

Kwikkwetlem First Nation
Consolidated Financial Statements
March 31, 2025

Kwikwetlem First Nation
Contents

For the year ended March 31, 2025

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To the Members of Kwikwetlem First Nation:

Opinion

We have audited the consolidated financial statements of Kwikwetlem First Nation and its subsidiaries (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statements of operations and accumulated surplus, changes in net debt 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 consolidated financial position of the First Nation as at March 31, 2025, and the results of its consolidated operations, changes in its consolidated net financial debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management and those charged with governance are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the First Nation as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Maple Ridge, British Columbia

July 29, 2025

MNP LLP

Chartered Professional Accountants

Kwikwetlem First Nation
Consolidated Statement of Financial Position
As at March 31, 2025

	2025	2024 <i>(Restated)</i>
Financial assets		
Cash	8,990,544	8,090,915
Restricted cash <i>(Note 3)</i>	137,795	230,466
Accounts receivable <i>(Note 4)</i>	3,043,156	2,432,162
Portfolio investments <i>(Note 5)</i>	2,468,851	2,077,002
Advances to related Nation entities & departments <i>(Note 6)</i>	247,317	115,102
Funds held in trust <i>(Note 7)</i>	310	-
Total of financial assets	14,887,973	12,945,647
Liabilities		
Accounts payable and accruals <i>(Note 8)</i>	3,309,255	3,491,502
Advances from related Nation entities & departments <i>(Note 9)</i>	-	693,309
Deferred revenue <i>(Note 10)</i>	1,000,000	740,000
Deficit in Nation business entities <i>(Note 11)</i>	4,577,651	3,202,717
Promissory notes payable	572,659	377,275
Security deposits	130,680	-
Long-term debt <i>(Note 12), (Note 22)</i>	6,351,900	5,789,592
Total of financial liabilities	15,942,145	14,294,395
Net debt	(1,054,172)	(1,348,748)
Contingencies <i>(Note 13)</i>		
Non-financial assets		
Tangible capital assets <i>(Note 14) (Schedule 1)</i>	13,684,212	13,641,788
Prepaid expenses	19,041	17,080
Total non-financial assets	13,703,253	13,658,868
Accumulated surplus <i>(Note 15), (Note 22)</i>	12,649,081	12,310,120

Approved on behalf of the Council

"John Peters" Signed Councillor

"George Chaffee" Signed Councillor

Kwikwetlem First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2025

	2025 <i>Budget</i>	2025	2024 <i>(Restated)</i>
Revenue			
Indigenous Services Canada	1,645,451	1,456,377	1,839,663
BC First Nations Gaming Revenue Sharing Limited Partnership	300,000	282,114	346,688
BC Housing <i>(Note 22)</i>	845,640	341,994	230,050
BC Hydro	800,000	913,993	671,200
Canada Mortgage and Housing Corporation	90,000	98,068	37,364
Economic activity and other income	1,775,000	4,941,638	2,013,091
First Nations Education Steering Committee	100,000	80,015	138,833
First Nations Health Authority	116,643	147,165	233,286
Fortis BC	200,000	5,150	695,800
Fraser Health Authority	60,000	62,136	60,000
Government of Canada	1,250,000	1,557,818	1,605,621
Interest income	200,000	250,847	178,802
Loss from Nation business entities	-	(1,396,193)	(5,995,287)
New Relationship Trust	16,000	150,403	596,000
Property tax revenue	259,124	284,313	259,124
Province of British Columbia	1,782,367	3,170,626	2,105,717
Rental income	2,190,000	1,039,321	2,246,337
	11,630,225	13,385,785	7,262,289
Expenditures			
Band Support	4,388,812	5,348,298	3,957,385
Community Services	1,358,269	1,585,260	1,383,077
Lands & Resources	3,510,850	2,270,312	2,311,896
Land Governance	1,585,971	2,058,905	1,373,321
Housing	1,804,792	1,261,049	1,336,679
Capital Fund	-	523,000	329,869
	12,648,694	13,046,824	10,692,227
Surplus (deficit) before other items	(1,018,469)	338,961	(3,429,938)
Insurance proceeds <i>(Note 14)</i>	-	-	1,423,990
Annual surplus (deficit)	(1,018,469)	338,961	(2,005,948)
Accumulated surplus, beginning of year, as previously stated	12,310,119	17,107,904	17,533,132
Correction of an error <i>(Note 22)</i>	-	(4,797,784)	(3,217,064)
Accumulated surplus, beginning of year, as restated	12,310,119	12,310,120	14,316,068
Accumulated surplus, end of year	11,291,650	12,649,081	12,310,120

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

Kwikwetlem First Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2025

	2025 Budget	2025	2024 (Restated)
Annual surplus (deficit)	(1,018,469)	338,961	(2,005,948)
Acquisition of tangible capital assets	-	(599,567)	(2,810,586)
Acquisition of tangible capital assets with insurance proceeds	-	-	(1,423,990)
Amortization of tangible capital assets	-	557,143	364,996
	-	(42,424)	(3,869,580)
Acquisition of prepaid expenses	-	(12,479)	(82,612)
Use of prepaid expenses	-	10,518	81,213
	-	(1,961)	(1,399)
Increase in net debt	(1,018,469)	294,576	(5,876,927)
Net financial assets (debt), beginning of year	(617,320)	(1,348,748)	4,528,179
Net debt, end of year	(1,635,789)	(1,054,172)	(1,348,748)

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

Kwikwetlem First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2025

	2025	2024 (Restated)
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus (deficit)	338,961	(2,005,948)
Non-cash items		
Amortization	557,143	364,996
Loss from Nation business entities	1,396,193	5,995,287
Insurance proceeds directly attributable to tangible capital asset acquisitions	-	(1,423,990)
	2,292,297	2,930,345
Changes in working capital accounts		
Accounts receivable	(610,994)	(763,320)
Prepaid expenses	(1,961)	(1,399)
Accounts payable and accruals	(182,247)	1,360,080
Deferred revenue	260,000	(208,630)
Security deposits	130,680	-
	1,887,775	3,317,076
Financing activities		
Advances of long-term debt	632,888	1,355,035
Repayment of long-term debt	(70,580)	(57,515)
Advances of promissory notes payable	195,384	179,035
Advances from related Nation business entities	-	693,309
Repayment of advances from related Nation business entities	(693,309)	-
	64,383	2,169,864
Capital activities		
Acquisition of tangible capital assets	(599,567)	(2,810,586)
Investing activities		
Net change in portfolio investments	(391,849)	(129,283)
Net change in funds held in trust	(310)	269
Advances to related Nation entities & departments	(132,215)	-
Advances to Nation business entities	-	(2,153)
Repayment of advances to Nation business entities	(21,259)	26,646
	(545,633)	(104,521)
Increase in cash resources	806,958	2,571,833
Cash resources, beginning of year	8,321,381	5,749,548
Cash resources, end of year	9,128,339	8,321,381
Cash resources are composed of:		
Cash	8,990,544	8,090,915
Restricted cash	137,795	230,466
	9,128,339	8,321,381

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

1. Operations

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

2. Significant accounting policies

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

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 First Nation business entities. Trusts administered on behalf of third parties by Kwikwetlem First Nation are excluded from the First Nation reporting entity.

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

- Kwikwetlem First Nation Social Housing Program
- Kwikwetlem First Nation Housing 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.

Kwikwetlem First Nation 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 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:

- Choxw Holdings Corporation (bare trust company, 100% owned by Kwikwetlem First Nation)
- KFN Enterprises Ltd. (100% owned by Kwikwetlem First Nation through the bare trustee company)
- KFN Enterprises Limited Partnership (99% limited partner through the bare trustee company)

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.

Asset classification

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

Cash and cash equivalents

Cash and cash equivalents 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.

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

Portfolio investments

Portfolio investments with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment. Portfolio investments with prices quoted in an active market include term deposits.

Funds held in Ottawa Trust Fund

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

- Capital trust funds derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust funds generated primarily through land leasing transactions or interest earned on deposits held in trust.

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

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 material. 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.

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.

Own source revenue

Own source revenue derived from sources such as resource based revenues, property tax, 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.

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.

Rental revenue

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.

Earnings from investment in Nation business entities

Earnings from investment in Nation business entities is recognized as revenue when received or receivable based on the First Nation's proportion of the entities' equity.

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

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.

Amortization

Amortization for tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	Method	Rate
Buildings and improvements	declining balance	5 %
Office and general equipment	declining balance	20 %
Computer equipment	declining balance	30 %
Vehicles	declining balance	30 %
Boats	declining balance	30 %
Infrastructure	straight-line	10 years
Canoes	straight-line	20 years
Parking lots	straight-line	30 years
Watermains	straight-line	40 years
Roads	straight-line	100 years

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.

When the First Nation determines that a long-lived asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write downs are not reversed.

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.

Kwikwetlem First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

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

Segments

The First Nation conducts its business through the following reportable segments: Band Support, Community Services, Lands & Resources, Land Governance, Housing, Capital Fund, Enterprise Fund and Ottawa Trust Fund. 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 consolidated financial statements.

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. 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 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. 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
Externally restricted		
CMHC Replacement Reserve	137,795	230,466

Replacement Reserve

Under agreements with Canada Mortgage and Housing Corporation ("CMHC") the Nation maintains a replacement reserve, established by an annual allocation of \$9,040 (2024 - \$9,040), to ensure replacement of buildings financed by CMHC. Following the annual allocation, this reserve is overfunded by \$82,471 (2024 - overfunded by \$127,815).

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.

Kwikwetlem First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

4. Accounts receivable

	2025	2024
BC Housing	576,157	108,211
BC Hydro	213,800	22,114
First Nations' Land Management Society	118,134	75,100
First Peoples' Heritage	-	110,556
Fisheries and Oceans Canada	11,500	354,343
Fortis BC	275,018	269,047
Funding and trade receivables	258,791	389,771
Impact Assessment Agency	20,681	156,000
Indigenous Services Canada	80,723	-
Metro Vancouver	388,283	52,059
Ministry of Transportation and Infrastructure	237,635	-
New Relationship Trust	545,268	788,468
Real Estate Foundation of BC	260,000	4,500
Trans Mountain Pipeline L.P.	57,166	101,993
	3,043,156	2,432,162

5. Portfolio investments

	2025	2024
Measured at cost:		
BC First Nations Gaming Revenue Sharing LP	100	100
BC First Nations Gaming Revenue Sharing General Partner Ltd.	10	10
	110	110
Measured at fair value:		
Royal Bank of Canada Guaranteed Investment Certificates (GICs)	75,000	75,000
Royal Bank of Canada (GICs) held in trust for minor Band Members	2,393,741	2,001,892
	2,468,741	2,076,892
	2,468,851	2,077,002

All Royal Bank of Canada (RBC) GICs bear interest at prime minus 2.9% per annum, have one-year terms, and are renewed upon maturity. The RBC prime rate is currently 4.95%.

6. Advances to related Nation entities & departments

	2025	2024
Kwikwetlem Holdings Inc.	3,000	3,000
Kwikwetlem Land Management Inc.	2,250	2,250
Kwikwetlem Land Management Limited Partnership	2,500	2,500
Saskay Earth Exchange Ltd.	132,215	-
Saskay Land Development Corporation	107,352	107,352
	247,317	115,102

Kwikwetlem First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

7. Funds held in trust

Revenue trust funds 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
Revenue Trust		
Balance, beginning of year	-	269
Interest and distributions	310	292
Less: Transfers to Nation	-	(561)
Balance, end of year	310	-

8. Accounts payable and accrued liabilities

	2025	2024
Accounts payable - general	676,855	943,195
Accrued salaries and employee benefits	217,905	124,388
Damage deposits	10,925	4,850
Government remittances payable	9,829	9,328
Guaranteed Investment Certificates payable in trust to minor band members	2,393,741	2,001,892
Holdbacks payable	-	407,849
	3,309,255	3,491,502

9. Advances from related Nation entities & departments

	2025	2024 (Restated)
Kwikwetlem Holdings Limited Partnership	-	693,309

10. Deferred revenue

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Revenue recognized</i>	<i>Balance, end of year</i>
B.C. Watershed Security Fund	-	260,000	-	260,000
Fortis BC - Woodfibre Gas Pipeline Project	220,000	-	-	220,000
New Relationship Trust - Declaration Act Engagement	520,000	-	-	520,000
	740,000	260,000	-	1,000,000

Deferred revenue at year-end includes long-term contracts for which funds will be received once certain milestones are met. The offsetting amounts are included in accounts receivable.

Kwikwetlem First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

11. Deficit in Nation business entities

The First Nation has investments in the following entities:

			2025	
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	<i>Total investment</i>
First Nation Government Business Enterprises				
KFN Enterprises Ltd. - 100%	10	9,500	(35,795)	(26,285)
Choxw Holdings Corp. - 100%	-	11,453	(15,758)	(4,305)
	10	20,953	(51,553)	(30,590)
First Nation Business Partnerships – Modified Equity				
KFN Enterprises Limited Partnership - 99.99%	9,999	1,815,220	(6,372,280)	(4,547,061)
	10,009	1,836,173	(6,423,833)	(4,577,651)
				2024
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	<i>Total investment</i>
First Nation Government Business Enterprises				
KFN Enterprises Ltd. - 100%	10	9,500	(34,855)	(25,345)
Choxw Holdings Corp. - 100%	-	11,453	(13,103)	(1,650)
	10	20,953	(47,958)	(26,995)
First Nation Business Partnerships – Modified Equity				
KFN Enterprises Limited Partnership - 99.99%	9,999	1,793,961	(4,979,682)	(3,175,722)
	10,009	1,814,914	(5,027,640)	(3,202,717)

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

	<i>Choxw Holdings Corp. As at March 31, 2025</i>	<i>KFN Enterprises Ltd. As at March 31, 2025</i>
Assets		
Due from shareholders	1	-
Total assets	1	-
Liabilities		
Accounts payable and accruals	4,305	1,200
Advances from related parties	11,453	33,924
Investments	-	661
Total liabilities	15,758	35,785
Deficit	(15,757)	(35,785)
Total revenue	-	-
Total expenses	(2,655)	(939)
Net loss	2,655	939

Kwikwetlem First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

11. **Deficit in Nation business entities** (Continued from previous page)

	<i>KFN Enterprises Limited Partnership As at March 31, 2025</i>	<i>KFN Enterprises Limited Partnership As at March 31, 2024</i>
Assets		
Cash	453,120	181,188
Accounts receivable	230,554	10,566
Prepaid expenses and deposits	-	7,339
Advances to related parties	622,309	271,753
Property and equipment	470,821	504,820
Investments in joint arrangements	1,151,459	3,468,626
Investment in subsidiary	51	51
Total assets	2,928,314	4,444,343
Liabilities		
Bank indebtedness	247,481	95,483
Accounts payable and accruals	116,292	377,555
Government remittances payable	310,045	153,655
Wages and employee benefits payable	22,783	29,313
Advances from related parties	1,817,818	1,796,559
Callable debt	6,776,812	6,961,957
Total liabilities	9,291,231	9,414,522
Partners' Capital (Deficit)	(6,362,917)	(4,970,179)
Total revenue	2,565,191	4,362,165
Total expenses	2,821,190	7,692,042
Earnings (loss) from operations	(255,999)	(3,329,877)
Other income (expense)	(1,136,739)	(2,662,206)
Net earnings (loss)	(1,392,738)	(5,992,083)

Kwikwetlem First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

12. Long-term debt

	2025	<i>2024 (Restated)</i>
BC Housing Forgivable Loan, bearing interest at prime rate in the event of default, forgivable over 25 years starting 11 years after the commencement date. A commencement date has not been confirmed.	2,970,520	2,970,520
BC Housing Construction Loan, bearing interest at the lower of the Ministry of Finance of the Government of British Columbia rate plus an administration spread of up to 0.5625% or the Royal Bank of Canada prime rate plus 1%, interest only payments until full project completion.	2,234,463	1,601,575
Royal Bank of Canada demand loan, with blended monthly payments of \$6,447 bearing interest at prime plus 0.5% per annum, maturing October 2039. The loan is payable on demand and has no specified terms of repayment or early repayment penalties.	726,773	763,210
All Nations' Trust Company mortgage with blended monthly payments of \$1,355 at 0.68% per annum, maturing August 1, 2030.	86,432	102,046
All Nations' Trust Company mortgage with blended monthly payments of \$2,560 at 3.58% per annum, maturing December 1, 2038.	333,712	352,241
	6,351,900	5,789,592

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	66,721
2027	70,069
2028	73,647
2029	77,471
2030	81,559

13. Contingencies

As at the report date, the First Nation is involved in certain negotiations and legal claims. As the outcomes of these negotiations and legal claims are indeterminable as of the date of this report, no contingent asset has been disclosed, nor have any contingent liabilities been accrued in the financial statements.

14. Tangible capital assets

In the prior year, the First Nation received insurance proceeds of \$1,423,990 to cover costs associated with rebuilding damaged structures from a fire. The loss was fully covered by insurance.

The tangible capital assets reconciliation is included in Schedule 1.

15. Accumulated surplus

Accumulated surplus consists of the following:

	2025	<i>2024 (Restated)</i>
Equity in Tangible Capital Assets	7,332,312	7,852,196
Operating Surplus	9,838,786	7,557,990
Investment in Nation business entities	(4,577,651)	(3,202,717)
Equity in Ottawa Trust Funds	310	-
Equity in CMHC Replacement Reserve	55,324	102,651
	12,649,081	12,310,120

16. Segments

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

Band Support

Responsible for administering projects the First Nation is involved in annually and on an on-going basis relating to the overall objectives of the First Nation and the development of stable, legitimate and accountable community governments. It also provides overall support of the First Nation including advisory services relating to financial management, band government, economic development, community services and technical services.

Community Services

Provides a broad spectrum of services to community members. These services include, but are not limited to, income assistance, child and family services, assisted living and early childhood development, health programs and initiatives for the betterment of the lives of the members, education to support members in expressing, preserving, developing and promoting their cultural heritage through the establishment and operation of First Nation education centres and programs, and services for students at the elementary/secondary and post secondary level, including; instructional services both on and off reserve as well as support services such as transportation, accommodation, guidance and counselling.

Lands & Resources

Responsible for facilitating and resolving inquiries from government regulators, procurement introductions and negotiation referrals for companies seeking mutual benefit agreements and cares for, and protects, the lands, waters and resources within the Nation's traditional territory.

Land Governance

Includes revenue and expenses related to general governance activities, lands administration, membership and aboriginal rights and title.

Housing

Responsible for management of homes and properties owned by the Nation and the administration of Social Housing units.

Capital Fund

Tracks the Nation's capital asset acquisitions and amortization of tangible capital assets.

Enterprise Fund

Oversees the Nation's investments in partnerships and government business entities.

Ottawa Trust Fund

Manages moneys held in trust by the Government of Canada.

17. Budget information

The disclosed budget information has been approved by the Chief and Council of the Kwikwetlem First Nation at the Chief & Council meeting held on April 17, 2024.

18. Financial instruments

Kwikwetlem First Nation's financial instruments consist of cash, accounts receivable, accounts payable and accruals, and long-term debt. It is management's opinion that the First Nation is not exposed to significant currency or credit risk arising from these financial instruments. The fair value of the instruments approximates their carrying values, unless otherwise noted.

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the First Nation manages exposure through its normal operating and financing activities. The First Nation is exposed to interest rate price risk on its mortgages with fixed interest rates, and interest rate cash flow risk on demand loans with variable rates.

19. Guarantees

As at March 31, 2025, the First Nation has guaranteed the following loans:

Two Bank of Montreal demand loans with a maximum amount of \$9,220,000 for KFN Enterprises LP. As at March 31, 2025, \$7,024,293 (2024 - \$7,057,440) was drawn.

Two Royal Bank of Canada loans for members. As at March 31, 2025, the principal balance outstanding on these loans was \$359,327 (2024 - \$362,703).

No liability related to these guarantees has been recorded.

20. Economic dependence

Kwikwetlem First Nation receives a significant portion of its revenue from various government agreements. The ability of the Nation to continue operations is dependent upon the continued financial commitments as guaranteed by these agreements.

21. Related party transactions

During the year, the Nation transacted with related parties as follows:

- Revenue includes \$508,791 (2024 - \$952,857) in profit sharing, rental, consulting and other head office services to KFN Enterprises Limited Partnership.
- The First Nation recognized \$1,392,599 share of loss (2024 - \$5,992,084 share of loss) from KFN Enterprises Limited Partnership.
- Revenue includes \$nil (2024 - \$456,672) in profit sharing and head office services to Saskay Land Development Limited Partnership, a subsidiary held through Choxw Holdings Corporation (bare trust company)
- Revenue includes \$nil (2024 - \$731,317) in profit sharing from Kwikwetlem Holdings Limited Partnership, a subsidiary held through Choxw Holdings Corporation (bare trust company)
- The First Nation recognized \$939 share of loss (2024 - \$1,649 share of loss) from KFN Enterprises Ltd.
- The First Nation recognized \$2,655 share of loss (2024 - \$2,153 share of loss) from Choxw Holdings Corporation.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

22. Correction of an error

The financial statements for the year ended March 31, 2024 have been restated as a result of adjustments identified which have been summarized below. These adjustments, cumulatively, impacted 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.

During the year, corrections were made to amounts recorded in the March 31, 2024 fiscal year. These corrections related to improvements to First Nation land previously recorded in a related entity, and the capitalization of member homes and the associated long-term debt which were determined to be private homes and loan guarantees. An additional correction was made for revenues recognized during and prior to the March 31, 2024 fiscal year, which were determined to be periodic advances of partially forgivable long-term debt associated with an on-going housing development.

These corrections resulted in a decrease to opening accumulated surplus of \$3,217,064, an increase to advances from related Nation entities & departments of \$693,309, an increase in long-term debt of \$4,205,090, an increase to tangible capital assets of \$508,463, a decrease in revenue of \$1,381,985 and an increase in expenses of \$198,735 for the year-ended March 31, 2024.

As a result of these adjustments, annual surplus decreased by \$1,580,720 for the year ended March 31, 2024 and closing accumulated surplus decreased by \$4,797,784.

23. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation. During the year, the First Nation restructured their accounts and segments. This resulted in change in presentation of the program expenses on the consolidated statement of operations and of the presentation of the revenue and expenses on the accompanying schedules. Overall, there was no change to the prior year consolidated revenue, expenses, or closing surplus.

Kwikwetlem First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2025

	<i>Land</i>	<i>Parking lots</i>	<i>Buildings and improvements</i>	<i>Vehicles</i>	<i>Computer equipment</i>	<i>Office and general equipment</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	1,455,000	1,614,000	5,413,198	499,623	339,186	455,595	9,776,602
Acquisition of tangible capital assets	-	-	380,063	102,847	7,091	3,445	493,446
Construction completion	-	-	5,634,270	-	-	-	5,634,270
Balance, end of year	1,455,000	1,614,000	11,427,531	602,470	346,277	459,040	15,904,318
Accumulated amortization							
Balance, beginning of year	-	144,180	1,679,860	409,987	217,059	311,566	2,762,652
Annual amortization	-	53,800	330,270	42,318	37,702	29,135	493,225
Balance, end of year	-	197,980	2,010,130	452,305	254,761	340,701	3,255,877
Net book value of tangible capital assets	1,455,000	1,416,020	9,417,401	150,165	91,516	118,339	12,648,441
2024 Net book value of tangible capital assets	1,455,000	1,469,820	3,733,338	89,636	122,127	144,029	7,013,950

Kwikwetlem First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2025

	<i>Subtotal</i>	<i>Boats</i>	<i>Infrastructure</i>	<i>Watermains</i>	<i>Roads</i>	<i>Canoes</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	9,776,602	386,179	304,007	336,212	605,117	89,709	11,497,826
Acquisition of tangible capital assets	493,446	-	84,444	-	-	-	577,890
Construction completion	5,634,270	-	-	-	-	-	5,634,270
Balance, end of year	15,904,318	386,179	388,451	336,212	605,117	89,709	17,709,986
Accumulated amortization							
Balance, beginning of year	2,762,652	341,803	142,924	112,100	54,280	54,872	3,468,631
Annual amortization	493,225	13,313	33,374	6,724	6,022	4,485	557,143
Balance, end of year	3,255,877	355,116	176,298	118,824	60,302	59,357	4,025,774
Net book value of tangible capital assets	12,648,441	31,063	212,153	217,388	544,815	30,352	13,684,212
2024 Net book value of tangible capital assets	7,013,950	44,376	161,083	224,112	550,837	34,837	8,029,195

Kwikwetlem First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2025

	<i>Subtotal</i>	<i>Construction in progress</i>	<i>2025</i>	<i>2024 (Restated)</i>
Cost				
Balance, beginning of year	11,497,826	5,612,593	17,110,419	12,875,843
Acquisition of tangible capital assets	577,890	21,677	599,567	4,234,576
Construction completion	5,634,270	(5,634,270)	-	-
Balance, end of year	17,709,986	-	17,709,986	17,110,419
Accumulated amortization				
Balance, beginning of year	3,468,631	-	3,468,631	3,103,635
Annual amortization	557,143	-	557,143	364,996
Balance, end of year	4,025,774	-	4,025,774	3,468,631
Net book value of tangible capital assets	13,684,212	-	13,684,212	13,641,788
2024 Net book value of tangible capital assets	8,029,195	5,612,593	13,641,788	

Kwikwetlem First Nation
Schedule 2 - Segmented Information
For the year ended March 31, 2025

	Band Support	Community Services	Lands & Resources	Land Governance	Housing	Capital Fund	Enterprise Fund	Ottawa Trust Fund	2025
Revenue									
Indigenous Services Canada	\$ 287,922	\$ 427,319	\$ -	\$ 415,448	\$ 325,688	\$ -	\$ -	\$ -	1,456,377
Other government	1,338,214	1,032,512	3,401,045	70,034	143,568	-	-	-	5,985,373
Economic activities and other	2,546,583	635,544	1,913,832	1,577,386	666,573	-	(1,396,193)	310	5,944,035
	4,172,719	2,095,375	5,314,877	2,062,868	1,135,829	-	(1,396,193)	\$ 310	13,385,785
Expenses									
Amortization	-	-	-	-	34,143	523,000	-	-	557,143
Operating expenses	739,589	211,400	621,279	533,190	611,464	-	-	-	2,716,922
Salaries, wages and benefits	1,995,245	781,045	944,245	542,483	367,773	-	-	-	4,630,791
Program and services delivery expenses	2,613,464	592,815	704,788	983,232	247,669	-	-	-	5,141,968
	5,348,298	1,585,260	2,270,312	2,058,905	1,261,049	523,000	-	-	13,046,824
Surplus (deficit) before other items	(1,175,579)	510,115	3,044,565	3,963	(125,220)	(523,000)	(1,396,193)	310	338,961
Capital asset acquisitions	(182,198)	(67,894)	(119,211)	(5,550)	(224,714)	599,567	-	-	-
Transfers between programs	622,952	31,027	(661,984)	8,005	-	-	-	-	-
Annual surplus (deficit)	\$ (734,825)	\$ 473,248	\$ 2,263,370	\$ 6,418	\$ (349,934)	\$ 76,567	\$ (1,396,193)	\$ 310	\$ 338,961

	Band Support	Community Services	Lands & Resources	Land Governance	Housing	Capital Fund	Enterprise Fund	Ottawa Trust Fund	2024 (Restated)
Revenue (Note 22)									
Indigenous Services Canada	\$ 274,655	\$ 428,065	\$ -	\$ 610,435	\$ 526,508	\$ -	\$ -	\$ -	1,839,663
Other government	2,669,628	1,186,032	1,208,374	375,600	109,364	-	-	-	5,548,998
Economic activities and other	2,889,443	222,006	2,310,310	298,374	148,490	-	(5,995,287)	292	(126,372)
	5,833,726	1,836,103	3,518,684	1,284,409	784,362	-	(5,995,287)	292	7,262,289
Expenses (Note 22)									
Amortization	-	-	-	-	35,127	329,869	-	-	364,996
Operating expenses	266,547	232,629	481,258	458,790	610,565	-	-	-	2,049,789
Salaries, wages and benefits	1,662,225	555,819	1,032,634	312,032	255,994	-	-	-	3,818,704
Program and services delivery expenses	2,028,612	594,629	798,005	602,499	434,993	-	-	-	4,458,738
	3,957,384	1,383,077	2,311,897	1,373,321	1,336,679	329,869	-	-	10,692,227
Surplus (deficit) before other items	1,876,342	453,026	1,206,787	(88,912)	(552,317)	(329,869)	(5,995,287)	292	(3,429,938)
Capital asset acquisitions	(705,985)	(36,758)	(56,410)	(9,594)	(3,425,829)	4,234,576	-	-	-
Insurance proceeds	-	-	-	-	1,423,990	-	-	-	1,423,990
Transfers between programs	282,149	(113,265)	(28,736)	(139,587)	-	-	-	(561)	-
Annual surplus (deficit) (Note 22)	\$ 1,452,506	\$ 303,003	\$ 1,121,641	\$ (238,093)	\$ (2,554,156)	\$ 3,904,707	\$ (5,995,287)	\$ (269)	\$ (2,005,948)