

Sts'ailes
Consolidated Financial Statements
March 31, 2024

Sts'ailes Contents

For the year ended March 31, 2024

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Independent Auditor's Report

To the Members of Sts'ailes:

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Sts'ailes (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of operations and accumulated surplus, changes 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, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2024, and the results of its consolidated operations, changes in net financial assets and its 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 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.

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 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.

MNP LLP

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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 First Nation 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.

Chilliwack, British Columbia

July 23, 2024

MNP LLP

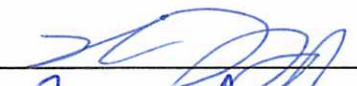

Chartered Professional Accountants

MNP

Sts'ailes
Consolidated Statement of Financial Position
As at March 31, 2024

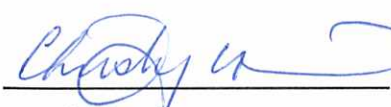

	2024	2023
Financial assets		
Cash and cash equivalents	21,904,706	23,556,144
Restricted cash (Note 4)	183,660	177,336
Portfolio investments (Note 5)	110	110
Accounts receivable (Note 6)	5,323,486	7,954,154
Inventory for resale	-	45,430
Investment in Nation business entities (Note 7)	14,828,456	9,945,024
Funds held in trust (Note 8)	539,823	541,512
Long-term loans (Note 9)	6,152,600	6,152,600
Total of assets	48,932,841	48,372,310
Liabilities		
Accounts payable and accruals	3,828,165	2,549,194
Deferred revenue (Note 11)	15,165,360	16,401,790
Long-term debt (Note 12)	11,467,287	11,976,198
Term loans due on demand (Note 13)	615,300	1,941,998
Total of financial liabilities	31,076,112	32,869,180
Net financial assets	17,856,729	15,503,130
Contingencies (Note 14)		
Non-financial assets		
Tangible capital assets (Note 1)	23,720,149	11,842,035
Prepaid expenses	153,214	44,813
Total non-financial assets	23,873,363	11,886,848
Accumulated surplus (Note 15)	41,730,092	27,389,978

Approved on behalf of the Council

Chief

Councillor

Councillor

Councillor

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

Sts'ailes
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2024

	<i>2024 Budget</i>	<i>2024</i>	<i>2023</i>
Revenue			
Indigenous Services Canada	19,366,158	15,182,997	16,858,367
Province of British Columbia	19,475,795	11,652,305	5,260,222
First Nation Health Authority	2,531,505	8,923,034	3,357,448
Sts'ailes contracts	438,263	343,810	294,605
Human Resources and Skills Development Canada	-	215,715	15,003
Canada Mortgage and Housing Corporation	65,000	90,900	60,489
Other revenue	398,750	51,274	159,927
Economic activity	144,207	-	4,200,384
Interest income	1,461,200	2,220,256	1,317,855
Department of Fisheries and Oceans	371,719	1,468,614	544,537
Royalties	2,200,000	1,732,011	1,648,653
Grant revenue	100,000	1,135,830	753,407
First Nations Education Steering Committee	545,073	1,087,631	1,223,773
Sto:lo Aboriginal Skills and Employment Training	856,593	1,077,398	756,586
Investment income	700,000	660,590	716,266
Rental income	1,878,833	518,435	595,960
Projects	3,000	418,930	440,657
BC Aboriginal Child Care Society	29,460	351,740	207,093
First Peoples Heritage, Language & Culture Council	167,774	226,192	519,926
Property tax	153,167	153,167	141,252
Legal settlements	-	120,681	500,000
Fraser Health Authority	78,256	91,392	78,953
Gain (loss) on sale of assets	-	88,299	(56,672)
Internal consulting fees	6,000	-	-
Funding reimbursement (recovery)	-	(1,528)	-
Loss from investment in Nation partnerships	-	(52,424)	(400,272)
	50,970,753	47,757,249	39,194,419
Expenses			
Sts'ailes Administration and Governance	14,843,333	2,707,077	3,474,422
Employment	1,686,559	1,301,799	1,273,610
Social Development	1,410,999	1,657,743	1,601,992
Education	13,478,963	8,944,548	7,756,144
Health	3,987,175	3,665,555	3,255,060
Snowowelh	4,019,515	3,113,318	2,146,565
Community Development	3,604,877	6,338,687	4,314,791
Economic Development - Sts'ailes Operations	760,812	1,224,658	4,722,154
Housing	8,610,277	2,320,575	3,262,760
Lands	1,374,928	2,143,175	2,484,482
Total expenditures	53,777,438	33,417,135	34,291,980
Annual surplus	(2,819,396)	14,340,114	4,902,439

Continued on next page

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

Sts'ailes

Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2024

	<i>Schedules</i>	<i>2024</i>	<i>2024</i>	<i>2023</i>
Annual surplus <i>(Continued from previous page)</i>		(2,819,396)	14,340,114	4,902,439
Accumulated surplus, beginning of year		27,389,978	27,389,978	21,050,677
Change in status of Government Business Enterprises		-	-	1,436,862
Accumulated surplus, end of year		24,570,582	41,730,092	27,389,978

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

Sts'ailes

Consolidated Statement of Changes in Net Financial Assets
For the year ended March 31, 2024

	2024 Budget	2024	2023
Annual surplus	(2,819,396)	14,340,114	4,902,439
Purchases of tangible capital assets	-	(13,612,761)	(1,890,430)
Amortization of tangible capital assets	1,280,059	1,716,626	1,443,345
Gain (loss) on disposal of tangible capital assets	-	(88,299)	56,672
Change in status of Government Business Enterprises	-	-	5,784,393
Proceeds on disposal of tangible capital assets	-	106,320	-
	1,280,059	(11,878,114)	5,393,980
Acquisition of prepaid expenses	-	(153,214)	-
Use of prepaid expenses	-	44,813	403
	-	(108,401)	403
Increase in net financial assets	(1,539,337)	2,353,599	10,296,822
Net financial assets, beginning of year	15,503,130	15,503,130	5,206,308
Net financial assets, end of year	13,963,793	17,856,729	15,503,130

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

Sts'ailes
Consolidated Statement of Cash Flows
For the year ended March 31, 2024

	2024	2023
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	14,340,114	4,902,439
Non-cash items		
Amortization	1,716,626	1,443,345
Gain on disposal of tangible capital assets	(88,299)	56,672
Loss from investment in Nation business entities	52,424	400,272
	16,020,865	6,802,728
Changes in working capital accounts		
Accounts receivable	2,630,668	(2,525,502)
Prepaid expenses	(108,401)	403
Inventory for resale	45,430	4,781
Restricted cash	(6,324)	(107,845)
Accounts payable and accruals	1,278,970	(194,127)
Deferred revenue	(1,236,430)	6,472,713
Reforestation obligation	-	(14,001)
Change in funds held in trust	1,689	(2,970)
Change in status of Government Business Enterprises	-	3,222,825
	18,626,467	13,659,005
Financing activities		
Repayment of long-term debt	(508,911)	(510,629)
Repayment of term loans due on demand	(1,956,698)	(514,784)
Advances of term loans due on demand	630,000	-
	(1,835,609)	(1,025,413)
Capital activities		
Purchases of tangible capital assets	(13,612,761)	(1,890,430)
Proceeds on disposal of tangible capital assets	106,320	-
	(13,506,441)	(1,890,430)
Investing activities		
Advances to Nation business entities	(4,935,855)	-
Repayment of advances to Nation business entities	-	834,329
	(4,935,855)	834,329
Increase (decrease) in cash resources	(1,651,438)	11,577,491
Cash resources, beginning of year	23,556,144	11,978,653
Cash resources, end of year	21,904,706	23,556,144

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

1. Operations

The Sts'ailes (the "First Nation") is located in the province of British Columbia, and provides various services to its members. Sts'ailes 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.

2. Significant accounting policies

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

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.

Reporting entity

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 Sts'ailes 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:

- SLD (Sts'ailes Sasq'ets A:eylexwtawtexw) Land Holdings Inc.
- SLD (Titxwemqsel) Land Holdings Inc.
- 1276279 BC Ltd.
- Sts'ailes Community Care Centre Society

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:

- Harrison Salmon Producers Limited Partnership
- Harrison Salmon Producers GP Inc.
- Sts'ailes Development Limited Partnership
- Sts'ailes Development Corporation

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.

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, prepaid expenses and inventories of supplies.

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

Net financial assets

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

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.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. 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:

	<i>Method</i>	<i>Rate</i>
Buildings	declining balance	10%
Housing	declining balance	10%
Infrastructure	declining balance	10%
Equipment	declining balance	20%-30%

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated 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
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

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.

Housing Rental Income

Rental revenue is recorded in the year it is earned. At the end of each year, management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.

Funds held in Ottawa Trust Fund

Due to measurement uncertainty, revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is received.

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

Revenue recognition *(Continued from previous page)*

Own source revenue

Own source revenue derived from such sources as resource based revenues, interest income and other revenue are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investments

Sts'ailes uses the modified equity method to account for its investment in Harrison Salmon Producers Limited Partnership and Sts'ailes Development Limited Partnership whereby the First Nation records its proportionate share of annual earnings as revenue.

Measurement uncertainty

The preparation of 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 financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable and amounts due from related First Nation entities and departments are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets.

Inventory

Management has estimated the value of the inventory based upon their assessment of the realizable amount less selling costs.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the 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.

Inventory

Inventory is valued at the lower of cost and net realizable value.

Long-lived assets

Long-lived assets consist of tangible capital assets. 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.

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

Segments

The First Nation conducts its business through eleven of reportable segments: Sts'ailes Administration and Governance, Employment, Social Development, Education, Health, Snowowelh, Community Development, Economic Development, Housing, and Lands. 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.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements.

Retirement benefits

The First Nation has a defined contribution pension plan covering substantially all full-time employees who have completed one year of service. There are no prior service costs. Contributions are discretionary, and are based on the percentage of participants' contributions, up to a maximum. The First Nation follows the policy of funding retirement plan contributions as accrued. The First Nation contributions totalled \$443,686 (2023 - \$359,354).

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, 2024.

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.

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, 2024. 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.

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 statement of remeasurement gains and losses. Interest income is recognized in the statement of operations. 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 operating annual surplus. 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 in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the 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 statement of remeasurement gains and losses.

3. Change in accounting policy

Effective April 1, 2023, the First Nation adopted the recommendations relating to the following accounting policy, as set out in the Canadian public sector accounting standards:

- PS 3400 Revenue

Pursuant to the recommendations, the change was applied prospectively, and prior periods have not been restated. The adoption of PS 3400 did not have a material impact on the financial statements.

4. Restricted cash

	2024	2023
CMHC Operating and Replacement Reserve	149,011	144,347
FNFA Secured Revenues Trust Account	34,649	32,989
	183,660	177,336

Sts'ailes
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

4. Restricted cash *(Continued from previous page)*

Notes to restricted assets

Replacement Reserve

Under agreements with Canada Mortgage and Housing Corporation, the Nation established a replacement reserve, funded by an annual allocation of \$13,371 (2023 - \$13,371), to ensure replacement of buildings financed by CMHC. At March 31, 2024, \$72,356 has been set aside to fund this reserve (2023 - \$74,266). The reserve was under funded by \$17,492 at March 31, 2024 (2023 - fully funded).

In accordance with terms of the agreements, CMHC reserve moneys must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal.

Operating Reserve

Under agreements with Canada Mortgage and Housing Corporation 1997 On-Reserve Program requirements, the First Nation must establish an operating reserve resulting from annual surplus after the payment of all costs and expenses including allocation to the replacement reserve. These funds along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation, or as otherwise mutually agreed to by Sts'ailes and CMHC.

These funds must only be used for the ongoing operating costs of the housing projects committed under the 1997 On-Reserve Program. Accordingly, future years' deficits may be recovered from the Operating Reserve fund. At March 31, 2024, \$76,655 has been set aside to fund this reserve (2023 - \$70,081). The reserve was fully funded at March 31, 2024 (2023 - fully funded).

Secured Revenues Trust Account

The secured revenues trust account arises from a financing agreement with the First Nations Finance Authority (FNFA). Other revenues of Sts'ailes are deposited into this account to secure funds FNFA has lent to Sts'ailes. The account is managed by a third party which is required to pay amounts to FNFA under the terms of the borrowing agreement before paying any remaining amount from the account to Sts'ailes.

5. Portfolio investments

	2024	2023
Measured at cost:		
BC First Nations Gaming Revenue Sharing LP - Partnership Unit	100	100
BC First Nations Gaming Sharing General Partner Ltd. - Common Share	10	10
	110	110

6. Accounts receivable

	2024	2023
Accounts receivable	2,388,858	5,960,645
Bremner Trio interest receivable	2,307,073	1,541,809
Tax receivables	392,436	169,286
Rent receivable	229,779	277,074
CMHC subsidy assistance receivable	5,340	5,340
	5,323,486	7,954,154

Accounts receivable is net of an allowance of doubtful accounts in the amount of \$1,154,789 (2023 - \$1,168,005).

Sts'ailes
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

7. Investments in Nation business entities

The First Nation has investments in the following entities:

			2024
	<i>Investment cost</i>	<i>Advances</i>	<i>Cumulative share of earnings</i>
			<i>Total investment</i>
	-	-	-
Nation Business Entities – Modified Equity:			
Harrison Salmon Producers Limited Partnership - 50%	1	33,168	543,534
Sts'ailes Development Limited Partnership - 99%	1	8,559,471	5,692,999
Sts'ailes Development Corporation - 100%	100	100	82
	102	8,592,739	6,236,615
			14,829,456

			2023
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings</i>
			<i>Total investment</i>
Nation Business Entities – Modified Equity:			
Harrison Salmon Producers Limited Partnership - 50%	1	(158,464)	675,694
Sts'ailes Development Limited Partnership - 99%	1	8,903,306	524,250
Sts'ailes Development Corporation - 100%	100	100	36
	102	8,744,942	1,199,980
			9,945,024

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Sts'ailes
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

7. Investments in Nation 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>Harrison Salmon Producers Limited Partnership As at March 31, 2024</i>	<i>Sts'ailes Development Limited Partnership As at December 31, 2023</i>
Assets		
Cash	107,509	754,141
Accounts receivable	218,665	63,811
Inventory	42,078	128,319
Prepays	-	2,366
Investments	-	3,206,138
Property, plant and equipment	1,037,309	1,183,002
Advances to related parties	10,485	4,349,504
Total assets	1,416,046	9,687,281
Liabilities		
Accounts payable and accruals	43,283	153,096
Advances from related parties	287,021	3,841,598
Total liabilities	330,304	3,994,694
Partner's capital	1,085,742	5,692,587
Total revenue	255,822	4,863,754
Total expenses	520,169	4,885,143
Net income	(264,347)	(21,389)

8. Funds held in trust

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 Nation's Council.

	2024	2023
Capital Trust		
Balance, beginning/end of year	530,706	530,706
Revenue Trust		
Balance, beginning of year	10,806	7,836
Interest	17,987	16,330
Provincial grants	2,395	2,420
Less: Transfers to Nation	(22,071)	(15,780)
Balance, end of year	9,117	10,806
	539,823	541,512

Sts'ailes
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

9. Long-term loans receivable

Long-term loans receivable consists of three promissory notes issued to Sts'ailes Eco Energy Development (Bremner Trio) Limited Partnership, a partnership owned 99% by the Sts'ailes. As of March 31, 2024, accrued interest is \$2,307,073 (2023 - \$1,541,809). This is included as accounts receivable at year end (Note 6).

Loans receivable consist of the following:

			2024	2023
	<i>Principal</i>	<i>Allowance</i>		
Loan receivable bearing interest at 13.00% per annum until the principal amount and all accrued interest has been paid.	5,000,000	-	5,000,000	5,000,000
Loan receivable bearing interest at 10.00% per annum until the principal amount and all accrued interest has been paid.	622,200	-	622,200	622,200
Loan receivable bearing interest at 10.00% per annum until the principal amount and all accrued interest has been paid.	530,400	-	530,400	530,400
			6,152,600	6,152,600

10. Bank indebtedness

Under a line of credit arrangement with the Bank of Montreal, Sts'ailes may borrow up to \$1,750,000. The line of credit bears interest at bank's prime rate plus 0.50%. The prime rate at March 31, 2024 was 7.20% (2023 - 6.70%). This arrangement does not have a termination date and can be withdrawn at the bank's option. The credit line is secured by a general security agreement covering all property of Sts'ailes. As at March 31, 2024, the facility was unused.

11. 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>Amortization</i>	<i>Balance, end of year</i>
Province of BC Funding	11,302,430	798,000	5,318,220	6,782,210
ISC Funding	3,295,167	1,575,456	2,239,018	2,631,605
FNHA Funding - Community Care Centre	1,747,614	-	1,747,614	-
FNHA Funding	56,579	-	56,579	-
FNHA - CFOM Capital Funding	-	10,000,000	4,389,698	5,610,302
Housing Deposit	-	130,000	-	130,000
Other	-	12,345	1,102	11,243
	16,401,790	12,515,801	13,752,231	15,165,360

Sts'ailes
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

12. Long-term debt

	2024	2023
First Nations Finance Authority promissory note, bearing interest at 3.35%, with blended monthly payments of \$40,959.	8,715,980	8,962,738
Interim Financing Debt Reserve Fund Investment, the Authority holds a deposit of 5% of the loans advanced in the Debt Reserve Fund. Interest is paid daily at an annual rate of 3.53%.	(532,484)	(514,321)
First Nations Finance Authority promissory note, bearing interest at 3.75%, with blended monthly payments of \$21,445, due June 2024.	2,191,547	2,361,963
Interim Financing Debt Reserve Fund Investment, the Authority holds a deposit of 5% of the loans advanced in the Debt Reserve Fund. Interest is paid daily at an annual rate of 3.53%.	(230,330)	(222,474)
All Nation's Trust Company mortgage, payments of \$2,833 per month including interest at 1.67%, up for renewal on July 1, 2024	586,125	610,989
All Nation's Trust Company mortgage, payments of \$3,276 per month including interest at 3.55%, up for renewal on October 1, 2027.	535,505	557,182
All Nation's Trust Company mortgage, payments of \$1,794 per month including interest at 1.22%, up for renewal on May 1, 2026.	200,944	220,121
	11,467,287	11,976,198

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
2025	387,724
2026	396,008
2027	404,562
2028	413,397
2029	422,521

The following specified revenue streams are pledged as security in favour of the First Nation Finance Authority:

- Harrison Hydro Limited Partnership
- Stooke Creek Project Limited Partnership
- Forest & Range Consult and Revenue Sharing Agreement
- Fisheries operating revenues
- Sts'ailes Development Limited Partnership - Forestry

Sts'ailes
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

13. Term loans due on demand

	2024	2023
Bank of Montreal loan bearing interest at prime plus 3.00%, payable in monthly principal payment of \$2,100 plus interest	615,300	-
Bank of Montreal loan	-	1,941,998
	615,300	1,941,998

Principal repayments on long-term debt in each of the next five years

2025	25,200
2026	25,200
2027	25,200
2028	25,200
2029	25,200

14. Contingent liabilities

a) Sts'ailes is the guarantor for \$12,000,000 in residential loans granted to Sts'ailes members under the Housing Loan Program by the Bank of Montreal.

b) Sts'ailes has provided a limited guarantee on a commercial loan to one of its business entities, Sts'ailes Eco Energy Development (Sakwi) Limited Partnership. The guarantee is limited to the royalties received by Sts'ailes under the terms of the Impact Benefit Agreement with Sakwi Creek Power Corp. and BC Hydro. The amount of the royalties is undetermined as of the date of the consolidated financial statements. The outstanding balance of the commercial loan at March 31, 2024 is \$1,034,026 (2023 - \$1,137,894).

15. Accumulated operating surplus

Accumulated operating surplus consists of the following:

	2024	2023
Equity in Tangible Capital Assets	22,397,574	10,453,742
Internally Restricted Equity (Note 16)	457,861	457,861
Surplus (deficit)	3,357,367	5,880,498
Equity in Ottawa Trust Funds	539,823	541,512
CMHC Operating and Replacement Reserves	149,011	111,341
Investment in Nation Business Entities	14,828,456	9,945,024
	41,730,092	27,389,978

Sts'ailes
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

16. Internally Restricted Equity

The First Nation maintains reserve funds for certain tangible capital assets. These balances at March 31, 2024 are as follows:

	2024	2023
Sts'ailes Housing	56,624	56,624
Church	171	171
Roads	1,916	1,916
Memorial Bench	1,783	1,783
Daycare Building	56,000	56,000
Fitup Facilities	10,459	10,459
Health Programs	24,405	24,405
Legacy Fund	92,733	92,733
Community Building	63,770	63,770
Environmental Remediation Reserve	150,000	150,000
	457,861	457,861

17. Budget information

The disclosed budget information has been approved by the Chief and Council of Sts'ailes at the Chief and Council meeting held on March 24, 2023. An amended budget was then approved at the Cheif and Council meeting held on July 24, 2023. The budget information is projected based on operating expenses to be incurred during the year on a program by program basis.

18. Comparative figures

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

19. Segments

The First Nation conducts its business through eleven reportable segments which are differentiated by major activities; accountability and control relationships. The reportable segments and their activities are as follows:

Sts'ailes Administration and Governance

Includes general operation, support, and financial management of the First Nation, as well as activities related to the general governance, and leadership of the community and its members.

Employment

Includes employment programs for the members of the Nation.

Social Development

Includes services offered to community members. Services include, but are not limited to, income assistance, child and family support, assisted living, and early childhood development.

Health

Includes activities related to the provision of health services for the community and its members.

Snowoyelh

Includes activities related to family healing and growth, ensuring the safety and well being of children, and providing healing and treatment for addiction.

Community Development

Includes services related to construction contracts, general community maintenance, and public works.

Economic Development

Includes activities related to the growth of revenue producing projects within the First Nation.

Housing

Includes activities related to the provision of housing to the members of the First Nation.

Lands

Includes activities related to land administration and aboriginal rights and title.

20. Financial Instruments

The First Nation as part of its 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.

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. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The First Nation is exposed to interest rate price risk with respect to its term deposits and long term debt which are at fixed rates of interest.

The First Nation is exposed to interest rate cash flow risk with respect to its term loans due on demand which are at variable rates of interest.

Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2024

	Buildings	Housing	Equipment	Infrastructure	Land	2024	2023
Cost							
Balance, beginning of year	16,838,198	6,049,019	4,183,236	7,612,550	399,417	35,082,420	38,243,268
Acquisition of tangible capital assets	3,964,377	626,404	1,700,961	-	-	6,291,742	1,890,430
Construction-in-progress	7,321,019	-	-	-	-	7,321,019	-
Disposal of tangible capital assets	-	-	(175,294)	-	-	(175,294)	(3,621,561)
Change in status of Government Business Enterprises	-	-	-	-	-	-	(1,429,717)
Balance, end of year	28,123,594	6,675,423	5,708,903	7,612,550	399,417	48,519,887	35,082,420
Accumulated amortization							
Balance, beginning of year	10,981,052	3,531,355	3,067,368	5,660,610	-	23,240,385	22,748,218
Annual amortization	700,719	267,427	553,286	195,194	-	1,716,626	1,443,345
Accumulated amortization on disposals	-	-	(157,273)	-	-	(157,273)	(708,890)
Change in status of Government Business Enterprises	-	-	-	-	-	-	(242,288)
Balance, end of year	11,681,771	3,798,782	3,463,381	5,855,804	-	24,799,738	23,240,385
Net book value of tangible capital assets	16,441,823	2,876,641	2,245,522	1,756,746	399,417	23,720,149	11,842,035
	2023						
Net book value of tangible capital assets	5,857,146	2,517,664	1,115,868	1,951,940	399,417	11,842,035	

Sts'ailes
Schedule 2 - Segmented Information
For the year ended March 31, 2024

	Sts'ailes Administration and Governance	Employment	Social Development	Education	Health	Snowowoih	Community Development	Economic Development	Housing	Lands	2024
Revenue											
Indigenous Services Canada	\$ 1,204,119	\$ 1,106,399	\$ 1,792,522	\$ 5,896,252	\$ 595,481	\$ 1,136,785	\$ 1,041,004	\$ -	\$ 1,997,730	\$ 412,705	\$ 15,182,997
Other government	5,619,343	705,463	-	5,683,315	6,250,397	2,573,492	2,467,458	2,160,125	90,900	1,455,466	27,005,959
Economic activities and other	3,942,231	-	-	9,259	274,110	200	1,457	237,990	603,206	499,839	5,568,292
	10,765,693	1,811,862	1,792,522	11,588,826	7,119,988	3,710,477	3,509,919	2,398,115	2,691,836	2,368,010	47,757,249
Expenses											
Amortization	\$ -	-	-	-	-	-	1,716,626	-	-	-	1,716,626
Operating expenses	299,351	238,780	185,805	1,906,752	1,859,816	932,236	3,304,598	639,292	2,080,289	1,029,316	12,476,237
Salaries, wages and benefits	2,313,986	1,023,134	142,472	5,691,670	1,389,236	1,931,889	1,309,601	569,109	233,020	1,068,238	15,672,355
Program and services delivery expenses	93,738	39,884	1,329,466	1,346,123	416,503	249,192	7,865	16,257	7,266	45,621	3,551,916
	2,707,077	1,301,799	1,657,743	8,944,548	3,665,555	3,113,318	6,338,687	1,224,658	2,320,575	2,143,175	33,417,135
Surplus (deficit) before transfers	8,058,616	510,063	134,779	2,644,279	3,454,432	597,159	(2,828,768)	1,173,457	371,262	224,835	14,340,114
Transfers between programs	(5,582,586)	-	(71,881)	(4,922,308)	(4,354,227)	(345,032)	10,520,193	4,374,079	(29,583)	411,344	-
Annual surplus (deficit)	\$ 2,476,030	\$ 510,063	\$ 62,898	\$ (2,278,029)	\$ (899,794)	\$ 252,126	\$ 7,691,425	\$ 5,547,535	\$ 341,679	\$ 636,179	\$ 14,340,114

	Sts'ailes Administration and Governance	Employment	Social Development	Education	Health	Snowowoih	Community Development	Economic Development	Housing	Lands	2023
Revenue											
Indigenous Services Canada	\$ 970,111	\$ 603,241	\$ 1,699,227	\$ 4,287,963	\$ 1,821,336	\$ 2,155,371	\$ 2,497,345	\$ 59,114	\$ 2,443,983	\$ 320,674	\$ 16,858,367
Other government	1,021,077	623,279	-	4,981,879	1,691,707	2,190,642	1,011,417	1,302,303	60,489	249,820	13,132,615
Economic activities and other	3,635,343	-	-	21,410	19,674	31,190	-	4,061,444	494,648	939,730	9,203,437
	5,626,531	1,226,520	1,699,227	9,291,253	3,532,717	4,377,203	3,508,762	5,422,862	2,999,120	1,510,224	39,194,419
Expenses											
Amortization	-	-	-	-	-	-	1,390,658	52,687	-	-	1,443,345
Operating expenses	976,382	362,850	152,658	1,619,274	1,449,928	582,306	2,323,214	3,264,548	3,033,543	1,388,201	15,152,904
Salaries, wages and benefits	2,363,147	903,222	130,050	4,617,083	1,314,291	1,407,299	597,987	1,398,340	229,064	1,064,728	14,025,210
Program and services delivery expenses	134,893	7,538	1,319,284	1,519,788	490,840	156,956	2,933	6,583	154	31,550	3,670,519
	3,474,422	1,273,610	1,601,992	7,756,144	3,255,060	2,146,565	4,314,791	4,722,154	3,262,760	2,484,482	34,291,980
Surplus (deficit) before transfers	2,152,109	(47,091)	97,235	1,535,108	277,657	2,230,638	(806,029)	700,708	(263,640)	(974,257)	4,902,441
Transfers between programs	(1,739,595)	(1,234)	(75,863)	(257,922)	42,021	(15,647)	1,794,059	(386,526)	(44,709)	695,416	-
Annual surplus (deficit)	\$ 412,514	\$ (48,325)	\$ 21,373	\$ 1,277,187	\$ 319,678	\$ 2,214,991	\$ 988,030	\$ 304,182	\$ (308,349)	\$ (278,841)	\$ 4,902,439