

**Leq'á:mel First Nation
Consolidated Financial Statements**
March 31, 2025

Leq'á:mel First Nation
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For the year ended March 31, 2025

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To the Members of Leq'á:mel First Nation:

Opinion

We have audited the financial statements of Leq'á:mel First Nation and its subsidiaries (the "First Nation"), which comprise the statement of consolidated financial position as at March 31, 2025, and the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, changes in net financial assets and cash flows for the year then ended, and consolidated notes to the 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, consolidated remeasurement gains and losses, changes in its consolidated net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the 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.

Chilliwack, British Columbia

July 29, 2025

MNP LLP

Chartered Professional Accountants

Leq'á:mel First Nation
Consolidated Statement of Financial Position
As at March 31, 2025

| | 2025 | 2024 |
|--|-------------------|-------------|
| Financial assets | | |
| Cash and cash equivalents | 14,865,937 | 57,438,008 |
| Accounts receivable (Note 3) | 1,343,731 | 1,460,249 |
| Portfolio investments (Note 4) | 34,785,002 | 4,427 |
| Investments in government business entities (Note 5) | 4,429,034 | 4,006,634 |
| Funds held in trust (Note 6) | 90,300 | 39,984 |
| Total of financial assets | 55,514,004 | 62,949,302 |
| Liabilities | | |
| Accounts payable and accruals (Note 7) | 2,088,280 | 11,945,083 |
| Deferred revenue (Note 8) | 7,200,653 | 6,284,582 |
| Long-term debt (Note 9) | 4,945,642 | 5,200,003 |
| Capital lease obligations | - | 7,391 |
| Total of financial liabilities | 14,234,575 | 23,437,059 |
| Net financial assets | 41,279,429 | 39,512,243 |
| Contingencies (Note 10) | | |
| Non-financial assets | | |
| Tangible capital assets (Schedule 1) | 20,229,112 | 19,180,442 |
| Accumulated surplus (Note 11) | 61,508,541 | 58,692,685 |
| Accumulated surplus is comprised of: | | |
| Accumulated surplus | 61,731,499 | 58,692,685 |
| Accumulated remeasurement gains (losses) | (222,958) | - |
| | 61,508,541 | 58,692,685 |

Approved on behalf of the Council

| | | | |
|---|-------------------|---|-------------------|
| <u>Original signed by Stacey Goulding</u> | Chief | <u>Original signed by Sandra McDonald</u> | Councillor |
| <u>Original signed by Camielle Laslo</u> | Councillor | <u>Original signed by Lance Campo</u> | Councillor |

Leq'á:mel First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2025

| | 2025 Budget | 2025 | 2024 |
|---|------------------------|-------------------|------------|
| Revenue | | | |
| Indigenous Services Canada | 6,757,701 | 4,495,133 | 3,223,591 |
| Economic activity and other income | 7,071,479 | 4,159,628 | 2,635,268 |
| Province of British Columbia | 2,049,107 | 1,751,265 | 3,178,549 |
| Other federal funding | 2,509,580 | 1,579,399 | 75,481,533 |
| First Nation Health Authority | 838,384 | 940,944 | 864,994 |
| Earnings from investments in government business entities | - | 568,282 | 675,477 |
| Investment income | 1,747,924 | 2,457,447 | 1,593,716 |
| Rental income | 240,540 | 242,079 | 225,235 |
| | 21,214,715 | 16,194,177 | 87,878,363 |
| Expenditures | | | |
| Administration | 2,060,858 | 2,843,622 | 42,731,384 |
| Education and Employment | 320,570 | 431,605 | 437,538 |
| Social Programs | 451,909 | 461,130 | 567,163 |
| Health | 1,598,783 | 1,850,328 | 941,671 |
| Lands and Resources | 12,307,337 | 4,098,511 | 4,202,205 |
| Operations and Maintenance | 883,596 | 1,647,446 | 1,523,328 |
| Capital Assets | 547,924 | 737,971 | 728,859 |
| Housing | 2,389,324 | 1,084,750 | 209,835 |
| | 20,560,301 | 13,155,363 | 51,341,983 |
| Annual surplus | 654,414 | 3,038,814 | 36,536,380 |
| Accumulated surplus, beginning of year | 58,692,685 | 58,692,685 | 22,156,305 |
| Accumulated surplus, end of year (Note 11) | 59,347,099 | 61,731,499 | 58,692,685 |

Leq'á:mel First Nation
Consolidated Statement of Remeasurement Gains and Losses
For the year ended March 31, 2025

| | 2025 | 2024 |
|--|------------------|-------------|
| Accumulated remeasurement gains, beginning of year | - | - |
| Unrealized gains (losses) attributable to: | | |
| Foreign exchange | 6,239 | - |
| Portfolio investments | (229,197) | - |
| Accumulated remeasurement gains (losses), end of year | (222,958) | - |

Leq'á:mel First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2025

| | 2025 Budget | 2025 | 2024 |
|--|------------------------|-------------------|-------------|
| Annual surplus | 654,414 | 3,038,814 | 36,536,380 |
| Purchases of tangible capital assets | - | (1,786,641) | (2,728,656) |
| Amortization of tangible capital assets | - | 737,971 | 587,702 |
| Use of prepaid expenses | - | - | 5,425 |
| Change in remeasurement losses for the year | - | (222,958) | - |
| Increase in net financial assets | 654,414 | 1,767,186 | 34,400,851 |
| Net financial assets, beginning of year | 34,512,243 | 39,512,243 | 5,111,392 |
| Net financial assets end of year | 35,166,657 | 41,279,429 | 39,512,243 |

Leq'á:mel First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2025

| | 2025 | 2024 |
|---|---------------------|--------------------|
| Cash provided by (used for) the following activities | | |
| Operating activities | | |
| Cash receipts from contributors | 15,360,497 | 92,286,491 |
| Cash paid to suppliers | (18,224,289) | (36,720,798) |
| Cash paid to employees for salaries, wages and benefits | (3,960,139) | (2,524,828) |
| Interest income | 1,701,343 | 1,133,585 |
| Interest on long-term debt | (247,893) | (228,719) |
| | (5,370,481) | 53,945,731 |
| Financing activities | | |
| Advances of long-term debt | 3,379,022 | - |
| Repayment of long-term debt | (3,633,382) | (275,177) |
| Repayment of capital lease obligations | (7,931) | (17,457) |
| | (262,291) | (292,634) |
| Capital activities | | |
| Purchases of tangible capital assets | (1,786,641) | (2,728,656) |
| Investing activities | | |
| Net change in funds held in trust | 50,317 | 32,014 |
| Net change in investments in government business entities | (422,400) | (149,900) |
| Net change in portfolio investments | (34,780,575) | - |
| | (35,152,658) | (117,886) |
| Increase in cash resources | (42,572,071) | 50,806,555 |
| Cash resources, beginning of year | 57,438,008 | 6,631,453 |
| Cash resources, end of year | 14,865,937 | 57,438,008 |

Leq'á:mel First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

1. Operations

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

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include 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 consolidated 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 Leq'á:mel First Nation are excluded from the First Nation reporting entity.

Leq'á:mel First Nation has consolidated the assets, liabilities, revenues and expenses of the following entities:

- Leq'á:mel First Nation Community Trust
- Leq'á:mel Energy Limited Partnership
- Leq'á:mel Energy Limited

Leq'á:mel 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 consolidated 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:

- 0807656 B.C. Ltd.
- Leq'á:mel Development Corporation
- Seven Generations Environmental Services Ltd.
- Leq'á:mel Development Limited Partnership
- Leq'á:mel Forestry Limited Partnership

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. Non-financial assets include tangible capital assets.

Leq'á:mel First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

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

Net financial assets

The First Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of consolidated financial position. The 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 consolidated financial position, accumulated surplus.

Cash and cash equivalents

Cash and cash equivalent include balances with banks and short-term investments with maturities of three months or less.

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 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.

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.

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 | Years |
|----------------|---------------|--------------|
| Automotive | straight-line | 5 years |
| Buildings | straight-line | 40 years |
| Equipment | straight-line | 5-10 years |
| Infrastructure | straight-line | 15-100 years |
| Housing | straight-line | 40 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.

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.

Leq'á:mel First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

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

Own source revenue

Own source revenue derived from sources such as resource based revenues, property tax, interest income and other revenue and 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.

Measurement uncertainty

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

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

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

Liability for contaminated sites

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. Management has determined that no liability exists as at March 31, 2025.

Segments

The First Nation conducts its business through eight reportable segments: Administration, Education and Employment, Social Programs, Health, Lands and Resources, Operations and Maintenance, Capital Assets, and Housing. 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.

Leq'á:mel First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

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

Statement of Remeasurement Gains and Losses

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

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

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 consolidated 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.

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 annual surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Leq'á:mel First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

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

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. Accounts receivable

| | 2025 | 2024 |
|---------------------------------------|------------------|-------------|
| Funding and trade receivables | 1,281,944 | 1,445,742 |
| Other receivables | 63,802 | 174,645 |
| | 1,345,746 | 1,620,387 |
| Less: Allowance for doubtful accounts | 2,015 | 160,138 |
| | 1,343,731 | 1,460,249 |

4. 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 |
| LMS Society Shares | 4,317 | 4,317 |
| | 4,427 | 4,427 |
| Measured at fair value: | | |
| Scotia McLeod, diversified portfolio | 34,780,575 | - |
| | 34,785,002 | 4,427 |

Leq'á:mel First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

5. Investments in government business entities

The First Nation has investments in the following government business entities:

| | <i>Investment cost</i> | <i>Loans (advances)</i> | <i>Cumulative share of earnings (loss)</i> | <i>Total investment</i> | 2025 |
|---|------------------------|-------------------------|--|-------------------------|------|
| Business Entities – Modified Equity: | | | | | |
| 0807656 B.C. Ltd. - 100% | 1 | (28,569) | (4,867) | (33,435) | |
| Leq'á:mel Development Corporation - 100% | 1 | 30,259 | (35,386) | (5,126) | |
| Seven Generations Environmental Services Ltd. - 17% | 194,968 | 58,877 | (127,797) | 126,048 | |
| Leq'á:mel Development Limited Partnership - 99.99% | 1 | - | 3,420,386 | 3,420,387 | |
| Leq'á:mel Forestry Limited Partnership - 99.00% | 1 | 1,057,520 | (136,361) | 921,160 | |
| | 194,972 | 1,118,087 | 3,115,975 | 4,429,034 | |
| | | | | | |
| | <i>Investment cost</i> | <i>Loans (advances)</i> | <i>Cumulative share of earnings (loss)</i> | <i>Total investment</i> | 2024 |
| Business Entities – Modified Equity: | | | | | |
| 0807656 B.C. Ltd. - 100% | 1 | (28,569) | (4,867) | (33,435) | |
| Leq'á:mel Development Corporation - 100% | 1 | 30,259 | (35,959) | (5,699) | |
| Seven Generations Environmental Services Ltd. - 17% | 194,968 | 58,877 | (160,988) | 92,857 | |
| Leq'á:mel Development Limited Partnership - 99.99% | 1 | (673,715) | 3,592,724 | 2,919,010 | |
| Leq'á:mel Forestry Limited Partnership - 99.00% | 1 | 1,057,520 | (23,620) | 1,033,901 | |
| | 194,972 | 444,372 | 3,367,290 | 4,006,634 | |

Leq'a:mel First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

5. Investments in government business entities *(Continued from previous page)*

Summary financial information for Leq'a:mel First Nation business enterprises with significant operations, accounted for using the modified equity method, for their respective year-end is as follows:

| | <i>Leq'a:mel Development Limited Partnership</i> <i>As at March 31, 2025</i> | <i>Leq'a:mel Forestry Limited Partnership</i> <i>As at December 31, 2024</i> | <i>Seven Generations Environmental Services Ltd.</i> <i>As at March 31, 2025</i> |
|--------------------------------------|---|---|---|
| Assets | | | |
| Cash | 1,522,911 | 9,242 | 689,736 |
| Accounts receivable | 117,862 | - | 105,713 |
| Prepaid expenses | 2,118 | - | 4,808 |
| Government remittances receivable | 25,703 | - | 1,430 |
| Advances to related parties | 10,730 | 464,663 | - |
| Property, plant and equipment | 5,185,726 | 560,447 | 3,348 |
| Marketable securities | - | 1,367 | - |
| Inventory | 219,936 | - | - |
| Total assets | 7,084,986 | 1,035,719 | 805,035 |
| Liabilities | | | |
| Accounts payable and accruals | 149,806 | 3,501 | 46,191 |
| Deferred revenue | 3,088,760 | - | - |
| Advances from related parties | 453,159 | 55,021 | 353,258 |
| Other liabilities | 7,821 | 62,162 | 2,554 |
| Total liabilities | 3,699,546 | 120,684 | 402,003 |
| Equity | 3,385,440 | 915,035 | 403,032 |
| Total revenue | 1,844,243 | 138,409 | 1,082,367 |
| Total expenses | 1,196,424 | 252,289 | 883,220 |
| Net income (loss) | 647,819 | (113,880) | 199,147 |

The summary financial information for Leq'a:mel Development Limited Partnership and Leq'a:mel Development Corporation and the summary financial information for Leq'a:mel Forestry Limited Partnership and 0807656 B.C. Ltd. are combined in the summary financial information above.

Leq'á:mel First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

6. 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.

The secured revenues trust account arises from a financing agreement with the First Nations Finance Authority ("FNFA"). Certain revenue streams of Leq'á:mel First Nation are deposited into this account to secure funds FNFA has lent to the First Nation. 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 Leq'á:mel First Nation.

| | 2025 | 2024 |
|------------------------------------|---------------|-------------|
| Capital Trust | | |
| Balance, beginning and end of year | 195 | 195 |
| Revenue Trust | | |
| Balance, beginning of year | 3 | 999 |
| Interest and distributions | 30,122 | 1,070 |
| | 30,125 | 2,069 |
| Less: Transfers to Nation | - | 2,066 |
| | 30,125 | 3 |
| FNFA Secured Revenues Trust | | |
| Balance, beginning of year | 39,785 | 70,804 |
| Net changes | 20,195 | (31,018) |
| | 59,980 | 39,786 |
| | 90,300 | 39,984 |

7. Accounts payable and accruals

Included in accounts payable and accruals are \$720,000 of outstanding membership distribution payments. These amounts are related to the Klatwaas Colonial Reserve Reduction Specific Claim Settlement.

Leq'á:mel First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

8. 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>Contributions recognized</i> | <i>Balance, end of year</i> |
|---|---|-----------------------------------|-------------------------------------|---------------------------------|
| Government of Canada - TCEI | 340,848 | - | 210,848 | 130,000 |
| ISC - Housing Renovations (QA1B) | - | 1,627,150 | 534,207 | 1,092,943 |
| ISC - New Housing Construction (Q3XJ) | 80,000 | - | - | 80,000 |
| ISC - Skweahm Water Systems Improvements (Q3X7) | 302,924 | - | 181,062 | 121,862 |
| ISC - Project Deroche Creek Recovery (Q3AV) | 2,204,251 | 404,948 | 29,393 | 2,579,806 |
| ISC - Estates Capacity Project (Q075) | 80,000 | - | 80,000 | - |
| ISC - FNCFS O&M Housing (QA1V) | - | 135,151 | - | 135,151 |
| ISC - Climate Change and Flood Resiliency (QZJF) | - | 379,155 | 9,572 | 369,583 |
| FPCC - Cemetery Project | 91,230 | - | 91,230 | - |
| Province of BC - Lands Legacy Project | - | 220,000 | 31,682 | 188,318 |
| Province of BC - Watershed Recovery | 1,070,255 | - | 212,192 | 858,063 |
| Province of BC - FV Flood Mitigation | 1,249,125 | - | 30,547 | 1,218,578 |
| CMHC - Housing Maintenance | 165,000 | - | 165,000 | - |
| DFO - AHRF Project | 502,631 | - | 502,631 | - |
| DFO - Project Fisheries Terminal | 60,000 | 421,815 | 120,436 | 361,379 |
| FNLMRC - Lands Legacy Project | 74,668 | 79,530 | 154,198 | - |
| Government of Canada - Project Cumulative Effects | 63,650 | - | 63,650 | - |
| FNHA - Harm Reduction & Traditional Wellness | - | 64,970 | - | 64,970 |
| | 6,284,582 | 3,332,719 | 2,416,648 | 7,200,653 |

Leq'á:mel First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

9. Long-term debt

| | 2025 | 2024 |
|---|------------------|-------------|
| First Nations Finance Authority promissory note, with blended monthly payments of \$248,726 at 4.47% per annum, due June 1, 2034. | 3,503,309 | - |
| First Nations Finance Authority Debt Reserve Fund, the Authority holds a deposit of 5% of the loans advanced in the Debt Reserve Fund. Average interest paid annually was at rate of 2.99%. | (259,468) | - |
| First Nations Finance Authority promissory note, with blended monthly payments of \$10,354 at 2.72% per annum, due June 1, 2028. | 1,830,969 | 1,902,806 |
| First Nations Finance Authority Debt Reserve Fund, the Authority holds a deposit of 5% of the loans advanced in the Debt Reserve Fund. Average interest paid annually was at a rate of 3.65%. | (129,168) | (124,624) |
| First Nations Finance Authority promissory note, refinanced during the year | - | 1,911,338 |
| First Nations Finance Authority Debt Reserve Fund | - | (156,593) |
| First Nations Finance Authority promissory note, refinanced during the year | - | 1,825,109 |
| First Nations Finance Authority Debt Reserve Fund | - | (158,033) |
| | 4,945,642 | 5,200,003 |

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 | 218,057 |
| 2027 | 232,025 |
| 2028 | 232,025 |
| 2029 | 232,025 |
| 2030 | 232,025 |

Leq'á:mel First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

10. Contingencies

As at March 31, 2024, the First Nation is contingently liable in respect of guaranteed individual Band member mortgages with various financial institutions totalling \$700,789 (2024 - \$735,392).

Bank of Montreal (BMO) has authorized up to \$1,000,000 of residential mortgage loans to members of Leq'á:mel First Nation. Under this agreement, the First Nation is to provide guarantees on all Band member mortgages. The total amounts guaranteed under this agreement are included above.

Royal Bank of Canada (RBC) has authorized up to \$1,500,000 of residential mortgage loans to members of Leq'á:mel First Nation. Under this agreement, the First Nation is to provide guarantees on all Band member mortgages. The total amounts guaranteed under this agreement are included above.

11. Accumulated surplus

Accumulated surplus consists of the following:

| | 2025 | 2024 |
|---|-------------------|------------|
| Equity in Tangible Capital Assets | 15,283,470 | 13,973,048 |
| Equity in Government Business Entities | 4,429,034 | 4,006,634 |
| Operating Surplus | 6,611,995 | 40,136,894 |
| Equity in Funds Held in Trust | 90,300 | 39,984 |
| Equity in Community Trust | 34,780,575 | - |
| Equity in Accumulated Remeasurement Losses | (222,958) | - |
| Equity in Internally Restricted Housing Reserve | 134,263 | 134,263 |
| Equity in 2024 Housing Arrears Recovery | 401,862 | 401,862 |
| | 61,508,541 | 58,692,685 |

12. Financial Instruments

The First Nation as part of its operations carries a number of financial instruments. It is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The First Nation is exposed to interest rate price risk with respect to mortgages included in long-term debt which have fixed rates of interest. The First Nation is also exposed to interest rate risk with respect to the cash balance which bears interest based on the bank prime rate. The First Nations exposure to interest rate risk is deemed low as a decrease in the bank prime rate, and subsequently, a drop in cash flow, would not have a material impact on the First Nation's operations.

Fair Value of Financial Instruments

Financial instruments measured at fair value on the statement of financial position include portfolio investments quoted in active markets.

Leq'á:mel First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Nation is exposed to foreign currency risk through bank accounts and portfolio investments denominated in US dollars. The First Nation's exposure to foreign currency risk is deemed low, as any decrease in the value of the US dollar, and subsequently, decrease in the fair value of US dollar portfolio investments and cash, would not have a material impact on the consolidated financial statements.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The First Nation enters into transactions to purchase and sell portfolio investments for which the market price fluctuates.

13. Segments

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

Administration

Includes general operations, IT support and financial management of the First Nation and governance activities.

Education and Employment

Includes revenue and expenses related to primary, secondary and post secondary education and employment training of the members of the First Nation.

Social Programs

Includes revenue and expenses related to a wide range of social development services including family and children services and social assistance programs.

Health

Includes revenue and expenses related to the provision of internal and external health services, programs and activities delivered to membership.

Lands & Resources

Includes revenue and expenses related to ongoing lands and resource activities including rights and title, natural resources and various land-based community projects and initiatives..

Operations & Maintenance

Includes revenue and expenses related to ongoing community maintenance requirements and activities.

Capital Assets

Includes revenue and expenses related to tangible capital assets.

Housing

Includes property management related to the mortgaged homes owned by the First Nation and the administration of social housing programs.

Leq'á:mel First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

14. Comparative figures

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

Leq'á:mel First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2025

| | <i>Automotive</i> | <i>Buildings</i> | <i>Equipment</i> | <i>Infrastructure</i> | <i>Housing</i> | 2025 | 2024 |
|--|-------------------|-------------------|------------------|-----------------------|------------------|-------------------|-------------------|
| Cost | | | | | | | |
| Balance, beginning of year | 723,193 | 12,449,512 | 827,001 | 8,266,682 | 5,255,162 | 27,521,550 | 24,792,894 |
| Acquisition of tangible capital assets | 149,338 | 731,950 | 302,677 | 75,613 | 105,186 | 1,364,764 | 1,452,649 |
| Construction-in-progress | - | 30,572 | - | 391,305 | - | 421,877 | 1,276,007 |
| Balance, end of year | 872,531 | 13,212,034 | 1,129,678 | 8,733,600 | 5,360,348 | 29,308,191 | 27,521,550 |
| Accumulated amortization | | | | | | | |
| Balance, beginning of year | 360,646 | 1,943,574 | 382,657 | 4,345,880 | 1,308,351 | 8,341,108 | 7,753,406 |
| Annual amortization | 133,617 | 301,102 | 87,807 | 82,970 | 132,475 | 737,971 | 587,702 |
| Balance, end of year | 494,263 | 2,244,676 | 470,464 | 4,428,850 | 1,440,826 | 9,079,079 | 8,341,108 |
| Net book value of tangible capital assets | 378,268 | 10,967,358 | 659,214 | 4,304,750 | 3,919,522 | 20,229,112 | 19,180,442 |
| 2024 Net book value of tangible capital assets | 362,547 | 10,505,938 | 444,344 | 3,920,802 | 3,946,811 | 19,180,442 | |

Leq'á:mel First Nation
Schedule 2 - Consolidated Segmented Information
For the year ended March 31, 2025

| | Administration | Education and Employment | Social Programs | Health | Lands and Resources | Operations and Maintenance | Capital Assets | Housing | 2025 |
|---|---------------------|--------------------------|-------------------|-------------------|---------------------|----------------------------|---------------------|-------------------|---------------------|
| Revenue | | | | | | | | | |
| Indigenous Services Canada | \$ 397,969 | \$ 363,138 | \$ 1,340,373 | \$ - | \$ 759,368 | \$ 496,523 | \$ 181,062 | \$ 956,699 | \$ 4,495,133 |
| Other government | 542,419 | 28,622 | - | 1,532,924 | 2,210,202 | - | - | - | 4,314,166 |
| Economic activities and other | 3,111,441 | 95,857 | 1,704 | 424,594 | 2,551,318 | 946,672 | - | 253,292 | 7,384,878 |
| | 4,051,829 | 487,617 | 1,342,077 | 1,957,518 | 5,520,888 | 1,443,195 | 181,062 | 1,209,991 | 16,194,177 |
| Expenses | | | | | | | | | |
| Amortization | - | - | - | - | - | - | 737,971 | - | 737,971 |
| Operating expenses | 1,774,252 | 97,985 | 49,079 | 401,217 | 2,120,307 | 815,290 | - | 77,696 | 5,335,824 |
| Salaries, wages and benefits | 641,739 | 29,287 | 101,965 | 1,164,452 | 1,614,624 | 321,487 | - | 100,097 | 3,973,650 |
| Program and services delivery expenses | 427,632 | 304,333 | 310,087 | 284,660 | 363,580 | 510,669 | - | 906,957 | 3,107,918 |
| | 2,843,622 | 431,605 | 461,130 | 1,850,328 | 4,098,511 | 1,647,446 | 737,971 | 1,084,750 | 13,155,363 |
| Surplus (deficit) before transfers | 1,208,206 | 56,012 | 880,947 | 107,189 | 1,422,377 | (204,251) | (556,909) | 125,241 | 3,038,814 |
| Transfers between programs | (111,087) | - | - | - | - | 111,086 | - | - | - |
| Annual surplus (deficit) | \$ 1,097,120 | \$ 56,012 | \$ 880,947 | \$ 107,189 | \$ 1,422,377 | \$ (93,164) | \$ (556,909) | \$ 125,241 | \$ 3,038,814 |

| | Administration | Education and Employment | Social Programs | Health | Lands and Resources | Operations and Maintenance | Capital Assets | Housing | 2024 |
|---|----------------------|--------------------------|-------------------|-------------------|---------------------|----------------------------|---------------------|-------------------|----------------------|
| Revenue | | | | | | | | | |
| Indigenous Services Canada | \$ 319,925 | \$ 270,251 | \$ 1,152,859 | \$ - | \$ 589,032 | \$ 473,646 | \$ 158,345 | \$ 259,533 | \$ 3,223,591 |
| Other government | 75,565,176 | 137,714 | 239,092 | 1,055,923 | 3,907,513 | - | - | 2,555 | 80,907,973 |
| Economic activities and other | 1,895,048 | 4,328 | (3,720) | 90,946 | 1,085,856 | 602,286 | - | 72,054 | 3,746,798 |
| | 77,780,149 | 412,293 | 1,388,231 | 1,146,869 | 5,582,401 | 1,075,932 | 158,345 | 334,143 | 87,878,363 |
| Expenses | | | | | | | | | |
| Amortization | - | - | - | - | - | - | 568,393 | 19,309 | 587,702 |
| Operating expenses | 41,888,929 | 46,344 | 46,853 | 249,820 | 1,859,487 | 791,370 | 159,909 | 91,271 | 45,133,984 |
| Salaries, wages and benefits | 552,360 | 50,952 | 72,924 | 498,889 | 1,083,766 | 182,858 | - | 83,080 | 2,524,828 |
| Program and services delivery expenses | 290,095 | 340,243 | 447,386 | 192,962 | 1,258,952 | 549,100 | 557 | 16,176 | 3,095,470 |
| | 42,731,384 | 437,538 | 567,163 | 941,671 | 4,202,205 | 1,523,328 | 728,859 | 209,835 | 51,341,983 |
| Surplus (deficit) before transfers | 35,048,765 | (25,245) | 821,068 | 205,198 | 1,380,196 | (447,396) | (570,514) | 124,307 | 36,536,380 |
| Transfers between programs | 500,000 | - | - | - | (21,727) | (500,000) | 21,727 | - | - |
| Annual surplus (deficit) | \$ 35,548,765 | \$ (25,245) | \$ 821,068 | \$ 205,198 | \$ 1,358,469 | \$ (947,396) | \$ (548,787) | \$ 124,307 | \$ 36,536,380 |