

Consolidated Financial Statements

Cold Lake First Nations

March 31, 2024





COLD LAKE FIRST NATIONS

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MARCH 31, 2024

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.


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, 2024, 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, 2024, 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, 2024 and March 31, 2023 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, 2024 and March 31, 2023.

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, 2024 and March 31, 2023 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, 2023 was modified accordingly because of the possible effects of this limitation in scope.

Effective April 1, 2022, the Nation was required to adopt PS 3280 Asset Retirement Obligations which requires the recognition of legal obligations associated with the retirement of tangible capital assets by public sector entities. Under the modified retroactive application method, the asset retirement obligation on transition is to be recorded using assumptions as of April 1, 2022. The corresponding asset retirement obligation is added to the carrying value of the related tangible capital assets and adjusted for amortization from the time the legal obligation was incurred. The net adjustment is charged to accumulated surplus. Comparative figures are to be restated to reflect this change in accounting policy. Management has not identified asset retirement obligation liabilities as at March 31, 2024, March 31, 2023 and April 1, 2022 and we were unable to satisfy ourselves concerning those liabilities by alternative means. Consequently, we were not able to determine whether any adjustments would be necessary to expenses and excess of revenues over expenses for the years ended March 31, 2024 and March 31, 2023, tangible capital assets and asset retirement obligations as at March 31, 2024 and March 31, 2023, and accumulated surplus as at March 31, 2024, March 31, 2023 and April 1, 2022.

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 29, 2024

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

	2024 \$	2023 \$
FINANCIAL ASSETS		
Cash and cash equivalents <i>[note 2]</i>	11,153,478	11,573,051
Temporary investments <i>[note 3]</i>	17,237,797	21,139,551
Accounts receivable <i>[note 4]</i>	9,237,315	5,256,909
Trust funds <i>[note 5]</i>	6,770,229	5,641,176
Investment in Government Business Enterprises <i>[note 6]</i>	62,708,003	58,376,836
	<u>107,106,822</u>	<u>101,987,523</u>
LIABILITIES		
Accounts payable and accrued liabilities <i>[note 7]</i>	5,488,476	4,771,933
Contributions carried forward	25,874,069	25,535,215
Long-term debt <i>[note 8]</i>	9,836,905	10,432,321
	<u>41,199,450</u>	<u>40,739,469</u>
NET FINANCIAL ASSETS	<u>65,907,372</u>	<u>61,248,054</u>
NON-FINANCIAL ASSETS		
Deposits and prepaid expenses	390,910	171,166
Tangible capital assets <i>[schedule 1]</i>	56,443,219	53,504,282
	<u>56,834,129</u>	<u>53,675,448</u>
ACCUMULATED SURPLUS <i>[schedule 3]</i>	<u>122,741,501</u>	<u>114,923,502</u>

Contingencies *[note 10]*

See accompanying notes


Approved by the First Nation:

Chief

Councillor

Councillor

Councillor


Councillor


Councillor


Councillor

Cold Lake First Nations

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

Year ended March 31

	2024 \$	2024 Budget \$	2023 \$
REVENUES			
Indigenous Services Canada (ISC)	18,161,237	9,135,502	21,965,922
First Nations Development Fund (FNDF)	7,199,020	1,630,000	6,381,809
Donations	6,621,134	6,370,661	6,412,568
First Nations and Inuit Health Branch (FNIHB)	3,609,438	2,579,093	4,049,524
Other government grants	2,633,565	1,782,342	2,423,673
Dene ts'edi Society grants	1,731,226	938,125	1,211,915
Other	10,597,088	21,777,790	4,168,842
Contributions carried forward from prior year	25,525,863	9,100,000	19,402,599
Contributions carried forward to next year	(25,870,984)	-	(25,525,863)
	50,207,587	53,313,513	40,490,989
EXPENSES			
Administration and governance	7,232,948	7,943,960	5,624,462
Health	5,913,021	6,467,043	5,396,059
Social	6,552,469	13,521,298	6,667,010
Infrastructure	13,456,728	17,100,766	10,025,649
Education	2,753,134	3,693,330	2,556,317
Other	11,078,864	4,587,116	5,027,185
	46,987,164	53,313,513	35,296,682
Surplus from operations before the following	3,220,423	-	5,194,307
OTHER INCOME (EXPENSES)			
Income allocation from Primrose Lake Trust <i>[note 4]</i>	1,031,987	-	937,389
Share of income (loss) from Government Business Enterprises <i>[note 6]</i>	2,375,969	-	(508,415)
Write-down of Government Business Enterprises	-	-	(6,000)
Change in fair value of temporary investments	60,566	-	(13,158)
Net change in trust funds	1,129,054	-	1,251,502
	4,597,576	-	1,661,318
Excess of revenues over expenses	7,817,999	-	6,855,625
Accumulated surplus, beginning of year	114,923,502	-	108,067,877
Accumulated surplus, end of year	122,741,501	-	114,923,502

See accompanying notes

Cold Lake First Nations

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

Year ended March 31

	2024 \$	2023 \$
Excess of revenues over expenses	7,817,999	6,855,625
Acquisition of tangible capital assets	(6,133,363)	(7,639,279)
Amortization of tangible capital assets	3,194,426	2,878,863
Change in deposits and prepaid expenses	(219,744)	6,528
	(3,158,681)	(4,753,888)
Change in net financial assets	4,659,318	2,101,737
Net financial assets, beginning of year	61,248,054	59,146,317
Net financial assets, end of year	65,907,372	61,248,054

See accompanying notes

Cold Lake First Nations

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31

	2024 \$	2023 \$
OPERATING ACTIVITIES		
Excess of revenues over expenses for the year	7,817,999	6,855,625
Items not affecting cash and cash equivalents:		
Amortization of tangible capital assets	3,194,426	2,878,863
Write-down of Government Business Enterprises	-	6,000
Share of income (loss) from Government Business Enterprises	(2,375,969)	508,415
	<u>8,636,456</u>	<u>10,248,903</u>
Changes in non-cash working capital items:		
Accounts receivable	(3,980,406)	148,156
Deposits and prepaid expenses	(219,744)	6,528
Trust funds	(1,129,053)	(1,251,502)
Accounts payable and accrued liabilities	716,543	(3,463)
Contributions carried forward	338,854	6,114,033
	<u>(4,273,806)</u>	<u>5,013,752</u>
Cash provided by operating activities	<u>4,362,650</u>	<u>15,262,655</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	(595,416)	(963,617)
Cash used in financing activities	<u>(595,416)</u>	<u>(963,617)</u>
CAPITAL ACTIVITIES		
Acquisitions of tangible capital assets	(6,133,363)	(7,639,279)
Cash used in capital activities	<u>(6,133,363)</u>	<u>(7,639,279)</u>
INVESTING ACTIVITIES		
Purchase (redemption) of temporary investments, net	3,901,754	(5,006,293)
Purchase of Government Business Enterprises	(10,000)	-
Advances to Government Business Enterprises	(3,474,618)	(3,846,658)
Advances from Government Business Enterprises	1,529,420	1,808,032
Cash provided by (used in) investing activities	<u>1,946,556</u>	<u>(7,044,919)</u>
Decrease in cash and cash equivalents	(419,573)	(385,160)
Cash and cash equivalents, beginning of year	11,573,051	11,958,211
Cash and cash equivalents, end of year	<u>11,153,478</u>	<u>11,573,051</u>

See accompanying notes

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

Year ended March 31

		2024						
		Band buildings	Housing / mobile homes	Equipment / heavy equipment	Infrastructure	Automotive	Furniture and fixtures	Total
Cost		\$	\$	\$	\$	\$	\$	\$
	Balance, beginning of the year	4,147,756	34,722,712	4,277,200	26,566,843	3,523,794	1,229,363	74,467,668
	Acquisition of tangible capital assets	865,911	4,124,848	263,460	474,909	370,864	33,371	6,133,363
	Balance, end of the year	5,013,667	38,847,560	4,540,660	27,041,752	3,894,658	1,262,734	80,601,031
Accumulated amortization								
	Balance, beginning of the year	1,472,390	9,144,869	2,516,543	4,122,930	2,704,871	1,001,783	20,963,386
	Annual amortization	124,333	1,179,622	464,106	1,072,171	301,307	52,887	3,194,426
	Balance, end of the year	1,596,723	10,324,491	2,980,649	5,195,101	3,006,178	1,054,670	24,157,812
Net book value		3,416,944	28,523,069	1,560,011	21,846,651	888,480	208,064	56,443,219
		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

During the year, the Nation capitalized \$nil of equipment and \$383,967 of infrastructure work (2023 - \$68,605 of equipment and \$365,815 of infrastructure work) 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

	2024	Budget	2023
	\$	\$	\$
Salaries and benefits	10,672,556	11,534,720	10,035,153
Subcontractors	8,099,739	5,791,216	4,870,168
Amortization of tangible capital assets	3,194,426	-	2,878,863
Materials and supplies	2,925,863	4,025,273	2,695,128
Professional fees and consultants	2,613,316	2,990,354	1,974,128
Allowances	2,999,488	2,431,333	1,914,285
Telephone and utilities	1,397,040	1,211,115	1,249,842
Honoraria	1,238,362	1,208,986	1,118,296
Repairs and maintenance	973,214	829,767	1,030,499
Interest	360,138	67,775	592,143
Insurance	464,129	540,720	489,808
Travel	756,378	479,097	430,740
Capital asset purchases	-	17,321,012	-
Other program delivery	11,292,515	4,882,145	6,017,629
	46,987,164	53,313,513	35,296,682

See accompanying notes

CONSOLIDATED SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

Year ended March 31

	2024					2023	
	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	4,188,449	52,707,061	51,034,487	1,352,327	5,641,177	114,923,501	108,067,877
Excess of revenues over expenses	7,817,999	-	-	-	-	7,817,999	6,855,625
Change in Government Business Enterprises:							
Net income	(2,375,969)	2,375,969	-	-	-	-	-
Repayments from	1,529,420	(1,529,420)	-	-	-	-	-
Advances to	(3,474,618)	3,474,618	-	-	-	-	-
Long-term debt repayment	(351,466)	351,466	-	-	-	-	-
Purchase	(10,000)	10,000	-	-	-	-	-
Change in tangible capital assets:							
Additions	(6,133,364)	-	6,133,364	-	-	-	-
Amortization	3,194,427	-	(3,194,427)	-	-	-	-
Long-term debt repayment	(614,284)	-	614,284	-	-	-	-
Transfer - Education Trust	(214,880)	-	-	214,880	-	-	-
Net change in trust funds	(1,129,054)	-	-	-	1,129,054	-	-
Accumulated surplus, end of year	2,426,660	57,389,694	54,587,708	1,567,207	6,770,231	122,741,500	114,923,502

See accompanying notes

Cold Lake First Nations

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

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

Effective April 1, 2023, the Nation adopted the following accounting standards and guideline:

- PS 3400 - Revenue: This standard provides guidance on how to account for and report on revenue, specifically, the recognition, measurement and reporting of revenues that arise from transactions that include performance obligations and transactions that do not have performance obligations. Performance obligations are enforceable promises to provide specific goods or services to a specific payer.
- PS 3160 - Public Private Partnerships: This standard provides guidance on how to account for public private partnerships between public and private sector entities, where the public sector entity procures infrastructure using a private sector partner.
- PSG-8 - Purchased intangibles: This guideline provides direction on accounting for and reporting on purchased intangibles. It provides clarity on the recognition criteria, along with instances of assets that would not meet this definition.

There is no effect on the consolidated financial statements from the application of the new accounting standards and guideline.

Cold Lake First Nations

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

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.

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, 2024

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 \$393,311 (2023 - \$383,292) 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, 2024

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 \$523,882 (2023 - \$1,133,280) held in lawyer's trust accounts for the benefit of the Nation.

3. TEMPORARY INVESTMENTS

	2024 \$	2023 \$
Temporary investments	16,517,765	20,505,180
Portfolio investments in equity instruments	720,032	634,371
	<u>17,237,797</u>	<u>21,139,551</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 5.37% and mature at dates between June 2024 and February 2025. 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

	2024 \$	2023 \$
Grants and other receivables	4,112,339	2,284,824
Loans receivable from related parties	3,315,780	2,147,354
Due from Primrose Lake Trust	1,809,196	824,731
	<u>9,237,315</u>	<u>5,256,909</u>

Included in grants and other receivables is \$120,410 (2023 - \$190,199) 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 rates between 6% - 8%, are unsecured and are due on demand.

Cold Lake First Nations

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

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:

	2024 \$	2023 \$
Capital fund		
Beginning of year	2,536,004	1,827,618
Income from oil and gas royalties	405,463	708,386
End of year	2,941,467	2,536,004
Revenue fund		
Beginning of year	3,105,172	2,562,057
Income from lease and rentals	723,590	543,115
End of year	3,828,762	3,105,172
	6,770,229	5,641,176

6. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

	2024 \$	2023 \$
Beginning of year	58,376,836	56,852,625
Share of income (loss)	2,375,969	(508,415)
Advances from GBE's	(1,529,420)	(1,808,032)
Advances to GBE's	3,474,618	3,846,658
Write-down of GBE's	-	(6,000)
Purchase of GBE's	10,000	-
End of year	62,708,003	58,376,836

Cold Lake First Nations

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

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 Economic Development Corporation	100%	March 31
CLFN Hotel LP	100%	March 31
CLFN Investment Holdings LP	100%	March 31
CLFN Sawmill & Training Centre Ltd.	100%	March 31
Cold Lake First Nations Casino Corporation	100%	March 31
Cold Lake Freehold Lands Ltd	100%	March 31
Comec Industrial Services LP	51%	January 31
Comec Energy Services LP	51%	December 31
Indigenous Construction & Equipment LP	100%	March 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 Energy Services LP	100%	March 31
Tri-Rez Energy Services 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 \$1,400,569 (2023 - \$1,006,063) from its GBE's.

Cold Lake First Nations

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024 \$	2023 \$
Trade payables and accrued liabilities	3,615,641	2,906,226
Interest payable to Primrose Lake Trust	1,872,835	1,865,707
	5,488,476	4,771,933

Included in trade payables and accrued liabilities is \$635,197 (2023 - \$644,049) owing to GBE's. During the year, interest payable to Primrose Lake Trust of \$nil(2023 - \$1,345,692) was converted into long-term debt.

8. LONG-TERM DEBT

	2024 \$	2023 \$
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.	6,049,025	5,754,813
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.	1,327,171	1,894,430
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.	1,932,358	2,207,702
Canada Mortgage and Housing Corporation mortgage bearing interest at 5.37%, repayable with blended payments of \$5,639 per month, collateralized by a ministerial guarantee, due March 2034.	528,351	575,376
	9,836,905	10,432,321

Interest incurred on long-term debt amounted to \$300,601 (2023 - \$536,940) during the year. During the year, the Nation incurred interest of \$199,665 (2023 - \$413,255) on the loans with Primrose Lake Trust.

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

2025	\$ 7,104,976
2026	\$ 1,026,662
2027	\$ 569,406
2028	\$ 419,134
2029	\$ 419,134
Thereafter	\$ 629,517

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

9. CREDIT FACILITIES

As at March 31, 2024, 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 (2023 - \$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 \$379,000 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 (2023 - \$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 \$39,650,000 on credit facilities provided to certain of its GBE's. At March 31, 2024, the aggregate outstanding balance on these facilities on which the Nation has provided guarantees was approximately \$30,882,000. 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. No amounts have been accrued in these consolidated financial statements relating to any of these guarantees.

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 2023 comparative figures have been reclassified to conform with the financial statement presentation adopted by the Nation for the year ended March 31, 2024.

CONSOLIDATED SEGMENT DISCLOSURES

Year ended March 31, 2024

	Administration / Governance	Health	Social Programs	Infrastructure	Education	Other programs	Other	Total
Revenue								
ISC	\$ 1,138,006	\$ 266,169	\$ 9,124,493	\$ 4,132,385	\$ 2,107,663	\$ 1,392,521	\$ -	\$ 18,161,237
FNDF	1,104,678	-	-	3,112,425	-	2,981,917	-	7,199,020
Donations	4,781,794	-	750	1,324,900	100,000	413,690	-	6,621,134
Other government grants	1,168,651	1,208	444,705	279,226	-	739,775	-	2,633,565
FNIHB	-	3,609,438	-	-	-	-	-	3,609,438
Dene ts'edi Society grants	102,960	630,348	-	561,165	-	436,753	-	1,731,226
Other	3,406,269	139,002	109,933	121,449	85,928	6,734,507	-	10,597,088
Contributions carried forward from prior year	791,460	1,739,168	10,203,149	8,150,412	1,195,179	3,446,495	-	25,525,863
Contributions carried forward to next year	(303,500)	(426,878)	(13,139,928)	(8,300,412)	(992,806)	(2,707,460)	-	(25,870,984)
	12,190,318	5,958,455	6,743,102	9,381,550	2,495,964	13,438,198	-	50,207,587
Expenses								
Administration fees (recoveries)	(347,768)	151,464	129,434	18,935	-	47,935	-	-
Allowances	5,512	73,845	2,319,782	4,639	477,200	118,510	-	2,999,488
Amortization of tangible capital assets	169,053	230,784	136,083	2,575,411	1,095	82,000	-	3,194,426
Honoraria	888,040	22,500	81,094	32,146	12,890	201,692	-	1,238,362
Insurance	2,594	22,507	9,743	429,285	-	-	-	464,129
Interest	56,542	166	3,644	57,269	3,076	239,441	-	360,138
Materials and supplies	383,381	624,044	190,174	1,586,277	70,618	71,369	-	2,925,863
Professional fees and consultants	1,137,533	71	304,865	-	9,800	1,161,047	-	2,613,316
Repairs and maintenance	81,646	368,503	45,968	460,444	6,058	10,595	-	973,214
Salaries and benefits	2,717,367	2,049,250	2,177,760	1,931,090	1,030,639	766,450	-	10,672,556
Subcontractors	827,732	1,188,810	91,554	5,515,728	20,841	455,074	-	8,099,739
Telephone and utilities	62,900	19,176	27,325	591,457	1,469	694,713	-	1,397,040
Travel	333,382	131,555	108,034	23,768	15,044	144,595	-	756,378
Other program delivery	915,034	1,030,346	927,009	230,279	1,104,404	7,085,443	-	11,292,515
	7,232,948	5,913,021	6,552,469	13,456,728	2,753,134	11,078,864	-	46,987,164
Other income (expenses)								
Income allocation from Primrose Lake Trust	-	-	-	-	-	-	1,031,987	1,031,987
Share of income from GBE's	-	-	-	-	-	-	2,375,969	2,375,969
Net change in trust funds	-	-	-	-	-	-	1,129,054	1,129,054
Change in fair value of temporary investments	-	-	-	-	60,566	-	-	60,566
	-	-	-	-	60,566	-	4,537,010	4,597,576
	\$ 4,957,370	\$ 45,434	\$ 190,633	\$ (4,075,178)	\$ (196,604)	\$ 2,359,334	\$ 4,537,010	\$ 7,817,999

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	75,732	326,373	22,961	575,482	26,748	3,203	-	1,030,499
Salaries and benefits	2,482,709	1,854,262	1,982,809	1,710,378	1,072,977	932,018	-	10,035,153
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
	5,624,462	5,396,059	6,667,010	10,025,649	2,556,317	5,027,185	-	35,296,682
Other income (expense)								
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
	\$ 3,981,907	\$ (94,364)	\$ 305,964	\$ (258,764)	\$ 8,214	\$ 1,238,192	\$ 1,674,476	\$ 6,855,625

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

Year ended March 31

	2024 \$	2023 \$
Aggregated balance sheet information:		
ASSETS		
Cash	7,618,881	5,020,453
Temporary investments	5,301	5,119
Accounts receivable	18,903,744	17,121,208
Inventory	1,115,366	1,306,940
Prepaid expenses	1,170,463	1,103,567
Property, plant, and equipment	82,154,388	83,927,910
Due from related parties	93,090,251	82,906,242
Investments	15,807,832	14,933,333
Other assets	4,147,891	4,167,896
	<u>224,014,117</u>	<u>210,492,668</u>
LIABILITIES		
Bank indebtedness	1,033,435	691,690
Accounts payable	11,095,192	9,797,234
Due to related parties	88,272,866	79,667,426
Callable debt	43,028,969	15,649,237
Long-term debt	7,381,125	35,344,409
Capital leases	3,405,821	4,421,046
Other liabilities	12,752,135	11,848,396
	<u>57,044,574</u>	<u>53,073,230</u>
EQUITY	<u>224,014,117</u>	<u>210,492,668</u>
Aggregated income statement information:		
Revenue	140,966,840	121,638,580
Expenses	138,590,871	122,146,995
Net income (loss)	<u>2,375,969</u>	<u>(508,415)</u>