

Lower Nicola Indian Band
Consolidated Financial Statements
For the year ended March 31, 2025

Lower Nicola Indian Band
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For the year ended March 31, 2025

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Tel: 250 763 6700
Fax: 250 763 4457
Toll-free: 1 800 928 3307
www.bdo.ca

BDO Canada LLP
1631 Dickson Avenue, Suite 400
Kelowna, BC, V1Y 0B5

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Lower Nicola Indian Band ("the Band") are the responsibility of management and have been approved by the k'wúk'pi? and Council.

These consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

Lower Nicola Indian Band maintains systems of internal accounting and administrative controls, consistent with reasonable costs. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Band's assets are appropriately accounted for and adequately safeguarded.

Lower Nicola Indian Band is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. Council carries out this responsibility principally through its Finance and Audit Committee.

The Finance and Audit Committee ("the Committee") reviews the Band's consolidated financial statements and recommends their approval to Council. The Committee meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, consolidated financial statements and external auditor's report. The Committee reports its findings to the Council for consideration when approving the consolidated financial statements for issuance to the members. The Committee also considers, for review by the Council, the engagement of the external auditors.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP has full and free access to the Band Council.

DocuSigned by:

Stuart Jackson

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Signed by:

Connie Joe

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Chair of the Finance & Audit Committee

DocuSigned by:

Barry Torgerson

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Director of Finance



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Independent Auditor's Report

To the kʷúkʷpi? and Council of Lower Nicola Indian Band

Qualified Opinion

We have audited the consolidated financial statements of Lower Nicola Indian Band and its consolidated entities (the "Band"), which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statement of operations, change in net financial assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Band as at March 31, 2025, and its results of operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

As disclosed in Note 14, the Band's holds investments in government enterprises accounted for under the modified equity method. We were unable to obtain sufficient appropriate audit evidence as to whether LNIB Aggregates Limited Partnership, LNIB Ventures Limited Partnership and Shulus Forest Enterprises Limited Partnership, meet the criteria to be accounted for as business enterprises in 2025 or whether they are other government organizations that should be fully consolidated.

Further we were unable to obtain sufficient appropriate audit evidence over the investment income and investment income (loss) from LNIB Aggregates Limited Partnership, LNIB Ventures Limited Partnership and Shulus Forest Enterprises Limited Partnership. Consequently, we were unable to determine whether any adjustments were required to the financial position of the Band as of March 31, 2025 and the results of operations, changes in net financial assets and cash flows of the Band for the year then ended.

Our audit report on the financial statements for the year ended March 31, 2024 was qualified with respect to the investment in LNIB Aggregates Limited Partnership.

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 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 qualified opinion.

Other Matters - Supplementary Information

The Band has also prepared another set of consolidated financial statements for the year ended March 31, 2025 in accordance with Canadian public sector accounting standards. However, those consolidated financial statements include unaudited supplementary schedules which present detailed program revenues and expenditures prepared to assist management of the Band to meet the reporting requirements of various funding agencies. Our audit report on the other set of financial statements was issued to K'uw'pi? and Council of Lower Nicola Indian Band and was dated July 22, 2025.

Emphasis of Matter - Restated Comparative Information

Without modifying our opinion, we draw attention to Note 2 in the financial statements, which explains that certain comparative information for the year ended March 31, 2024 has been restated.

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

Management is responsible for the preparation and fair presentation of these 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 Responsibility 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 group financial statements. We are responsible for the direction, supervision and review of the audit work performed for 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.

BDO Canada LLP

Chartered Professional Accountants

Kelowna, British Columbia
July 22, 2025

Lower Nicola Indian Band
Consolidated Statement of Financial Position

<u>March 31</u>	<u>2025</u>	(Restated - Note 2)
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	2025	2024
Financial Assets		
Cash and cash equivalents (Note 3)	\$ 31,820,280	\$ 16,727,907
Portfolio investments (Note 4)	26,362,130	30,392,874
Accounts receivable (Note 5)	5,042,572	4,081,148
Due from related parties (Note 13)	6,958,991	1,266,530
Investment in business enterprises (Note 14)	<u>43,218,371</u>	<u>38,262,813</u>
	<u>113,402,344</u>	<u>90,731,272</u>
Liabilities		
Accounts payable and accrued liabilities	2,942,126	4,008,549
Deferred revenue (Note 8)	87,466	309,530
Asset retirement obligation (Note 6)	358,300	344,520
Long-term debt (Note 9)	1,695,031	1,904,483
Due to related parties (Note 13)	<u>8,014,580</u>	<u>3,736,081</u>
	<u>13,097,503</u>	<u>10,303,163</u>
Net Financial Assets	<u>100,304,841</u>	<u>80,428,109</u>
Non-Financial Assets		
Prepaid expenses	17,225	179,318
Tangible capital assets (Note 7)	32,642,611	32,109,682
Inventory	<u>250,541</u>	<u>250,541</u>
	<u>32,910,377</u>	<u>32,539,541</u>
Accumulated Surplus (Note 15)	<u>\$133,215,218</u>	<u>\$112,967,650</u>

Approved on behalf of Council

DocuSigned by:

Stuart Jackson

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Signed by:

Connie Joe

Chair of the Finance & Audit Committee

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Barry Torgerson

Director of Finance

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**Lower Nicola Indian Band
Consolidated Statement of Operations**

For the year ended March 31	(Note 19) Budget	2025	(Restated - Note 2) 2024
Revenues			
Federal Government			
Indigenous Services Canada	\$ 6,616,486	\$10,736,485	\$ 10,173,375
Canada Mortgage and Housing Corporation (Note 11)	192,943	207,635	4,699,117
First Nations Health Authority	1,304,569	1,534,837	1,454,241
Other Federal Funding	-	1,233,906	625,963
Provincial Government			
First Nations Education Steering Committee	435,000	442,385	476,995
Province of British Columbia	2,108,500	4,339,859	6,870,649
BC First Nations Gaming	550,293	618,860	963,926
Property taxes	1,725,000	1,888,798	1,762,536
Other			
Housing charges and rental	811,160	794,246	762,518
Interest and investment income	360,257	1,895,970	1,702,100
Other contract revenue (Note 20)	12,290,016	26,566,097	10,156,813
Income from investment in band owned entities (Note 14)	-	4,889,105	1,225,795
Total revenues for the year	26,394,224	55,148,183	40,874,028
Expenditures (Note 21)			
Administration	3,351,683	5,670,511	4,767,164
Community health	1,759,585	1,545,710	1,694,552
Economic development	3,991,256	5,802,702	3,849,823
Education	8,069,007	5,910,024	5,591,566
Housing	2,092,997	2,625,989	1,927,218
Land, estate and membership	1,431,224	1,329,600	1,041,460
Lower Nicola Indian Band Development Corporation	-	4,097,002	3,941,663
Public works	3,341,178	3,898,322	2,573,737
Social development	4,711,279	4,020,755	3,432,508
Total expenditures for the year	28,748,209	34,900,615	28,819,691
Annual surplus (deficit)	(2,353,985)	20,247,568	12,054,337
Accumulated surplus, beginning of year, as previously stated		113,255,912	101,187,620
Change in accounting policy (Note 2)		<u>(288,262)</u>	<u>(274,307)</u>
Accumulated surplus, beginning of year, as restated		<u>112,967,650</u>	<u>100,913,313</u>
Accumulated surplus, end of year		\$133,215,218	\$112,967,650

Lower Nicola Indian Band
Consolidated Statement of Change in Net Financial Assets

<u>For the year ended March 31</u>	<u>(Note 19)</u> <u>Budget</u>	2025	2024
Annual surplus (deficit)	\$ (2,353,985)	\$ 20,247,568	\$ 12,054,337
Acquisition of tangible capital assets (Note 7)	(11,692,375)	(3,863,265)	(10,615,226)
Amortization of tangible capital assets (Note 7)	-	2,875,625	2,187,547
Disposal of tangible capital assets (Note 7)	-	454,711	-
Use (acquisition) of prepaid expenses	-	162,093	(29,245)
	<u>(11,692,375)</u>	<u>(370,836)</u>	<u>(8,456,924)</u>
Net change in net financial assets	(14,046,360)	19,876,732	3,597,413
Net financial assets, beginning of year, as previously stated	80,772,629	77,161,964	
Change in accounting policy (Note 2)	<u>(344,520)</u>	<u>(331,268)</u>	
Net financial assets, beginning of year, as restated	<u>80,428,109</u>	<u>76,830,696</u>	
Net financial assets, end of year	<u>\$100,304,841</u>	<u>\$ 80,428,109</u>	

**Lower Nicola Indian Band
Consolidated Statement of Cash Flows**

(Restated
- Note 2)

March 31	2025	2024
Operating Activities		
Annual surplus	<u>\$ 20,247,568</u>	<u>\$ 12,054,337</u>
Items not affecting cash		
Amortization	2,875,625	2,187,547
Share of income from First Nation controlled entities	(4,889,105)	(1,225,795)
Accretion	<u>13,780</u>	<u>13,252</u>
	<u>(1,999,700)</u>	<u>975,004</u>
Changes in non-cash working capital		
Accounts receivable	(961,424)	1,847,378
Prepaid expenses	162,093	(29,245)
Accounts payable and accrued liabilities	(1,066,423)	1,184,866
Deferred revenue	<u>(222,064)</u>	<u>(4,069,456)</u>
	<u>(2,087,818)</u>	<u>(1,066,457)</u>
	<u>16,160,050</u>	<u>11,962,884</u>
Capital activities		
Acquisition of tangible capital assets	(3,863,265)	(10,615,226)
Disposal of tangible capital assets	<u>454,711</u>	<u>-</u>
	<u>(3,408,554)</u>	<u>(10,615,226)</u>
Financing activities		
Repayment of Social Housing long-term debt	(209,451)	(233,004)
Advances from First Nation controlled entities	<u>4,278,499</u>	<u>1,257,535</u>
	<u>4,069,048</u>	<u>1,024,531</u>
Investing activities		
Advances from (to) First Nation controlled entities	(5,758,915)	148,815
Receipts from First Nation controlled entities	-	800,000
Change in investment in G.I.C.	<u>4,030,744</u>	<u>(28,530,378)</u>
	<u>(1,728,171)</u>	<u>(27,581,563)</u>
Net change in cash and cash equivalents	15,092,373	(25,209,374)
Cash and cash equivalents, beginning of year	<u>16,727,907</u>	<u>41,937,281</u>
Cash and cash equivalents, end of year	<u>\$ 31,820,280</u>	<u>\$ 16,727,907</u>

Lower Nicola Indian Band Notes to the Consolidated Financial Statements

March 31, 2025

1. Summary of Significant Accounting Policies

Nature of Business	Lower Nicola Indian Band provides services and support to its band members. Lower Nicola Indian Band is an Indian Band and, as such, is exempt from income tax under section 87 of the Indian Act.
Basis of Accounting	These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments, as recommended by the Public Sector Accounting Board.
Reporting Entity	The Lower Nicola Indian Band reporting entity includes the Lower Nicola Indian Band government and all related entities that are either owned or controlled by the First Nation.
Principles of Consolidation	All governmental units are fully consolidated by the government reporting entity. Other business enterprises and partnerships which meet the definition of a government business enterprise or partnership are accounted for on the modified equity basis of accounting. Entities that fall under the consolidated basis of accounting are fully consolidated on a line-by-line basis with inter-organizational balances and transactions eliminated. The following entities are accounted for under the consolidation basis: Lower Nicola Indian Band Development Corporation 1374678 B.C. Ltd. Entities that are accounted for using the modified equity basis of accounting includes the cost of the Lower Nicola Indian Band's investment in the entities including the proportionate share of earnings. Under the modified equity basis of accounting inter-organizational balances are not eliminated. The following entities are accounted for on a modified equity basis: LNIB Holdings Limited Partnership NAIK Development Limited Partnership LNIB Aggregates Limited Partnership Shulus Forest Enterprises Limited Partnership LNIB Ventures Limited Partnership Shulus Farms Limited Partnership Lower Nicola Transmission Electricity Limited Partnership Tunkwa Lake Resort Ltd.

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2025

1. Summary of Significant Accounting Policies (continued)

Principles of Consolidation
(continued)

Investments that are accounted for using the cost basis of accounting include:

Spayum Holdings Limited Partnership
All Nations Trust Company
BC First Nations Gaming Revenue Sharing 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 provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, prepaid expenses, and inventory.

Cash and Cash
Equivalents

Cash and cash equivalents consist of cash on hand, bank balances and investments in money market instruments with maturities of three months or less. Cash and cash equivalents on the consolidated statement of cash flows is represented by cash and cash equivalents as disclosed on the consolidated statement of financial position.

Portfolio Investments

Portfolio investments are recorded at cost, unless the market value of temporary investments has declined below cost, in which case they are written down to market value. Investments consist of a guaranteed investment certificates held with various institutions with a variety of maturity dates. Investments are recorded at cost plus accrued interest.

Post Employment Benefits

Band employees are eligible to accumulate sick leave until termination of employment. Unused sick leave is not eligible for payment upon retirement or termination and may not be used as vacation. Employees may accumulate a maximum of 50% of the maximum days to be accrued.

Liability for
Contaminated Sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the band is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring.

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2025

1. Summary of Significant Accounting Policies (continued)

Financial Instruments	<p>All financial assets and liabilities are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the consolidated statement of financial position.</p> <p>When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.</p> <p>For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.</p> <p>All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the consolidated statement of operations.</p> <p>Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.</p>
Revenue Recognition	<p>Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Revenue received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the statement of financial position.</p> <p>Taxation is recognized as revenue based on the approval of the tax assessment subsequent to the financial statement date. The approved annual tax assessment reflects the taxation revenue for the period between January 1 through December 31 accordingly, the first three months of this assessment period is recognized as revenue in the fiscal year ended March 31. Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. Taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.</p> <p>Taxation arrears and interest revenue are recognized at the time of issuing overdue property tax notices to the rate payers for the fiscal year based on the time overdue.</p>

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2025

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition
(continued)

Rental revenue is recognized when the services are provided to tenants, and collection is reasonably assured. When rental payments are received in advance of contracted services, the Band records this as deferred revenue.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when the transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Revenues from transactions with performance obligations satisfied at a point in time are recognized when control of the benefits for goods/services has been transferred to the payor. This is relevant for ancillary sales like rental revenue, arena rental, etc.

Revenues from transactions with performance obligations satisfied over time are recognized over an appropriate period of time in alignment with the performance obligation being satisfied.

Revenue from transactions with no performance obligations are recognized when the Band has the authority to claim or retain an inflow of economic resources and a past transaction has given rise to the asset.

Tangible Capital Assets

Tangible capital assets are valued at acquisition cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital assets including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs.

Tangible capital assets are not available to discharge existing liabilities and are held for use in the provision of goods and services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Amortization is charged against tangible capital assets based on the estimated useful life of the asset as follows.

- Automotive equipment	- 5-25 years straight line
- Buildings	- 25-50 years straight line
- Equipment	- 5-25 years straight line
- Infrastructure	- 25 years straight line

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2025

1. Summary of Significant Accounting Policies (continued)

Tangible Capital Assets
(continued)

Tangible capital assets under construction, development or that have been removed from service are not amortized until they are available to be put into service.

Tangible capital assets are written down when associated output indicate that they no longer contribute to the Band's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed tangible capital assets are recorded at their fair value on the date of contribution, except in unusual circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value.

Purchase Price Premium Premiums paid on the acquisition of government business enterprises are amortized on a straight line basis over the lesser of the life of the purchase price premium and 20 years.

Measurement Uncertainty The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Segmented Information The Band provides a wide range of services to its members such as education, health and housing. For management reporting purposes, operations and activities are organized and reported by department. The nature of the departments and the activities they encompass are as follows:

Administration

Administration provides support to *k'wúk'pi?* and Council for meetings, events, schedules, Band member visits, and Band general meetings. Administration also coordinates human resources and professional development to ensure a professional team delivering services to the Band members.

Social Development

Social Development provides monthly financial benefits and services to individuals and families, resident on reserve and off reserve, who are in need.

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2025

1. Summary of Significant Accounting Policies (continued)

Segmented Information
(continued)

Education

The Education department provides a number of services to eligible First Nations students enrolled in elementary/secondary education programs and eligible post-secondary education programs.

Community Health

The Band provides health programs and services under an agreement with First Nations Health Authority, and the Province of British Columbia.

Housing

Housing is responsible for managing the housing program. This comprises of property management functions, planning and construction of new houses, and maintenance and upkeep of the housing stock, as well as the relationship with Canada Mortgage Housing Corporation and Indigenous Services Canada.

Public Works

The Public Works department manages the infrastructure and servicing requirements such as water, sewage, roads and member facilities for the Band.

Land, Estates and Memberships

Land, Estates and Memberships is responsible for the management of all reserve lands and responsibility for building out and implementing the Band's Land Code.

Economic Development

This department provides a number of services including providing guidance to Band Council and Administration around natural resource matters and managing and monitoring the land. The department is responsible for managing referrals, as well as project funding related to natural resources and the environment.

LNIB Development Corporation

The Development Corporation promotes ongoing wealth creation for the Band, prioritizes community development and provides employment opportunities while committing to the stewardship of resources.

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2025

2. Change in Accounting Policy

Effective April 1, 2024, the Band adopted the Public Sector Accounting Handbook Standard, PS 3280, Asset Retirement Obligations. The standard requires the reporting of legal obligations associated with the retirement of tangible capital assets by public sector entities. The standard was adopted on the modified retrospective basis at the date of adoption. Under the modified retrospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard. The impact of adoption of this standard was as follows:

	2024 2024 Restated	Originally presented	Restatement
Tangible capital assets - cost	\$ 84,653,238	\$ 84,554,740	\$ 98,498
Tangible capital assets - accumulated amortization	52,543,556	52,501,316	42,240
Asset retirement obligation	344,520	-	344,520
Accumulated surplus, end of year	112,967,650	113,255,912	(288,262)
Amortization of tangible capital assets	2,200,798	2,186,843	13,955

3. Cash and Cash Equivalents

	2025	2024
Consists of:		
Cash	\$ 31,516,337	\$ 16,426,869
Term deposits	<u>303,943</u>	<u>301,038</u>
	<u><u>\$ 31,820,280</u></u>	<u><u>\$ 16,727,907</u></u>
Externally restricted		
Ottawa Trust Funds	\$ 303,943	\$ 301,038
Social housing replacement reserve restricted cash (Note 10)	993,794	728,160
Social housing operating reserve restricted cash (Note 10)	<u>687,845</u>	<u>573,639</u>
	<u><u>1,985,582</u></u>	<u><u>1,602,837</u></u>
Unrestricted	<u><u>29,834,698</u></u>	<u><u>15,125,070</u></u>
	<u><u><u>\$ 31,820,280</u></u></u>	<u><u><u>\$ 16,727,907</u></u></u>

The Social housing reserve funds are externally restricted by CMHC and the Ottawa Trust Fund is externally restricted by Indigenous Services Canada.

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2025

4. Portfolio Investments

	2025	2024
Canaccord Genuity Corp. GIC, earning interest at 6.10% per annum, maturing on August 1, 2025	\$21,898,769	\$20,810,000
Canaccord Genuity Corp. GIC, earning interest at 4.50% per annum, maturing on August 13, 2026	3,764,681	-
RBC five-year laddered GIC, purchased in the 2022 fiscal year for \$3,000,000 that matures on February 8, 2026. Non-redeemable and allows the purchaser access to one-fifth of the original invested amount each year of the anniversary of the purchase. The G.I.C. earns interest at a rate of 1.15% per annum	698,680	1,283,915
Peace Hills Trust GIC, matured during the year	-	8,298,959
	\$26,362,130	\$ 30,392,874

5. Accounts Receivable

	2025	2024
Trade	\$ 4,908,485	\$ 3,916,524
Local Area Revenue	474,821	466,288
Rent	385,565	392,276
Canada Mortgage and Housing Corporation	17,410	16,869
Allowance for doubtful accounts	<u>(743,709)</u>	<u>(710,809)</u>
	\$ 5,042,572	\$ 4,081,148

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2025

6. Asset Retirement Obligation

The Band's asset retirement obligation consists of the following obligations:

a) Asbestos remediation obligation

The Band owns buildings that are known to contain asbestos, which various regulations require specific considerations upon asset retirement. Following the adoption of PS 3280 - Asset Retirement Obligations, the Band recognized an obligation relating to the removal and disposal of the asbestos in these buildings as estimated at April 1, 2024. The buildings have estimated useful lives of between 15 and 50 years from the date of completion of construction, of which various numbers of years remain. Estimated costs of \$531,000 have been discounted to the present value using a discount rate of 4% per annum.

b) Well decommissioning obligation

The Band has water wells which require decommissioning at the end of their useful lives under the Water Sustainability Act. Following the adoption of PS 3280 - Asset Retirement Obligations, the Band recognized an obligation relating to the decommissioning of well as estimated at April 1, 2024. The wells have an estimated useful life of 25 years, of which various numbers of years remain. Estimated costs of \$180,000 have been discounted to the present value using a discount rate of 4% per annum.

The Band's asset retirement obligation consists of the following obligations:

	Asbestos remediation	Well decommissioning	2025
Opening balance	\$ 255,496	\$ 89,024	\$ 344,520
Accretion expense	10,497	3,283	13,780
	<hr/> \$ 265,993	<hr/> \$ 92,307	<hr/> \$ 358,300

	Asbestos remediation	Well decommissioning	2024
Opening balance	\$ 252,339	\$ 78,929	\$ 331,268
Accretion expense	3,157	10,095	13,252
	<hr/> \$ 255,496	<hr/> \$ 89,024	<hr/> \$ 344,520

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2025

6. Asset Retirement Obligation (continued)

The asset retirement liability has been estimated using a net present value technique using the assumptions as described above. The related asset retirement costs are being amortized on a straight-line basis over the remaining useful lives of the assets.

Significant estimates and assumptions are made in determining the asset retirement costs as there are numerous factors that will affect amount ultimately payable. Those uncertainties may result in future actual expenditures that are different than the amounts currently recorded. At each reporting date, as more information and experience are obtained related to these asset retirement obligations, the estimates of the timing, the undiscounted cash flows, and the discount rates may change. Adjustments to these factors are accounted for as an adjustment to the asset retirement obligation and the related tangible capital asset in the current period on a prospective basis.

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2025

7. Tangible Capital Assets

	2025							
	Automotive Equipment	Buildings	Equipment	Infrastructure	Social Housing	Land	Assets under construction	Total
Cost, beginning of year	\$ 4,579,815	\$ 40,782,792	\$ 4,524,472	\$ 22,753,250	\$ 6,376,106	\$ 1,719,332	\$ 3,917,471	\$ 84,653,238
Additions	586,055	100,390	406,111	2,544,998	-	-	225,711	3,863,265
Disposals	-	(1,811,984)	-	(92,200)	-	-	(362,511)	(2,266,695)
Transfers	-	-	-	2,823,329	-	-	(2,823,329)	-
Cost, end of year	5,165,870	39,071,198	4,930,583	28,029,377	6,376,106	1,719,332	957,342	86,249,808
Accumulated amortization, beginning of year	3,236,566	25,966,545	3,269,673	16,178,135	3,892,637	-	-	52,543,556
Amortization	388,693	1,077,330	313,164	841,393	255,045	-	-	2,875,625
Disposals	-	(1,811,984)	-	-	-	-	-	(1,811,984)
Accumulated amortization, end of year	3,625,259	25,231,891	3,582,837	17,019,528	4,147,682	-	-	53,607,197
Net carrying amount, end of year	\$ 1,540,611	\$ 13,839,307	\$ 1,347,746	\$ 11,009,849	\$ 2,228,424	\$ 1,719,332	\$ 957,342	\$ 32,642,611

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2025

7. Tangible Capital Assets (continued)

	(Restated - Note 2) 2024							
	Automotive Equipment	Buildings	Equipment	Infrastructure	Social Housing	Land	Assets under construction	Total
Cost, beginning of year	\$ 3,947,292	\$ 32,006,922	\$ 4,012,428	\$ 22,610,818	\$ 7,460,177	\$ -	\$ 4,009,375	\$ 74,047,012
Additions	641,523	5,392,966	512,044	142,432	-	1,719,332	2,206,929	10,615,226
Disposals	(9,000)	-	-	-	-	-	-	(9,000)
Transfers	-	3,382,904	-	-	(1,084,071)	-	(2,298,833)	-
Cost, end of year	4,579,815	40,782,792	4,524,472	22,753,250	6,376,106	1,719,332	3,917,471	84,653,238
Accumulated amortization, beginning of year	2,825,770	26,513,664	2,919,446	15,561,855	2,544,274	-	-	50,365,009
Amortization	419,796	524,518	350,227	616,280	276,726	-	-	2,187,547
Disposals	(9,000)	-	-	-	-	-	-	(9,000)
Transfer of Phase 12 &14	-	(1,071,637)	-	-	1,071,637	-	-	-
Accumulated amortization, end of year	3,236,566	25,966,545	3,269,673	16,178,135	3,892,637	-	-	52,543,556
Net carrying amount, end of year	\$ 1,343,249	\$ 14,816,247	\$ 1,254,799	\$ 6,575,115	\$ 2,483,469	\$ 1,719,332	\$ 3,917,471	\$ 32,109,682

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2025

8. Deferred Revenue

	2025	2024
Balance, beginning of the year	\$ 309,530	\$ 4,378,986
Receipts		
Damage deposits	2,496	1,736
ECCC Agreement	-	278,513
Prepaid rent	10,293	6,462
Recognized as revenue	<u>(234,853)</u>	<u>(4,356,167)</u>
Balance, end of year	<u>\$ 87,466</u>	<u>\$ 309,530</u>

9. Long-term Debt

	2025	2024
All Nations Trust Company loan repayable in monthly instalments of \$2,120 including interest at 0.74% per annum; term due October 1, 2025	\$ 14,799	\$ 40,028
All Nations Trust Company loan repayable in monthly instalments of \$1,317 including interest at 0.74% per annum; term due February 1, 2026	14,436	30,076
All Nations Trust Company loan repayable in monthly instalments of \$762 including interest at 0.74% per annum; term due November 1, 2025	6,080	15,148
All Nations Trust Company loan repayable in monthly instalments of \$1,037 including interest at 3.81% per annum; term due January 1, 2028	33,392	44,351
All Nations Trust Company loan repayable in monthly instalments of \$1,977 including interest at 3.74% per annum; term due April 1, 2028	69,033	89,786
All Nations Trust Company loan repayable in monthly instalments of \$2,633 including interest at 0.74% per annum; term due February 1, 2026	28,847	60,100
Subtotal	<u>166,587</u>	<u>279,489</u>

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2025

9. Long-term Debt (continued)

Balance brought forward	166,587	279,489
All Nations Trust Company loan repayable in monthly instalments of \$2,900 including interest at 3.29% per annum; term due September 1, 2027	226,587	253,514
All Nations Trust Company loan repayable in monthly instalments of \$2,888 including interest at 3.64% per annum; term due August 1, 2029	272,180	297,621
All Nations Trust Company loan repayable in monthly instalments of \$2,082 including interest at 4.08% per annum; term due May 1, 2029	269,036	283,292
All Nations Trust Company loan repayable in monthly instalments of \$4,866 including interest at 3.70% per annum; term due December 1, 2027	760,641	790,567
	<hr/>	<hr/>
	1,695,031	1,904,483
Less current portion	<hr/>	<hr/>
	(195,026)	(750,805)
	<hr/>	<hr/>
	\$ 1,500,005	\$ 1,153,678

All Nations Trust Company loans are secured by a Ministerial Guarantee from Indigenous Services Canada.

Principal repayments on long-term debt for the next five years are estimated as follows:

2026	\$ 195,026
2027	135,936
2028	943,635
2029	46,100
2030	<hr/> 374,334
	<hr/>
	\$ 1,695,031

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2025

10. Housing Reserves

	2025	2024
Replacement reserve	\$ 285,551	\$ 993,322
Operating reserve	<u>630,916</u>	<u>687,500</u>
	<u><u>\$ 916,467</u></u>	<u><u>\$ 1,680,822</u></u>

Under the terms of the agreement with CMHC, the Replacement Reserve account is to be credited annually in the amount of \$53,310. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation (CDIC) or as may otherwise be approved by CMHC. Withdrawals are credited to interest first and then principal. Under the terms of the agreement with CMHC, the Operating Reserve account is to be credited with any surplus amount in phase 13 and phase 15 to 23, based on the minimum rent calculation.

Replacement reserve, end of year	\$ 285,551	\$ 993,322
Funded restricted cash (Note 3)	<u>993,794</u>	<u>728,160</u>
Under (over) funded balance	<u><u>\$ (708,243)</u></u>	<u><u>\$ 265,162</u></u>
Operating reserve, end of year	\$ 630,916	\$ 687,500
Funded restricted cash (Note 3)	<u>687,845</u>	<u>573,639</u>
Under (over) funded balance	<u><u>\$ (56,929)</u></u>	<u><u>\$ 113,861</u></u>

11. Federal Assistance Payments

The Social Housing Fund receives federal assistance through CMHC to reduce mortgage interest expense to 2% to enable the project to provide housing to low income individuals. The amount of the assistance received for the year ended March 31, 2025 was \$207,635 (2024 - \$214,879), and this amount is included in CMHC revenue on the consolidated statement of operations.

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2025

12. Commitments and Contingencies

The Band is contingently liable as guarantor of loans made to Band members. In addition, the Band is contingently liable as guarantor of First Nations Market Housing loans. As at March 31, 2025, the loans amount to \$2,006,417.

Various lawsuits have been filed against the Band for incidents which arose in the ordinary course of business. In the opinion of management and legal counsel, the outcome of the lawsuits, now pending, is not determinable. Should any loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

13. Related Parties

Due to related parties

	2025	2024
NAIK Development LP	\$ (110,202)	\$ (113,499)
LNIB Ventures LP	(4,749,241)	(104,187)
Tunkwa Lake Resort Ltd.	-	(281,885)
LNIB Aggregates LP	(3,154,981)	(3,235,023)
LNIB Aggregates Ltd.	(100)	-
1130618 BC Ltd.	(55)	-
1130457 BC Ltd.	(1)	-
Shulus Electricity Transmission Line LP	<u>-</u>	<u>(1,487)</u>
	<u>\$ (8,014,580)</u>	<u>\$ (3,736,081)</u>

Due from related parties

	2025	2024
1374678 B.C. Ltd.	\$ 9,599	\$ -
Tunkwa Lake Resort Ltd.	553,696	-
LNIB Holdings Ltd.	-	28,520
LNIB Ventures Ltd.	7,722	7,722
LNIB Aggregates Ltd.	-	74,192
Shulus Forest Enterprises LP	1,260,735	988,314
Shulus Farms Ltd.	2,250	2,811
1130618 BC Ltd.	-	1,218
1130457 BC Ltd.	-	6,500
LNIB Electricity Transmission Line LP	4,812,359	2,941
Shulus Electricity Transmission Line LP	21,594	-
LNIB Ventures LP	<u>291,036</u>	<u>154,312</u>
	<u>\$ 6,958,991</u>	<u>\$ 1,266,530</u>

The above balances are due from entities controlled by the Band are the result of normal operations, bear no interest, and have no set repayment terms.

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2025

14. Investment in Business Enterprises

The following summary discloses the nature of business and condensed financial information of the business enterprises:

Nature of Business LNIB Holdings LP

This line of business is a Partnership that is established under the laws of British Columbia. The Band has a 100% interest in the Partnership.

NAIK Development LP

This line of business is a Partnership that is established under the laws of British Columbia and is engaged in the business of economic development activities. The Band has a 100% interest in the Partnership.

LNIB Aggregates LP

This line of business is a Partnership that is established under the laws of British Columbia and is engaged in the business of aggregate activities. The Band has a 100% interest in the Partnership.

A significant component of income in LNIB Aggregates LP is a result of its investments in Ogilvie Mountain Holdings LP and Lower Nicola Site Services LP who are engaged in pipeline maintenance and construction services. LNIB Aggregates LP has a 50.99% interest in both Partnerships. Included in the total equity of \$17,511,188 is \$7,881,786 that is the non-controlling interest portion (2024 - \$13,066,046).

Shulus Forest Enterprises LP

This line of business is a Partnership that is established under the laws of British Columbia and is engaged in the business of forestry related operations. The Band has a 100% interest in the Partnership.

LNIB Ventures LP

This line of business is a Partnership that is established under the laws of British Columbia and is engaged in revenue sharing through joint venture and strategic alliance agreements. The Band has a 100% interest in the Partnership.

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2025

14. Investment in Business Enterprises (continued)

LNIB Electricity Transmission Line LP

This line of business is a Partnership that is established under the laws of British Columbia and is engaged in the business of aggregate activities. The Band has a 100% interest in the Partnership.

A significant component of income in LNIB Electricity Transmission Line LP is a result of its investments in Shulus Electricity Transmission Line LP who are engaged in the operation and maintenance of the Kingsvale, BC power interconnection infrastructure. LNIB Electricity Transmission Line LP has a 55% interest in this Partnership. Included in the total equity of \$9,620,488 is \$4,329,220 that is the non-controlling interest portion (2024 - \$nil).

Shulus Farms LP

This line of business is a Partnership that is established under the laws of British Columbia and is engaged in leasing land for hay cultivation. The Band has a 100% interest in the Partnership. There was no activity for the current year end.

Tunkwa Lake Resort Ltd.

The line of business is a Corporation that is established under the laws of British Columbia and is engaged in renting cabins and fishing boats. Included in expenses for Tunkwa Lake Resort Ltd. is \$98,642 of purchase premium allocation. The Band has a 100% interest in the Corporation.

	2025	2024
LNIB Holdings LP	\$ 2,381,456	\$ 406,031
NAIK Development LP	479,157	499,520
LNIB Aggregates LP	20,672,151	20,781,463
Shulus Forest Enterprises LP	2,248,007	2,811,581
LNIB Ventures LP	10,962,595	7,806,569
All Nations Trust Company	8,710	8,710
BC First Nations Gaming Revenue Sharing LP	110	110
Spayum Holdings Limited Partnership	795,900	795,900
LNIB Development Corporation subsidiaries	435,852	369,399
Tunkwa Lake Resort Ltd.	4,760,446	4,783,530
LNIB Electricity Transmission Line LP	473,987	-
	<hr/> <u>\$ 43,218,371</u>	<hr/> <u>\$ 38,262,813</u>

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2025

14. Investment in Business Enterprises (continued)

	LNIB Holdings LP	LNIB Aggregates LP	Shulus Forest Enterprises LP	LNIB Ventures LP	Tunkwa Lake Resort Ltd	LNIB Electricity Transmission Line LP	NAIK Developments	2025	2024
Financial Position									
Cash	\$ 2,058,464	\$ 4,409,973	\$ 1,355,599	\$ 3,611,476	\$ 1,046,044	\$ 781,201	\$ -	\$ 13,262,757	\$ 6,740,988
Accounts receivable	-	2,482,395	597,800	396,489	30,457	326,245	-	3,833,386	5,440,439
Inventory	-	2,114,534	43,406	-	27,110	-	-	2,185,050	3,467,983
Tangible capital assets	625,483	17,405,522	2,922,101	-	2,831,443	50,366	-	23,834,915	22,040,628
Other assets	100	3,718,298	543,290	7,025,312	123,220	27,267,481	479,190	39,156,891	10,650,093
Total Assets	2,684,047	30,130,722	5,462,196	11,033,277	4,058,274	28,425,293	479,190	82,272,999	48,340,131
Liabilities									
Accounts payable	7,955	4,980,875	218,109	70,552	114,039	549,551	-	5,941,081	7,764,748
Capital lease	-	3,105,817	-	-	-	-	-	3,105,817	3,819,870
Other liabilities	294,535	4,532,842	2,995,935	-	2,761,527	18,249,419	-	28,834,258	6,836,074
Total Liabilities	302,490	12,619,534	3,214,044	70,552	2,875,566	18,798,970	-	37,881,156	18,420,692
Equity									
	2,381,557	17,511,188	2,248,152	10,962,725	1,182,708	9,626,323	479,190	43,912,653	29,919,439
Total Liabilities and Equity	2,684,047	30,130,722	5,462,196	11,033,277	4,058,274	28,425,293	479,190	81,793,809	48,340,131
Results of Operations									
Revenues	2,031,177	31,782,469	7,797,695	3,359,279	799,473	1,441,778	(14,378)	47,197,493	41,465,476
Expenses	55,752	31,891,781	8,361,269	203,253	822,557	967,791	5,985	42,308,388	40,239,681
Net income (loss)	1,975,425	(109,312)	(563,574)	3,156,026	(23,084)	473,987	(20,363)	4,889,105	1,225,795
Allocation	\$ 1,975,425	\$ (109,312)	\$ (563,574)	\$ 3,156,026	\$ (23,084)	\$ 473,987	\$ (20,363)	\$ 4,889,105	\$ 1,225,795

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2025

15. Accumulated Surplus

The Lower Nicola Indian Band segregates its accumulated surplus into the following categories:

	(Restated - Note 2)	2025	2024
Equity in Operating Fund	\$59,902,855	\$ 44,414,646	
Equity in Capital Fund (Note 16)	29,602,591	28,861,097	
Equity in Social Housing	1,451,858	2,258,700	
Equity in Enterprise Fund	42,782,406	37,893,301	
Equity in Ottawa Trust Funds	303,943	301,038	
Deficit in LNIBDC	<u>(828,435)</u>	<u>(761,132)</u>	
	<u>\$133,215,218</u>	<u>\$112,967,650</u>	

16. Equity in Capital Fund

	(Restated - Note 2)	2025	2024
Balance, beginning of year	\$28,861,097	\$ 18,425,371	
Acquisition of tangible capital assets	3,723,786	10,192,578	
Disposal of tangible capital assets	(362,511)	-	
Transfer from Social Housing	-	428,291	
Amortization of tangible capital assets	(2,606,001)	(1,899,308)	
Adjustment to tangible capital assets	-	1,727,415	
Accretion expense	<u>(13,780)</u>	<u>(13,250)</u>	
Balance, end of year	<u>\$29,602,591</u>	<u>\$ 28,861,097</u>	

17. Comparative Figures

Certain comparative figures presented in the consolidated financial statements have been restated to conform to the current year's presentation.

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2025

18. Financial Instruments

The Band is exposed to risks of varying degrees of significance from its use of financial instruments which could affect its ability to achieve its strategic objectives. The kʷúkʷpi? and Council ensures that the Band has identified its major risks and ensures that management monitors and mitigates these risks.

Liquidity risk

Liquidity risk is the risk that the band will not be able to meet its financial obligations as they become due.

The Band manages this risk by monitoring cash activities and expected outflows through budgeting and forecasting cash flows from operations and anticipating investing and capital activities. It is management's opinion that the Band is not exposed to significant liquidity risk arising from its financial instruments.

There have not been any changes from the prior year in the Band's exposure to liquidity risk or the policies, procedures and methods it uses to manage and measure the risk.

Market and interest rate risk

Market risk is the risk that changes in market price, such as interest rates, will affect the Band's income. The objective of market risk management is to control market risk exposed within acceptable parameters while optimizing the return on investments. The investment balance comprises of a GIC's and trust. The GIC and trust are deemed to be low risk and are not subject to changes in market prices or interest rates.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. It is management's opinion that the Band is not exposed to significant interest rate risk arising from its financial instruments.

There have not been any changes from the prior year in the Band's exposure to market and interest rate risk or the policies, procedures and methods it uses to manage and measure the risk.

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2025

18. Financial Instruments (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Band is exposed to credit risk from its operating activities, which are primarily accounts receivables, and its investing activities, which includes deposits with financial institutions. Accounts receivables includes grant receivables from Federal and Provincial government, trade receivables, and local area receivables.

The credit risk on accounts receivables is mitigated by the agreement approval and monitoring processes. A majority of the accounts receivable balances are compliant with signed funding agreements and signed general agreements for recovery work. The Band undergoes continuous monitoring of amounts that are not collectible or realizable and accounts for specific bad debt provision when management considers that the expected recovery is less than the amount receivable. The Band considers all accounts receivable that are past due to be impaired, with the exception of funding from Federal or Provincial agreements. The Band's management has determined that accounts receivable are impaired as illustrated in Note 5. Management's assessment was based on considering the likelihood of payment given the credit history with each vendor, and considering which items have been received subsequent to the financial statement date up to the report date.

The Band had deposited cash and investments held with reputable financial institutions. Management believes the risk of loss is unlikely.

There have not been any changes from the prior year in the Band's exposure to credit risk or the policies, procedures and methods it uses to manage and measure the risk.

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2025

19. Budget

The Band Council Budget Resolution adopted by Council was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. Further the budget was approved on a quarterly basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the consolidated statements of operations and change in net financial assets represent the Budget adopted by Council with adjustments as follows:

	2025
Budget Bylaw deficit for the year	\$ -
Add:	
Capital expenditures	11,692,375
Administration expenses	60,000
Repayments of long-term debt	209,912
Replacement reserve allowance	51,750
Less:	
Net budgeted transfers from accumulated surplus	(4,272,222)
Administration revenue	(60,000)
Loan proceeds	<u>(10,035,800)</u>
Budget deficit per consolidated statement of operations	<u>\$ (2,353,985)</u>

20. Other Contract Revenue

Other contract revenue as presented in the statement of operations includes the following:

	2025	2024
First Nations Drinking Water Settlement	\$ 1,794,867	\$ 391,932
Teck Highland Valley Copper	8,502,375	2,993,625
Teck contribution for Nicola watershed restoration project	2,000,000	-
Transmountain Pipeline	7,151,449	515,590
Solar	457,617	-
Donations	306,000	49,124
Management Fees	4,586,860	3,658,016
Referrals	1,013,872	1,164,888
Four Pillars	-	200,000
Other	<u>753,057</u>	<u>1,183,638</u>
	<u>\$ 26,566,097</u>	<u>\$ 10,156,813</u>

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2025

21. Expenditures by Object

	2025	2024
Administration	\$ 902	\$ 3,250
Advertising and promotion	21,554	66,585
Amortization	2,889,407	2,200,798
Bad debts (recovery)	(24,768)	81,969
Bank charges	18,869	15,968
Community support	1,457,493	1,245,333
Contract and consulting services	1,854,551	2,600,722
Contribution to Nicola watershed restoration project	2,000,000	-
Cost recoveries	(95,800)	(499,423)
Direct social assistance	1,377,714	1,412,716
Honoraria	589,866	340,958
Insurance	726,030	480,896
Interest on long-term debt	60,294	55,865
Local education agreement	1,175,762	1,350,380
Materials, supplies and services	1,359,236	1,306,262
Office	319,399	305,461
Professional fees	1,336,002	919,117
Rental of facilities and equipment	88,828	66,267
Repairs and maintenance	2,688,315	1,597,203
Salaries and benefits	14,067,113	12,771,202
Student allowances	730,417	568,028
Telephone and internet	543,736	495,039
Travel and meetings	422,400	309,477
Tuition	354,533	334,503
Utilities	326,848	310,007
Vehicle	114,120	123,986
Workshops and training	497,794	357,122
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	\$ 34,900,615	\$ 28,819,691

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2025

22. Segmented Information

	Administration	Social Development	Education	Community Health	Housing	Public Works	Land, Estates and Memberships	Economic Development	LNIB Development Corporation	2025 Total
Revenue										
ISC	\$ 986,481	\$ 2,053,093	\$ 3,292,246	\$ -	\$ 510,708	\$ 3,468,783	\$ 358,818	\$ 66,356	\$ -	\$ 10,736,485
CMHC	-	-	-	-	207,635	-	-	-	-	207,635
FNESC	-	-	442,385	-	-	-	-	-	-	442,385
FNHA	-	-	125,186	1,409,651	-	-	-	-	-	1,534,837
Property taxes	1,888,798	-	-	-	-	-	-	-	-	1,888,798
Province of B.C.	159,414	1,407,400	1,163,508	-	-	(25,713)	-	1,635,250	-	4,339,859
Miscellaneous	8,497,525	10,000	50,186	16,220	654,277	832,755	563,646	20,693,872	4,679,703	35,998,184
	11,532,218	3,470,493	5,073,511	1,425,871	1,372,620	4,275,825	922,464	22,395,478	4,679,703	55,148,183
Expenditures										
Administrative	47,808	250	104,820	31,487	425,947	559,249	289,889	2,643,904	35,063	4,138,417
Amortization	2,619,783	-	-	-	255,044	-	-	-	14,580	2,889,407
Direct assistance	-	1,377,714	-	-	-	-	-	-	-	1,377,714
Materials, supplies, utilities	583,661	1,746,075	674,893	138,758	22,893	474,260	94,492	83,812	187,865	4,006,709
Operations and maintenance	147,003	149,735	132,726	340,214	1,530,780	1,020,412	316,516	863,972	35,004	4,536,362
Student costs	-	-	2,260,712	-	-	-	-	-	-	2,260,712
Transportation costs	223,577	53,987	84,101	153,686	12,953	130,564	39,790	322,302	13,355	1,034,315
Wages and benefits	2,048,679	692,994	2,652,772	881,565	378,372	1,713,837	588,913	1,888,712	3,811,135	14,656,979
	5,670,511	4,020,755	5,910,024	1,545,710	2,625,989	3,898,322	1,329,600	5,802,702	4,097,002	34,900,615
Excess (deficiency) of revenue for the year	\$ 5,861,707	\$ (550,262)	\$ (836,513)	\$ (119,839)	\$ (1,253,369)	\$ 377,503	\$ (407,136)	\$ 16,592,776	\$ 582,701	\$ 20,247,568

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2025

22. Segmented Information (continued)

	Administration	Social Development	Education	Community Health	Housing	Public Works	Land, Estates and Memberships	Economic Development	LNIB Development Corporation	LNIB (Restated - Note 2) 2024 Total
Revenue										
ISC	\$ 738,218	\$ 2,413,387	\$ 3,230,368	\$ -	\$ 488,272	\$ 2,897,347	\$ 341,905	\$ 63,878	\$ -	\$ 10,173,375
CMHC	-	-	-	-	4,699,117	-	-	-	-	4,699,117
FNESC	-	-	476,995	-	-	-	-	-	-	476,995
FNHA	-	-	125,186	1,329,055	-	-	-	-	-	1,454,241
Property taxes	1,762,536	-	-	-	-	-	-	-	-	1,762,536
Province of B.C.	-	1,382,500	815,561	-	-	85,713	-	4,586,875	-	6,870,649
Miscellaneous	3,516,825	2,334	133,734	32,545	857,146	1,231,178	330,250	5,688,629	3,644,474	15,437,115
	6,017,579	3,798,221	4,781,844	1,361,600	6,044,535	4,214,238	672,155	10,339,382	3,644,474	40,874,028
Expenditures										
Administrative	561,676	3,250	91,926	22,142	298,785	125,914	228,282	234,432	57,245	1,623,652
Amortization	1,912,560	-	-	-	276,725	-	-	-	11,513	2,200,798
Direct assistance	-	1,412,716	-	-	-	-	-	-	-	1,412,716
Materials, supplies, utilities	577,981	1,471,271	537,808	168,325	98,669	487,688	64,207	89,739	166,411	3,662,099
Operations and maintenance (recovery)	(23,254)	95,948	231,212	417,492	924,173	370,285	246,611	1,452,998	49,303	3,764,768
Student costs	-	-	2,252,912	-	-	-	-	-	-	2,252,912
Transportation costs	118,735	23,726	74,065	138,472	13,903	83,242	23,419	303,769	11,255	790,586
Wages and benefits	1,619,466	425,597	2,403,643	948,121	314,963	1,506,608	478,941	1,768,885	3,645,936	13,112,160
	4,767,164	3,432,508	5,591,566	1,694,552	1,927,218	2,573,737	1,041,460	3,849,823	3,941,663	28,819,691
Excess (deficiency) of revenue for the year	\$ 1,250,415	\$ 365,713	\$(809,722)	\$(332,952)	\$ 4,117,317	\$ 1,640,501	\$(369,305)	\$ 6,489,559	\$(297,189)	\$ 12,054,337