

Frog Lake First Nation

Consolidated Financial Statements

March 31, 2024

Frog Lake First Nation**Consolidated Financial Statements**

March 31, 2024

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Frog Lake First Nation

Management's Responsibility for Financial Reporting

March 31, 2024

The accompanying consolidated financial statements of Frog Lake First Nation are the responsibility of management and have been approved by Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Crowe MacKay LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Frog Lake First Nation and meet when required.

On behalf of Frog Lake First Nation:

<u>Original signed by</u> Councillor	<u>July 24, 2024</u> Date
<u>Original signed by</u> Chief Financial Officer	<u>July 24, 2024</u> Date

Independent Auditors' Report

To the Members of Frog Lake First Nation

Qualified Opinion

We have audited the consolidated financial statements of Frog 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 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 First Nation as at March 31, 2024, and the results of its consolidated operations, its changes in its consolidated net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

As discussed in Note 14 to the consolidated financial statements, not all asset retirement obligations have been estimated and recorded on the consolidated statement of financial position. The Nation's 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 April 1, 2023 and March 31, 2024. 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.

We were unable to obtain sufficient appropriate audit evidence about the carrying amount and valuation of certain of the Nation's investments held as at March 31, 2024. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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
July 24, 2024

Crowe MacKay LLP
Chartered Professional Accountants

Frog Lake First Nation

Consolidated Statement of Financial Position

March 31	2024	2023 Restated (Note 2)
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Financial Assets

Cash (Note 4)	\$ 22,416,109	\$ 6,755,695
Accounts receivable (Note 5)	1,506,535	1,011,591
Investments (Note 6)	50,116,615	34,574,135
Federal Trust Funds (Note 8)	8,674,596	8,263,566
	82,713,855	50,604,987

Liabilities

Accounts payable	2,217,998	3,234,287
Deferred revenue (Note 10)	39,641,911	10,202,532
Long-term debt (Note 11)	4,493,885	5,341,045
	46,353,794	18,777,864

Net financial assets	36,360,061	31,827,123
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Non-financial Assets

Tangible capital assets (Note 15)	96,985,987	101,774,076
Prepaid expenses	515,920	177,981
	97,501,907	101,952,057

Accumulated Surplus (Note 13)	\$133,861,968	\$133,779,180
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Contingent liabilities (Note 14)

Approved on behalf of the Council

Original signed by _____, Councillor

Original signed by _____, Chief Financial Officer

Frog Lake First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2024 Budget	2024 Actual	2023 Actual Restated (Note 2)
Revenue			
Federal Government:			
Indigenous Services Canada (ISC)	\$ 28,979,282	\$ 34,518,198	\$ 32,403,253
Indigenous Skills and Employment Training Strategy	874,150	667,231	921,231
Canada Mortgage and Housing Corporation	-	170,901	200,564
Resource revenue, interest and land leases	1,141,572	4,630,009	6,866,212
Morning Sky Health and Wellness Society	-	3,925,992	6,958,874
Investment income	-	10,854,323	9,491,315
First Nation Development Funds	-	774,445	921,727
Other revenue	1,331,385	7,016,688	8,743,408
	32,326,389	62,557,787	66,506,584
Expenses (Note 16)			
Band Government	1,684,387	4,314,767	3,988,377
Community Services	61,191	6,172,660	7,464,667
Economic Development	570,298	1,959,684	1,525,516
Education	10,381,733	13,529,140	12,346,705
Health	453,452	5,106,833	7,621,859
Housing	1,272,943	3,521,509	3,751,512
Public Works	3,595,741	5,389,809	4,931,809
Social Services	8,192,225	11,401,162	7,817,972
Other	6,120,419	1,507,780	2,749,136
Amortization	9,571,652	9,571,652	9,676,266
	41,904,041	62,474,996	61,873,819
Excess of revenue over expenses	(9,577,652)	82,789	4,632,766
Accumulated surplus, beginning of year	133,779,179	133,779,179	129,146,413
Accumulated surplus, end of year	\$124,201,527	\$133,861,968	\$133,779,179

Frog 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 2)
<u>Excess of revenue over expenses</u>	\$ (9,577,652)	\$ 82,789	\$ 4,632,766
Acquisition of tangible capital assets	-	(4,783,564)	(5,004,736)
Amortization of tangible capital assets	9,571,652	9,571,652	9,676,266
	9,571,652	4,788,089	4,671,530
Use (acquisition) of prepaid asset	-	(337,939)	96,177
(Decrease) increase in net financial assets	(6,000)	4,532,938	9,400,473
Net financial assets, beginning of year	31,827,123	31,827,123	22,426,650
Net financial assets, end of year	\$ 31,821,123	\$ 36,360,061	\$ 31,827,123

Frog Lake First Nation

Consolidated Statement of Cash Flow

For the year ended March 31, 2024	2024	2023 Restated (Note 2)
Cash flows from Operating activities		
Excess of revenue over expenses	\$ 82,789	\$ 4,632,766
Items not affecting cash		
Amortization	9,571,652	9,676,266
	9,654,441	14,309,032
Change in non-cash operating working capital		
Accounts receivable	(494,944)	99,312
Prepaid expenses	(337,938)	96,179
Accounts payable	(1,016,290)	1,344,047
Deferred revenue	29,439,379	(106,472)
	37,244,648	15,742,098
Capital activities		
Purchase of tangible capital assets	(4,783,564)	(5,004,736)
Financing activities		
Long term debt repayments	(847,160)	(1,246,082)
Investing activities		
Increase in trust funds	(411,030)	(3,287,831)
Increase in investments	(15,542,480)	(7,021,629)
	(15,953,510)	(10,309,460)
Increase (decrease) in cash and cash equivalents	15,660,414	(818,180)
Cash and cash equivalents, beginning of year	6,755,695	7,573,875
Cash and cash equivalents, end of year	\$ 22,416,109	\$ 6,755,695

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

The March 31, 2024 consolidated financial statements include the assets, liabilities and results of operations for Morning Sky Health and Wellness Society.

First Nation business enterprises, that are owned or controlled by the Frog 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 Standards.

The modified equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform with those of the First Nation. Thus, the First Nation's investment in these enterprises is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses. Enterprises accounted for by the modified equity basis include:

1. Frog Lake Energy Resources Corp. - 100%
2. Frog Lake Energy Resources Limited Partnership - 99.5%
3. Frog Lake Oilfield Services GP Ltd. - 100%
4. Frog Lake Off Reserve Housing Corporation - 100%
5. Frog Lake Off Reserve Housing Limited Partnership - 99.99%
6. Moosachee Ranches GP Ltd. - 75%
7. Moosachee Ranches Limited Partnership - 75%
8. Frog Lake Midstream Limited Partnership - 99.5%
9. Frog Lake Travel Centre Limited Partnership - 99.9%
10. Frog Lake Business Limited Partnership - 100%
11. Frog Lake Economic Development Corporation - 100%
12. Frog Lake Economic Development Limited Partnership - 99.9%
13. Frog Lake Enterprises GP Ltd. - 100%
14. Frog Lake Gravel and Concrete Limited Partnership - 99.9%
15. Frog Lake Investments Corporation - 100%
16. Frog Lake Investments Limited Partnership - 100%
17. FLFN TMX Trust - 100%
18. FLFN TMX Trustee Corporation - 100%
19. Waskonaman Askih (Moving Earth) Construction GP Ltd. - 100%
20. Waskonaman Askih (Moving Earth) Construction Limited Partnership - 99.9%
21. Shelter Materials Corporation - 100%
22. Waskonaman Askih Agriculture GP Ltd. - 100%
23. Waskonaman Askih Agriculture Limited Partnership - 100%

Frog Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

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

Investments in Business Partnerships are recorded using the modified equity method:

1. Seven Lakes Oilfield Services Limited Partnership - 8.33%
2. SLS Metalworks & Fabricating Limited Partnership - 8.33%
3. Pimee Kehewin General Store Limited Partnership - 16.67%
4. Pimee Well Services Limited Partnership - 16.67%
5. Pimee Well Services Ltd. - 16.67%
6. Treaty Six Carbon Hub Holding Corp. - 50%
7. Treaty Six Carbon Hub Holding Limited Partnership - 50%
8. Okisikow Iskwew Center Ltd. - 50%
9. Confederacy Investments Limited Partnership - 5.88%

The Nation has ownership in the following entity, which is recorded at cost:

1. IMI Brokerage Limited Partnership - 4.45%

Trust funds owned by the Frog Lake First Nation are recorded at cost.

(b) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Revenue from transactions with no performance obligations are recognized at the realized value when the Nation has 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 payor.

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. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Income from investments is recorded on the accrual basis.

(c) Cash

Cash and cash equivalents include cash on hand and short-term investments.

Frog Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

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

(d) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Buildings	20 years Straight line
Automotive and other equipment	5 & 40 years Straight line
Infrastructure	20 years Straight line
Housing	20 years Straight line
Computer Equipment	2 & 3 years Straight line
Furniture	5 years Straight line

Tangible capital assets are written down when conditions indicate that they no longer contribute to Frog 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 tangible 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 tangible 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.

(e) Impairment

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in net income.

Frog Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

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

(f) Financial instruments

Measurement

The Nation measures all of its financial assets and financial liabilities at cost or amortized cost, except for the following, which are measured at fair value without any adjustment for transaction costs: derivatives, marketable securities in equity instruments that are quoted in an active market and marketable securities that the Nation has elected to measure at fair value. The effective interest rate method is used to determine interest revenue or expenses for financial instruments measured at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable and federal trust funds. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

No financial assets are measured at fair value.

Transaction costs

Transaction costs attributable to financial instruments measured at fair value are recognized in the 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.

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 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 Statement of Operations when received.

(g) Use of estimates

The preparation of consolidated 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 consolidated 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.

(h) Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets and prepaid expenses.

Frog Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

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

(i) 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 Statement of Operations.

2. Prior period restatement

During the year, it was determined that Frog Lake First Nation recognized insufficient Indigenous Services Canada (ISC) funding in the year-ended March 31, 2023. These amounts increased the excess of revenue over expenses and increased the accumulated surplus.

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

Liabilities			
Deferred revenue	\$ 11,047,796	\$ (845,264)	\$ 10,202,532
Net financial assets	30,981,859	845,264	31,827,123
Accumulated surplus	132,933,916	845,264	133,779,180

Consolidated Statement of Operations

Revenue			
Indigenous Services Canada	31,279,361	1,123,892	32,403,253
Expenses			
Program costs	13,757,388	(278,628)	13,478,760
Excess of revenue over expenses	3,787,502	845,264	4,632,766
Accumulated surplus, end of year	\$ 132,933,917	\$ 845,264	\$ 133,779,181

Frog Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

3. Changes in Accounting Policy from Changes to Accounting Standards

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 consolidated financial statements.

Frog Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

4. Cash

	2024	2023
Externally restricted		
Province of Alberta	\$ 629,174	\$ 217,664
Internally restricted		
Legal	102,847	102,847
Unrestricted		
General accounts	21,684,088	6,435,184
	\$ 22,416,109	\$ 6,755,695

5. Accounts receivable

	2024	2023
Trade receivables		
Indigenous Services Canada	\$ 678,179	\$ 648,890
Government of Alberta	464,140	4,547
Payroll advances	87,576	78,275
GST rebates	210,477	212,158
	66,163	67,721
	\$ 1,506,535	\$ 1,011,591

Frog Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

6. Investments

	2024	2023
Frog Lake First Nation controlled entities (Note 7)	<u>\$ 42,751,317</u>	<u>\$ 28,224,560</u>
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Investments in Business Partnerships		
Seven Lakes Oilfield Services Limited Partnership	3,216,492	2,663,558
Pimee Well Servicing Limited Partnership	2,334,690	2,022,016
Pimee Well Servicing Ltd.	1,282,396	1,252,738
IMI Brokerage Limited Partnership	30,210	30,210
Okisikow Iskwew Center Ltd.	476,509	356,052
Confederacy Investment Limited Partnership	25,000	25,000
	<hr/> <u>7,365,297</u>	<hr/> <u>6,349,574</u>
Investments in Young Spirit Supplies (recorded at cost)	490,169	490,169
Impairment of Young Spirit Supplies	(490,168)	(490,168)
	<hr/> <u>7,365,298</u>	<hr/> <u>6,349,575</u>
	<hr/> <u>\$ 50,116,615</u>	<hr/> <u>\$ 34,574,135</u>

Frog Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

7. Investments in and advances to Frog Lake First Nation Entities

	Other Entities (Note A)	Frog Lake Energy Resources (Note B)	2024 Total	2023 Total
Cash	\$ 939,672	\$ 3,476,823	\$ 4,416,495	\$ 10,917,282
Accounts receivable	146,330	5,022,549	5,168,879	226,264
Inventory	169,950	-	169,950	201,072
Prepaid Expenses	11,503	164,985	176,488	28,264
Investments	73,808	410,880	484,688	(125,115)
Property and equipment	11,767,214	26,995,887	38,763,101	21,332,224
Net investment in lease	-	1,790,776	1,790,776	1,790,776
Non current investment in lease	-	19,698,535	19,698,535	21,489,311
Derivative	-	1,070,686	1,070,686	1,298,963
Due from related parties and shareholder	232,974	7,385,341	7,618,315	6,066,340
Total assets	\$ 13,341,451	\$ 66,016,462	\$ 79,357,913	\$ 63,225,381

Accounts payable	\$ 338,839	\$ 6,397,508	\$ 6,736,347	\$ 1,032,707
Unearned revenue	1,977	-	1,977	3,104
Due to related parties and shareholder	971,105	5,218,155	6,189,260	4,571,634
Loan payable	-	-	-	60,000
Bank debt	-	19,985,604	19,985,604	21,639,496
Asset retirement obligation	-	8,366,996	8,366,996	7,727,305
Total liabilities	1,311,921	39,968,263	41,280,184	35,034,246
Contributed Surplus	200,000	-	200,000	200,000
Total equity	11,829,530	26,048,199	37,877,729	27,991,135
Total liabilities and equity	\$ 13,341,451	\$ 66,016,462	\$ 79,357,913	\$ 63,225,381

	Other Entities (Note A)	Frog Lake Energy Resources (Note B)	2024 Total	2023 Total
Revenue	\$ 7,304,571	\$ 26,065,966	\$ 33,370,537	\$ 24,426,136
Expenses	6,194,293	16,021,720	22,216,013	14,463,089
Net income	\$ 1,110,278	\$ 10,044,246	\$ 11,154,524	\$ 9,963,047

Frog Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

7. Investments in and advances to Frog Lake First Nation Entities (continued)

	2024	2023
Equity in business enterprises	\$ 38,142,499	\$ 28,262,856
Related party advances	4,608,818	(38,296)
Total investment in business enterprises	\$ 42,751,317	\$ 28,224,560

Note A: The balances shown are the consolidated balances of Frog Lake Oilfield Services GP Ltd., Frog Lake Off Reserve Housing Corporation, Frog Lake Off Reserve Housing Limited Partnership, Frog Lake Travel Centre Limited Partnership, Frog Lake Economic Development Corporation, Frog Lake Economic Development Limited Partnership, Frog Lake Gravel and Concrete Limited Partnership, Moosachee Ranches GP Ltd., Moosachee Ranches Limited Partnership, Waskonaman Askih (Moving Earth) Construction GP Ltd., Waskonaman Askih (Moving Earth) Construction Limited Partnership, Frog Lake Business Limited Partnership, Frog Lake Enterprise GP Ltd., Frog Lake Investments Corporation, Frog Lake Investments Limited Partnership, FLFN TMX Trust, FLFN TMX Trustee Corporation, Shelter Material Corporation, Waskonaman Askih Agriculture GP Ltd. and Waskonaman Askih Agriculture Limited Partnership.

Note B: The balances shown are the consolidated balances of Frog Lake Energy Resources Corporation, Frog Lake Energy Resources Limited Partnership and Frog Lake Midstream Limited Partnership.

8. Trust funds held by Federal Government

Funds held by the Government of Canada (Indigenous Services Canada) in trust for the use and benefit of the Frog Lake First Nation are as follows

	March 31, 2023	Income	Withdrawals, 2024	March 31, 2024
Ottawa funds held in trust - Capital	\$ 6,333,307	\$ 3,972,298	\$ (3,618,979)	\$ 6,686,626
Ottawa funds held in trust - Revenue	1,930,259	657,711	(600,000)	1,987,970
	\$ 8,263,566	\$ 4,630,009	\$ (4,218,979)	\$ 8,674,596

The trust funds accounts held in Ottawa 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.

These funds are treated by Canada as held in trust in the Consolidated Revenue fund of the Government of Canada. The funds attract interest pursuant to Section 61(2) of the Indian Act.

9. Line of credit

The Nation has an authorized line of credit of \$500,000 that was drawn \$nil (2023 - \$nil) at the end of the year. The line of credit bears interest at the Royal Bank of Canada Prime rate plus 1%.

Frog Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

10. Deferred revenue

Deferred revenue represents funds received, but not expended, as at the year end. The deferred revenue relates to the following programs and funders:

	March 31, 2023 Restated (Note 2)	Funding received, 2024	Revenue recognized, 2024	March 31, 2024
Indigenous Services Canada	\$ 9,129,596	\$ 61,710,855	\$ (34,518,198)	\$ 36,322,253
Morning Sky Health and Wellness Society - ISC	340,592	4,285,400	(3,900,992)	725,000
Morning Sky Health and Wellness Society - Other revenue	25,000	750,883	(775,883)	-
Other	707,344	7,946,577	(6,265,805)	2,388,116
First Nation Development Fund	-	980,987	(774,445)	206,542
	\$ 10,202,532	\$ 75,674,702	\$ (46,235,323)	\$ 39,641,911

11. Long-term debt

	2024	2023
Royal Bank of Canada term loan, repayable in monthly instalments of \$29,599 plus interest at prime plus 9.2% per annum, due February 2025, secured by the Capital Trust.	\$ 1,450,890	\$ 1,806,079
Royal Bank of Canada term loan, repayable in monthly instalments of \$20,852, including interest at 4.63% per annum, due October 2025.	1,417,147	1,596,991
CMHC mortgage repayable in monthly instalments of \$7,368 including interest at 0.76% per annum due October 2030, secured by Ministerial guarantee.	567,566	651,315
CMHC mortgage repayable in monthly instalments of \$2,231 including interest at 1.13% per annum due October 2035, secured by Ministerial guarantee.	290,539	313,880
CMHC mortgage repayable in monthly instalments of \$2,178 including interest at 1.69% per annum due November 2033, secured by Ministerial guarantee.	233,046	255,052
Royal Bank of Canada term loan, repayable in monthly instalments of \$6,528, including interest at 4.52% per annum, due January 2027, secured by the Capital Trust.	207,426	274,686

Frog Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

11. Long-term debt (continued)

	2024	2023
CMHC mortgage repayable in monthly instalments of \$2,299 including interest at 1.69% per annum due November 2028, secured by Ministerial guarantee.	123,746	149,017
Royal Bank of Canada term loan, repayable in monthly instalments of \$1,502 plus interest at prime plus 11.2% per annum, due September 2024, secured by the Capital Trust.	94,607	112,627
CMHC mortgage repayable in monthly instalments of \$1,256 including interest at 4.83% per annum due March 2028, secured by Ministerial guarantee.	54,765	67,012
CMHC mortgage repayable in monthly instalments of \$1,990 including interest at 1.53% per annum due May 2026, secured by Ministerial guarantee.	50,872	73,788
Vehicle loans, repayable in monthly instalments of \$3,412, including interest at 5.89%, secured by vehicles with a total net book value of \$66,690 (2023 - \$99,271), maturing in January, April and May 2024.	3,281	40,598
	\$ 4,493,885	\$ 5,341,045

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

2025	\$ 2,005,354
2026	1,503,074
2027	244,191
2028	177,733
2029 and thereafter	563,533
	\$ 4,493,885

12. CMHC Replacement Reserve

Under the terms of an agreement with Canada Mortgage and Housing Corporation, the Nation is required to provide a replacement reserve. 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 has not been set aside to fund the reserve of \$812,361 (2023 - \$765,432), which results in an unfunded amount of \$812,361.

Frog Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

13. Accumulated surplus

	2024	2023 Restated (Note 2)
Unrestricted operating surplus (deficit)	\$ (18,838,491)	\$ (7,088,540)
Trust Funds	8,674,596	8,263,566
Investments	50,116,615	34,574,135
Tangible Capital Assets	93,909,248	98,030,019
	<hr/> \$133,861,968	<hr/> \$133,779,180

14. Contingent Liabilities

Frog Lake First Nation has been named as defendant in certain legal proceedings. The Nation is actively defending all lawsuits. Since the amount of loss, if any, cannot be reasonably estimated, no provision has been recorded in these financial statements. Should a loss be incurred, it will be expensed in the year the liability is determined.

Government contributions related to the projects of the 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.

Asset retirement obligations have not been estimated and recorded in the consolidated financial statements due to the difficulty in determining the amount of obligation.

Frog Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

15. 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		
Buildings	\$ 53,492,519	\$ 782,236	\$ 54,274,755	\$ 23,566,446	\$ 2,158,490	\$ 25,724,936	\$ 28,549,819	
Automotive and other equipment	11,085,176	669,974	11,755,150	8,350,159	695,239	9,045,398	2,709,752	
Infrastructure	43,913,577	2,314,526	46,228,103	13,592,293	2,017,938	15,610,231	30,617,872	
Housing	92,724,304	1,003,105	93,727,409	54,035,693	4,661,293	58,696,986	35,030,423	
Computer Equipment	439,115	8,420	447,535	431,561	5,553	437,114	10,421	
Furniture	605,945	5,301	611,246	510,408	33,138	543,546	67,700	
	\$ 202,260,636	\$ 4,783,562	\$ 207,044,198	\$ 100,486,560	\$ 9,571,651	\$ 110,058,211	\$ 96,985,987	
	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		
Buildings	\$ 52,831,366	\$ 661,153	\$ 53,492,519	\$ 21,444,041	\$ 2,122,405	\$ 23,566,446	\$ 29,926,073	
Automotive and other equipment	8,966,491	2,118,685	11,085,176	7,432,576	917,583	8,350,159	2,735,017	
Infrastructure	42,409,853	1,503,724	43,913,577	11,602,556	1,989,737	13,592,293	30,321,284	
Housing	92,083,320	640,984	92,724,304	49,415,502	4,620,191	54,035,693	38,688,611	
Computer Equipment	428,324	10,791	439,115	428,324	3,237	431,561	7,554	
Furniture	536,544	69,401	605,945	487,294	23,114	510,408	95,537	
	\$ 197,255,898	\$ 5,004,738	\$ 202,260,636	\$ 90,810,293	\$ 9,676,267	\$ 100,486,560	\$ 101,774,076	

Frog Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

16. Expenditures by Object

For the year ended March 31	2024 Budget	2024 Actual	2023 Actual
Administration fees	\$ 257,858	\$ -	\$ -
Amortization	9,571,652	9,571,652	9,676,266
COVID-19 expenses	-	895	104,685
Community services	-	2,803,631	4,545,776
Human resources development	305,826	309,754	310,808
Insurance	203,219	611,847	440,648
Interest and bank charges	25,000	43,796	27,728
Interest on long term debt	661,572	257,782	238,660
Materials and supplies	320,925	2,347,609	1,396,345
Meeting and travel expenses	563,391	2,456,614	1,801,213
Office expenses	68,570	1,146,874	1,151,858
Per capita distribution	-	1,764,235	1,378,730
Professional development	2,894,573	682,580	624,187
Professional fees	368,000	660,955	2,039,878
Program costs	6,332,200	12,622,943	13,478,760
Repairs and maintenance	3,628,115	3,365,836	3,905,854
Social Assistance	6,458,508	4,724,781	4,451,540
Subcontractors	146,537	885,508	669,311
Utilities and telephone	246,787	1,876,956	1,820,589
Vehicle	76,000	329,501	294,607
Wages and benefits	9,775,308	16,011,247	13,516,376
	\$ 41,904,041	\$ 62,474,996	\$ 61,873,819

Frog Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

17. 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) 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 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, and maintaining an adequate line of credit. Accounts payable and accrued liabilities are due within 30 days of receipt of an invoice. There have been no significant changes to the liquidity risk from the previous year.

18. Pension Plan

The First Nation has established a defined contribution pension plan, in which substantially all permanent full-time employees are required to participate. No significant changes were made to the pension plan during the year. The pension expense for the year was \$474,085 (2023 - \$434,432).

19. Budget

The budget reported in the financial statements was provided by management and is unaudited.

20. Economic Dependence

Frog Lake First Nation receives a significant portion of its revenue pursuant to a funding agreement with Indigenous Services Canada.

21. Comparative Amounts

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

Frog Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

22. Segmented information

	Band Government			Community Services			Economic Development		
	2024 Budget	2024 Actual	2023 Actual	2024 Budget	2024 Actual	2023 Actual	2024 Budget	2024 Actual	2023 Actual
Revenues									
Indigenous Services Canada	\$ 1,032,532	\$ 1,121,489	\$ 1,418,313	\$ 27,046	\$ 27,900	\$ 27,046	\$ 149,600	\$ 221,300	\$ 383,933
Other revenue	645,855	1,462,500	1,237,621	34,145	3,356,676	5,303,943	420,698	1,498,124	1,005,631
Total revenue	1,678,387	2,583,989	2,655,934	61,191	3,384,576	5,330,989	570,298	1,719,424	1,389,564
Expenses									
Materials and supplies	-	-	-	-	2,643	2,509	-	37,711	-
Meeting and travel expenses	480,000	1,774,980	1,360,509	4,191	29,163	15,425	15,200	71,756	46,832
Professional development	84,000	220,643	182,633	-	-	1,200	11,154	23,159	28,432
Repairs and maintenance	24,031	30,922	24,942	-	172,038	76,711	-	37,004	178,624
Program costs	-	-	-	-	352,920	644,825	-	436,705	314,644
Community services	-	24,945	-	-	2,311,170	4,037,387	-	500	-
Utilities and telephone	24,000	8,500	39,870	-	1,033,389	929,702	-	16,046	9,500
Wages and benefits	599,600	1,449,363	1,488,480	56,000	459,341	343,153	238,118	780,091	507,610
Other expenses	472,756	805,414	891,943	1,000	1,811,996	1,413,755	305,826	556,712	439,874
Total expenses	1,684,387	4,314,767	3,988,377	61,191	6,172,660	7,464,667	570,298	1,959,684	1,525,516
Annual surplus (deficit)	\$ (6,000)	\$ (1,730,778)	\$ (1,332,443)	-	\$ (2,788,084)	\$ (2,133,678)	-	\$ (240,260)	\$ (135,952)

Frog Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

22. Segmented information (continued)

	2024 Budget	Education		2023 Actual	2024 Budget	Health		2023 Actual	2024 Budget	2024 Budget	2023 Actual
Revenues											
Indigenous Services Canada	\$ 10,381,733	\$ 12,231,141	\$ 13,071,598	\$ 529,915	-	\$ 453,452	\$ 4,998,497	-	\$ 441,237	\$ 3,827,503	\$ 3,005,012
Other revenue	-	1,271,223						8,077,140	831,706	198,162	787,975
Total revenue	10,381,733	13,502,364	13,601,513		453,452	4,998,497	8,077,140	1,272,943		4,025,665	3,792,987
Expenses											
Materials and supplies	-	745,778	659,982		1,200	18,783	117,018		223,800	1,299,625	483,012
Meeting and travel expenses	-	4,060	3,983		-	36	125	-		55,776	56,534
Professional development	-	249,448	180,652		-	-	1,908	-		30,275	29,600
Repairs and maintenance	-	330,874	120,964		85,000	-	3,180	122,134	1,698,908		2,278,087
Program costs	5,013,693	2,420,352	2,461,980		11,252	4,649,372	6,979,470	131,757	232,748		605,453
Community services	-	136,811	137,694		-	240	1,995	-	-		57,426
Utilities and telephone	-	295,241	254,166		-	-	-	-		5,200	6,000
Wages and benefits	5,368,040	8,419,108	7,535,779		356,000	401,805	517,162	85,680	118,745		150,251
Other expenses	-	927,468	991,505		-	36,597	-	709,572	80,232		85,149
Total expenses	10,381,733	13,529,140	12,346,705		453,452	5,106,833	7,621,859	1,272,943		3,521,509	3,751,512
Annual surplus (deficit)	\$ -	\$ (26,776)	\$ 1,254,808	\$ -	\$ (108,336)	\$ 455,281	\$ -	\$ 504,156	\$ 41,475		

Frog Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

22. Segmented information (continued)

	Investments			Public Works			Social Services		
	2024 Budget	2024 Actual	2023 Actual	2024 Budget	2024 Actual	2023 Actual	2024 Budget	2024 Actual	2023 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ 2,923,741	\$ 5,496,999	\$ 6,085,329	\$ 8,062,974	\$ 10,347,812	\$ 7,335,581
Other revenue	-	10,854,323	9,491,315	672,000	1,029,353	752,980	129,251	1,766,715	801,580
Total revenue	-	10,854,323	9,491,315	3,595,741	6,526,352	6,838,309	8,192,225	12,114,527	8,137,161
Expenses									
Materials and supplies	-	-	-	66,699	119,892	128,554	29,226	123,177	5,269
Meeting and travel expenses	-	-	-	29,000	241,188	194,946	5,000	235,963	63,244
Professional development	-	-	-	5,000	13,678	3,800	20,000	100,562	136,915
Repairs and maintenance	-	-	-	269,857	430,941	608,512	40,093	30,749	129,081
Program costs	-	-	-	661,440	581,686	1,159,443	5,000	3,608,854	1,033,673
Community services	-	-	-	-	-	562	-	152,481	25,252
Utilities and telephone	-	-	-	186,587	450,351	466,087	36,200	68,230	115,264
Wages and benefits	-	-	-	2,185,124	2,473,611	1,416,009	757,746	1,758,348	1,361,171
Other expenses	-	-	-	192,034	1,078,462	953,896	7,298,960	5,322,798	4,948,103
Total expenses	-	-	-	3,595,741	5,389,809	4,931,809	8,192,225	11,401,162	7,817,972
Annual surplus (deficit)	\$ -	\$ 10,854,323	\$ 9,491,315	\$ -	\$ 1,136,543	\$ 1,906,500	\$ -	\$ 713,365	\$ 319,189

Frog Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2024

22. Segmented information (continued)

	2024 Budget	Other 2024 Actual	2023 Actual	2024 Budget	Amortization		2024 Budget	Consolidated totals		2023 Actual
					2024 Actual	2023 Actual		2024 Actual	2024 Actual	
Revenues										
Indigenous Services Canada	\$ 5,960,419	\$ 1,244,054	\$ 1,076,440	-	\$ -	\$ -	\$ 28,979,282	\$ 34,518,198	\$ 32,403,252	
Resource revenue, interest and land leases	-	4,630,009	6,866,212	-	-	-	-	-	4,630,009	6,866,212
Other revenue	160,000	(3,025,993)	(750,980)	-	-	-	3,347,107	23,409,580	27,237,120	
Total revenue	6,120,419	2,848,070	7,191,672	-	-	-	32,326,389	62,557,787	66,506,584	
Expenses										
Materials and supplies	-	-	-	-	-	-	320,925	2,347,609	1,396,344	
Meeting and travel expenses	30,000	43,692	59,613	-	-	-	563,391	2,456,614	1,801,211	
Professional development	2,774,419	44,815	59,046	-	-	-	2,894,573	682,580	624,186	
Repairs and maintenance	3,087,000	634,401	485,754	-	-	-	3,628,115	3,365,837	3,905,855	
Program costs	-	52,851	-	-	-	-	5,823,142	12,335,488	13,199,488	
Community services	-	177,485	285,460	-	-	-	-	2,803,632	4,545,776	
Utilities and telephone	-	-	-	-	-	-	246,787	1,876,957	1,820,589	
Wages and benefits	129,000	150,835	196,759	-	-	-	9,775,308	16,011,247	13,516,374	
Other expenses	100,000	403,701	1,662,504	9,571,652	9,571,652	9,676,266	18,651,800	20,595,032	21,062,995	
Total expenses	6,120,419	1,507,780	2,749,136	9,571,652	9,571,652	9,676,266	41,904,041	62,474,996	61,873,819	
Annual surplus (deficit)	\$ -	\$ 1,340,290	\$ 4,442,536	\$ (9,571,652)	\$ (9,571,652)	\$ (9,676,266)	\$ (9,577,652)	\$ 82,791	\$ 4,632,765	