

XATSULL FIRST NATION

CONSOLIDATED FINANCIAL
STATEMENTS

For the year ended March 31, 2025

**XATSULL FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2025
CONTENTS**

Page	MANAGEMENT RESPONSIBILITY STATEMENT
1 - 2	INDEPENDENT AUDITOR'S REPORT
3	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
4	CONSOLIDATED CHANGES IN NET FINANCIAL ASSETS
5	CONSOLIDATED STATEMENT OF OPERATIONS
6	CONSOLIDATED STATEMENT OF CASH FLOWS
7 - 17	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
18	CONSOLIDATED SCHEDULE OF REVENUES
19	CONSOLIDATED SCHEDULE OF EXPENSES



MANAGEMENT RESPONSIBILITY STATEMENT

The accompanying consolidated financial statements of Xatsull First Nation are the responsibility of management and have been approved by Chief and Council.

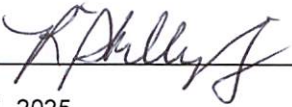
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen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

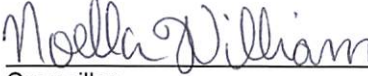
Xatsull First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Nation's assets are appropriately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

The Chief and Council are responsible for ensuring the integrity of the Nation'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 Xatsull First Nation'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 Xatsull First Nation 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 Chief and Council.


Chief
July 31, 2025


Councillor



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INDEPENDENT AUDITOR'S REPORT

To the Chief and Council of

Xatsull First Nation

Opinion

We have audited the consolidated financial statements of Xatsull First Nation, which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statements of operations and changes in net 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Nation as at March 31, 2025, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

Management 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 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 Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the 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 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 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 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 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.

Quesnel, BC
July 31, 2025


FBB Chartered Professional Accountants LLP
FBB CHARTERED
PROFESSIONAL
ACCOUNTANTS LLP

XATSULL FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31, 2025

	<u>2025</u>	<u>2024</u>
FINANCIAL ASSETS		
Cash (note 3)	\$ 26,138,179	\$ 21,320,847
Investments (note 7)	5,392,926	4,670,750
Accounts receivable (note 5)	1,402,628	4,572,266
Trust funds held by Canada (note 6)	774,602	748,487
Restricted cash (note 4)	<u>345,069</u>	<u>329,065</u>
	<u>34,053,404</u>	<u>31,641,415</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (note 9)	1,298,869	1,471,145
Deferred revenue (note 10)	2,529	-
Due to related party (note 11)	<u>209,199</u>	<u>152,951</u>
	<u>1,510,597</u>	<u>1,624,096</u>
Net financial assets	<u>32,542,807</u>	<u>30,017,319</u>
NON-FINANCIAL ASSETS		
Prepaid expenses (and deposits)	83,294	164,731
Ranch inventory	2,259,026	984,481
Tangible capital assets (note 8)	<u>14,811,807</u>	<u>13,633,411</u>
	<u>17,154,127</u>	<u>14,782,623</u>
	<u>\$ 49,696,934</u>	<u>\$ 44,799,942</u>
Replacement reserve (note 12)	\$ 360,583	\$ 360,583
Accumulated surplus	<u>49,336,351</u>	<u>44,439,359</u>
ACCUMULATED SURPLUS (note 13)	<u>\$ 49,696,934</u>	<u>\$ 44,799,942</u>

On behalf of the Chief and Council


 _____ Chief


 _____ Councillor

See accompanying notes

XATSULL FIRST NATION
CONSOLIDATED CHANGES IN NET FINANCIAL ASSETS
As at March 31, 2025

	2025 Budget (unaudited)	2025 Actual	2024 Actual
Excess of revenues over expenses	<u>\$ 5,674,855</u>	<u>\$ 4,896,992</u>	<u>\$ 8,394,915</u>
Acquisition of prepaid expenses (and deposits)	<u>-</u>	<u>81,437</u>	<u>(69,055)</u>
Change in ranch inventory	<u>-</u>	<u>(1,274,545)</u>	<u>186,489</u>
Acquisition of tangible capital assets	-	(1,815,055)	(2,424,576)
Amortization	-	623,418	550,910
Proceeds of disposition	-	32,700	-
Gain on disposal of tangible capital assets	<u>-</u>	<u>(19,459)</u>	<u>-</u>
	<u>-</u>	<u>(1,178,396)</u>	<u>(1,873,666)</u>
Increase in net financial assets	5,674,855	2,525,488	6,638,683
Net financial assets, beginning of year	<u>30,017,319</u>	<u>30,017,319</u>	<u>23,378,636</u>
Net financial assets, end of year	<u>\$ 35,692,174</u>	<u>\$ 32,542,807</u>	<u>\$ 30,017,319</u>

See accompanying notes

XATSULL FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended March 31, 2025

	2025 Budget (unaudited)	2025 Actual	2024 Actual
REVENUES, Schedule 1	\$ 14,521,394	\$ 13,051,493	\$ 17,371,053
EXPENSES, Schedule 2	<u>8,846,539</u>	<u>10,773,116</u>	<u>11,624,540</u>
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	<u>5,674,855</u>	<u>2,278,377</u>	<u>5,746,513</u>
OTHER INCOME			
Equity income in investments	-	803,559	622,544
Tangible capital asset acquisitions	<u>-</u>	<u>1,815,056</u>	<u>2,025,858</u>
	<u>-</u>	<u>2,618,615</u>	<u>2,648,402</u>
EXCESS OF REVENUES OVER EXPENSES	5,674,855	4,896,992	8,394,915
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>-</u>	<u>44,439,359</u>	<u>36,044,444</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ -</u>	<u>\$ 49,336,351</u>	<u>\$ 44,439,359</u>

See accompanying notes

XATSULL FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended March 31, 2025

	<u>2025</u>	<u>2024</u>
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 4,896,992	\$ 8,394,915
Items not affecting cash		
Amortization	623,418	550,910
Gain on disposal of tangible capital assets	<u>(19,459)</u>	<u>-</u>
	5,500,951	8,945,825
Change in non-cash working capital items		
Investments	(722,176)	(622,544)
Accounts receivable	3,169,638	(2,855,405)
Trust funds held by Canada	(26,115)	(25,613)
Accounts payable and accrued liabilities	(172,275)	512,369
Deferred revenue	2,529	(12,522)
Prepaid expenses	81,437	(69,055)
Ranch inventory	<u>(1,274,545)</u>	<u>186,489</u>
	<u>6,559,444</u>	<u>6,059,544</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(1,815,056)	(2,424,574)
Proceeds on disposal of tangible capital assets	<u>32,700</u>	<u>-</u>
	<u>(1,782,356)</u>	<u>(2,424,574)</u>
FINANCING ACTIVITY		
Advances to related party	<u>56,248</u>	<u>17,551</u>
INCREASE IN CASH	4,833,336	3,652,521
CASH, BEGINNING OF YEAR	<u>21,649,912</u>	<u>17,997,391</u>
CASH, END OF YEAR	<u>\$ 26,483,248</u>	<u>\$ 21,649,912</u>
CASH CONSISTS OF:		
Cash	\$ 26,138,179	\$ 21,320,847
Restricted cash	<u>345,069</u>	<u>329,065</u>
	<u>\$ 26,483,248</u>	<u>\$ 21,649,912</u>

See accompanying notes

XATSULL FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2025

1. Nature of operations

Xatsull First Nation (the "Nation") is a First Nation, formerly known as the Soda Creek Indian Band providing various municipal services to community members such as administration, capital improvements, education, health and well-being, housing, natural resource management, infrastructure, social development, archaeology, and treaty negotiation.

2. Accounting policies

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards as required by the *Reporting Guide to Financial Reporting* as issued by Indigenous Services Canada ("ISC"). The significant accounting policies are detailed as follows:

(a) Cash 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.

(b) Inventory

Inventory of ranch supplies is recorded at the lower of cost and net realizable value on the first-in first-out method. Biological assets, such as livestock ranch inventory are recorded at fair value less estimated costs to sell at the point of sale in accordance with IAS41 (International Accounting Standards), since Public Sector Accounting Standards does not address the treatment of biological assets.

(c) Tangible capital assets

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

- Are held for use in the production or supply of good 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 are recorded at cost. Tangible capital assets contributed are recorded at fair market value. The Nation provides for amortization using the declining balance method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows:

Buildings	2-4%
Vehicles	20%
Office equipment	20%
Machinery and equipment	20%
Signs	10%

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

XATSULL FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2025

2. Accounting policies, continued

(d) Investments

The Nation accounts for its investments in Nation owned enterprises using the equity method. Under this method, the investment is initially recorded at cost and then increased or decreased to recognize subsequent earnings or losses. The investment is also increased or decreased to reflect advances to or repayments from the limited partnerships.

Ottawa Trust Fund operating account revenues are recorded on the accrual basis and include all interest and distributions on the Ottawa Trust accounts.

(e) Liability for contaminated sites

The Nation recognizes a liability for contaminated sites when as at the reporting date:

- a) An environmental standard exists;
- b) Contamination exceeds the environmental standard;
- c) the government is directly responsible or accepts responsibility;
- d) it is expected that future economic benefits will be given up; and
- e) a reasonable estimate of the amount can be made.

The Nation has reviewed the implications of the section and has concluded that it is not exposed to any contaminated sites it would be responsible for remediating. It has therefore not recorded any liability for remediation of contaminated sites.

(f) 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. The Nation retains all benefits of risk of ownership of its property and, therefore, accounts for leases with its tenants as operating leases.

XATSULL FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2025

2. Accounting policies, continued

(g) 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.

(h) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are the useful lives of assets and rates for depreciation and amortization.

(i) Basis of presentation

a. The focus of PSAB statements is on the consolidated financial position of the Nation and the changes thereto. The Consolidated Statement of Financial Position includes all the assets and liabilities of the Nation. Financial assets are economic resources controlled by the Nation as a result of past transactions from which future economic benefits may be obtained. Liabilities are present obligations of the Nation to others arising from past transactions, the settlement of which is expected to result in the future sacrifice of economic benefits.

b. The Nation 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 consolidated for the purpose of presentation in the consolidated financial statements. Details of the operation of each fund are set out in the supplementary schedules.

The Nation maintains the following funds:

- The Operations Fund which reports the general activities of the Nation.
- The Capital Fund which reports the capital projects of the Nation together with their related financing, other than those tangible capital assets funded by CMHC and the Enterprise Fund.
- The Enterprise Fund which reports the Nation's investment in Nation owned enterprises.
- The Trust Fund which reports on the trust funds owned by the Nation and held by third parties.
- The Treaty Self-Government Fund which reports on activities related to treaty negotiations.

XATSULL FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2025

2. Accounting policies, continued

Basis of presentation, continued

c. Reporting entity and principles of financial reporting: The Nation reporting entity includes the Nation and all related entities which are accountable to the Chief and Council and are either owned or controlled by the Nation.

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:

- Nation government administration (Operating and Capital funds)
- Nation Enterprise Fund
- Nation Trust Fund (comprising the Ottawa Trust Funds)
- 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.

3. Cash

	<u>2025</u>	<u>2024</u>
Operations	\$ 2,980,053	\$ 3,628,335
Housing	182,571	140,482
Treaty self government program	857,998	422,328
Savings	22,117,157	17,129,302
Petty Cash	<u>400</u>	<u>400</u>
	<u>\$ 26,138,179</u>	<u>\$ 21,320,847</u>

4. Restricted cash

	<u>2025</u>	<u>2024</u>
Replacement reserve	<u>\$ 345,069</u>	<u>\$ 329,065</u>

The Nation maintains replacement reserve funds for future repairs. These funds are internally restricted, but may be reallocated as needed by Chief and Council.

XATSULL FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2025

5. Accounts receivable

	<u>2025</u>	<u>2024</u>
All other	\$ 316,526	\$ 287,451
ISC	321,523	4,512
Province of British Columbia	11,789	2,763,167
Osisko Developments	4,829	58,882
Three Corners Health Services Society	202,764	431,248
Enbridge	3,210	3,210
Ministry of Transportation and Infrastructure	4,378	23,328
Northern Shuswap Treaty Society	110,387	217,007
Northern Shuswap Tribal Council	250,000	250,000
Westcoast Transmission	123,929	123,929
GST recoverable	23,351	95,052
CMHC Housing program	-	209,102
Tolko	5,000	-
Celtic and Eldorado Construction	15,420	15,420
Nenqayni Welless Centre Society	(7,569)	(7,569)
Terra Archaeology	9,555	9,555
Wildwoods Lumber	5,826	5,826
Canada revenue agency - overpayment refund	156,440	-
Xatsull T'micw Resources LLP	-	181,201
	<u>1,557,358</u>	<u>4,671,321</u>
Less: Allowance for doubtful accounts	<u>154,730</u>	<u>99,055</u>
	<u>\$ 1,402,628</u>	<u>\$ 4,572,266</u>

6. Trust funds held by Canada

	<u>2025</u>	<u>2024</u>
Revenue account	\$ 119,042	\$ 92,927
Capital account	<u>655,560</u>	<u>655,560</u>
	<u>\$ 774,602</u>	<u>\$ 748,487</u>

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 by Sections 63 and 69 of the *Indian Act*.

XATSULL FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2025

7. Investments

	<u>2025</u>	<u>2024</u>
Xat'sull Limited Partnership equity interest	\$ 3,990,539	\$ 2,990,158
Likely Xat'sull Community Forest Ltd. equity interest	1,402,385	1,599,206
Xat'sull T'micw Resources LLP	-	81,384
Investment in Xat'sull Logging Ltd	1	1
Investment in Xat'sull Development Ltd.	<u>1</u>	<u>1</u>
	<u>\$ 5,392,926</u>	<u>\$ 4,670,750</u>
	<u>2025</u>	<u>2024</u>
Xat'Sull Limited Partership interest - beginning of year	\$ 2,990,158	\$ 2,417,891
Share in net revenues of partnership	<u>1,000,381</u>	<u>572,267</u>
Xat'Sull Limited Partership interest - end of year	<u>\$ 3,990,539</u>	<u>\$ 2,990,158</u>

The Nation holds a 99.99% interest in the Xat'Sull Limited Partnership (the "Partnership") and a 100% interest in the general partner. For the year ended March 31, 2025, the Partnership reported revenues of \$2,018,098, expenses of \$1,011,442, current assets of \$4,009,320, capital assets of \$132,134 and current liabilities of \$150,915 (including the amount as disclosed in Note 12).

The Nation has a limited liability partnership agreement with Terra Archaeology Limited operating as Xatsull T'micw Resources LLP with the Nation holding a 51% interest. For the period from April 1, 2024 to March 31, 2025, the 51% interest in net income was \$Nil. The partnership operations concluded during the year and the Nation received a payment of their equity from the partnership.

The Nation also holds a 50% interest in the Likely Xat'Sull Community Forest along with the community of Likely, B.C. The Nation records its investment in the Community Forest using the modified equity method whereby it records its share of the net earnings or loss from the Community Forest. The Nation has reported its 50% share of the net loss in equity from the Community Forest in the amount of \$196,821 from the March 31, 2025 internal financial statements in the Nation's year ended March 31, 2025.

XATSULL FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2025

8. Tangible capital assets

	<u>2025</u>		<u>2024</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>	<u>Net</u>
Land	\$ 1,095,535	\$ -	\$ 1,095,535	\$ 1,095,535
Buildings	20,172,098	7,362,877	12,809,221	11,578,482
Vehicles	1,214,387	688,169	526,218	484,588
Office equipment	281,448	247,376	34,072	42,590
Machinery and equipment	857,676	519,810	337,866	422,332
Signs	11,074	2,179	8,895	9,884
	<u>\$ 23,632,218</u>	<u>\$ 8,820,411</u>	<u>\$ 14,811,807</u>	<u>\$ 13,633,411</u>
Buildings consists of:				
Community building	\$ 4,199,029	\$ 682,748	\$ 3,516,281	\$ 3,589,469
Soda Creek Emporium	108,921	85,323	23,598	24,581
Campsite building	384,222	56,685	327,537	321,717
Community infrastructure and housing	13,229,171	5,450,209	7,778,962	6,636,906
Xat'sull Heritage Village buildings	147,542	92,122	55,420	57,729
Health Centre Building	2,103,213	995,790	1,107,423	948,080
	<u>\$ 20,172,098</u>	<u>\$ 7,362,877</u>	<u>\$ 12,809,221</u>	<u>\$ 11,578,482</u>

XATSULL FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2025

8. Tangible capital assets, continued

The Nation made the following purchases during the year ended March 31, 2025:

	<u>2025</u>
Heritage campsite	\$ 19,468
Health Centre upgrades	205,486
Soda Creek playground	32,098
Gazebos	26,120
Log structure columbarium	14,365
Water feasibility in progress	41,917
Subdivision feasibility in progress	25,156
Deep Creek walking trail in progress	59,965
Major housing renovations	69,972
4894 Hwy 97	110,328
5565 Addie Way	148,769
Triplex	176,638
Fourplex	361,857
Duplex in progress	357,203
2021 Ford Expedition	53,785
2024 Chevrolet 3500 HD	96,929
2008 Ford F350	15,000
	<u>\$ 1,815,056</u>

During the year, the Nation disposed of the health department's 2018 Toyota Sienna for insurance proceeds of \$32,700 for a gain on disposal of \$19,459.

9. Accounts payable and accrued liabilities

	<u>2025</u>	<u>2024</u>
Trade payables	\$ 1,026,436	\$ 1,163,638
Accrued payroll and source deductions	129,900	146,975
Other accrued liabilities	18,000	27,000
Vacation and banked time	124,533	133,532
	<u>\$ 1,298,869</u>	<u>\$ 1,471,145</u>

10. Deferred revenue

	<u>2025</u>	<u>2024</u>
Unearned revenues	\$ 2,529	\$ -

XATSULL FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2025

11. Due from/to related parties

(a) During the year, the Nation entered into transactions with Xat'sull Limited Partnership and Xatsull T'micw Resources LLP, partnerships in which the Nation holds a 99.99% limited partnership interest and 51% limited partnership interest, respectively. The Nation also owns 100% of the shares of the general partner of Xat'sull Limited Partnership LP. The transactions are recorded at the exchange amount, which is the amount established and agreed to by the related parties.

(b) Due from related parties

	<u>2025</u>	<u>2024</u>
Investment in 1238353 B.C. Ltd.	\$ 850	\$ -
Investment in 1507159 B.C. Ltd.	<u>1</u>	<u>-</u>
	<u>\$ 851</u>	<u>\$ -</u>

(c) Advances from related parties

	<u>2025</u>	<u>2024</u>
Due to Xat'Sull Limited Partnership	\$ 210,050	\$ 130,300
Due to Xatsull T'micw Resources LLP	<u>-</u>	<u>22,651</u>
	<u>\$ 210,050</u>	<u>\$ 152,951</u>

The balances due to related parties are unsecured, non-interest bearing with no specific terms of repayment.

12. Replacement reserve

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

	<u>2025</u>	<u>2024</u>
Replacement reserve, beginning of year	\$ 360,583	\$ 360,583
	<u>\$ 360,583</u>	<u>\$ 360,583</u>

The Nation's replacement reserve is internally restricted for major repairs or capital purchases of the Nation's housing department.

XATSULL FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2025

13. Accumulated surplus

	<u>2025</u>	<u>2024</u>
Operating and capital project funds	\$ 43,071,072	\$ 39,011,786
CMHC Social Housing Fund	-	(75,485)
Investment in Nation Business Enterprises	5,474,310	4,670,750
Ottawa Trust Funds	774,602	748,487
Treaty Self-Government Program	16,367	83,821
Replacement reserve	<u>360,583</u>	<u>360,583</u>
	<u>\$ 49,696,934</u>	<u>\$ 44,799,942</u>

14. Financial instruments

The Nation'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 the Nation 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.

The Nation 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 the Nation provides services may experience financial difficulty and be unable to fulfill their obligations. The Nation 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.

15. Reconciliation of ISC Comprehensive Funding Arrangement Revenue

Pursuant to the Indigenous and Northern Affairs Canada Reporting Guide's Financial Reporting Requirements, the following reconciliation has been prepared:

	<u>2025</u>
ISC - Operating revenue	<u>\$ 4,039,905</u>
ISC 2024/2025 Funding Confirmation Report	\$ 3,952,999
Tuition 2022/2023 Retro Pay	26,822
Tuition 2023/2024 Retro Pay	<u>60,084</u>
	<u>\$ 4,039,905</u>

XATSULL FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2025

16. Band registered pension plan

The Nation provides a defined contribution pension plan to qualifying employees. Under the plan, the defined members' contributions, the Nation contributions, and the related plan earnings comprise the members' money purchase amount. The plan is registered with the Canada Revenue Agency. The Nation matched its employees' contributions during the year as follows:

	<u>2025</u>	<u>2024</u>
Employer contributions	\$ 47,664	\$ 49,978

17. Expenses by object

	<u>2025</u>	<u>2024</u>
Salaries, wages and benefits	\$ 2,363,709	\$ 2,607,728
Materials and supplies	170,498	813,061
Contracted services	4,933,317	5,183,559
Rent, maintenance and utilities	569,079	531,850
Honoraria	204,837	206,967
Insurance	217,017	225,472
Tuition and education related	823,856	626,987
Interest	45,116	75,325
Amortization	623,418	550,910
Travel	115,896	98,799
Social assistance	441,595	424,684
Bad debts	264,778	279,198
	<u>\$ 10,773,116</u>	<u>\$ 11,624,540</u>

18. Economic dependence

The Nation receives a significant portion of its revenues pursuant to funding arrangements with Indigenous Services Canada. The Nation's ability to continue operations would be severely hampered should this funding be discontinued.

19. Comparative figures

The consolidated financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year revenue, expenses or accumulated surplus.

XATSULL FIRST NATION
CONSOLIDATED SCHEDULE OF REVENUES
For the year ended March 31, 2025

	2025 Budget (unaudited)	2025 Actual	2024 Actual
ISC - Operating	\$ 3,163,793	\$ 4,039,905	\$ 4,017,389
Northern Shuswap Treaty Society	434,014	434,014	434,014
Three Corners Health Society	688,828	446,687	431,248
First Nations Health Authority	222,850	142,483	222,850
CCATEC	-	-	67,241
CMHC	75,000	-	75,000
Northern Shuswap Tribal Council	100,941	300,000	381,991
Canada Summer Jobs	-	-	73,640
Interest income	250,000	1,231,741	1,007,397
National Energy	60,000	118,627	370,434
Province of British Columbia	6,999,978	2,969,085	7,315,207
Mount Polley Mining Corporation	149,660	-	-
Rentals	75,970	238,937	148,547
Taxation	179,527	179,528	175,956
Administration and management fees	31,705	16,669	-
Tolko Industries Ltd.	60,000	60,000	45,000
FNESC	59,705	144,840	12,522
Enbridge	310,000	315,000	80,000
New Relationship Trust	260,000	260,000	260,000
Archaeology projects	250,000	224,150	315,583
Gibraltar Mines	33,000	98,000	97,500
Barkerville Gold Mines	-	-	46,129
All other sources	566,423	804,753	958,208
Livestock sales	550,000	919,600	835,197
Le7 Melamen Health Society	-	107,474	-
	<u>\$ 14,521,394</u>	<u>\$ 13,051,493</u>	<u>\$ 17,371,053</u>

XATSULL FIRST NATION
CONSOLIDATED SCHEDULE OF EXPENSES
For the year ended March 31, 2025

	2025 Budget (unaudited)	2025 Actual	2024 Actual
Administration	\$ 2,262,299	\$ 2,346,879	\$ 3,261,400
Amortization	-	623,418	550,910
Capital improvement projects	114,599	233,673	402,410
Education	902,007	1,374,623	870,134
Health and well-being	947,576	1,125,578	358,253
Housing	2,399,001	1,197,578	2,203,299
Natural resources	976,730	1,726,071	1,346,907
Infrastructure	937,765	767,675	1,079,433
Social development	107,297	477,600	498,350
Archaeology projects	112,470	174,401	190,598
Treaty	458,149	458,067	378,631
Chief and Council	-	-	146,894
Carpenter Mountain Ranch	265,179	267,553	186,075
Information Technology	-	-	151,246
Transfers	(636,533)	-	-
	<u>\$ 8,846,539</u>	<u>\$ 10,773,116</u>	<u>\$ 11,624,540</u>