

**McLeod Lake Indian Band
Consolidated Financial Statements**

March 31, 2025

McLeod Lake Indian Band Contents

For the year ended March 31, 2025

	Page
Independent Auditor's Report	
Consolidated Financial Statements	
Consolidated Statement of Financial Position.....	1
Consolidated Statement of Operations and Accumulated Surplus.....	2
Consolidated Statement of Changes in Net Financial Assets.....	3
Consolidated Statement of Cash Flows.....	4
Notes to the Consolidated Financial Statements.....	5
Schedules	
Schedule 1 - Consolidated Schedule of Tangible Capital Assets.....	22
Schedule 2 - Schedule of Consolidated Expenses by Object.....	23
Schedule 3 - Consolidated Schedule of Revenue and Expenses - Administration.....	24
Schedule 4 - Consolidated Schedule of Revenue and Expenses - Education.....	25
Schedule 5 - Consolidated Schedule of Revenue and Expenses - Social Development.....	26
Schedule 6 - Consolidated Schedule of Revenue and Expenses - Public Works & Capital.....	27
Schedule 7 - Consolidated Schedule of Revenue and Expenses - Own Source.....	28
Schedule 8 - Consolidated Schedule of Revenue and Expenses - Health & Wellness.....	29
Schedule 9 - Consolidated Schedule of Revenue and Expenses - Lands & Resources.....	30
Schedule 10 - Consolidated Schedule of Revenue and Expenses - Housing.....	31

To the Members of McLeod Lake Indian Band:

Opinion

We have audited the consolidated financial statements of McLeod Lake Indian Band (the "Band"), which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statements of operations and accumulated surplus, changes in net financial assets, cash flows and the related schedules 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 Band as at March 31, 2025, and the results of its consolidated operations, 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 Band 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 is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Band'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 Band or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Band'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 Band'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 Band'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 Band 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 Band 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.

Prince George, British Columbia

July 25, 2025

MNP LLP

Chartered Professional Accountants

MNP

McLeod Lake Indian Band
Consolidated Statement of Financial Position
As at March 31, 2025

	2025	2024
Financial assets		
Cash <i>(Note 3)</i>	109,902,297	88,684,867
Accounts receivable and accruals <i>(Note 4)</i>	2,890,597	10,805,437
Guaranteed investment certificate	19,532	19,532
Inventory for resale	72,120	79,203
Advances to related party <i>(Note 5)</i>	26,283	-
Investment in Band business entities <i>(Note 6)</i>	87,939,222	68,823,803
Funds held in trust <i>(Note 7)</i>	48,273	48,308
Total financial assets	200,898,324	168,461,150
Liabilities		
Accounts payable and accruals <i>(Note 8)</i>	4,268,106	5,983,969
Deferred revenue <i>(Note 9)</i>	851,475	536,381
Advances from related party <i>(Note 10)</i>	-	44,010
Total financial liabilities	5,119,581	6,564,360
Net financial assets	195,778,743	161,896,790
Contingent liabilities <i>(Note 11)</i>		
Loan guarantee <i>(Note 12)</i>		
Non-financial assets		
Tangible capital assets <i>(Schedule 1)</i>	32,199,370	31,647,934
Prepaid expenses and deposits <i>(Note 13)</i>	166,519	4,218,576
Total non-financial assets	32,365,889	35,866,510
Accumulated surplus <i>(Note 14)</i>	228,144,632	197,763,300

Approved on behalf of Chief and Council:



Chief

Councilor

Councilor

Councilor

Councilor

Councilor

Councilor

McLeod Lake Indian Band
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2025

	<i>Schedules</i>	<i>2025 Budget (Note 20)</i>	<i>2025</i>	<i>2024</i>
Revenue				
Province of British Columbia (Note 15)		44,663,640	25,522,552	55,328,544
Earnings from investment in band business entities (Note 6)		-	12,808,658	10,640,454
Trust revenue		11,108,527	6,196,667	5,585,544
Other revenue		6,367,835	6,054,650	4,647,375
Interest income		1,264,150	5,265,590	4,234,161
Indigenous Services Canada (Note 16)		9,806,803	4,568,187	9,891,479
Sale of goods and services		-	1,724,567	1,796,902
First Nations Health Authority		1,543,224	1,246,662	1,794,766
Contract revenue		700,000	602,316	1,313,568
BC Hydro		271,000	536,850	379,628
Housing and other rental revenue		158,900	188,865	179,100
Prince George Nechako Aboriginal Employment & Training Association		208,000	178,989	164,817
Donations		165,500	133,200	156,668
First Nation Education Steering Committee		66,500	45,085	126,917
Loss on sale of tangible capital assets		-	(1,232,342)	(41,125)
Debt forgiveness (recovery)		-	(935,901)	-
Government of Canada (recovery)		325,000	(25,200)	177,327
Canada Mortgage and Housing Corporation		-	-	1,209
		76,649,079	62,879,395	96,377,334
Expenses				
Administration	3	14,404,248	14,503,148	16,667,467
Education	4	1,778,661	1,896,128	1,087,573
Social Development	5	1,901,549	1,741,419	1,175,182
Public Works & Capital	6	2,132,519	2,201,234	3,074,045
Own Source	7	13,181,285	7,679,665	14,401,545
Health & Wellness	8	2,393,918	2,000,831	1,398,157
Lands & Resources	9	2,969,018	1,529,349	1,603,928
Housing	10	1,170,642	946,289	861,424
		39,931,840	32,498,063	40,269,321
Annual surplus		32,061,654	30,381,332	56,108,013
Accumulated surplus, beginning of year		197,763,300	197,763,300	141,655,287
Accumulated surplus, end of year		229,824,954	228,144,632	197,763,300

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

McLeod Lake Indian Band
Consolidated Statement of Changes in Net Financial Assets
For the year ended March 31, 2025

	2025 <i>Budget</i> (Note 20)	2025	2024
Annual surplus	32,061,654	30,381,332	56,108,013
Purchases of tangible capital assets	-	(4,558,565)	(11,679,870)
Amortization of tangible capital assets	-	1,264,547	1,465,337
Loss on disposal of tangible capital assets	-	1,232,342	41,125
Proceeds on disposal of purchased intangibles	-	-	1,341,340
Impairment on tangible capital assets	-	-	560,167
Adjustments to tangible capital assets	-	(130,660)	-
Proceeds on disposal of tangible capital assets	-	1,640,900	-
Acquisition of prepaid expenses	-	-	(898,386)
Use of prepaid expenses	-	4,052,057	-
Increase in net financial assets	32,061,654	33,881,953	46,937,726
Net financial assets, beginning of year	161,896,790	161,896,790	114,959,064
Net financial assets, end of year	193,958,444	195,778,743	161,896,790

McLeod Lake Indian Band
Consolidated Statement of Cash Flows
For the year ended March 31, 2025

	2025	2024
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	30,381,332	56,108,013
Non-cash items		
Amortization of tangible capital assets	1,264,547	1,465,337
Proceeds on disposal of purchased intangibles	-	1,341,340
Loss on disposal of tangible capital assets	1,232,342	41,125
Bad debt expense (recovery)	(4,939)	264,442
Forgiveness of debt between Band-owned entities	-	8,614,133
Earnings from investment in Band business entities (Note 6)	(12,808,658)	(10,640,454)
Loss on disposal of partnership units (Note 6)	1,211,545	-
Transfer of partnership units (Note 6)	538,455	-
Impairment on tangible capital assets	-	560,167
Ottawa Trust funds	35	(69)
	21,814,659	57,754,034
Changes in working capital accounts		
Accounts receivable and accruals	7,919,779	(6,955,797)
Restricted cash	-	218,134
Accounts payable and accruals	(1,715,863)	2,566,048
Inventory for resale	7,083	38,936
Deferred revenue	315,094	(5,553,025)
Prepaid expenses	4,052,057	(898,386)
Guaranteed investment certificates	-	(7,500)
	32,392,809	47,162,444
Financing activities		
Repayment of debt	-	(5,587,423)
Net advances from related parties	-	(6,742,255)
	-	(12,329,678)
Capital activities		
Purchases of tangible capital assets	(4,558,565)	(11,679,870)
Proceeds on disposal of tangible capital assets	1,640,900	-
Adjustments to tangible capital assets	(130,660)	-
	(3,048,325)	(11,679,870)
Investing activities		
Advances to related Band business entities	(3,615,951)	-
Advances from related party	(70,293)	-
Distributions from Band business entities	3,047,645	250,000
Contribution to Band business entities	(7,488,455)	(3,000)
	(8,127,054)	247,000
Increase in cash	21,217,430	23,399,896
Cash, beginning of year	88,684,867	65,284,971
Cash, end of year	109,902,297	88,684,867

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

McLeod Lake Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

1. Operations

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

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:

Fund accounting

The Band uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the summary consolidated financial statements. All interfund balances have been eliminated.

The Band maintains the following funds:

- The Operating Fund, which reports on the general activities of the Band administration.
- The Ottawa Trust Fund, which reports on trust monies owned by the Band and held by third parties.
- The Capital Fund reports on the tangible capital assets of the Band, less any related capital financing.
- The Enterprise Fund, which reports on activities of the Limited Partnerships and other incorporated entities controlled by the McLeod Lake Indian Band on a modified equity basis.

Reporting entities consolidated

The consolidated financial statements consolidate the financial activities of all entities and departments comprising the Band reporting entity, except for Band business entities. Trusts administered on behalf of third parties by McLeod Lake Indian Band are excluded from the Band reporting entity.

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

- Tse'Khene Food and Fuel Ltd.
- Duz Cho Forest Products Limited Partnership
- Duz Cho Forest Products Ltd.

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

McLeod Lake Indian Band business entities, owned or controlled by the Band's Council but not dependent on the Band for their continuing operations, are included in the consolidated financial statements using the modified equity method. Band business partnerships, jointly owned and controlled by the Band that are not dependent on the Band 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 government business entity accounting principles are not adjusted to conform to those of the Band. Thus, the Band'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:

- Duz Cho Logging Ltd. ("DCL Ltd.") - 100% owned
- Duz Cho Construction Ltd. ("DCC Ltd.") - 100% owned
- Duz Cho Group of Companies Ltd. ("DCGC Ltd.") - 100% owned
- Duz Cho Group of Companies Limited Partnership ("DCGC LP") - 100% owned
- Three Feathers Limited Partnership - 33.33% owned

McLeod Lake Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

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

Reporting entities *(Continued from previous page)*

- Three Feathers GP Ltd. - 33.33% owned
- McLeod Lake Mackenzie Community Forest Limited Partnership ("MLMCF LP") - 50% owned
- McLeod Lake Mackenzie Community Forest Corporation ("MLMCFC") - 50% owned
- Tse'Khene Development Limited Partnership ("TD LP") - 99.99% owned
- Tse'Khene GP Ltd. ("TGP Ltd.") - 100% owned
- Sekani Forest Products Limited Partnership ("SFP LP") - 99.99% owned
- Sekani Forest Products Ltd. ("SFP Ltd.") - 100% owned

Entities which are not controlled or jointly controlled are accounted for at cost. These include:

- Dlezeh Industrial Park Limited Partnership (partnership units transferred to Duz Cho Dlezeh Industrial Park Limited Partnership in 2025)
- Dlezeh NGL Limited Partnership (partnership units transferred to Duz Cho Dlezeh NGL Limited Partnership in 2025)
- MIXT Energy Exports Limited Partnership (partnership units transferred to Duz Cho Mixt Limited Partnership in 2025)
- Defence Metals Corporation

Entity which is a corporation acting as a bare trust is accounted for at cost. This includes:

- Tse'Khene Timber Ltd.

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.

Cash

Cash includes balances with banks with maturities of three months or less.

Tangible capital assets

Capital expenditures are any significant expenditure incurred to acquire or improve land, buildings, engineering structures, machinery or equipment. The benefits last beyond one year and result in the acquisition of an asset or are an extension of the life of an asset. Tangible capital assets are initially recorded at cost less accumulated amortization. Contributed tangible assets are recorded at their fair value at the date of contribution. Assets under construction are not amortized until the asset is available for productive use.

Amortization

Tangible capital assets are amortized annually using the straight-line method at rates intended to amortize the cost of the assets over their estimated useful lives. In the year of acquisition, amortization is taken at one-half of the rates.

	Rate
Buildings (includes Social Housing) and Paving	10-20 years
Water Systems and Fire Protection	10 years
Automotive and Mobile Equipment	5 years

McLeod Lake Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

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

Tangible capital assets *(Continued from previous page)*

	Rate
Office and Computer Equipment	5 years
Manufacturing Equipment and Small Tools	2-10 years

Long-lived assets and discontinued operations

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

The Band performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using prices for similar items. Any impairment is included in surplus for the year. The Band does not perform impairment testing on its long-lived assets that are held for public administration and situated on its reserve land as it is not possible to determine their fair value.

Reforestation

The Band accounts for costs related to the reforestation of logged areas in the period such areas are logged. Costs represent the required contribution to the McLeod Lake Indian Band Silviculture Trust pursuant to the Band Forest Practices Code.

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 Band 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 Band reviews the carrying amount of the liability. The Band 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 Band 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.

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Band 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 Band 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 Band 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. As at March 31, 2025, no liability for contaminated sites exists.

McLeod Lake Indian Band
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 Band's consolidated financial statements are presented so as to highlight net financial assets as the measurement of consolidated financial position. The net financial assets of the Band are 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.

Revenue recognition

Government transfers

The Band 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 Band recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Externally restricted revenue

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

Funds held in Ottawa Trust Fund

The Band recognizes revenue of the Capital and Revenue Trust Fund at the time funds are contributed from the accounts held in Ottawa. Interest revenue is recognized when earned.

Non-exchange transactions – Transactions with no performance obligations

The Band recognizes revenue from donations, grants, settlements, Impact and Benefit Agreements (IBAs) and etc. These non exchange transactions have no performance obligations and are recognized at their realizable value when the Band has the authority to claim or retain economic inflows based on a past transaction or event giving rise to an asset.

Exchange transactions – Transactions with performance obligations

Revenue such as administration fee, contract revenue and other own source revenue from transactions with performance obligations is recognized when the Band satisfies a performance obligation by providing the promised goods or services to a payor. The performance obligation is evaluated as being satisfied either over a period of time or at a point in time.

Asset classification

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

Financial instruments

The Band's financial instruments consist of cash, accounts receivable and accruals, guaranteed investment certificates, restricted cash, accounts payable and accruals, and advances from related Band entities.

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

At initial recognition, the Band may irrevocably elect to subsequently measure any financial instrument at fair value. The Band has not made such an election during the year. Fair value is determined by published price quotations.

McLeod Lake Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

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

Financial instruments *(Continued from previous page)*

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

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

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

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

Measurement uncertainty (use of estimates)

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

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Inventory is measured at the lower of cost and net realizable value. Amortization is based on the estimated useful lives of tangible capital assets. Liabilities for contaminated sites and asset retirement obligations are based on the best information available regarding potentially contaminated sites that the Band is responsible for.

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

Segments

The Band conducts its business through a number of reportable segments as described in Note 19. These operating segments are established by senior management to facilitate the achievement of the Band's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

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

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

McLeod Lake Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

3. Cash

	2025	2024
Operations Fund	107,017,291	87,769,895
Social Housing Fund	2,666,980	-
Duz Cho Forest Products Limited Partnership	130,383	760,799
Tse'Khene Food & Fuel Ltd.	87,643	154,173
	109,902,297	88,684,867

Included in cash is restricted cash of \$1,460,153 (2024 - \$1,076,318) related to unexpended gaming funds.

4. Accounts receivable and accruals

	2025	2024
Trade and accrued receivables	2,218,341	1,780,766
Indigenous Services Canada	500,393	-
First Nations Health Authority	116,430	-
Province of British Columbia	34,985	8,614,202
First Nations Education Steering Committee	23,348	28,609
Government of Canada	300	139,463
BC Hydro	-	173,848
Oil and Gas Commission	-	125,000
Prince George Nchako Aboriginal Employment & Training Association	-	33,475
	2,893,797	10,895,363
Less: Allowance for doubtful accounts	(3,200)	(89,926)
	2,890,597	10,805,437

5. Advances to related party

Advances to related party are unsecured, non-interest bearing and due on demand.

	2025	2024
McLeod Lake Indian Band Treaty 8 Trust	26,283	-

McLeod Lake Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

6. Investments in Band business entities

	<i>Balance, beginning of year</i>	<i>Loans / advances / note receivable</i>	<i>Share of earnings (loss)</i>	<i>Net contribution (distributions)</i>	<i>Disposal</i>	2025	<i>Total investment</i>
Portfolio Investments:							
Mackenzie Fibre Management Corporation	400	-	-	-	-	400	
Dlezeh Industrial Park LP	125,000	-	-	-	(125,000)	-	
Dlezeh NGL LP	125,000	-	-	-	(125,000)	-	
Mixt Energy Exports LP	1,500,000	-	-	-	(1,500,000)	-	
BC First Nations Gaming Revenue Sharing LP	110	-	-	-	-	110	
Defence Metals Corporation	137,037	-	-	-	-	137,037	
	1,887,547	-	-	-	(1,750,000)	137,547	
Wholly-owned Businesses:							
DCL Ltd.	(8,579)	3,414,200	(2,277)	-	-	3,403,344	
DCC Ltd.	(4,887)	-	583	-	-	(4,304)	
DCGC Ltd.	(6,475)	-	604	-	-	(5,871)	
TGP Ltd.	(1,475)	-	(419)	-	-	(1,894)	
SFP Ltd.	(3,061)	2,999	(928)	-	-	(990)	
	(24,477)	3,417,199	(2,437)	-	-	3,390,285	
Band Business Partnerships and Enterprises – Modified Equity:							
DCGC LP (99.99%)	50,513,785	543,361	10,815,934	1,490,811	-	63,363,891	
MLMCF LP (50%)	4,169,832	-	492,662	(400,000)	-	4,262,494	
MLMCF Corp (50%)	52,971	-	9,920	-	-	62,891	
Three Feathers Limited Partnership (33.33%)	(16,873)	-	(63,701)	-	-	(80,574)	
Three Feathers GP Ltd.	16,461	-	2,260	-	-	18,721	
TD LP (99.99%)	12,081,167	(467,049)	837,043	-	-	12,451,161	
SFP LP (99.99%)	143,390	122,439	716,977	3,350,000	-	4,332,806	
	66,960,733	198,751	12,811,095	4,440,811	-	84,411,390	
	68,823,803	3,615,950	12,808,658	4,440,811	(1,750,000)	87,939,222	

McLeod Lake Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

6. Investments in Band business entities *(Continued from previous page)*

	<i>Balance, beginning of year</i>	<i>Loans / advances</i>	<i>Share of earnings (loss)</i>	<i>Net contribution (distributions)</i>	<i>Note receivable</i>	<i>2024</i>	<i>Total investment</i>
Portfolio Investments:							
Mackenzie Fibre Management Corporation	400	-	-	-	-	400	
Dlezeh Industrial Park LP	125,000	-	-	-	-	125,000	
Dlezeh NGL LP	125,000	-	-	-	-	125,000	
Mixt Energy Exports LP	1,500,000	-	-	-	-	1,500,000	
BC First Nations Gaming Revenue Sharing LP	110	-	-	-	-	110	
Defence Metals Corporation	-	-	-	137,037	-	137,037	
	1,750,510	-	-	137,037	-	1,887,547	
Wholly-owned Businesses:							
DCL Ltd.	(7,568)	-	(1,011)	-	-	(8,579)	
DCC Ltd.	(4,098)	-	(789)	-	-	(4,887)	
DCGC Ltd.	(5,333)	(1)	(1,141)	-	-	(6,475)	
TGP Ltd.	(414)	3,650	(4,711)	-	-	(1,475)	
SFP Ltd.	-	-	(3,061)	-	-	(3,061)	
	(17,413)	3,649	(10,713)	-	-	(24,477)	
Band Business Partnerships and Enterprises – Modified Equity:							
DCGC LP (99.99%)	40,668,901	43,029	9,801,855	-	-	50,513,785	
MLMCF LP (50%)	3,437,445	-	982,387	(250,000)	-	4,169,832	
MLMCF Corp (50%)	45,490	-	7,481	-	-	52,971	
Three Feathers LP (33.33%)	(10,260)	-	(6,613)	-	-	(16,873)	
Three Feathers GP Ltd. (33.33%)	(2,422)	18,890	(7)	-	-	16,461	
TD LP (99.99%)	4,649,314	475,584	397,457	-	6,558,812	12,081,167	
SFP LP (99.99%)	660,919	7,906	(525,435)	-	-	143,390	
	49,449,387	545,409	10,657,125	(250,000)	6,558,812	66,960,733	
	51,182,484	549,058	10,646,412	(112,963)	6,558,812	68,823,803	

Continued on next page

McLeod Lake Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

6. Investments in Band business entities *(Continued from previous page)*

Each of the Band's investees has a different year-end than March 31, 2025, as described below. The Band uses the investees' year-end financial statements to account for its investment in these investees. There have been no significant events or transactions in the interim period.

The following entities are audited:

- McLeod Lake Mackenzie Community Forest Limited Partnership ("MLMCF LP")
- McLeod Lake Mackenzie Community Forest Corporation ("MLMCFC")

The following entities are unaudited:

- Duz Cho Group of Companies Ltd. ("DCGC Ltd.")
- Duz Cho Logging Ltd. ("DCL Ltd.")
- Duz Cho Construction Ltd. ("DCC Ltd.")
- Duz Cho Group of Companies Limited Partnership ("DCGC LP")
- Three Feathers Limited Partnership
- Three Feathers General Partner Ltd.
- Tse'Khene Development Limited Partnership ("TD LP")
- Tse'Khene General Partnership Ltd. ("TGP Ltd.")
- Sekani Forest Products Limited Partnership ("SFP LP")
- Sekani Forest Products Ltd. ("SFP Ltd.")

Duz Cho Forest Products Limited Partnership ("DCFP LP") has been accounted for using the consolidation method as the Limited Partnership is not self-sustaining. Included in the Band's consolidated financial statements are revenue of \$Nil (2024 - \$738), expenses of \$1,525,884 (2024 - \$1,513,961) and net loss of \$1,525,884 (2024 - \$1,513,223).

Tse'Khene Food and Fuel Ltd. ("TFF") has been accounted for using the consolidation method as the Company is not self-sustaining. Included in the Band's consolidated financial statements are revenue of \$1,724,567 (2024 - \$1,796,902), expenses of \$1,724,504 (2024 - \$1,767,471) and net earnings of \$3,063 (2024 - \$29,431).

During the year, the Band disposed of its portfolio investments in Dlezech Industrial Park Limited Partnership, Dlezech NGL Limited Partnership, and Mixt Energy Exports Limited Partnership. Partnership units worth \$538,455 were transferred to new partnerships formed during the year. Duz Cho Dlezech Industrial Park Limited Partnership, Duz Cho Dlezech NGL Limited Partnership, and Duz Cho Mixt Limited Partnership were formed during the under Duz Cho Group of Companies Limited Partnership ("DCGC LP") who holds a 99.99% interest in each partnership.

Tse'Khene Timber Ltd. operates as a bare trust, specifically utilized for holding timber licenses. Consequently, the balances associated with these licenses are not required to be reported.

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

McLeod Lake Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

6. Investments in Band business entities *(Continued from previous page)*

	<i>Duz Cho Group of Companies Limited Partnership As at October 31, 2024</i>	<i>Sekani Forest Products Limited Partnership As at December 31, 2024</i>	<i>McLeod Lake Mackenzie Community Forest Limited Partnership As at December 31, 2024</i>	<i>Three Feathers Limited Partnership As at April 30, 2025</i>
Assets				
Cash	112,675	1,103,010	891,125	1,414,190
Accounts receivable	439,356	14,446	242,842	59,748
Investments	62,589,882	-	9,004,593	-
Advances to related parties	25,310	-	-	-
Property, plant and equipment	3,549	3,888,000	259,647	-
Prepaid expenses and deposits	50,961	130,057	52,295	13,200
Intangible assets	-	22,700,000	-	-
Total assets	63,221,733	27,835,513	10,450,502	1,487,138
Liabilities				
Accounts payable and accruals	440,004	4,000	528,434	151,471
Deferred revenue	-	-	-	-
Advances from related parties	-	23,686	108,308	-
Current portion of long-term debt	-	1,200,000	-	-
Long-term debt	-	22,400,000	-	-
Other long-term liabilities	-	-	1,288,772	1,577,166
Total liabilities	440,004	23,627,686	1,925,514	1,728,637
Equity/Partners' Capital	62,781,729	4,207,827	8,524,988	(241,499)
Total revenue	22,131,229	2,000,473	3,717,778	1,049,897
Total expenses	2,699,218	1,283,425	2,732,455	1,241,004
Comprehensive income (loss)	19,432,011	717,048	985,323	(191,107)

McLeod Lake Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

6. Investments in Band business entities *(Continued from previous page)*

	<i>Duz Cho Group of Companies Limited Partnership As at October 31, 2024</i>	<i>Duz Cho Logging Ltd. As at October 31, 2024</i>	<i>Duz Cho Construction Ltd. As at October 31, 2024</i>	<i>Sekani Forest Products Ltd. As at March 31, 2025</i>
Assets				
Cash	-	-	-	-
Accounts receivable	-	-	-	-
Investments	4,228	3,413,816	6,835	12
Advances to related parties	1	-	-	-
Property, plant and equipment	-	-	-	-
Prepaid expenses and deposits	-	-	-	-
Intangible assets	-	-	-	-
Total assets	4,229	3,413,816	6,835	12
Liabilities				
Accounts payable and accruals	1,000	1,365	1,000	1,000
Deferred revenue	-	-	-	-
Advances from related parties	9,099	3,423,307	10,139	3,000
Current portion of long-term debt	-	-	-	-
Long-term debt	-	-	-	-
Other long-term liabilities	-	-	-	-
Total liabilities	10,099	3,424,672	11,139	4,000
Equity/Partners' Capital	(5,870)	(10,856)	(4,304)	(3,988)
Total revenue	1,943	-	1,869	72
Total expenses	1,339	1,416	1,286	1,000
Comprehensive income (loss)	604	(1,416)	583	(928)

McLeod Lake Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

6. Investments in Band business entities *(Continued from previous page)*

	<i>McLeod Lake Mackenzie Community Forest Corporation</i>	<i>Tse'Khene Development Limited Partnership</i>	<i>Tse'Khene General Partner Ltd.</i>
	<i>Three Feathers General Partner Ltd.</i> <i>As at April 30, 2025</i>	<i>As at December 31, 2024</i>	<i>As at December 31, 2024</i>
Assets			
Cash	-	69,872	4,396,302
Accounts receivable	300	-	792,756
Investments	225	1	707
Advances to related parties	-	108,308	100,617
Property, plant and equipment	-	-	7,802,750
Prepaid expenses and deposits	-	4,536	58,599
Intangible assets	-	-	-
Total assets	525	182,717	13,151,024
Liabilities			
Accounts payable and accruals	-	19,735	179,694
Deferred revenue	-	37,000	-
Advances from related parties	-	-	7,086,803
Current portion of long-term debt	-	-	-
Long-term debt	-	-	-
Other long-term liabilities	-	-	-
Total liabilities	-	56,735	7,266,497
Equity/Partners' Capital	525	125,982	5,884,527
Total revenue	3	444,000	2,734,983
Total expenses	7,500	423,961	1,897,814
Comprehensive income (loss)	(7,497)	20,039	837,169
			(419)

McLeod Lake Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

7. Funds held in trust

Capital and revenue trust monies are transferred to the Band on the authorization of the Minister of Indigenous Services Canada, with the consent of the Band's Chief and Council.

	2025	2024
Capital Trust		
Balance, beginning and end of year	47,492	47,492
Revenue Trust		
Balance, beginning of year	816	747
Interest	1,582	1,606
Transferred out to cash	(1,617)	(1,537)
Balance, end of year	781	816
	48,273	48,308

Ottawa Trust Funds

The Ottawa Trust accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the *Indian Act*.

8. Accounts payable and accruals

	2025	2024
Accounts payable general	2,351,412	4,393,686
Accrued liabilities	66,800	73,117
Reforestation accrual	1,252,068	1,155,900
Wages payable	237,825	184,093
Government remittances	321,932	107,582
Other	38,069	69,591
	4,268,106	5,983,969

9. Deferred revenue

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

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Revenue recognized</i>	<i>Balance, end of year</i>
Indigenous Services Canada - Q2KR-001 - CWJI Retro Funding	536,381	-	536,381	-
Indigenous Services Canada - FNCFS Post-Majority Care	-	336,020	51,078	284,942
Indigenous Services Canada - JP Child/Life Necessities	-	553,891	14,116	539,775
Indigenous Services Canada - Q2FY-002 - JP Service Coordination	-	414,154	387,396	26,758
	536,381	1,304,065	988,971	851,475

McLeod Lake Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

10. Advances from related party

Advances from related party are unsecured, non-interest bearing and due on demand.

	2025	2024
McLeod Lake Indian Band Treaty 8 Trust	-	44,010

11. Contingent liabilities

- a) The Band is subject to funding recoveries according to their agreements with federal government agencies. It has not yet been determined to what extent any funding amounts related to the year ended March 31, 2025 might be recovered.
- b) The Band is subject to legal proceedings, claims and litigations arising in the ordinary course of business. While the outcome of these matters is currently not determinable, management does not expect that the ultimate costs to resolve these matters will have a material adverse effect on the Band's consolidated financial statements.

12. Loan guarantee

As at March 31, 2025, the Band has guaranteed the \$24,000,000 (2024 - \$Nil) credit facility term loan and \$3,000,000 (2024 - \$Nil) demand loan of Sekani Forest Products Limited Partnership, a Band business enterprise, up to a maximum amount of \$27,000,000 (2024 - \$Nil) that bear interest at prime plus 0.5% and is collateralized by a Band Council Resolution signed by the Band and a General Security Agreement providing the Bank of Montreal with a security interest other all present and after-acquired personal/movable property of each of Sekani Forest Products Limited Partnership and Sekani Forest Products Ltd., together with a first ranking specific charge over Forest License A98730. As at March 31, 2025, no liability has been recorded associated with this guarantee.

The loan is subject to the following financial covenant restriction specified in the signed Letter of Agreement, based on combined financial statements of McLeod Lake Indian Band, Sekani Forest Products Limited Partnership and Sekani Forest Products Ltd.:

- Debt Service Coverage ("DSC") greater than or equal to 1.00, defined as (net income + interest + depreciation + amortization) / (current portion of long-term debt + interest + non-discretionary dividends) over the last twelve month period

As of March 31, 2025, the Band is in compliance with the above covenant.

13. Prepaid expenses and deposits

	2025	2024
Timber license deposit	-	3,000,000
Mackenzie Project deposit	-	1,000,000
Other prepaid expenses and deposits	166,519	218,576
	166,519	4,218,576

During the fiscal year ended March 31, 2022, the Band and Tsay Keh Dene Nation entered into an agreement with Canadian Forest Products Ltd. ("Canfor") to purchase Canfor's timber license in Mackenzie, BC. As part of this agreement, the Band made a refundable deposit of \$3,000,000 to Canfor. The purchase was finalized during the year-ended March 31, 2025 and the timber license has been transferred to Sekani Forest Products Limited Partnership.

During the fiscal year ended March 31, 2024, the Band received funds from the Province of BC for infrastructure improvements within MLIB Traditional Territory and paid a deposit of \$1,000,000 to DCL LP to perform the work. Effective July 1, 2024, DCL LP transferred its assets and operations to DCC LP who assumed the obligations to complete the project. Significant work has been completed on the project during the year-ended March 31, 2025 and the amount has been expensed.

McLeod Lake Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

14. Accumulated surplus

Accumulated surplus consists of the following:

	2025	2024
Equity in Ottawa Trust Funds	48,273	48,308
Equity in tangible capital assets	32,199,370	31,647,934
Investment in Band business entities (enterprise fund)	87,939,222	68,823,803
<u>Surplus in operating fund</u>	<u>107,957,767</u>	<u>97,243,255</u>
	228,144,632	197,763,300

15. Province of British Columbia revenue

	2025	2024
Forest Consultation and Revenue Sharing Agreement	6,404,074	6,015,257
Revenue Sharing Agreement	5,000,000	12,500,000
Revenue Sharing Agreement	5,000,000	16,361,382
Capacity Funding	2,000,000	-
Economic and Community Development Agreement	3,457,933	-
Other Province of British Columbia revenue	3,660,545	13,701,905
Mackenzie Project - Finlay Forest Service Road	-	6,750,000
	25,522,552	55,328,544

16. Indigenous Services Canada ("ISC") funding reconciliation

	2025	2024
Direct Band Funding		
Revenue per confirmation	4,883,281	4,401,454
Add: Deferred revenue recognized as revenue	988,971	5,490,025
Less: Amounts recognized as deferred revenue	(1,304,065)	-
	4,568,187	9,891,479

17. Trusts under administration

Treaty 8 Trust

The Band is the beneficiary of the McLeod Lake Indian Band Treaty 8 Trust which was established in April 2000 upon ratification of a land settlement agreement. The income from the Trust represented by the Trust Project and Development Account is to be allocated to the Band annually, and the Band must also loan an amount, determined by the Trust, to the Capital Account of the Trust each year. Under the terms of the agreement, net logging profits earned by the Band on Treaty 8 land must be reverted to the Trust. The total fund balance at December 31, 2024 is \$148,988,649 (2023 - \$148,158,978).

Land and Minerals Trust

The Band is the beneficiary of the McLeod Lake Indian Band Lands and Minerals Trust which was established in May 2011. The purpose of the Trust is to receive royalty and contract payments for the use of mineral and timber resources by third parties on the Band's traditional territories. The Trust property is to be used for the benefit of the Band and the persons who are members of the Band during the term of the Trust. The total fund balance at December 31, 2024 is \$16,123,660 (2023 - \$13,654,487).

McLeod Lake Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

17. Trusts under administration *(Continued from previous page)*

Provincial Revenues Trust

The Band is the beneficiary of the McLeod Lake Indian Band Provincial Revenues Trust which was established in May 2011. The purpose of the Trust is to receive from the Province of British Columbia associated with mineral taxes by the Province from the Mount Milligan mine contract with the Band. The Trust property is to be used for the benefit of the Band and the persons who are members of the Band during the term of the Trust. The total fund balance at December 31, 2024 is \$6,262,723 (2023 - \$5,929,903).

Education Trust

The Band is the beneficiary of the McLeod Lake Indian Band (2017) Education Trust which was established in April 2017. The purpose of the Trust is to administer these funds for the long-term benefit of the membership of the Band. The total fund balance at December 31, 2024 is \$6,487,544 (2023 - \$6,522,704).

Silviculture Trust

The Band is the beneficiary of the McLeod Lake Silviculture Trust which was established in October 1, 2003. The purpose of the Trust is to administer the funds for the long-term benefit of the membership of the Band in accordance with the terms and conditions of the Trust Agreement. The terms and conditions of the Trust Agreement include that McLeod Lake Indian Band to provide or cause to be provided the Trustee on behalf of the Trust with funds to cover Silviculture costs of Band lands and the Trustee agrees to use the Trust property to fund the Silviculture expenses. The total fund balance at December 31, 2024 is \$4,844,009 (2023 - \$5,267,788).

Elders Trust

The Band is the beneficiary of the McLeod Lake Indian Band Elders Trust which was established in March 29, 2023. The purpose of the Trust is to administer the funds for the use and benefit of certain members of McLeod Indian Band to fund and support programs that benefit elders and promote the well-being of the elders. The total fund balance at December 31, 2024 is \$7,050,483 (2023 - \$6,411,425).

18. Financial Instruments

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

Credit Risk

Credit risk is the risk assumed by the creditor that the borrower will fail to fully honour its financial obligations. Financial instruments that potentially subject the Band to concentrations of credit risk consist principally of accounts receivable and advances to related parties. The maximum credit risk exposure is \$2,890,597 (2024 - \$10,805,437). Management believes that the credit risk is low in regard to cash as balances are held with a chartered financial institution and low for accounts receivable and advances to related parties as management provides allowances for potentially uncollectable amounts.

Liquidity Risk

Liquidity risk is the risk that the Band will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Band enters into transactions to purchase goods and services on credit for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the Band's future net cash flows for the possibility of negative net cash flow.

The Band and its entities manage the liquidity risk resulting from its accounts payable by maintaining liquid assets.

The current liabilities of the Band and its entities are expected to be settled and mature within one year of the year-end date.

Risk Management

The Band does not have formal risk management policies in place.

McLeod Lake Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

19. Segments

During the year, the Band had 8 reportable segments. These segments are differentiated by factors such as major activities, service lines, accountability, and control relationships. For management and reporting purposes, the revenue, expenses, surpluses (deficits) are organized by the following segments:

Administration

This segment reflects funding and expenses related to Band governance activities.

Education

This segment includes revenue and expenses relating to the elementary, secondary and post-secondary education of the members of the Band.

Social Development

This segment includes the revenue and expenses relating to the social assistance of the members of the Band.

Public Works & Capital

This segment includes services relating to housing renovations and repairs and the operation and maintenance of the Band's community buildings and water facilities.

Own Source

This segment includes activities related to the growth of revenue producing projects with the Band.

Health & Wellness

This segment includes activities related to the provision of health services within the Band.

Land & Resources

This segment relates to forestry, land management and consultation programs and services.

Housing

This segment includes the revenue and expenses relating to the social housing of the members of the Band.

20. Budget information

The disclosed budget information has been approved by the Chief and Council of the McLeod Lake Indian Band. The original budget was approved at the Chief and Council meeting held on April 30, 2024.

Budgets were not prepared for all segments and all departments in 2025. As such, the budget figures in the Consolidated Statement of Operations are not presented for the same scope of activities as the actual results.

21. Pension plan

The Band has a defined contribution pension plan for certain employees. The employees contribute a minimum of 5% of their earnings which the Band matches. The pension expense is \$180,902 (2024 - \$166,420). There have been no significant changes to the pension plan in the current year.

22. Comparative figures

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