

Sts'ailes
Consolidated Financial Statements
March 31, 2025

Sts'ailes Contents

For the year ended March 31, 2025

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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, 2025, 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, 2025, 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.

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 29, 2025

MNP LLP



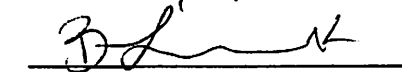
Chartered Professional Accountants

MNP

Sts'ailes
Consolidated Statement of Financial Position
As at March 31, 2025

	2025	2024
Financial assets		
Cash and cash equivalents	26,762,348	21,904,706
Restricted cash (Note 3)	633,668	183,660
Portfolio investments (Note 4)	110	110
Accounts receivable (Note 5)	3,943,591	3,016,413
Investment in Nation business entities (Note 6)	18,120,276	14,828,456
Funds held in trust (Note 7)	38,759	539,823
Long-term loans (Note 8)	10,154,647	8,459,673
Total of assets	59,653,399	48,932,841
Liabilities		
Accounts payable and accruals	6,271,169	3,828,165
Deferred revenue (Note 10)	11,598,846	15,165,360
Long-term debt (Note 11)	10,956,877	11,467,287
Term loans due on demand (Note 12)	590,100	615,300
Total of financial liabilities	29,416,992	31,076,112
Net financial assets	30,236,407	17,856,729
Contingencies (Note 13)		
Non-financial assets		
Tangible capital assets (Note 1)	41,006,205	23,720,149
Prepaid expenses	22,845	153,214
Total non-financial assets	41,029,050	23,873,363
Accumulated surplus (Note 14)	71,265,457	41,730,092


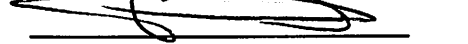
Approved on behalf of the Council

Chief

Councillor

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, 2025

	2025	2025	2024
Revenue			
Indigenous Services Canada	24,029,845	28,180,777	15,182,997
Province of British Columbia	5,965,135	9,928,503	11,652,305
First Nation Health Authority	2,524,916	12,262,078	8,923,034
Sts'ailes contracts	201,241	179,698	343,810
Human Resources and Skills Development Canada	215,015	-	215,715
Canada Mortgage and Housing Corporation	65,000	318,602	90,900
Other revenue	17,608,026	483,072	51,274
Interest income	1,245,700	2,058,026	2,220,256
Department of Fisheries and Oceans	934,598	631,203	1,468,614
Royalties	2,295,000	1,891,890	1,732,011
Grant revenue	306,799	2,925,406	1,135,830
First Nations Education Steering Committee	361,599	968,967	1,087,631
Sto:lo Aboriginal Skills and Employment Training	848,489	1,111,748	1,077,398
Investment income	534,487	534,488	660,590
Rental income	1,373,530	674,598	518,435
Projects	3,804	71,700	418,930
BC Aboriginal Child Care Society	-	636,363	351,740
First Peoples Heritage, Language & Culture Council	20,000	63,416	226,192
Property tax	205,446	205,446	153,167
Legal settlements	-	165,663	120,681
Fraser Health Authority	78,952	106,782	91,392
Gain on sale of assets	-	770	88,299
Internal consulting fees	-	13,756	-
Funding reimbursement (recovery)	-	-	(1,528)
Loss from investment in Nation partnerships	-	(490,018)	(52,424)
	58,817,582	62,922,934	47,757,249
Expenses			
Sts'ailes Administration and Governance	3,622,465	2,634,060	2,707,077
Employment	1,858,150	1,131,468	1,301,799
Social Development	1,160,225	1,489,760	1,657,743
Education	8,139,796	9,036,933	8,944,548
Health	3,347,224	2,911,538	3,665,555
Snowoyelh	14,011,544	5,024,880	3,113,318
Community Development	18,620,699	5,997,401	6,338,687
Economic Development - Sts'ailes Operations	1,266,543	1,308,457	1,224,658
Housing	3,550,987	2,478,122	2,320,575
Lands	1,399,590	1,374,950	2,143,175
Total expenditures	56,977,223	33,387,569	33,417,135
Annual surplus	1,840,359	29,535,365	14,340,114
Accumulated surplus, beginning of year	41,730,092	41,730,092	27,389,978
Accumulated surplus, end of year	43,570,451	71,265,457	41,730,092

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, 2025

	2025 Budget	2025	2024
Annual surplus	1,840,359	29,535,365	14,340,114
Purchases of tangible capital assets	-	(19,690,320)	(13,612,761)
Amortization of tangible capital assets	1,280,059	2,404,234	1,716,626
Gain on disposal of tangible capital assets	-	(770)	(88,299)
Proceeds on disposal of tangible capital assets	-	800	106,320
	1,280,059	(17,286,056)	(11,878,114)
Acquisition of prepaid expenses	-	(22,845)	(153,214)
Use of prepaid expenses	-	153,214	44,813
	-	130,369	(108,401)
Increase in net financial assets	3,120,418	12,379,678	2,353,599
Net financial assets, beginning of year	17,856,729	17,856,729	15,503,130
Net financial assets, end of year	20,977,147	30,236,407	17,856,729

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, 2025

	2025	2024
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	29,535,365	14,340,114
Non-cash items		
Amortization	2,404,234	1,716,626
Gain on disposal of tangible capital assets	(770)	(88,299)
Loss from investment in Nation business entities	490,018	52,424
	32,428,847	16,020,865
Changes in working capital accounts		
Accounts receivable	(927,178)	3,395,932
Prepaid expenses	130,369	(108,401)
Inventory for resale	-	45,430
Restricted cash	(450,008)	(6,324)
Accounts payable and accruals	2,443,004	1,278,970
Deferred revenue	(3,566,514)	(1,236,430)
Change in funds held in trust	501,064	1,689
	30,559,584	19,391,731
Financing activities		
Repayment of long-term debt	(510,410)	(508,911)
Repayment of term loans due on demand	(25,200)	(1,956,698)
Advances of term loans due on demand	-	630,000
	(535,610)	(1,835,609)
Capital activities		
Purchases of tangible capital assets	(19,690,320)	(13,612,761)
Proceeds on disposal of tangible capital assets	800	106,320
	(19,689,520)	(13,506,441)
Investing activities		
Advances to Nation business entities	(3,781,838)	(4,935,855)
Long-term loans	(1,694,974)	(765,264)
Increase (decrease) in cash resources	4,857,642	(1,651,438)
Cash resources, beginning of year	21,904,706	23,556,144
Cash resources, end of year	26,762,348	21,904,706
Supplementary cash flow information		
Interest paid	457,281	497,536

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

Sts'ailes
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

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.

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, Snowoyelh, 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 \$486,103 (2024 - \$443,686).

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.

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, 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.

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. Restricted cash

	2025	2024
CMHC Operating and Replacement Reserve	153,421	149,011
FNFA Secured Revenues Trust Account	35,627	34,648
	189,048	183,659

Sts'ailes
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

3. 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 (2024 - \$13,371), to ensure replacement of buildings financed by CMHC. At March 31, 2025, \$78,931 has been set aside to fund this reserve (2024 - \$76,655). The reserve was under funded by \$26,563 at March 31, 2025 (2024 - \$13,193 under-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, 2025, \$74,491 has been set aside to fund this reserve (2024 - \$72,356). The reserve was fully funded at March 31, 2025 (2024 - 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.

4. Portfolio investments

	2025	2024
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

5. Accounts receivable

	2025	2024
Accounts receivable	3,189,825	2,388,858
Tax receivables	473,852	392,436
Rent receivable	274,072	229,779
CMHC subsidy assistance receivable	5,842	5,340
	3,943,591	3,016,413

Accounts receivable is net of an allowance of doubtful accounts in the amount of \$1,154,789 (2024 - \$1,154,789).

Sts'ailes
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

6. Investments in Nation business entities

The First Nation has investments in the following entities:

			2025
	<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	31,129	493,197
Sts'ailes Development Limited Partnership - 99%	1	12,343,084	5,252,600
Sts'ailes Development Corporation - 100%	100	100	64
	102	12,374,313	5,745,861
			18,120,276

			2024
	<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	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

Continued on next page

Sts'ailes
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

6. 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, 2025</i>	<i>Sts'ailes Development Limited Partnership As at December 31, 2024</i>
Assets		
Cash	264,212	778,631
Accounts receivable	10,000	79,390
Inventory	42,078	123,160
Investments	-	3,468,039
Property, plant and equipment	944,886	1,111,523
Advances to related parties	110,010	5,949,694
Total assets	1,371,186	11,510,437
Liabilities		
Accounts payable and accruals	1,617	166,969
Advances from related parties	384,504	5,887,085
Deferred revenue	-	203,522
Total liabilities	386,121	6,257,576
Partner's capital	1,306,050	5,252,861
	(320,985)	-
Total revenue	78,043	4,150,304
Total expenses	178,721	4,590,031
Net income	(100,678)	(439,727)

7. 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.

	2025	2024
Capital Trust		
Balance, beginning/end of year	539,823	530,706
Less: Transfers to Nation	539,823	-
Balance, end of year	-	530,706
Revenue Trust		
Balance, beginning of year	9,117	10,806
Interest	16,725	17,987
Principal	28,571	-
Provincial grants	2,411	2,395
Less: Transfers to Nation	(18,065)	(22,071)
Balance, end of year	38,759	9,117
	38,759	539,823

Sts'ailes
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

8. Long-term loans receivable

Long-term loans receivable consists of four 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, 2025, accrued interest is \$3,103,077 (2024 - \$2,307,073).

Loans receivable consist of the following:

			2025	2024
	<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	-	8,103,077	7,307,073
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
Loan receivable bearing interest at 10.00% per annum until the principal amount and all accrued interest has been paid.	898,970	-	898,970	-
			10,154,647	8,459,673

9. 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, 2025 was 4.95% (2024 - 7.20%). 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, 2025, the facility was unused.

10. 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	6,782,210	-	2,413,861	4,368,349
ISC Funding	2,631,605	-	2,631,605	-
FNHA - CFOM Capital Funding	5,610,302	7,230,497	5,610,302	7,230,497
Housing Deposit	130,000	-	130,000	-
Other	11,243	-	11,243	-
	15,165,360	7,230,497	10,797,011	11,598,846

Sts'ailes
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

11. Long-term debt

	2025	2024
First Nations Finance Authority promissory note, bearing interest at 3.35%, with blended monthly payments of \$40,959.	8,463,053	8,715,980
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 2.80%.	(551,901)	(532,484)
First Nations Finance Authority promissory note, bearing interest at 3.75%, with blended monthly payments of \$21,445.	1,979,314	2,191,547
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 2.80%.	(186,840)	(230,330)
All Nation's Trust Company mortgage, payments of \$3,335 per month including interest at 3.63%, up for renewal on July 1, 2029	556,724	586,125
All Nation's Trust Company mortgage, payments of \$3,276 per month including interest at 3.55%, up for renewal on October 1, 2027.	514,758	535,505
All Nation's Trust Company mortgage, payments of \$1,794 per month including interest at 1.22%, up for renewal on May 1, 2026.	181,769	200,944
	10,956,877	11,467,287

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:

2026	447,729
2027	456,668
2028	465,910
2029	475,464
2030	485,343

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, 2025

12. Term loans due on demand

	2025	2024
Bank of Montreal loan bearing interest at prime plus 3.00%, payable in monthly principal payment of \$2,100 plus interest	590,100	615,300

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

2026	25,200
2027	25,200
2028	25,200
2029	25,200
2030	25,200

13. 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, 2025 is \$925,459 (2024 - \$1,034,026).

14. Accumulated operating surplus

Accumulated operating surplus consists of the following:

	2025	2024
Equity in Tangible Capital Assets	41,006,205	22,397,574
Internally Restricted Equity (Note 15)	457,861	457,861
Surplus	11,488,935	3,357,367
Equity in Ottawa Trust Funds	38,759	539,823
CMHC Operating and Replacement Reserves	153,421	149,011
Investment in Nation Business Entities	18,120,276	14,828,456
	71,265,457	41,730,092

Sts'ailes
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

15. Internally Restricted Equity

The First Nation maintains reserve funds for certain tangible capital assets. These balances at March 31, 2025 are as follows:

	2025	2024
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

16. 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 26, 2024. An amended budget was then approved at the Chief and Council meeting held on June 28, 2024. The budget information is projected based on operating expenses to be incurred during the year on a program by program basis.

17. Comparative figures

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

18. 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.

Sts'ailes
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

19. 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. In seeking to minimize the risks from interest rate fluctuations, the Nation manages exposure through negotiation of long-term debt at fixed rates. The Nation is exposed to interest rate risk primarily relating to the following financial assets and liabilities. The table summarizes the carrying amounts of financial instruments exposed to interest rate risk by the earlier of the contractual maturity dates.

Financial instruments exposed to interest rate risk:

	2025			2024	
	<i>Floating rate</i>	<i>Within one year</i>	<i>One to five years</i>	<i>Total</i>	<i>Total</i>
Financial assets measured at cost					
Cash and cash equivalents	26,762,348	-	-	26,762,348	21,904,706
Restricted cash	633,668	-	-	633,668	183,660
	27,396,016	-	-	27,396,016	22,088,336

Financial liabilities

Financial liabilities measured at amortized cost

Debt – current	-	590,101	-	590,101	615,300
Debt – long-term	-	-	2,331,114	2,331,114	11,467,287
	-	590,101	2,331,114	2,921,215	12,082,587

The Nation is not exposed to significant interest rate risk on its accounts receivable, investments in Government business entities, accounts payable and accruals, or prepaids.

A 1% increase in interest rates relating to cash and cash equivalents, restricted cash, and debt held at variable rates could increase net surplus by approximately \$244,748. The interest rate sensitivity information was prepared based on management's assumptions that interest rates will fluctuate evenly among all financial instruments with variable rates.

Sts'ailes
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2025

	<i>Buildings</i>	<i>Housing</i>	<i>Equipment</i>	<i>Infrastructure</i>	<i>Land</i>	<i>2025</i>	<i>2024</i>
Cost							
Balance, beginning of year	26,539,155	8,259,862	5,708,903	7,612,550	399,417	48,519,887	35,082,420
Acquisition of tangible capital assets	1,484,494	4,285,112	2,337,612	1,155,394	-	9,262,612	6,291,742
Construction-in-progress	8,897,733	1,529,974	-	-	-	10,427,706	7,321,019
Disposal of tangible capital assets	-	-	(76,372)	-	-	(76,371)	(175,294)
Balance, end of year	36,921,382	14,074,948	7,970,143	8,767,944	399,417	68,133,834	48,519,887
Accumulated amortization							
Balance, beginning of year	11,681,801	3,798,781	3,463,353	5,855,803	-	24,799,738	23,240,385
Annual amortization	925,979	516,035	771,178	191,042	-	2,404,234	1,716,626
Accumulated amortization on disposals	-	-	(76,343)	-	-	(76,343)	(157,273)
Balance, end of year	12,607,780	4,314,816	4,158,188	6,046,845	-	27,127,629	24,799,738
Net book value of tangible capital assets	24,313,602	9,760,132	3,811,955	2,721,099	399,417	41,006,205	23,720,149
Net book value of tangible capital assets 2024	16,441,823	2,876,641	2,245,522	1,756,746	399,417	23,720,149	

Sts'ailes
Schedule 2 - Segmented Information
For the year ended March 31, 2025

	Sts'ailes Administration and Governance	Employment	Social Development	Education	Health	Snowowelh	Community Development	Economic Development	Housing	Lands	2025
Revenue											
Indigenous Services Canada	\$ 1,070,061	\$ 1,196,043	\$ 1,599,557	\$ 4,310,412	\$ 1,224,606	\$ 15,968,407	\$ 819,458	\$ 55,856	\$ 1,587,633	\$ 348,744	\$ 28,180,777
Other government	3,726,675	698,832	7,101	6,527,502	10,278,759	4,841,253	1,098,166	1,312,293	318,602	686,690	29,495,873
Economic activities and other	3,424,694	-	-	56,751	541,779	26,580	161,074	18,524	853,031	163,850	5,246,283
	8,221,431	1,894,875	1,606,658	10,894,665	12,045,143	20,836,240	2,078,697	1,386,673	2,759,267	1,199,284	62,922,934
Expenses											
Amortization	\$ -	-	-	-	-	-	2,404,234	-	-	-	2,404,234
Operating expenses	148,110	359,958	100,549	1,847,501	1,040,531	2,569,193	2,223,272	764,757	2,253,737	474,691	11,782,303
Salaries, wages and benefits	2,339,038	769,027	106,995	6,333,240	1,359,636	2,294,752	1,366,638	543,699	223,979	863,222	16,200,225
Program and services delivery expenses	146,912	2,482	1,282,216	856,192	511,371	160,935	3,257	-	407	37,037	3,000,809
	2,634,060	1,131,468	1,489,760	9,036,933	2,911,538	5,024,880	5,997,401	1,308,457	2,478,122	1,374,950	33,387,569
Surplus (deficit) before transfers	5,587,370	763,408	116,898	1,857,732	9,133,605	15,811,360	(3,918,705)	78,216	281,145	(175,666)	29,535,365
Transfers between programs	(4,620,030)	(5,500)	139,488	(666,899)	(7,994,557)	(7,051,232)	19,159,158	2,363,200	(1,014,964)	(308,663)	-
Annual surplus (deficit)	\$ 967,340	\$ 757,908	\$ 256,386	\$ 1,190,832	\$ 1,139,048	\$ 8,760,128	\$ 15,240,453	\$ 2,441,417	\$ (733,819)	\$ (484,328)	\$ 29,535,365

	Sts'ailes Administration and Governance	Employment	Social Development	Education	Health	Snowowelh	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	\$ 1,041,003	\$ -	\$ 1,997,730	\$ 412,705	\$ 15,182,997
Other government	5,619,343	705,463	-	5,683,316	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	5,588,293
	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	238,781	165,805	1,906,752	1,859,816	932,237	3,304,595	639,291	2,080,289	1,029,316	12,476,234
Salaries, wages and benefits	2,313,986	1,023,134	142,472	5,691,673	1,389,236	1,931,889	1,309,601	569,109	233,020	1,068,238	15,672,359
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	1,224,858	2,320,575	2,143,175	33,417,135
Surplus (deficit) before transfers	8,058,616	510,063	134,779	2,644,279	3,454,433	597,159	(2,828,768)	1,173,458	371,262	224,835	14,340,114
Transfers between programs	(5,582,586)	-	(71,881)	(4,922,307)	(4,354,228)	(345,032)	10,520,193	4,374,079	(29,583)	411,345	-
Annual surplus (deficit)	\$ 2,476,030	\$ 510,063	\$ 62,898	\$ (2,278,028)	\$ (899,795)	\$ 252,126	\$ 7,691,425	\$ 5,547,536	\$ 341,679	\$ 636,179	\$ 14,340,114