

Alexis Nakota Sioux Nation
Consolidated Financial Statements
March 31, 2025

Alexis Nakota Sioux Nation

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For the year ended March 31, 2025

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Management's Responsibility

To the Chief and Council of Alexis Nakota Sioux Nation

The accompanying consolidated financial statements of Alexis Nakota Sioux Nation are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Alexis Nakota Sioux Nation Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. Chief and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Chief and Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by the Chief and Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, Chief, Council and management to discuss their audit findings.

July 29, 2025

Signed by "Shannon Alexis"

Administrator

To the Members of Alexis Nakota Sioux Nation:

Opinion

We have audited the consolidated financial statements of Alexis Nakota Sioux Nation and its subsidiaries (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, changes in net financial assets and cash flows for the year then ended, notes to the consolidated financial statements and related schedules, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2025, and the results of its consolidated operations, its consolidated remeasurement gains and losses, 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 Opinion

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 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 opinion.

Other Matter

The consolidated financial statement for the year ended March 31, 2024 were audited by another auditor who expressed a qualified opinion on those statements on August 1, 2024 as they were unable to obtain sufficient appropriate audit evidence about the carrying amount of the Nation's investment and equity in the Alexis owned enterprises as at March 31, 2024 and March 31, 2023.

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.

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 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 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 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the First Nation as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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, Alberta

July 29, 2025

MNP LLP

Chartered Professional Accountants

Alexis Nakota Sioux Nation
Consolidated Statement of Financial Position
As at March 31, 2025

| | 2025 | 2024 |
|---|--------------------|--------------------|
| Financial assets | | |
| Cash and cash equivalents | 22,367,290 | 14,472,837 |
| Restricted cash (Note 3) | 3,216,573 | 1,331,751 |
| Accounts receivable (Note 6), (Note 15) | 2,240,681 | 2,500,904 |
| Term deposits (Note 4) | 1,036,870 | 481,245 |
| Alexis Settlement Trust (Note 9) | 15,471,259 | 14,058,673 |
| Agriculture Benefit Claim Minors Trust (Note 8) | 36,510,225 | - |
| Legacy Trust fund (Note 8) | 21,285,311 | - |
| Investment in Alexis owned enterprises (Note 7) | 25,270,124 | 29,679,416 |
| Restricted capital and revenue trust funds (Note 5) | 1,083,190 | 1,145,378 |
| Total of assets | 128,481,523 | 63,670,204 |
| Liabilities | | |
| Bank indebtedness (Note 10) | 7,341,278 | - |
| Accounts payable and accruals (Note 7), (Note 11) | 5,237,000 | 2,891,901 |
| Deferred revenue (Note 12) | 23,299,323 | 18,122,245 |
| Long-term debt (Note 13) | 11,215,515 | 11,783,357 |
| Minors trust liability (Note 8) | 36,125,732 | - |
| Adults trust liability (Note 8) | 3,250,000 | - |
| Total of financial liabilities | 86,468,848 | 32,797,503 |
| Net financial assets | 42,012,675 | 30,872,701 |
| Non-financial assets | | |
| Tangible capital assets (Schedule 1) | 91,806,210 | 83,785,675 |
| Prepaid expenses | 9,038 | 9,131 |
| Total non-financial assets | 91,815,248 | 83,794,806 |
| Accumulated surplus | 133,827,923 | 114,667,507 |
| Accumulated surplus is comprised of: | | |
| Surplus | 130,913,587 | 112,518,594 |
| Accumulated Remeasurement Gains | 2,914,336 | 2,148,913 |
| | 133,827,923 | 114,667,507 |

Approved on behalf of the First Nation

| | | | |
|------------------------------------|------------|----------------------------------|------------|
| <u>Signed by "Tony Alexis"</u> | Chief | <u>Signed by "Dwayne Alexis"</u> | Councillor |
| <u>Signed by "Darren Kootenay"</u> | Councillor | <u>Signed by "Darwin Alexis"</u> | Councillor |
| <u>Signed by "Emily Potts"</u> | Councillor | | |

The accompanying notes are an integral part of these consolidated financial statements

Alexis Nakota Sioux Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2025

| | <i>Schedules</i> | <i>2025 Budget</i> | <i>2025</i> | <i>2024</i> |
|---|------------------|------------------------|--------------------|--------------------|
| Revenue | | | | |
| Indigenous Services Canada | | | | |
| Indigenous Services Canada - Block funding | | 11,755,962 | 12,114,715 | 11,802,396 |
| Indigenous Services Canada - Fixed funding | | 6,278,118 | 8,700,397 | 5,412,427 |
| Indigenous Services Canada - Flexible funding | | 420,030 | 4,943,334 | 5,469,884 |
| Indigenous Services Canada - Health | | 2,281,446 | 4,841,295 | 4,108,198 |
| Government of Alberta and Federal grants | | 9,288,138 | 2,016,225 | 2,383,906 |
| Canada Mortgage and Housing Corporation | | 430,665 | 751,906 | 26,210,272 |
| Other revenue | | 4,566,494 | 9,126,976 | 3,650,588 |
| Northern ISGA Foundation | | - | 1,782,938 | 1,761,694 |
| Consultation revenue | | 840,000 | 653,337 | 991,908 |
| Alexis Settlement Trust | | - | 649,831 | 568,435 |
| Yellowhead Tribal Council grants and contributions <i>(Note 15)</i> | | 219,953 | 335,624 | 735,698 |
| Contributions carried forward from prior year | | 5,195,804 | 16,161,791 | 16,696,793 |
| Contributions carried forward to next year | | - | (21,263,060) | (16,161,791) |
| | | 41,276,610 | 40,815,309 | 63,630,408 |
| Program expenses | | | | |
| Housing | 3 | 7,648,096 | 3,313,145 | 2,455,955 |
| Administration | 4 | 4,196,303 | 8,034,398 | 6,140,947 |
| Education | 5 | 6,953,871 | 8,125,228 | 7,369,746 |
| Heritage and Language | 6 | 1,039,405 | 1,156,619 | 1,097,856 |
| Social Assistance | 7 | 3,764,399 | 3,797,894 | 5,348,227 |
| Child and Family Wellbeing | 8 | 1,195,871 | 2,171,056 | 1,088,462 |
| Health | 9 | 3,420,090 | 3,770,439 | 5,441,296 |
| Economic Development | 10 | 1,612,613 | 2,619,448 | 4,154,308 |
| Infrastructure | 11 | 20,392,061 | 3,419,430 | 2,510,940 |
| Capital Projects | 12 | - | 159,024 | 739,180 |
| Other | 13 | 92,128 | 1,216,422 | 1,375,092 |
| Northern ISGA | 14 | - | 1,264,942 | 1,116,992 |
| Total expenditures | | 50,314,837 | 39,048,045 | 38,839,001 |
| Operating surplus before other items | | (9,038,227) | 1,767,264 | 24,791,407 |
| Other income (expense) | | | | |
| Agriculture Benefits Settlement Income <i>(Note 8)</i> | | - | 131,789,184 | - |
| ISC band funds capital and revenue account income <i>(Note 5)</i> | | 350,000 | 450,000 | 450,000 |
| Loss on disposal of capital assets | | - | - | (180,908) |
| Loss on investments in Alexis owned enterprises <i>(Note 7)</i> | | - | (7,949,267) | (9,009,990) |
| Net change in revenue and capital trust funds <i>(Note 5)</i> | | - | (62,188) | 68,732 |
| Distributions to minor members <i>(Note 8)</i> | | - | (36,450,000) | - |
| Distributions to adult members <i>(Note 8)</i> | | - | (71,150,000) | - |
| Total other items | | 350,000 | 16,627,729 | (8,672,166) |
| Operating surplus | | (8,688,227) | 18,394,993 | 16,119,241 |
| Accumulated operating surplus, beginning of year | | 112,518,594 | 112,518,594 | 96,399,353 |
| Accumulated operating surplus, end of year | | 103,830,367 | 130,913,587 | 112,518,594 |

The accompanying notes are an integral part of these consolidated financial statements

Alexis Nakota Sioux Nation
Consolidated Statement of Remeasurement Gains and Losses
For the year ended March 31, 2025

| | 2025 | 2024 |
|---|------------------|-------------|
| Accumulated remeasurement gains, beginning of year | 2,148,913 | 1,406,851 |
| Unrealized gains attributable to: | | |
| Unrealized gains on the Alexis Settlement Trust | 765,423 | 742,062 |
| Accumulated remeasurement gains, end of year | 2,914,336 | 2,148,913 |

The accompanying notes are an integral part of these consolidated financial statements

Alexis Nakota Sioux Nation
Consolidated Statement of Changes in Net Financial Assets
For the year ended March 31, 2025

| | 2025 Budget | 2025 | 2024 |
|--|------------------------|---------------------|--------------|
| Annual surplus (Deficit) | (8,688,227) | 18,394,993 | 16,119,241 |
| Purchases of tangible capital assets | - | (12,717,850) | (35,094,442) |
| Amortization of tangible capital assets | - | 4,697,315 | 3,852,789 |
| (Gain) loss on sale of tangible capital assets | - | - | 180,908 |
| | - | (8,020,535) | (31,060,745) |
| Acquisition of prepaid expenses | - | - | (9,035) |
| Use of prepaid expenses | - | 93 | - |
| Change in remeasurement gains for the year | - | 765,423 | 742,062 |
| | - | 765,516 | 733,027 |
| Increase (decrease) in net financial assets | (8,688,227) | 11,139,974 | (14,208,477) |
| Net financial assets, beginning of year | 30,872,701 | 30,872,701 | 45,081,178 |
| Net financial assets, end of year | 22,184,474 | 42,012,675 | 30,872,701 |

The accompanying notes are an integral part of these consolidated financial statements

Alexis Nakota Sioux Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2025

| | 2025 | 2024 |
|---|--------------|--------------|
| Cash provided by (used for) the following activities | | |
| Operating activities | | |
| Annual surplus | 18,394,993 | 16,119,241 |
| Items not affecting cash: | | |
| Amortization | 4,697,315 | 3,852,789 |
| Gain on disposal of capital assets | - | 180,908 |
| Loss (income) on investments in Alexis owned enterprises (Note 7) | 4,409,292 | 9,009,990 |
| Alexis Settlement Trust Income | (649,831) | (566,035) |
| | 26,851,769 | 28,596,893 |
| Changes in non-cash working capital: | | |
| Accounts receivable | 260,223 | (647,849) |
| Prepaid expenses | 93 | (9,035) |
| Accounts payable and accruals | 2,345,099 | 1,257,987 |
| Term deposits | (555,625) | 362,081 |
| Agriculture Benefit Claim held in Trust | (36,510,225) | - |
| Legacy Trust fund | (21,285,311) | - |
| Deferred revenue | 5,179,745 | (473,062) |
| Minors Trust liability | 36,125,732 | - |
| Adults Trust liability | 3,250,000 | - |
| | 15,661,500 | 29,087,015 |
| Financing activities | | |
| Proceeds from long term financing | - | 552,128 |
| Repayment of long term debt | (567,842) | (505,252) |
| | (567,842) | 46,876 |
| Capital activities | | |
| Purchases of tangible capital assets | (12,717,850) | (35,094,442) |
| Investing activities | | |
| Cash distribution from Alexis owned enterprises | - | 4,493,106 |
| Restricted capital and revenue trust funds | 62,188 | (68,731) |
| Cash distribution from Alexis Settlement Trust | - | 370,620 |
| | 62,188 | 4,794,995 |
| Increase (decrease) in cash resources | 2,437,996 | (1,165,556) |
| Cash resources, beginning of year | 15,804,588 | 16,970,144 |
| Cash resources, end of year | 18,242,584 | 15,804,588 |
| | | |
| Cash and cash equivalents total | 22,367,290 | 14,472,837 |
| Restricted cash | 3,216,572 | 1,331,751 |
| Bank indebtedness | (7,341,278) | - |
| | 18,242,584 | 15,804,588 |

The accompanying notes are an integral part of these consolidated financial statements

Alexis Nakota Sioux Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

1. Operations

The Alexis Nakota Sioux Nation (the "First Nation") is located in the province of Alberta, and provides various services to its members. Alexis Nakota Sioux Nation includes the Nation's members, government and all related entities that are accountable to the Nation and are either owned or controlled by the Nation.

The First Nation is committed to developing an effective governance structure to enhance the community services, culture, education, wellness, and economic prosperity while retaining the Treaty Rights of Alexis Nakota Sioux Nation members.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Reporting entity consolidated

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for government business entities. Trusts administered on behalf of third parties by Alexis Nakota Sioux Nation are excluded from the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Northern ISGA Foundation
- Alexis Board of Education
- Alexis First Nation Housing Authority Ltd.

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

Government business entities, owned or controlled by the First Nation's Council but not dependent on the First Nation for their continuing operations, are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the government business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Alexis First Nation Business Trust
- Alexis Nakota Sioux Nation Business Trust
- Alexis Economic Development Trust
- Alexis Land Management Corporation
- Nakota Crossing Ltd.
- Hill Plain Construction Ltd.

Investments in partnerships are accounted for using the proportionate consolidation method. The First Nation's pro-rata share of the assets, liabilities, revenue, and expenses of the partnership have been combined on a line-by-line basis with similar items of the First Nation.

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Restricted capital and revenue trust funds

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated operating surplus. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and

Alexis Nakota Sioux Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

2. Significant accounting policies *(Continued from previous page)*

Restricted capital and revenue trust funds *(Continued from previous page)*

- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Funds held in trust

Funds held in trust consist of cash and investments which are restricted in use. Gains resulting from a change in fair value of restricted financial assets and any interest income are recorded as an increase or decreased to the associated asset until the resources are used in accordance with their specified purpose.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting record. Construction in progress is recorded at the construction cost of the related projects. Contributed tangible assets are recorded at their fair value at the date of contribution.

When conditions indicate that a tangible capital asset no longer contributes to the First Nation's ability to provide goods and services, or that the value of future economic benefits associated with a tangible capital asset is less than its net book value, the First Nation reduces the cost of the asset to reflect the decline in its value. Write-downs of tangible capital assets are not reversed.

Amortization

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

| | Method | Rate |
|------------------------|-------------------|-------------|
| Band buildings | straight-line | 4 % |
| Housing | straight-line | 5 % |
| Water treatment plant | straight-line | 4 % |
| Sewage lagoon | straight-line | 4 % |
| General equipment | straight-line | 20 % |
| Subdivision | straight-line | 4 % |
| Roads | straight-line | 4 % |
| Solar panels | declining balance | 50 % |
| Vehicles | declining balance | 30 % |
| Furniture and fixtures | declining balance | 20 % |
| Computer equipment | declining balance | 55 % |

Long-term debt

Long-term financing received to fund tangible capital asset purchases is recognized in the period the financing is acquired and recorded as an increase in long-term debt.

Repayments of long-term financing are recognized as a decrease in long-term debt.

Long-lived assets

Long-lived assets consist of tangible capital assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using quoted market prices. Any impairment is included in surplus for the year.

Deferred revenue

Funding received under funding agreements relating to projects that relate to a subsequent fiscal period are reflected as deferred revenue on the consolidated statement of financial position in the year of receipt. These amounts are recognized in revenue in the year the project costs are incurred.

2. Significant accounting policies *(Continued from previous page)*

Financial instruments

The First Nation recognizes its financial instruments when the First Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the First Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The First Nation has not made such an election during the year.

The First Nation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the consolidated statement of remeasurement gains and losses. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operations. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years, recent collection experience for the loan, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the consolidated statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the consolidated statement of remeasurement gains and losses.

Cash and cash equivalents

Cash and cash equivalent include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Investment in Alexis Owned enterprises

The investment in and advances due from Alexis owned enterprises are 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 government business enterprise have not been adjusted to conform with those of Alexis Nakota Sioux 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.

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

Liability for contaminated site

Expenditures that relate to on-going environmental and remediation programs are charged against operating surplus as incurred. A liability for a contaminated site reflects management's best estimate of the amount required to remediate the contaminated site. The best estimate of the liability is based upon assumptions and estimates related to the amount and timing of costs for future site remediation.

Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provision recognized.

2. Significant accounting policies *(Continued from previous page)*

Measurement uncertainty *(Continued from previous page)*

Asset retirement obligations

A liability for asset retirement obligations reflects management's best estimate of the amount required to retire the related tangible capital asset (or component thereof). The best estimate of the liability is based upon assumptions and estimates related to the amount and timing of costs for future asset retirement.

Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provision recognized.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the consolidated financial statements of changes in such estimates and assumptions in future years could be significant. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the years in which they become known.

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 normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets, and prepaid expenses.

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. The change in trust funds provides the change in net financial assets for the year.

Pension Expenditures

The First Nation sponsors a defined contribution pension plan for certain employees. Under the plan the Nation matches the employee's contribution of 8.95% of earnings. During the year the Nation contributed \$247,292 (2024 - \$224,171) to the pension plan. The employer's portion of the payment is recorded as employee benefits in the period when the benefit is earned.

Net financial assets (net debt)

The First Nation's financial statements are presented so as to highlight net financial assets (net debt) as the measurement of financial position. The net financial assets (net debt) of the First Nation is determined by its financial assets less its liabilities. Net financial assets (net debt) combined with non-financial assets comprise a second indicator of financial position, accumulated operating surplus.

Revenue recognition

Government Transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Externally restricted revenue

The First Nation recognizes externally restricted inflows as revenue in the period the resources are used for the purpose specified in accordance with an agreement or legislation. Until this time, the First Nation records externally restricted inflows in deferred revenue.

Funds held in Ottawa Trust Fund

Revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is received and reported by the Indigenous Services Canada.

2. Significant accounting policies *(Continued from previous page)*

Revenue recognition *(Continued from previous page)*

Income earned from Alexis Settlement trust is recognized in the period in which the events occurred that gave rise to the revenue. Withdrawals are made when the related Band Council Resolution requesting to withdraw the amounts from the respective trust fund account is approved.

Other revenues are recognized when persuasive evidence of an arrangement exists, or services have been rendered, the selling price is fixed or determinable, and collection is reasonably assured. Revenue is measured at fair value of the consideration received.

Northern ISGA Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. In addition, revenue is only recognized if the amount can be reasonably estimated and collection is reasonably assured. Restricted contributions which are not year expended for the intended purpose are included in the consolidated statement of financial position as deferred revenue.

Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the First Nation to incur retirement costs in relation to a tangible capital asset (or component thereof), 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. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at March 31, 2025. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. The First Nation recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Fair value measurements

The First Nation classifies fair value measurements recognized in the statement of financial position using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Quoted prices (unadjusted) are available in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data, which require the First Nation to develop its own assumptions.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is significant to that fair value measurement. This assessment requires judgment, considering factors specific to an asset or a liability and may affect placement within the fair value hierarchy.

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2025.

Alexis Nakota Sioux Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2025

2. Significant accounting policies *(Continued from previous page)*

Liability for contaminated site *(Continued from previous page)*

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Segments

The First Nation conducts its business through ten of reportable segments: Housing, Administration, Education, Heritage and Language, Social Assistance, Health, Economic Development, Infrastructure, Capital Projects, Child and Family Wellbeing, Other and Northern ISGA Foundation. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in this note.

Consolidated Statement of Remeasurement Gains and Losses

By presenting remeasurement gains (losses) separately, changes in the carrying value of financial instruments arising from fair value measurement, unrealized foreign exchange gains (losses) and other comprehensive income arising from investments in government business entities are distinguished from revenues and expenses reported in the statement of operations. The statement of operations reports the extent to which revenues raised in the period were sufficient to meet the expenses incurred. Remeasurement gains (losses) do not affect this assessment as they are recognized in the statement of remeasurement gains and losses. Taken together, the two statements account for changes in a First Nation's net assets (liabilities) in the period.

Upon settlement, the cumulative gain (loss) is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to all financial instruments are reported in the statement of operations.

3. Restricted cash

| | 2025 | 2024 |
|---|-----------|---------|
| Externally restricted cash | 2,429,610 | 125,206 |
| Internally restricted cash - Minors Trust Fund | 19,750 | 19,750 |
| Internally restricted cash - Multi-purpose facility | 277,831 | 277,873 |
| Internally restricted cash - Northern ISGA Foundation | 489,381 | 908,921 |

Restricted cash includes cash that is set aside for repairs, maintenance and replacement of homes under the terms of an agreement with Canada Mortgage and Housing Corporation.

Internally restricted cash includes the Alexis Settlement Trust - Minor's trust which is to be used for the trust liability for minor children and is payable to the minors when they attain the age of 18 years, and for the construction of a new multi-purpose facility for the Northern ISGA Foundation.

4. Term deposits

Included in term deposits are Guaranteed Investment Certificates held by Northern ISGA Foundation which bear interest between 4.30% - 4.65% (2024 - 4.40%) and mature between July 30, 2025 and April 16, 2027 (2024 - July 29, 2024).

Alexis Nakota Sioux Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

5. Restricted Capital and Revenue Trust Funds

Trust funds are considered restricted assets and are managed directly by Indigenous Services Canada (ISC). The expenditure of trust funds is limited to purposes identified in the *Indian Act*. Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada with the consent of the First Nations Council.

| | 2025 | 2024 |
|-------------------------------------|------------------|------------------|
| Capital Trust | | |
| Balance, beginning of year | 478,783 | 534,172 |
| Income from royalties | 237,789 | 294,611 |
| Less: Transfers to the First Nation | 350,000 | 350,000 |
| Balance, end of year | 366,572 | 478,783 |
| Revenue Trust | | |
| Balance, beginning of year | 666,595 | 542,475 |
| Interest | 150,023 | 224,120 |
| Less: Transfers to the First Nation | 100,000 | 100,000 |
| Balance, end of year | 716,618 | 666,595 |
| Total | 1,083,190 | 1,145,378 |

6. Accounts receivable

| | 2025 | 2024 |
|--|------------------|------------------|
| Indigenous Services Canada | 1,159,824 | 250,000 |
| CMHC receivable | 35,629 | 32,603 |
| Various organizations and other entities | 2,530,325 | 3,786,266 |
| Members | 802,558 | 767,619 |
| | 4,528,336 | 4,836,488 |
| Less: Allowance for doubtful accounts | 2,287,655 | 2,335,584 |
| | 2,240,681 | 2,500,904 |

Alexis Nakota Sioux Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

7. Investments in partnerships and government business entities

The First Nation has investments in the following entities:

| | | | | | 2025 |
|--|-----------------------------------|----------------------|---|------------------------------------|-----------------------------|
| | <i>Opening net investment</i> | <i>Current draws</i> | <i>Advances to business enterprises</i> | <i>Current earnings (loss)</i> | <i>Total investment</i> |
| Investments held using modified equity method | | | | | |
| Alexis Nakota Sioux Nation Business Trust | 11,467,708 | - | - | (3,472,697) | 7,995,011 |
| Alexis First Nation Business Trust | 17,222,103 | - | - | (394,939) | 16,827,164 |
| Alexis Economic Development Trust | 75,998 | - | - | (75,998) | - |
| Alexis Land Management | 3,867 | - | - | 1,040 | 4,907 |
| Nakota Crossing | 909,740 | - | - | (466,698) | 443,042 |
| | 29,679,416 | - | - | (4,409,292) | 25,270,124 |

| | | | | | 2024 |
|--|-----------------------------------|----------------------|---|------------------------------------|-----------------------------|
| | <i>Opening net investment</i> | <i>Current draws</i> | <i>Advances to business enterprises</i> | <i>Current earnings (loss)</i> | <i>Total investment</i> |
| Investments held using modified equity method | | | | | |
| Alexis Nakota Sioux Nation Business Trust | 24,837,117 | (4,494,581) | - | (8,874,828) | 11,467,708 |
| Alexis First Nation Business Trust | 17,097,774 | - | - | 124,329 | 17,222,103 |
| Alexis Economic Development Trust | 101,167 | - | - | (25,169) | 75,998 |
| Alexis Land Management | 3,900 | - | - | (33) | 3,867 |
| Nakota Crossing Ltd. | 1,144,029 | - | - | (234,289) | 909,740 |
| | 43,183,987 | (4,494,581) | - | (9,009,990) | 29,679,416 |

Alexis Nakota Sioux Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

7. Investments in partnerships and government business entities *(Continued from previous page)*

Summary financial information for each business partnership, accounted for using the modified equity method, for their respective year-end is as follows:

| | <i>Alexis Nakota Sioux Nation Business Trust As at December 31, 2024</i> | <i>Alexis First Nation Business Trust As at December 31, 2024</i> | <i>Alexis Economic Development Trust As at March 31, 2025</i> | <i>Alexis Land Management As at March 31, 2025</i> |
|-------------------------------|--|---|---|--|
| Assets | | | | |
| Cash | 618,681 | 1,377,534 | 3,146 | - |
| Accounts receivable | 6,688,610 | 274,403 | 4,731 | 1,040 |
| Inventory | 183,615 | 413,894 | - | - |
| Property, plant and equipment | 7,284,455 | 17,395,009 | 601,803 | - |
| Other assets | 1,506,877 | 6,216,724 | 13,111 | 6,000 |
| Total assets | 16,282,238 | 25,677,564 | 622,791 | 7,040 |
| Liabilities | | | | |
| Bank indebtedness | 2,302,048 | - | - | - |
| Accounts payable and accruals | 4,021,062 | 536,026 | 24,648 | 2,544 |
| Short-term debt | - | - | - | - |
| Term loans due on demand | 4,105,046 | 3,594,634 | 348,259 | - |
| Long-term debt | 370,279 | 4,282,180 | 300,000 | - |
| Deferred contribution | - | - | - | - |
| Total liabilities | 10,798,435 | 8,412,840 | 672,907 | 2,544 |
| Net assets (debt) | 5,483,803 | 17,264,724 | (50,116) | 4,496 |
| Total revenue | 41,882,509 | 9,991,541 | 115,269 | 50,865 |
| Total expenses | 45,355,206 | 10,386,480 | 191,267 | 49,825 |
| Net income (loss) | (3,472,697) | (394,939) | (75,998) | 1,040 |

Alexis Nakota Sioux Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

7. Investments in partnerships and government business entities *(Continued from previous page)*

| | <i>Nakota Crossing Ltd. As at December 31, 2024</i> | <i>Hill Plain Construction Ltd. As at December 31, 2024</i> |
|-------------------------------|---|---|
| Assets | | |
| Cash | 405,075 | 150,402 |
| Accounts receivable | 77,091 | 1,589,577 |
| Inventory | 552,518 | - |
| Property, plant and equipment | 5,831,347 | 100,325 |
| Other assets | 77,332 | 376,420 |
| Total assets | 6,943,363 | 2,216,724 |
| Liabilities | | |
| Bank indebtedness | 767,478 | - |
| Accounts payable and accruals | 163,807 | 4,242,271 |
| Short-term debt | 472,967 | - |
| Term loans due on demand | - | - |
| Long-term debt | 4,846,059 | - |
| Deferred contribution | 250,000 | - |
| Total liabilities | 6,500,311 | 4,242,271 |
| Net assets (debt) | 443,052 | (2,025,547) |
| Total revenue | 23,535,235 | 26,283,415 |
| Total expenses | 24,001,933 | 29,823,390 |
| Net income (loss) | (466,698) | (3,539,975) |

The First Nation has recorded the loss in Hill Plain Construction Ltd. of \$3,539,975 as a contingent liability, included in accounts payable and accrued liabilities (see note 11).

8. Agricultural Benefits Claim held in trust

The assets of the Alexis Nakota Sioux Nation Agricultural Benefits Settlement Trust are made up of portfolio investments. The portfolio investments are denominated in Canadian funds and include investments in money market funds and cash on hand. The trust maintains two investment accounts one for minors and one for the legacy savings; the cost of these investments is \$36,510,225 and \$21,285,311, respectively. There are no cumulative investment gains on these investments as at March 31, 2025.

Alexis Nakota Sioux Nation Agricultural Benefits Settlement Trust

The Alexis Nakota Sioux Nation Agricultural Benefits Settlement Trust (the "Trust") was established on July 26, 2024 by Alexis Nakota Sioux Nation, to serve as a trust to manage the settlement funds of the Alexis Nakota Sioux Treaty 6 Agricultural Benefits Settlement.

The purpose of the Trust is to provide a planning mechanism to allow the Trustees, in consultation with Members, to develop and approve annual budgets to allocate trust property and allowable expenditures, which includes various community projects and making distributions to Members as defined below:

Distributions to Members

Members are defined as any person whose name appeared on the First Nation Membership List in accordance with the Membership Code of the First nation or such other laws in force respecting the membership of the First Nation:

- Distribution of the Alexis Nakota Sioux Treaty 6 Agricultural Benefits Settlement - an amount equal to \$50,000

Trust distributions due to adult members consist of the total funds held on behalf of the Members who have not yet collected their distributions. These funds are maintained within the Legacy Savings Account.

Alexis Nakota Sioux Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

8. Agricultural Benefits Claim held in trust *(Continued from previous page)*

Distributions to Minor Members

Minor members are defined as any Member who is listed on the Membership list as alive and less than 18 years old.

- Distribution of the Alexis Nakota Sioux Treaty 6 Agricultural Benefits Settlement - the Trust shall establish a Minors Trust Account which will contain the sum of the \$50,000 per minor member and income earned by these funds. These funds will be payable when the Minor Member reaches the age of 18, or to that Member's estate upon death of that Member before the age of 18

Distributions due to minors consist of the total funds held on behalf of the Minor Members who have not yet turned 18 years of age. These funds are segregated in a separate investment account.

Alexis Nakota Sioux Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

9. Alexis Settlement Trust

The Alexis Settlement Trust retains settlement funds received from the Government of Canada pursuant to the Alexis Treaty Land Entitlement Agreement entered into in March 1995. Under the Trust Deed, only 80% of the annual investment income earned on the trust assets can be used for program delivery in any year; the remaining balance is restricted and is therefore not available for any other current use. The settlement funds are recorded at fair value and are comprised of the following:

| | 2025 | | 2024 | |
|---------------------------|-------------------|-------------------|-------------------|-------------------|
| | Cost | Market Value | Cost | Market Value |
| Cash and cash equivalents | 837,187 | 837,186 | 667,429 | 667,429 |
| Fixed income securities | 7,604,961 | 7,776,462 | 7,504,732 | 7,334,833 |
| Equity securities | 4,114,768 | 6,857,611 | 3,737,592 | 6,056,411 |
| | 12,556,916 | 15,471,259 | 11,909,753 | 14,058,673 |

During the year, the investment income available for distribution was \$757,130 (2024 - \$664,406) and the investment management fees and other costs paid were \$107,300 (2024 - \$95,972)

10. Bank indebtedness

The Nation has an overdraft facility which bears interest at prime plus 2% (2024 - prime plus 2%). The overdraft is authorized to a maximum outstanding balance of \$600,000 (2024 - \$600,000). The bank indebtedness is collateralized by a Band Council Resolution redirecting ISC funding. As at March 31, 2025 the overdraft facility was not drawn on.

Bank indebtedness includes two due on demand operating loans bearing interest at prime plus 0.5% with interest only payments until June 30, 2025. In June 2025 both loans were converted to fixed long term loans.

| | 2025 | 2024 |
|--------------------|------------------|-------------|
| BMO Demand Loan #1 | 2,563,973 | - |
| BMO Demand Loan #2 | 4,777,305 | - |
| | 7,341,278 | - |

11. Accounts payable and accrued liabilities

| | 2025 | 2024 |
|---|------------------|-------------|
| Accounts payable and accrued liabilities | 5,157,949 | 2,812,850 |
| Indigenous Services Canada - health funding repayable | 79,051 | 79,051 |
| | 5,237,000 | 2,891,901 |

Alexis Nakota Sioux Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

12. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

| | <i>Balance, beginning of year</i> | <i>Contributions received</i> | <i>Revenue Recognized</i> | <i>Balance, end of year</i> |
|-------------------------------------|---|-----------------------------------|-------------------------------|---------------------------------|
| Indigenous Services Canada | 12,771,254 | 25,758,446 | 21,503,573 | 17,026,127 |
| Indigenous Services Canada - Health | 2,220,882 | 4,841,295 | 3,586,391 | 3,475,786 |
| Northern ISGA Foundation | 1,293,174 | 1,724,142 | 1,648,331 | 1,368,985 |
| Northern ISGA Capital Contributions | 322,453 | - | - | 322,453 |
| Other funding | 1,169,657 | 996,950 | 1,416,460 | 750,147 |
| Multi purpose facility | 344,825 | - | - | 344,825 |
| | 18,122,245 | 33,320,833 | 28,154,755 | 23,288,323 |

13. Long-term debt

| | 2025 | 2024 |
|---|----------------|-------------|
| CMHC 9001 loan bearing interest at 4.67% per annum, repayable in monthly blended payments of \$1,453. The loan matures on November 1, 2027 and is secured by a ministerial guarantee. | 43,649 | 58,686 |
| CMHC 9002 loan bearing interest at 1.5% per annum, repayable in monthly blended payments of \$1,233. The loan matures on October 1, 2031 and is secured by a ministerial guarantee. | 92,715 | 106,021 |
| CMHC 9003 loan bearing interest at 1.97% per annum, repayable in monthly blended payments of \$3,155. The loan matures on October 1, 2027 and is secured by a ministerial guarantee. | 95,286 | 130,901 |
| CMHC 9004 loan bearing interest at 4.02% per annum, repayable in monthly blended payments of \$1,404. The loan matures on March 1, 2034 and is secured by a ministerial guarantee. | 127,209 | 138,743 |
| CMHC 9005 loan bearing interest at 2.14% per annum, repayable in monthly blended payments of \$1,146. The loan matures on January 1, 2029 and is secured by a ministerial guarantee. | 50,572 | 63,101 |
| CMHC 9006 loan bearing interest at 1.87% per annum, repayable in monthly blended payments of \$1,316. The loan matures on May 1, 2034 and is secured by a ministerial guarantee. | 132,998 | 146,186 |
| CMHC 9007 loan bearing interest at 2.02% per annum, repayable in monthly blended payments of \$1,843. The loan matures on May 1, 2036 and is secured by a ministerial guarantee. | 220,997 | 238,483 |
| CMHC 9008 loan bearing interest at 1.5% per annum, repayable in monthly blended payments of \$2,062. The loan matures on February 2, 2036 and is secured by a ministerial guarantee. | 249,101 | 269,963 |
| CMHC 9009 loan bearing interest at 0.7% per annum, repayable in monthly blended payments of \$1,848. The loan matures on December 1, 2039 and is secured by a ministerial guarantee. | 310,679 | 330,611 |

Alexis Nakota Sioux Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

13. Long-term debt *(Continued from previous page)*

| | 2025 | 2024 |
|--|-------------------|------------|
| CMHC 9010 loan bearing interest at 0.7% per annum, repayable in monthly blended payments of \$1,796. The loan matures on December 1, 2039 and is secured by a ministerial guarantee. | 301,997 | 321,372 |
| CMHC 9011 loan bearing interest at 3.75% per annum, repayable in monthly blended payments of \$4,435. The loan matures on July 1, 2042 and is secured by a ministerial guarantee. | 679,131 | 706,582 |
| CMHC 9012 loan bearing interest at 0.68% per annum, repayable in monthly blended payments of \$4,807. The loan matures on August 1, 2045 and is secured by a ministerial guarantee. | 1,099,411 | 1,149,462 |
| CMHC 9013 loan bearing interest at 3.12% per annum, repayable in monthly blended payments of \$6,386. The loan matures on April 1, 2038 and is secured by a ministerial guarantee. | 823,237 | 873,224 |
| CMHC 9014 partial mortgage loan advance for phase 14 units. The loan is secured by ministerial guarantee. | 541,008 | 541,008 |
| BMO fixed rate term loan bearing interest at 4.6% per annum, repayable in monthly blended payments of \$44,212. The loan matures on December 31, 2026. | 6,447,526 | 6,709,015 |
| | 11,215,516 | 11,783,358 |

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

| | Principal |
|------------|-----------|
| 2026 | 551,435 |
| 2027 | 569,372 |
| 2028 | 565,482 |
| 2029 | 548,520 |
| 2030 | 555,427 |
| Thereafter | 8,425,280 |

As at March 31, 2025, the Nation has a total approved facility amount that shall not exceed \$8,929,311. This includes a fixed rate term loan repayable on demand for \$7,679,311 and an on reserve housing loan program for \$1,250,000. As of March 31, 2025 the on reserve housing loan program for \$1,250,000 has not been drawn upon (2024 - has not been drawn upon). The remaining balance of the fixed rate term loan as at March 31, 2025 is \$6,447,526 (2024 - \$6,709,015).

Ministerial Loan Guarantees are used to build, purchase or renovate on-reserve housing. Section 89(1) of the *Indian Act* protects property on reserves so it cannot be mortgaged and used as collateral by a non-First Nation person. Indigenous Services Canada issues loan guarantees to lenders to secure on-reserve housing loans to minimize the risk in the event of a loan default.

14. Contingencies

Government contributions related to the programs of Alexis Nakota Sioux Nation entities are subject to conditions regarding the expenditure of funds. The accounting records are subject to audit by 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 agencies. Adjustments to the financial statements as a result of these audits will be recorded in the period in which they become known.

The First Nation is involved in claims and potential claims arising in the normal course of operations and 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. Any settlements, awards or determination of loss will be reflected in the accounts in the year in which they are reasonably estimated.

The First Nation has guaranteed two non-revolving loans of Nakota Crossing Ltd. (a government business enterprise) with maximum values of \$8,507,000 (2024 - \$8,507,000). The facilities are secured by a general security agreement providing BMO with a security interest over all present and after-acquired personal/movable property of the corporation. As at March 31, 2025 the total outstanding loan balance is \$5,273,968 (2024 - \$5,639,295).

15. Related party transactions

During the year, grants and contributions of \$335,624 (2024 - \$735,698) were received from Yellowhead Tribal Council and its related entities. The Nation is a member of the Yellowhead Tribal Council through its Unity Agreement. Included in accounts receivable at March 31, 2025 is \$31,456 (2024 - \$258,609) due from Yellowhead Tribal Council and/or Yellowhead tribal Development Foundation.

16. Financial Instruments

The First Nation is exposed to various risks through its financial instruments. It is management's opinion that the First Nation is not exposed to significant interest, currency, or credit

Risk Management Policy

The First Nation, as part of operations, carries a number of financial instruments. It is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments, except as otherwise disclosed. The First Nation has established management objectives such as avoidance of undue concentrations of risk. In seeking to meet these objectives, the First Nation follows a risk management policy approved by Chief and Council.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The First Nation is exposed to credit risk from other revenue. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The significant annual funding received from the Government of Canada minimizes the concentration of credit risk.

Foreign currency risk

Currency risk is the risk to the Nation's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The First Nation is exposed to foreign currency exchange risk on the Alexis Settlement Trust investments held in U.S. dollars. The company does not use derivative instruments to reduce its exposure to foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Nation has variable interest rates on the operating line of credit. In seeking to minimize the risks from interest rate fluctuations, the First Nation manages exposure through its normal operating and financing activities. The First Nation has fixed interest rates on most long-term debt. Consequently, the exposure to fluctuations in future cash flows, with respect to debt, as a result of changes in market interest rates is limited.

16. Financial Instruments *(Continued from previous page)*

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The First Nation is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, accounts payable and accrued liabilities and long-term debt.

17. Budget information

The disclosed budget information has been approved by the Chief and Council on March 3, 2024.

18. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.