

ESK'ETEMC
Consolidated Financial Statements
Year Ended March 31, 2025

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Esk'etemc are the responsibility of management and have been approved by Chief and Council.

The 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.

Esk'etemc maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance the financial information is relevant, reliable and accurate and that Esk'etemc's assets are appropriately accounted for and adequately safeguarded.

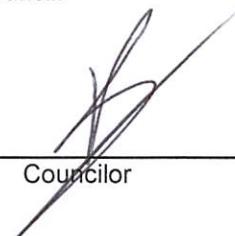
The Chief and Council are responsible for ensuring the integrity of Esk'etemc's accounting and reporting systems and that appropriate internal controls are in place, including those for monitoring risk, financial reporting and compliance with the laws and that management fulfills its responsibilities for financial reporting. The Chief and Council are ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council review Esk'etemc's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the independent auditor, 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, the consolidated financial statements and independent auditor's report. The Chief and Council also consider the engagement of the independent auditor.

The consolidated financial statements have been audited by FBB Chartered Professional Accountants LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. FBB Chartered Professional Accountants LLP has full access to the Chief and Council.



Chief



Councilor



INDEPENDENT AUDITOR'S REPORT

To the Members of Esk'etemc

Opinion

We have audited the consolidated financial statements of the Esk'etemc, which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statements of changes in net financial assets, operations and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Esk'etemc as at March 31, 2025, and its financial performance and 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 Financial Statements section of our report. We are independent of the First Nation in accordance with 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 First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT (continued)**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 judgement 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

*FBB Chartered Professional
Accountants LLP*

ESK'ETEMC

Consolidated Statement of Financial Position

Year Ended March 31, 2025

	2025	2024
Financial Assets		
Cash	\$168,202,613	\$ 17,006,071
Short term investments (Note 4)	2,042,803	2,677,400
Cash restricted as to use (Note 5)	69,424	66,780
Trade accounts receivable (Note 6)	3,706,283	4,368,976
Ottawa Trust Accounts (Note 7)	711,562	686,042
Inventory	103,763	80,093
Investments (Note 8)	3,170,617	4,495,196
	178,007,065	29,380,558
Liabilities		
Accounts payable and accrued liabilities (Note 10)	2,690,872	2,524,034
Silviculture responsibility	1,212,564	1,231,965
Deferred revenue - CMHC housing	-	2,591,579
Long term debt (Note 11)	252,022	274,870
	4,155,458	6,622,448
Net financial assets	173,851,607	22,758,110
Non-financial assets		
Prepaid expenses	133,177	55,130
Tangible capital assets (Note 12)	42,305,629	36,581,011
	42,438,806	36,636,141
Band equity	\$216,290,413	\$ 59,394,251
Band equity		
Accumulated surplus (Note 13) - page 6	\$215,968,680	\$ 59,081,861
Replacement reserve (Note 14)	136,784	127,441
Contributed surplus (Note 15)	184,949	184,949
	\$216,290,413	\$ 59,394,251

Contingencies (Note 18)

Approved on behalf of Esk'etemc



Chief



Councilor

ESK'ETEMC**Consolidated Statement of Changes in Net Financial Assets****Year Ended March 31, 2025**

	2025 Budget (unaudited)	2025	2024
Net revenue for the year	\$156,886,819	\$156,886,819	\$ 9,247,145
Amortization	-	1,429,907	1,275,849
Net contribution by replacement reserve	-	9,343	(39,714)
Change in prepaid expenses	-	(78,047)	(49,932)
Tangible capital asset acquisitions	-	(7,154,525)	(4,843,709)
Loss (gain) on disposal of tangible capital assets	-	(30,000)	-
Proceeds on disposal	-	30,000	-
 Increase (decrease) in net financial assets	 (1,020,413)	 151,093,497	 5,589,639
Net financial assets - beginning of year	22,758,110	22,758,110	17,168,471
Net financial assets - end of year	\$ 8,022,083	\$173,851,607	\$ 22,758,110

ESK'ETEMC
Consolidated Statement of Operations
Year Ended March 31, 2025

	2025 Budget (Unaudited)	2025	2024
Revenues (from Schedule 1)	\$ 18,382,099	\$ 33,646,319	\$ 23,989,174
Expenses (from Schedule 2)	13,949,617	29,536,358	21,120,079
Net revenue before the following	4,432,482	4,109,961	2,869,095
Other income			
Surplus recoveries	-	(5,886)	(25,207)
Operating results of Band enterprises	-	(1,324,580)	1,005,156
Change in silviculture liability	-	19,401	552,919
Tangible capital assets purchases	-	7,154,525	4,843,709
Settlement trust funds (<i>Note 22</i>)	-	146,942,741	-
Net revenue for the year	4,432,482	156,896,162	9,245,672
Interfund transfers			
Replacement reserve transferred to surplus	-	(9,343)	1,473
Net change in surplus	4,432,482	156,886,819	9,247,145
Accumulated surplus - beginning of year	59,081,861	59,081,861	49,834,716
Accumulated surplus - end of year - page 4	\$ 63,514,343	\$ 215,968,680	\$ 59,081,861

	2025 Budget (Unaudited)	2025	2024
Revenues			
Federal Government			
ISC Operating	\$ 10,672,037	\$ 8,764,342	\$ 7,247,032
CIRNAC - specific claims	-	68,484	-
First Nations Health Authority	2,199,324	3,004,654	2,825,267
CMHC	-	2,619,038	2,741,466
CCATEC	65,000	390,228	121,763
Department of Justice	30,192	76,160	42,649
Natural Resources	248,427	236,006	754,540
First Nations Education Steering Committee	331,657	714,324	901,002
Province of British Columbia	1,756,225	5,835,521	4,191,752
Enbridge	-	52,000	80,000
Insurance proceeds	-	86,849	116,091
Store sales	-	1,327,477	1,235,253
Investment income (loss)	522,900	5,927,350	838,946
BC Hydro	79,738	79,738	79,738
Rental income	925,890	1,011,059	653,635
Administration	64,482	7,120	4,342
New Relationship Trust	-	328,630	77,670
Service agreement	31,155	152,771	160,132
FN Drinking Water Settlement	-	437,911	63,080
Daycare fees	-	-	(14,453)
All other sources	1,455,072	2,342,920	1,869,269
Le7 te Melamen Health Society	-	183,737	-
	\$ 18,382,099	\$ 33,646,319	\$ 23,989,174

ESK'ETEMC**Consolidated Expenses****(Schedule 2)****Year Ended March 31, 2025**

	2025 Budget (Unaudited)	2025	2024
Administration and economic development	\$ 3,296,178	\$ 5,183,764	\$ 3,481,580
Amortization	-	1,429,907	1,275,849
Capital improvement projects	265,088	7,959,472	3,440,592
Education	3,106,552	4,154,155	3,730,416
Health and well-being	1,845,205	3,220,576	2,484,804
Housing	372,508	562,141	557,715
Natural resources	561,726	955,837	978,092
Public works	1,820,528	1,859,834	1,475,070
Social development	1,566,945	2,631,333	2,284,209
Internal Transfers (should net to \$0)	1,114,887	-	-
Store - Alkali Enterprises	-	1,579,339	1,411,752
	<hr/>	<hr/>	<hr/>
	\$ 13,949,617	\$ 29,536,358	\$ 21,120,079

ESK'ETEMC
Consolidated Statement of Cash Flows
Year Ended March 31, 2025

	2025	2024
Cash flows from operating activities		
Net revenue for the year	\$156,886,819	\$ 9,247,145
Items not affecting cash:		
Amortization	1,429,907	1,275,849
Loss (gain) on disposal of tangible capital assets	(30,000)	-
Operating results of Band enterprises	1,324,580	(1,005,156)
	159,611,306	9,517,838
Changes in non-cash working capital:		
Accounts receivable	662,693	633,889
Replacement reserve	9,343	(39,714)
Cash restricted as to use	(2,644)	(2,935)
Inventory	(23,670)	(7,508)
Accounts payable and accrued liabilities	166,837	1,294,286
Silviculture responsibility	(19,401)	(552,919)
Deferred revenue	(2,591,579)	2,591,579
Prepaid expenses	(78,047)	(49,932)
	(1,876,468)	3,866,746
Cash flows from operating activities	157,734,838	13,384,584
Cash flows used (from) by investing activities		
Proceeds on disposal of tangible capital assets	30,000	-
Change in trust funds held by Canada	(25,520)	(24,984)
Advances from related parties	-	(27,861)
Cash flows from (used by) investing activities	4,480	(52,845)
Cash flows from (used by) financing activities		
Repayment of long term debt	(22,848)	(24,015)
Cash flows used by financing activities	(22,848)	(24,015)
Cash flows used by capital activities		
Tangible capital asset acquisitions	(7,154,525)	(4,843,709)
Increase in cash flow	150,561,945	8,464,015
Cash - beginning of year	19,683,471	11,219,456
Cash - end of year	\$ 170,245,416	\$ 19,683,471
Represented by:		
Cash	\$168,202,613	\$ 17,006,071
Marketable securities	2,042,803	2,677,400
	\$170,245,416	\$ 19,683,471

1. Basis of presentation

In order to satisfy the Reporting Guide's Financial Reporting Requirements of Indigenous Services Canada ("ISC") these consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards, as defined in the CPA Canada Public Sector Accounting Handbook, which encompasses the following:

- a. The focus of PSAB statements is on the financial position of Esk'etemc and the changes thereto. The Consolidated Statement of Financial Position includes all the assets and liabilities of Esk'etemc. Financial assets are economic resources controlled by Esk'etemc as a result of past transactions from which future economic benefits may be obtained. Liabilities are present obligations of Esk'etemc to others arising from past transactions, the settlement of which is expected to result in the future sacrifice of economic benefits.
- b. Esk'etemc 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 consolidated financial statements. Details of the operation of each fund are set out in the supplementary schedules.

Esk'etemc maintains the following funds:

- The Operations Fund which reports the general activities of Esk'etemc.
- The Capital Fund which reports the capital projects of Esk'etemc together with their related financing, other than those tangible capital assets funded by CMHC.
- The Investment Fund which reports Esk'etemc's investments in related entities.
- The Trust Fund which reports on the trust funds owned by Esk'etemc and held by third parties.
- The CMHC Social Housing Fund which reports assets, liabilities, revenues, expenses and reserves specifically related to housing funded by CMHC.
- The Treaty Self-Government Fund which reports on activities related to treaty negotiations.

c. Reporting entity and principles of financial reporting

The Esk'etemc reporting entity includes Esk'etemc and all related entities which are accountable to the Chief and Council and are either owned or controlled by Esk'etemc.

The consolidated financial statements include the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to consolidation:

- Band government administration (Operating and Capital funds)
- Band Investment Fund
- Band Trust Fund (comprising the Ottawa Trust Funds)
- Band CMHC Social Housing Fund
- Treaty Self-Government Fund

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each fund, transactions amongst funds have not been eliminated on the individual schedules.

(continues)

1. Basis of presentation (*continued*)

Business entities, which are owned or significantly influenced by Esk'etemc and which are not dependent on Esk'etemc for their continuing operations, are included in the consolidated financial statements using the modified equity method. These include:

- Ecolink Forest Services Ltd.
- Alkali Resource Management Ltd.
- Cariboo Aboriginal Forestry Enterprises Limited Partnership

2. Summary of significant accounting policiesCash and cash equivalents

Cash and cash equivalents consist of cash on hand less outstanding cheques and deposits with a maturity of less than three months at the time of purchase. When outstanding cheques are in excess of cash on hand, the excess is reported in bank indebtedness.

Inventory

Inventory is stated at the lower of cost and net realizable value. Inventory is valued using the first-in, first-out (FIFO) method.

(continues)

2. Summary of significant accounting policies (continued)Tangible capital assets

Tangible capital assets are non-financial assets having physical substance that:

- Are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;
- Have useful economic lives extending beyond an accounting period;
- Are to be used on a continuing basis; and
- Are not for sale in the ordinary course of operations.

Tangible capital assets purchased are recorded at cost. Tangible capital assets contributed are recorded at the fair market value as at the date of the contribution.

Tangible capital assets are amortized over their expected useful life using the declining balance method at the following rates:

Buildings	2%
Buildings and Infrastructure	1.25%
Automotive equipment	20%
Equipment and machinery	20%
Computer and office equipment	30%

Assets under construction are not amortized as they are not available for use.

Housing tangible capital assets acquired under Canada Mortgage and Housing Corporation sponsored housing programs are amortized at a rate equivalent to the annual principal reduction in the related long term debt, as required for Canada Mortgage and Housing Corporation reporting purposes.

Surplus recoveries and deficit funding

Under the terms of funding arrangements, remaining surpluses of certain programs may be recovered by the funding agency, and remaining deficits may be funded by the funding agency.

Trust funds held by Canada (Ottawa Trust Fund)

Ottawa Trust Fund operating account revenues are recorded on an accrual basis, and include interest earned on the Ottawa Trust account.

Ottawa Trust Fund capital account revenues are recorded when Esk'etemc is notified of their deposit by ISC.

(continues)

2. Summary of significant accounting policies (continued)

Revenue recognition

Revenue is recognized as it becomes receivable and collection is reasonably assured under the terms of applicable funding agreements. Funding received under funding arrangements which relate to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the Consolidated Statement of Financial Position.

Expenses are accounted for in the period the goods and services are acquired and a liability is incurred, or transfers are due.

Rental revenue is recognized when a tenant commences occupancy and rent is due. Esk'etemc retains all benefits and risks of ownership of its property and, therefore, accounts for leases with its tenants as operating leases.

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 revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the impairment of assets, and rates for depreciation and amortization. Actual results could differ from those estimates.

Liability for contaminated sites

Esk'etemc has reviewed the implications of the CPA Canada Public Sector Accounting Handbook Section PS 3260 - *Liability for Contaminated Sites* and has concluded that it is not exposed to any contaminated sites. It has therefore not recorded any liability for remediation of contaminated sites.

3. Economic dependence

Esk'etemc receives a significant portion of its revenues pursuant to funding arrangements with ISC. Esk'etemc's ability to continue operations would be severely impacted should this funding be discontinued.

4. Marketable Securities

	2025	2024
Forest and Range Capital, at fair market value	\$ 749,429	\$ 1,472,702
Silviculture, at fair market value	<u>1,293,373</u>	<u>1,204,698</u>
	\$ 2,042,802	\$ 2,677,400

The cost amount of the above marketable securities are \$683,595 and \$1,154,103 respectively as at March 31, 2025. The above investment mix is approximately 50% equity, 50% cash (Forestry) and 80% equity investments and 20% fixed income (Silviculture) and the investment portfolio is held by Raymond James.

ESK'ETEMC**Notes to Consolidated Financial Statements****Year Ended March 31, 2025****5. Cash restricted as to use**

	2025	2024
Replacement reserve	\$ 69,424	\$ 66,780

Under the terms of the Band's Social Housing Agreement with Canada Mortgage and Housing Corporation, a separate replacement reserve account is maintained. The funds in this account may only be used for repairs and maintenance as approved by Canada Mortgage and Housing Corporation.

6. Accounts receivable

	2025	2024
Due from members:		
Rent	\$ 346,765	\$ 993,001
Due from others:		
First Peoples Cultural Council	87,174	37,654
West Fraser Mills	31,535	31,535
FNESC	80,829	-
ISC	862,809	1,063,516
Dept. of Justice	30,743	-
CCATEC	304,112	89,413
GST recoverable	225,198	126,045
CMHC	2,288	2,146
Province of British Columbia	384,595	1,314,128
First Nation Health Authority	116,304	98,800
All others	781,179	492,171
Northern Development Initiative Trust	-	-
Shuswap Nations Tribal Council Society	-	-
Deloitte - Canada Drinking Water Settlement	155,852	-
Natural Resources Canada	170,642	-
Alkali Resource Management	126,258	120,567
	\$ 3,706,283	\$ 4,368,976

The above accounts receivable are presented net of an allowance for doubtful accounts in the amount of \$1,471,041 (2024 - \$773,050).

7. Trust funds held by Canada

	2025	2024
Ottawa Trust Accounts	\$ 711,562	\$ 686,042

The Ottawa Trust Accounts arise from monies 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 governed primarily by Sections 63 and 69 of the *Indian Act*.

Funds on deposit in the Ottawa Trust Accounts may be withdrawn by Band Council Resolution.

ESK'ETEMC

Notes to Consolidated Financial Statements

Year Ended March 31, 2025

8. Investments

Investment in Ecolink Forest Services Ltd.

	2025	2024
Shareholder's Loan, due on demand, interest free, unsecured, no specific terms of repayment	\$ 64,739	\$ 64,739
Equity income in Ecolink	<u>758,324</u>	<u>666,624</u>
	<u>823,063</u>	<u>731,363</u>
Investment in Alkali Resource Management Ltd.		
1 share of 1 share issued, at cost, held in Trust by Esk'etemc Band Council	1	1
Investment in Alkali Resource Management Ltd.	1,419,457	1,419,457
Equity gain (loss) in Alkali Resource Management Ltd.	<u>570,316</u>	<u>1,814,315</u>
Subtotal	1,989,774	3,233,773
Dog Creek Ranch Ltd., 100 shares at cost, Sole ownership	400,000	400,000
Equity in Cariboo Aboriginal Forestry Enterprises LP, 50% partner	<u>(42,220)</u>	<u>130,060</u>
	<u>2,347,554</u>	<u>3,633,773</u>
	<u>\$ 3,170,617</u>	<u>\$ 4,365,136</u>

The band holds a 50% limited partner in Cariboo Aboriginal Forestry Enterprises Limited Partnership ("CAFE LP"). CAFE LP has a December 31, 2024 year end and the Band has recorded 50% of this equity in the year ended March 31, 2025. CAFE LP incurred a loss of \$344,560 for the year ended December 31, 2024 and the Band has recorded 50% of this loss, \$172,280.

A summary of the unaudited financial statements of Alkali Resource Management Ltd. (A.R.M.), for the year ended April 30, 2024, and for Ecolink for the year ended December 31, 2024 follows:

	A.R.M.	EcoLink
Statement of Financial Position		
Current assets	\$ 1,043,861	\$ 1,127,897
Long-term assets	<u>1,182,899</u>	<u>1,633,704</u>
	<u>\$ 2,226,760</u>	<u>\$ 2,761,601</u>
Current liabilities	\$ 236,986	\$ 772,303
Long term liabilities	-	472,651
Due to shareholders	1,419,457	-
Share capital	1	200
Surplus	<u>570,316</u>	<u>1,516,447</u>
	<u>\$ 2,226,760</u>	<u>\$ 2,761,601</u>
Statement of Operations		
Revenue	\$ 6,537,562	\$ 3,520,385
Expenses	<u>7,781,561</u>	<u>3,336,986</u>
Net Income	<u>(1,243,999)</u>	<u>183,399</u>
Surplus, beginning of year	<u>1,814,315</u>	<u>1,333,048</u>
Surplus, end of year	<u>\$ 570,316</u>	<u>\$ 1,516,447</u>

9. Bank indebtedness

Esk'etemc has negotiated a line of credit with the Royal Bank of Canada to a maximum of \$450,000 with interest at the bank prime rate plus 0.25%, secured by a general security agreement. The facility was unused as at March 31, 2025.

The bank indebtedness for the store is in the form of an operating line payable to the Royal Bank of Canada to a maximum of \$200,000 with interest at the bank prime plus 0.75%, secured by a general security agreement. The facility was unused as at March 31, 2025.

As at March 31, 2025, the bank's prime rate was 4.95%.

10. Accounts payable and accrued liabilities

	2025	2024
Trade accounts	\$ 2,661,596	\$ 2,479,244
Payroll and withholding taxes	<u>29,276</u>	<u>44,790</u>
	\$ 2,690,872	\$ 2,524,034

ESK'ETEMC**Notes to Consolidated Financial Statements****Year Ended March 31, 2025****11. Long term debt**

	2025	2024
CMHC mortgage, repayable in monthly instalments of \$1,440 including interest at 1.86%, maturing April 1, 2034.	\$ 145,557	\$ 158,856
CMHC mortgage, repayable in monthly instalments of \$901 including interest at 1.3%, maturing November 1, 2035.	<u>106,465</u>	116,014
	<u>\$ 252,022</u>	\$ 274,870

The above CMHC mortgages are secured by a ministerial guarantee.

Principal repayments are scheduled as follows:

2026	\$ 24,823
2027	25,130
2028	25,441
2029	25,825
2030	26,145
Thereafter	<u>124,658</u>
	<u>\$ 252,022</u>

12. Tangible capital assets

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Land improvements - cost	\$ 71,952	\$ -	\$ 71,952	\$ 71,952
Automotive equipment	2,953,027	2,242,222	710,805	980,279
Buildings and Infrastructure	52,717,524	12,480,313	40,237,211	34,170,825
Computer and office equipment	3,748,309	3,206,097	542,212	507,504
CMHC Social Housing	1,195,268	697,687	497,581	554,227
Alkali Enterprises	863,892	618,022	245,870	296,224
	\$ 61,549,972	\$ 19,244,341	\$ 42,305,631	\$ 36,581,011

Tangible capital asset acquisitions during the year:

2020 Chevrolet Suburban - Health and CAI	\$ 53,174
GHD - CCA2 Reporting	18,673
Atco Trailer - butcher shop	24,500
2018 John Deere 770GP Grader	173,000
Cold storage barn - Eco Depot	25,000
2024 BRP ATV	25,555
Arbor sprinkler system	10,694
Toshiba Copier - School	14,000
Eco depot upgrade project	317,332
Rapid start housing	3,370,540
New Daycare building in progress	293,077
Westco - 8 modular units	311,868
Multiplex buildings	2,005,845
104 Bear Creek construction project	66,090
Onsite wastewater disposal upgrades	335,379
Water system pumps	97,134
New store server	12,664
	\$ 7,154,525

13. Band equity - accumulated surplus

	2025	2024
Operating and Capital Projects Fund	\$ 213,328,941	\$ 55,130,147
CMHC Social Housing Fund	(12,512)	404
Ottawa Trust Fund	711,562	686,042
Investment in Business Enterprises	1,940,689	3,265,268
	\$ 215,968,680	\$ 59,081,861

ESK'ETEMC**Notes to Consolidated Financial Statements****Year Ended March 31, 2025****14. Replacement reserve**

The replacement reserve represents funds set aside by Esk'etemc to fund future anticipated costs. The replacement fund balance consists of the following amounts:

	2025	2024
CMHC replacement reserve - beginning of year	\$ 127,440	\$ 167,155
Interest	2,644	2,935
Contributions required	6,700	6,700
Expenditures for replacements	-	(47,876)
CMHC required adjustment	-	(1,474)
CMHC replacement reserve - end of year	\$ 136,784	\$ 127,440

Under the terms of the mortgage agreements with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$6,700 annually. These funds, along with accumulating interest are to be held in a separate bank account. The funds in this account may only be used as approved by Canada Mortgage and Housing Corporation.

15. Contributed surplus

Contributed surplus consists of the following:

	2025	2024
Band construction contribution	\$ 184,949	\$ 184,949

16. Financial instruments and risk management

Esk'etemc's financial instruments consist of cash, cash restricted as to use, accounts receivable, trust funds held by Canada, accounts payable and accrued liabilities and long term debt. Unless otherwise noted, it is management's opinion that Esk'etemc is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Esk'etemc is exposed to financial risk that arises from the credit quality of the entities to which it provides services. Credit risk arises from the possibility that the entities to which Esk'etemc provides services may experience financial difficulty and be unable to fulfill their obligations.

Esk'etemc is exposed to interest rate risk arising from fluctuations in interest rates on its cash and investments and does not hold any financial instruments that mitigate this risk.

17. Federal assistance payments

Esk'etemc Social Housing Fund has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56-1 of the National Housing Act 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 \$27,459 (2024 - \$25,757). This assistance will continue, providing Esk'etemc is not in default of the agreement.

ESK'ETEMC**Notes to Consolidated Financial Statements****Year Ended March 31, 2025****18. Contingent liability**Esk'etemc member loans

Esk'etemc has guaranteed loans made in previous years by various financial institutions under the CMHC Housing Program. The original balances on these loans were \$672,592. As at March 31, 2025 the balances outstanding were:

CMHC Housing Program	<u>\$ 352,023</u>
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19. Reconciliation of ISC Comprehensive Funding Arrangement Revenue

Pursuant to the ISC's Reporting Guide's Financial Reporting Requirements, the following reconciliation has been prepared:

Revenue as per Statement of Operations	
ISC Operating	<u>\$ 8,764,342</u>

20. Band registered pension plan

Esk'etemc provides a defined contribution pension plan to qualifying employees. Under the plan, the defined members' contributions, the Esk'etemc contributions, and the related plan earnings comprise the members' money purchase amount. The plan is registered with the Canada Revenue Agency.

Esk'etemc contributed \$256,104 to the plan during the year ended March 31, 2025 (March 31, 2024 - \$211,601), to match its employees' required contributions.

21. Expenses by object

	2025	2024
Amortization	\$ 1,429,907	\$ 1,275,849
Contracted services	9,787,174	5,437,913
Honouraria	274,757	195,143
Bad debts	763,158	-
Insurance	452,829	260,456
Interest and bank charges	85,519	96,993
Materials and supplies	2,323,431	2,196,797
Rent, maintenance and utilities	1,618,662	1,171,916
Salaries, wages and benefits	8,083,281	6,609,512
Social assistance	1,774,407	1,381,010
Store purchases	948,342	915,680
Travel	965,972	758,629
Tuition and education	1,028,919	840,746
	\$ 29,536,358	\$ 21,140,644

22. Wycotte's Flat Water Rights Settlement

During the year, the Band's ongoing settlement with Canada over water rights for IR6, dating back to 1893, was negotiated to a final settlement with Canada. The Band's membership voted to ratify the settlement and the net settlement funds of \$146,942,741 were placed into an interest bearing account with the Royal Bank of Canada.

Subsequent to year end, the Band has reinvested these funds with the Bank of Montreal in a trust account structure, with the specifics of distributions and restrictions still to be determined.