, 2023.

CONSOLIDATED SEGMENT DISCLOSURES

Year ended March 31, 2023

	Administration / Governance	Health	Social Programs	Infrastructure	Education	Other programs	Other	Total
Revenue								
ISC	\$ 983,436	\$ 294,772	\$ 6,448,696	\$ 11,599,742	\$ 1,927,672	\$ 711,604	\$ -	\$ 21,965,922
FNDF	650,000	-	-	1,480,000	-	4,251,809	-	6,381,809
Donations	4,339,685	500	-	1,791,813	15,000	265,570	-	6,412,568
Other government grants	955,574	-	648,775	59,352	-	759,972	-	2,423,673
FNIHB	-	4,049,524	-	-	-	-	-	4,049,524
Dene ts'edi Society grants	-	342,728	-	640,544	-	228,643	-	1,211,915
Other	2,228,365	64,654	350,718	183,512	270,709	1,070,884	-	4,168,842
Contributions carried forward from prior year	1,165,769	2,288,685	9,727,934	2,162,334	1,559,487	2,498,390	-	19,402,599
Contributions carried forward to next year	(716,460)	(1,739,168)	(10,203,149)	(8,150,412)	(1,195,179)	(3,521,495)	-	(25,525,863)
	9,606,369	5,301,695	6,972,974	9,766,885	2,577,689	6,265,377	-	40,490,989
Expenses								
Administration fees (recoveries)	(779,225)	201,464	510,891	18,935	-	47,935	-	-
Allowances	480	11,264	1,739,831	2,000	157	160,553	-	1,914,285
Amortization of tangible capital assets	108,386	225,106	77,105	2,372,450	1,491	94,325	-	2,878,863
Honoraria	899,331	20,970	114,405	11,300	6,790	65,500	-	1,118,296
Insurance	2,699	23,364	10,388	453,357	-	-	-	489,808
Interest	41,918	20	3,616	72,369	2,894	471,326	-	592,143
Materials and supplies	299,859	632,407	259,377	1,252,456	93,358	157,671	-	2,695,128
Professional fees and consultants	1,426,267	124	147,887	2,633	-	397,217	-	1,974,128
Repairs and maintenance	75,740	326,373	22,961	575,482	26,748	3,203	-	1,030,507
Salaries and benefits	2,482,702	1,854,262	1,982,809	1,710,378	1,072,977	932,018	-	10,035,146
Subcontractors	275,734	1,112,792	359,047	2,837,842	113,066	171,687	-	4,870,168
Telephone and utilities	60,758	27,435	28,469	625,775	2,238	505,167	-	1,249,842
Travel	174,327	137,662	78,388	12,389	5,471	22,503	-	430,740
Other program delivery	555,487	822,816	1,331,836	78,283	1,231,127	1,998,080	-	6,017,629
	5,624,463	5,396,059	6,667,010	10,025,649	2,556,317	5,027,185	-	35,296,683
Other income (expenses)								
Income allocation from Primrose Lake Trust	-	-	-	-	-	-	937,389	937,389
Share of loss from GBE's	-	-	-	-	-	-	(508,415)	(508,415)
Write-down of GBE	-	-	-	-	-	-	(6,000)	(6,000)
Net change in trust funds	-	-	-	-	-	-	1,251,502	1,251,502
Change in fair value of temporary investments	-	-	-	-	(13,158)	-	-	(13,158)
	-	-	-	-	(13,158)	-	1,674,476	1,661,318
	\$ 3,981,906	\$ (94,364)	\$ 305,964	\$ (258,764)	\$ 8,214	\$ 1,238,192	\$ 1,674,476	\$ 6,855,624

CONSOLIDATED SEGMENT DISCLOSURES

Year ended March 31, 2022

	Administration / Governance	Health	Social Programs	Infrastructure	Education	Other programs	Other	Total
Revenue								
ISC	\$ 1,220,155	\$ 688,248	\$ 10,696,234	\$ 8,119,271	\$ 2,772,740	\$ 1,898,344	\$ -	\$ 25,394,992
FNDF	650,000	-	-	-	-	4,142,913	-	4,792,913
Donations	5,803,866	450	5,920	1,548,314	10,000	60,750	-	7,429,300
Other government grants	1,217,409	-	628,895	59,352	-	699,159	-	2,604,815
FNIHB	-	4,551,950	-	-	-	-	-	4,551,950
Dene ts'edi Society grants	-	236,305	-	343,895	-	200,061	-	780,261
Other	817,348	285,764	41,046	20,018	265,025	219,481	-	1,648,682
Contributions carried forward from prior year	158,536	2,909,616	1,420,478	9,269,125	1,224,102	660,022	-	15,641,879
Contributions carried forward to next year	(350,000)	(3,104,454)	(9,727,934)	(2,162,334)	(1,559,487)	(2,498,390)	-	(19,402,599)
Program transfers	-	-	126,113	-	(229,539)	103,426	-	-
	9,517,314	5,567,879	3,190,752	17,197,641	2,482,841	5,485,766	-	43,442,193
Expenses								
Administration fees (recoveries)	(407,768)	201,464	129,434	18,935	-	57,935	-	-
Allowances	242	2,540	1,038,786	-	-	157,684	-	1,199,252
Amortization of tangible capital assets	59,005	216,385	20,548	1,969,230	1,373	108,762	-	2,375,303
Honoraria	835,332	5,250	17,141	-	850	13,400	-	871,973
Insurance	3,240	28,055	12,172	520,902	-	-	-	564,369
Interest	47,175	97	3,072	104,475	738	525,639	-	681,196
Materials and supplies	170,300	687,713	104,191	564,604	85,037	164,733	-	1,776,578
Professional fees and consultants	1,141,699	-	15,100	-	-	609,882	-	1,766,681
Repairs and maintenance	30,374	324,380	27,966	830,694	2,400	15,963	-	1,231,777
Salaries and benefits	2,081,995	2,112,535	1,286,106	1,506,557	1,231,663	324,739	-	8,543,595
Subcontractors	102,632	897,268	123,496	1,417,261	83,510	210,620	-	2,834,787
Telephone and utilities	49,480	23,340	21,166	494,134	3,479	621,710	-	1,213,309
Travel	58,145	78,296	19,418	883	1,728	2,902	-	161,372
Other program delivery	163,936	930,061	373,319	4,893	1,033,588	1,021,669	-	3,527,466
	4,335,787	5,507,384	3,191,915	7,432,568	2,444,366	3,835,638	-	26,747,658
Other income (expense)								
Income allocation from Primrose Lake Trust	-	-	-	-	-	-	1,069,208	1,069,208
Share of income from GBE's	-	-	-	-	-	-	1,841,432	1,841,432
Write-down of GBE	-	-	-	-	-	-	(2,121)	(2,121)
Net change in trust funds	-	-	-	-	-	-	1,563,707	1,563,707
Change in fair value of temporary investments	-	-	-	-	(75,845)	-	-	(75,845)
	-	-	-	-	(75,845)	-	4,472,226	4,396,381
	\$ 5,181,527	\$ 60,495	\$ (1,163)	\$ 9,765,073	\$ (37,370)	\$ 1,650,128	\$ 4,472,226	\$ 21,090,916

**SUPPLEMENTARY INFORMATION FOR THE MODIFIED EQUITY
METHOD - GOVERNMENT BUSINESS ENTERPRISES
(Unaudited)**

Year ended March 31

	2023 \$	2022 \$
Aggregated balance sheet information:		
ASSETS		
Cash	5,020,453	7,675,068
Temporary investments	5,119	-
Accounts receivable	17,121,208	18,773,971
Inventory	1,306,940	1,172,937
Prepaid expenses	1,103,567	599,406
Property, plant, and equipment	83,927,910	84,919,502
Due from related parties	82,906,242	73,028,071
Investments	14,933,333	13,007,835
Other assets	4,167,896	4,034,999
	210,492,668	203,211,789
LIABILITIES		
Bank indebtedness	691,690	40,119
Accounts payable	9,797,234	12,057,281
Due to related parties	79,667,426	72,025,734
Callable debt	15,649,237	16,872,175
Long-term debt	35,344,409	33,521,012
Capital leases	4,421,046	6,681,136
Other liabilities	11,848,396	11,729,129
	53,073,230	50,285,203
EQUITY	210,492,668	203,211,789
Aggregated income statement information:		
Revenue	121,638,580	113,398,306
Expenses	122,146,995	111,556,874
Net income (loss)	(508,415)	1,841,432