SUMAS FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2025

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies is described in Note 3 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

The First Nation is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the First Nation. The First Nation reviews internal financial statements on a monthly basis and external audited financial statements yearly. The First Nation also discusses any significant financial reporting or internal control matters prior to its approval of the financial statements.

The external auditors, Manning Elliott Accountants and Business Advisors, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to the financial management of the Sumas First Nation and we meet when required. The accompanying Independent Auditors' Report re-iterates management's responsibility for the financial statements, outlines the auditors' responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of the Sumas First Nation:

Dan Kelly	[illegible]
Title	Title
Date	Date

manning elliott

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INDEPENDENT AUDITORS' REPORT

To the Members of Sumas First Nation

Opinion

We have audited the consolidated financial statements of Sumas First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statements of changes in annual surplus, operations, changes in net financial assets, remeasurement gains and losses 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 First Nation as at March 31, 2025, and the consolidated results of its operations and consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

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 *Auditors' Responsibilities for the Audit of the Consolidated 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.

Emphasis of Matter

We draw attention to Note 2 of the consolidated financial statements, which explains that certain information presented for the year ended March 31, 2024 has been restated. Our opinion is not modified in respect of this matter.

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 PSAS, 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.

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INDEPENDENT AUDITORS' REPORT

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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.

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INDEPENDENT AUDITORS' REPORT

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings that we identify during our audit, including any significant deficiencies in internal controls, identified fraud or suspected fraud, and other matters related to fraud that are, in the auditors' judgment, relevant to the responsibilities of this charged with governance.

Manning Elliott LLP

MANNING ELLIOTT LLP
Chartered Professional Accountants
Abbotsford, British Columbia
February 20, 2026

SUMAS FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2025

	2025	2024 (Restated) (*Note 2*)
FINANCIAL ASSETS		
Cash and cash equivalents *(Note 4)*	**$ 8,512,260**	$ 9,475,118
Restricted cash *(Note 4)*	**2,797,067**	2,926,375
Portfolio investments *(Notes 4, 5)*	**29,378,399**	18,873,224
Accounts receivable *(Note 6)*	**2,779,672**	3,947,724
Advances to related parties *(Note 7)*	**2,248,071**	2,148,054
Investment In Government Business Partnerships *(Note 8)*	**5,992,112**	5,200,104
Investment in Government Business Enterprises *(Note 9)*	**4**	3
	51,707,585	42,570,602
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	**2,076,744**	1,681,311
Deferred revenue *(Note 10)*	**18,033,258**	17,458,189
Loan payable *(Note 12)*	**3,709,348**	3,857,730
	23,819,350	22,997,230
NET FINANCIAL ASSETS	**27,888,235**	19,573,372
NON-FINANCIAL ASSETS		
Inventory	**12,348**	13,750
Prepaid expenses and deposits	**274,127**	246,900
Lands held for development	**1,536,678**	1,536,678
Tangible capital assets *(Note 13)*	**22,391,495**	21,659,429
	24,214,648	23,456,757
ACCUMULATED SURPLUS *(Note 14)*	**$ 52,102,883**	$ 43,030,129

LEASE COMMITMENTS *(Note 19)*
CONTINGENT LIABILITIES *(Note 20)*

ON BEHALF OF COUNCIL

Chief

Councillor

Councillor

SUMAS FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN ANNUAL SURPLUS
FOR THE YEAR ENDED MARCH 31, 2025

	2025	2024 (Restated) (*Note 2*)
ACCUMULATED SURPLUS - BEGINNING OF YEAR	**$ 43,030,129**	$ 39,714,219
Annual surplus for the year	**7,649,409**	2,747,777
	50,679,538	42,461,996
Distribution of capital	**(80,790)**	(57,430)
Net remeasurement gains for the year	**1,504,135**	625,563
ACCUMULATED SURPLUS - END OF YEAR	**$ 52,102,883**	$ 43,030,129

SUMAS FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2025

	Budget *(Note 16)*	**2025**	2024 (Restated) *(Note 2)*
REVENUE			
Indigenous Service Canada - contracts for service	$ 16,295,663	**$ 7,349,238**	$ 7,365,188
Trans Mountain funding	5,000,000	**5,104,000**	192,000
Lease interest and other income	2,754,663	**4,132,990**	2,977,497
Indigenous Service Canada	5,002,749	**3,893,479**	4,183,664
Province of British Columbia	1,520,318	**3,469,721**	971,756
First Nations Health Authority	956,294	**1,788,288**	885,328
Property taxation	914,713	**1,359,421**	909,458
Gain on Government Business Partnerships	-	**791,016**	461,490
Department of Natural Resources	741,800	**682,402**	679,663
Gain on sale of portfolio investments	-	**398,130**	415,830
Gaming revenue	300,000	**339,934**	421,231
Commercial enterprises	369,300	**323,605**	357,600
Sto:lo Service Agency Society	260,799	**313,759**	303,264
New Relationship Trust	260,000	**275,320**	260,000
First Nation Land Management Resource Center	463,592	**244,622**	1,692
City of Abbotsford *(Note 23)*	226,062	**169,601**	117,317
CMHC and housing charges	162,654	**156,869**	456,914
First Nations Education Steering Committee	54,244	**133,502**	154,816
Ottawa Trust income	-	**30,042**	105
BC Healthy Communities Funding	-	**30,000**	-
(Loss) gain on disposal of tangible capital assets	-	**(33,934)**	8,562
	35,282,851	**30,952,005**	21,123,375
EXPENSES (Schedule 1)			
Administration and technical services	1,623,778	**1,529,651**	1,473,649
Amortization of tangible capital assets	-	**1,070,237**	966,324
Band government	508,583	**310,755**	273,789
Capital projects	1,697,996	**1,867,274**	1,534,291
Commercial enterprises	-	**195,710**	212,228
Community services and member benefits	1,336,246	**5,234,333**	768,596
Economic development	-	**69,880**	56,784
Education programs	1,479,025	**1,708,612**	1,579,607
Emergency management	228,899	**417,994**	389,420
Federal government contracts	7,587,159	**6,587,869**	6,788,881
Governance and natural resources	3,195,018	**2,693,965**	1,931,108
Healing	198,056	**418,530**	662
Health and community wellness	1,025,364	**939,609**	1,059,760
Housing	1,689,748	**759,854**	1,615,469
Lands management	843,093	**868,996**	479,611
Public works and village operations	489,382	**365,549**	488,432
Social development	422,411	**100,014**	106,357
Expenses capitalized	-	**(1,836,236)**	(1,349,370)
	22,324,758	**23,302,596**	18,375,598
ANNUAL SURPLUS FOR THE YEAR	$ 12,958,093	**$ 7,649,409**	$ 2,747,777

SUMAS FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2025

	2025	2024 (Restated) (*Note 2*)
ANNUAL SURPLUS FOR THE YEAR	**$ 7,649,409**	$ 2,747,777
Amortization of tangible capital assets	**1,070,237**	966,324
Purchase of tangible capital assets	**(1,836,237)**	(1,349,370)
Increase in prepaid expenses and deposits	**(27,227)**	(37,246)
Distribution of capital	**(80,790)**	(57,430)
Disposal of tangible capital assets	**33,934**	13,650
Decrease (increase) in inventory	**1,402**	(2,180)
Net remeasurement gains for the year	**1,504,135**	625,563
	665,454	159,311
INCREASE IN NET FINANCIAL ASSETS	**8,314,863**	2,907,088
NET FINANCIAL ASSETS - BEGINNING OF YEAR	**19,573,372**	16,666,284
NET FINANCIAL ASSETS - END OF YEAR	**$ 27,888,235**	$ 19,573,372

SUMAS FIRST NATION
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
FOR THE YEAR ENDED MARCH 31, 2025

	2025	2024
ACCUMULATED REMEASUREMENT GAINS, BEGINNING OF YEAR	**$ 1,769,757**	$ 1,144,194
Unrealized gains attributable to portfolio investments	**1,902,265**	1,041,393
Realized gains transferred to operations	**(398,130)**	(415,830)
Net remeasurement gains for the year	**1,504,135**	625,563
ACCUMULATED REMEASUREMENT GAINS, END OF YEAR	**$ 3,273,892**	$ 1,769,757

SUMAS FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2025

	2025	2024 (Restated) (*Note 2*)
OPERATING ACTIVITIES		
Annual surplus for the year	**$ 7,649,409**	$ 2,747,777
Items not affecting cash:		
Amortization of tangible capital assets	**1,070,237**	966,324
Net remeasurement gains for the year	**1,504,135**	625,563
Loss (gain) on disposal of tangible capital assets	**33,934**	(8,562)
Gain on Government Business Partnerships	**(791,016)**	(461,490)
Gain on sale of portfolio investments	**(398,130)**	(415,830)
	9,068,569	3,453,782
Changes in non-cash working capital:		
Accounts receivable	**1,168,052**	(865,142)
Inventory	**1,402**	(2,181)
Accounts payable and accrued liabilities	**395,433**	(916,970)
Deferred revenue	**575,069**	6,854,189
Prepaid expenses and deposits	**(27,227)**	(37,246)
	2,112,729	5,032,650
	11,181,298	8,486,432
INVESTING ACTIVITIES		
Purchase of tangible capital assets	**(1,836,237)**	(1,349,370)
Proceeds on disposal of tangible capital assets	**-**	22,213
Advances (to) from related parties	**(100,017)**	41,956
Investment in Government Business Partnerships	**(992)**	(12,946)
Acquisition of portfolio investments, net	**(10,107,046)**	(3,998,622)
Change in restricted cash	**129,308**	136,834
	(11,914,984)	(5,159,935)
FINANCING ACTIVITIES		
Receipt of loan proceeds	**15,000**	-
Repayment of loan payable	**(163,382)**	(156,008)
Distribution of capital	**(80,790)**	(57,430)
	(229,172)	(213,438)
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	**(962,858)**	3,113,059
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	**9,475,118**	6,362,059
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 8,512,260**	$ 9,475,118

1. OPERATIONS

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

2. PRIOR YEAR RESTATEMENT

During the year, it was discovered that the impact of a lease agreement between the First Nation and Sema:th Xot:sa Developments Limited Partnership ("SXDLP") involving lease of land in exchange for limited partnership units in 2019 and 2023 fiscal years was not accounted for appropriately in the consolidated financial statements. Refer to Note 8 for detailed disclosure regarding this transaction. As a result, the First Nation has adjusted the comparative financial figures retroactively to reflect the correction of this error.

a) The effect of the correction on the consolidated financial statements at April 1, 2023 is as follows:

	April 1, 2023 (As previously stated)	April 1, 2023 (Restated)	Adjustment
Investment in Government Business Partnerships	$ 133,534	$ 4,725,668	**$ 4,592,134**
Deferred revenue	6,287,983	10,604,000	**4,316,017**
Net financial assets	16,390,167	16,666,284	**276,117**
Accumulated surplus, beginning of year	39,438,102	39,714,219	**276,117**

b) The effect of the correction on the consolidated financial statements at March 31, 2024 is as follows:

	2024 (As previously stated)	2024 (Restated)	Adjustment
Investment in Government Business Partnerships	$ 607,970	$ 5,200,104	**$ 4,592,134**
Deferred revenue	13,236,535	17,458,189	**4,221,654**
Net financial assets	19,202,892	19,573,372	**370,480**
Accumulated surplus, end of year	42,659,649	43,030,129	**370,480**
Lease interest and other income	2,883,134	2,977,497	**94,363**

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements were prepared in accordance with Canadian public sector accounting standards ("PSAS") and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

(a) Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

(b) Reporting entity and principles of financial reporting

The First Nation reporting entity includes the First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

Investments in incorporated business entities are included in the consolidated financial statements using the modified equity method. This includes Sumas Clay Products Ltd. (100% ownership), SFN Renewable Energy Ltd. (100% ownership), Sema:th Xot:sa Developments Ltd. (100% ownership), 1099212 B.C. Ltd. (50% ownership), and 1526283 B.C. Ltd. (100% ownership). 1099212 B.C. Ltd. is a bare trustee holding lands under development on behalf of the First Nation. Sema:th Xot:sa Developments Ltd. is the general partner of Sema:th Xot:sa Developments Limited Partnership.

Investment in partnership includes Sema:th Xot:sa Developments Limited Partnership (99.99% ownership) (“SXDLP”). SXDLP has 82.99% ownership in Sth'oqi Aquaculture Limited Partnership (“SALP”), 51% ownership in Kilgard Business Park Limited Partnership ("KBPLP"), 99.99% ownership in Sema:th Management Services Limited Partnership ("SMSLP"), and 99.99% ownership in Wochmel Security Limited Partnership ("WSLP"). SXDLP, SALP, KBPLP, SMSLP and WSLP are government business enterprises and are recorded using the modified equity method. The partnerships have year ends of December 31, 2024 (Note 8). The income or loss from this investment as at December 31, 2024 is included in annual surplus.

The Upper Sumas I.R. 6 Right-Of-Way Settlement Trust (the "Settlement Trust”) has a year-end of December 31, 2024 (Note 17). The Settlement Trust is consolidated into these financial statements as at December 31, 2024, except for any trust funds held for distribution on behalf of minors. There has been no adjustment in the Settlement Trust's transactions.

The Sumas First Nation Minors' Trust (the "Minors' Trust”) has a year-end of December 31, 2024 (Note 18). The Minors' Trust is consolidated into these financial statements as at December 31, 2024. There has been no adjustment in the Minors' Trust's transactions.

All inter-entity balances have been eliminated on consolidation.

(c) Asset classification

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

(continues)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand and money market funds.

(e) Portfolio investments

Portfolio investments with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at amortized cost less impairment.

Portfolio investments with prices quoted in an active market include equity, investment trusts and mutual funds. Changes in fair value are recorded in the statement of remeasurement gains and losses.

Portfolio investments measured at amortized cost include bonds and guaranteed investment certificates.

(f) Net financial assets

The First Nation’s financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the First Nation are determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

(g) Inventory

Inventory is valued at average cost and consists of $9,763 (2024 - $11,165) in tobacco products and $2,585 (2024 - $2,585) in fuel.

(h) Lands held for development

Lands held for development is recorded at the lower of cost or net realizable value.

(continues)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings, except social housing	10-60 years
Computer equipment	3 years
Land improvements	10-30 years
Leasehold improvements	5 years
Machinery and equipment	5-10 years
Roads	30-40 years
Vehicles	5 years
Water and waste water	15-80 years

In accordance with Canada Mortgage and Housing Corporation policies, amortization of CMHC funded social housing is equal to the principal repayment on the related long-term debt. This policy is not in compliance with the CPA Canada Public Sector Accounting Handbook, however, the difference was determined not to have a material impact on the consolidated financial statements.

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(j) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(k) Impairment of long lived assets

The First Nation tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future undiscounted net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value. Any impairment is included in the surplus for the year. As at March 31, 2025 and 2024, no impairment loss has been recognized.

(l) Revenue recognition

i) Government transfers are recognized as revenue in the year the transfer is authorized by the transferring government and eligible criteria, if any, have been met by the First Nation, except when and to the extent that the transfer gives rise to a liability. If a liability is created, then the corresponding amount is recorded as a deferred revenue and is recognized as revenue when and in proportion to how the liability is settled, through the transfer of use of assets, or the provision of goods and services.

ii) Income from investments is recorded on an accrual basis. Discounts/premiums arising on purchase of bonds are amortized over the period to maturity.

(continues)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Revenue recognition (*continued*)

iii) Own source revenue derived from such sources as resource based revenues, interest income and other revenue are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(m) Use of estimates

The preparation of consolidated financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the period. Management believes that the estimates used are reasonable and prudent, however, actual results could differ from those estimates. Items requiring significant estimates include the valuation of portfolio investments measured at fair market value, valuation of accounts receivable and advances to related parties, amounts recorded as accrued liabilities, measurement of deferred revenue, determination of the useful lives of tangible capital assets and the estimated liability for asset retirement obligation.

(n) Segments

The First Nation conducts its business through fourteen reportable segments: Education, Social Development, Health and Community Wellness, Community Services and Member Benefits, Commercial Enterprises, Governance and Natural Resources, Administration and Technical Services, Band Government, Public Works and Village Maintenance, Lands Management, Housing, Economic Development, Federal Government Contracts, Emergency Management, Healing and Capital Projects. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

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

(continues)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Financial instruments

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

At initial recognition, the First Nation may irrevocably elect to subsequently measure any financial instrument at fair value.

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

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

All financial assets except derivatives are tested annually for impairment. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

(p) Statement of remeasurement gains and losses

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

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

(continues)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the First Nation to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at March 31, 2025. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. The First Nation recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Management has determined that no liability exists as at March 31, 2025 and 2024.

4. RESTRICTED ASSETS

Included in cash and cash equivalents and portfolio investments are the following restricted amounts:

	2025	2024
Non-restricted cash		
Operating Fund	**$ 8,478,176**	$ 9,470,380
Social Housing Fund	**34,084**	4,738
	8,512,260	9,475,118
Restricted cash		
Minors' Trust	**255,010**	428,195
Social Housing Fund	**23,779**	15,619
Settlement Trust	**2,518,278**	2,482,561
	2,797,067	2,926,375
Total cash	**11,309,327**	12,401,493
Portfolio investments (Note 5)	**29,378,399**	18,873,224
Less restricted for:		
Settlement Trust	**(18,590,776)**	(16,543,725)
Minors' Trust	**(1,485,010)**	(428,195)
Deferred revenue (Note 10)	**(13,905,967)**	(13,236,535)
Replacement reserve fund (Note 15)	**(23,779)**	(15,619)
Total funds available for operations	**$ 6,682,194**	$ 1,050,643

Certain balances have been internally restricted by the Chief and Council of the First Nation including operations reserve $1,848,262 (2024 - $1,836,373) and capital reserve $520,122 (2024 - $813,370).

5. PORTFOLIO INVESTMENTS

	2025	2024
Investments recorded at fair value:		
Equity	**$ 10,953,880**	$ 8,958,337
Investment trusts	**271,367**	260,356
Mutual funds	**858,350**	877,015
Investments recorded at amortized cost:		
Fixed income	**5,383,438**	7,076,661
Guaranteed Investment Certificates (GICs)	**11,911,364**	1,700,855
	$ 29,378,399	$ 18,873,224

6. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2025	2024
Due from band members:		
Due from members/tenant rent receivable	$ 533,169	$ 820,809
Less allowance for doubtful accounts	(390,260)	(603,268)
	142,909	217,541
Due from others:		
First Nations Land Management Resource Centre	342,420	-
Union of B.C. Municipalities	337,149	-
Province of British Columbia	324,591	-
Fraser Valley Aboriginal Children and Family Services	273,004	-
New Relationship Trust	270,000	-
Other federal government departments	249,563	3,098,704
Interest receivable	203,408	-
Other funders	187,517	118,127
Developers & economic rents	179,219	135,221
Sema:th Xo:tsa Developments Ltd.	118,116	118,116
Property taxes	108,542	343,632
BC Housing	77,312	-
Stho'qi Aquaculture Limited Partnership	68,344	16,538
Sto:lo Service Agency Society	37,588	55,398
City of Abbotsford	34,797	-
GST receivable	28,687	28,068
First Nations Tax Commission	20,000	-
First Nations Education Steering Committee	19,864	42,547
Lower Fraser Fisheries Alliance Society	15,165	-
Sema:th Xo:tsa Developments Limited Partnership	10,417	7,200
Lower Fraser Enterprises Limited Partnership	9,000	35,048
Kilgard Business Park	2,808	-
Sumas Clay Products Ltd.	-	25,978
Trans Mountain Pipeline, LP	-	15,649
Canada Mortgage and Housing Corporation	-	11,736
	2,917,511	4,051,962
Less allowance for doubtful accounts	(280,748)	(321,779)
	2,636,763	3,730,183
	$ 2,779,672	$ 3,947,724

7. ADVANCES TO RELATED PARTIES

	2025	2024
1526283 B.C. Ltd.	$ **100,017**	$ -
Sema:th Xo:tsa Developments Ltd. (SXDL)	**2,144,010**	2,144,010
Sema:th Management Services Limited Partnership (SMSLP)	**4,044**	4,044
	$ **2,248,071**	$ 2,148,054

The above parties are directly or indirectly controlled by the First Nation.

The advances to related parties are non-interest bearing, unsecured and without fixed terms of repayment.

8. INVESTMENT IN GOVERNMENT BUSINESS PARTNERSHIPS

The First Nation owns 99.99% of the units of Sema:th Xo:tsa Developments Limited Partnership ("SXDLP"), a partnership formed in fiscal 2018.

SXDLP owns 82.99% (2024 - 82.99%) of the units of SALP, 99% (2024 - 99%) of the units of Wochmel Security Limited Partnership ("WSLP"), 51% (2024 - 51%) of the units in Kilgard Business Park Limited Partnership ("KBPLP"), and 99% (2024 - 99%) of the units in Sema:th Management Services Limited Partnership ("SMSLP"). SXDLP account for investments in these partnerships using equity method.

The investment in Sema:th Xo:tsa Developments Limited Partnership consist of the following:

	2025	2024 *Restated (Note 2)*
Investment cost	$ **4,592,234**	$ 4,592,234
Cumulative share of losses	**(466,289)**	(1,257,304)
	4,125,945	3,334,930
Advances	**1,866,167**	1,865,174
	$ **5,992,112**	$ 5,200,104

The First Nation leased certain lands to SXDLP for the amount of $3,907,500 in fiscal year of 2019. Under the contribution agreement signed among the partners, the First Nation contributed value of the prepaid lease to SXDLP as a capital contribution in exchange for limited partnership units in SXDLP. An additional plot of land was needed to complete the development in the amount of $684,634 in December 2022. This land portion is also considered a capital contribution by the First Nation in exchange for limited partnership units in SXDLP. These amounts are included in the investment cost above and corresponding prepaid rent is recorded in deferred revenue as disclosed in Note 10. In comparative figures, these amounts were restated as disclosed in Note 2.

Condensed summary fiscal information for each of the partnerships at December 31, 2024 and 2023 is noted below.

8. INVESTMENT IN GOVERNMENT BUSINESS PARTNERSHIPS (continued)

	SXDLP	SALP	KBPLP	WSLP	SMSLP	**2025**	2024
Current assets	$ 677,514	$ 546,578	$ 563,762	$ 1,997,777	$ 197,792	**$ 3,983,423**	$ 1,484,857
Lease receivable	-					**-**	190,581
Related party loans	2,022,961				794,362	**2,817,323**	1,946,438
Capital assets	2,359,035	1,314,040	12,519,003			**16,192,078**	16,134,550
Intangible asset	783,158					**783,158**	783,158
Investment in Partnerships	5,594,011					**5,594,011**	5,284,188
Prepaid land lease			4,056,519			**4,056,519**	4,592,134
Due from partners			501,606			**501,606**	501,606
Total assets	$ 11,436,679	$ 1,860,618	$ 17,640,890	$ 1,997,777	$ 992,154	**$ 33,928,118**	$ 30,917,512
						-	-
Current liabilties	$ 2,368,012	$ 2,406,557	$ 9,917,747	$ 1,645,510	$ 21,209	**$ 16,359,035**	$ 14,182,993
Lease payable						**-**	190,581
Deferred capital contributions		762,700				**762,700**	519,282
Investment in Sth'oqi Aquaculture Limited Partnership	1,312,543					**1,312,543**	895,549
Related party loans	3,630,225				2,491	**3,632,716**	8,211,801
Equity (deficiency)	4,125,899	(1,308,639)	7,723,143	352,267	968,454	**11,861,124**	6,917,306
Total Liabilities and Equity	$ 11,436,679	$ 1,860,618	$ 17,640,890	$ 1,997,777	$ 992,154	**$ 33,928,118**	$ 30,917,512
Revenues	$ 668,333	$ 536,398	$ 1,198,294	$ 1,907,186	$ 409,146	**$ 4,719,357**	$ 3,288,838
Cost of sales		(515,715)		(1,527,662)		**(2,043,377)**	(918,620)
Expenses	(1,106,428)	(652,184)	(1,406,781)	(27,257)	(418,978)	**(3,611,628)**	(3,198,192)
Other income	1,303,238	74,867	1,418			**1,379,523**	1,045,544
Net income (loss) for the year	$ 865,143	$ (556,634)	$ (207,069)	$ 352,267	$ (9,832)	**$ 443,875**	$ 217,570

9. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

	2025	2024
Sumas Clay Products Ltd (100%)	**$ 1**	$ 1
SFN Renewable Energy Ltd. (100%)	**1**	1
Sema:th Xot:sa Development Ltd. (100%)	**1**	1
1526283 B.C. Ltd. (100%)	**1**	-
	$ 4	$ 3

Sumas Clay Products Ltd. and SFN Renewable Energy Ltd. are inactive companies and, accordingly, there is no summary financial information to disclose. Sema:th Xot:sa Developments Ltd. is the general partner of Sema:th Xo:tsa Developments Limited Partnership. 1526283 B.C. Ltd. owns land for cultural preservation.

Condensed summary of financial information for Sema:th Xot:sa Developments Ltd. at December 31, 2024 and 2023 is noted below.

Current assets	**$ 223,242**	$ 118,769
Advances to related parties	**1,354,793**	1,554,861
Property, plant and equipment	**8,444,848**	8,454,983
	$ 10,022,883	$ 10,128,613
Current liabilities	**$ 95**	$ 95
Long term debt	**7,726,371**	7,813,050
Equity loss in SXDLP	**47**	123
Advances from related parties	**2,326,791**	2,335,689
Deficiency	**(30,421)**	(20,344)
	$ 10,022,883	$ 10,128,613
Revenue	**$ 78**	$ 49
Expenses	**(10,153)**	(10,135)
Net loss for the year	**$ (10,075)**	$ (10,086)

Condensed summary of financial information for 1526283 B.C. Ltd. at March 31, 2025 is noted below.

Current assets	**$ 100,000**
Land	**2,000,000**
	$ 2,100,000
Current liabilities	**$ 2,000**
Mortgage payable	**2,000,000**
Advances from Sumas First Nation	**100,017**
Deficiency	**(2,017)**
	$ 2,100,000
Expenses	**$ (2,018)**

10. DEFERRED REVENUE

The changes in the deferred revenue balance is as follows:

	2025	2024 *Restated (Note 2)*
Balance - beginning of the year	**$ 17,458,189**	$ 10,604,000
Add: restricted funding received	**12,768,838**	17,244,789
Less: recognized as revenue during the year	**(12,193,769)**	(10,390,600)
Balance - end of the year	**18,033,258**	17,458,189
Sema:th Xo:tsa Developments Limited Partnership	**(4,127,291)**	(4,221,654)
	$ 13,905,967	$ 13,236,535

Deferred revenue by source of funding is as follows:

	2025	2024
Indigenous Services Canada	**$ 9,394,359**	$ 8,881,136
Province of British Columbia	**3,282,048**	2,938,249
First Nations Health Authority	**751,332**	941,163
First Nation Land Management Resource Center	**295,865**	63,113
Union of BC Municipalities	**117,683**	125,715
New Relationship Trust	**44,680**	-
Fraser Health	**20,000**	20,000
Department of Natural Resources	**-**	216,905
Canada Mortgage and Housing Corporation	**-**	50,254
	13,905,967	13,236,535
Sema:th Xo:tsa Developments Limited Partnership	**4,127,291**	4,221,654
	$ 18,033,258	$ 17,458,189

Deferred revenue from Sema:th Xo:tsa Developments Limited Partnership (SXDLP) represents prepaid rent by SXDLP to the First Nation in exchange for partnership units as disclosed in Note 8. The lease term is 49 years commencing on November 1, 2019. The rent is recorded in the consolidated statement of operations on straight line basis as lease interest and other income in the amount of $94,343 (2024 - $94,343).

11. BANK INDEBTEDNESS

The First Nation has access to a revolving facility provided by Bank of Montreal, to a maximum amount of $150,000 (2024 - $150,000) of which $Nil (2024 - $Nil) is utilized at year-end. The loan bears interest at prime plus 0.35% (2024 - prime plus 0.35%).

Additionally, the First Nation also has access to a Corporate Mastercard credit card to a maximum of $50,000 (2024 - $50,000). As at March 31, 2025, credit of $41,254 (2024 - $18,323) has been used.

The terms of the credit facility require the First Nation to maintain a debt service coverage of no less than 1.25:1. As at March 31, 2025 and 2024, the First Nation is in compliance with all of the covenants.

12. LOAN PAYABLE

	2025	2024
Bank of Montreal non-revolving demand loan payable with monthly payments of $9,336, including interest at 4.42% per annum, maturing November 2025; repayable on demand; secured by a general security agreement over the First Nation assets.	**$ 1,046,796**	$ 1,116,816
Bank of Montreal fixed rate term loan payable with monthly payments of $8,043, including interest at 5.85% per annum, maturing August 2025; repayable on demand; secured by a general security agreement over the First Nation assets.	**979,388**	1,017,662
Bank of Montreal non-revolving demand loan payable with monthly payments of $4,086, including interest 5.85% per annum, maturing August 2026; repayable on demand; secured by a general security agreement over the First Nation assets.	**540,657**	557,670
CMHC mortgage payable with monthly payments of $5,805, including interest at 3.04% per annum, maturing June 2027; secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on six housing units.	**1,127,507**	1,165,582
Crown-Indigenous Relations and Northern Affairs Canada, interest-free loan funding, repayable on March 31, 2029, unsecured.	**15,000**	-
	$ 3,709,348	$ 3,857,730

Principal repayment over the next four fiscal years are as follows:

2026	$ 2,080,275
2027	560,260
2028	1,053,813
2029	15,000
	$ 3,709,348

13. TANGIBLE CAPITAL ASSETS

Cost	2024 Balance	Additions	Disposals	**2025 Balance**
Land	$ 13,599	$ -	$ -	**$ 13,599**
Buildings	19,037,077	1,144,966	-	**20,182,043**
Computer equipment	254,581	46,009	-	**300,590**
Land improvements	1,024,075	26,838	-	**1,050,913**
Leasehold improvements	38,475	-	38,475	**-**
Machinery and equipment	1,333,077	97,107	-	**1,430,184**
Roads	883,752	-	-	**883,752**
Social housing	1,219,113	-	-	**1,219,113**
Vehicles	857,637	132,870	-	**990,507**
Water and waste water	9,165,034	388,432	-	**9,553,466**
	$ 33,826,420	$ 1,836,237	$ 38,475	**$ 35,624,182**

Accumulated Amortization	2024 Balance	Amortization	Accumulated Amortization on Disposals	**2025 Balance**
Land	$ -	$ -	$ -	**$ -**
Buildings	6,029,436	517,270	-	**6,546,706**
Computer equipment	190,597	30,422	-	**221,019**
Land improvements	671,104	44,402	-	**715,506**
Leasehold improvements	4,541	-	4,541	**-**
Machinery and equipment	925,414	151,029	-	**1,076,443**
Roads	631,476	22,094	-	**653,570**
Social housing	56,919	35,100	-	**92,019**
Vehicles	580,068	119,600	-	**699,668**
Water and waste water	3,077,436	150,320	-	**3,227,756**
	$ 12,166,991	$ 1,070,237	$ 4,541	**$ 13,232,687**

Net Book Value	**2025**	2024
Land	**$ 13,599**	$ 13,599
Buildings	**13,635,337**	13,007,641
Computer equipment	**79,571**	63,984
Land improvements	**335,407**	352,971
Leasehold improvements	**-**	33,934
Machinery and equipment	**353,741**	407,663
Roads	**230,182**	252,276
Social housing	**1,127,094**	1,162,194
Vehicles	**290,839**	277,569
Water and waste water	**6,325,710**	6,087,598
	$ 22,391,495	$ 21,659,429

14. ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surplus, invested in tangible assets and reserve funds as follows:

	2025	2024 *Restated (Note 2)*
Surplus		
Unrestricted equity in funds	**$ 9,197,316**	$ 3,926,281
Restricted equity in the Settlement Trust	**19,005,233**	17,000,555
Restricted equity in the Minors' Trust	**1,485,060**	428,245
Surplus associated with tangible capital assets:		
Invested in tangible capital assets (Note 13)	**22,391,495**	21,659,429
Reserve funds set aside by statutory requirements:		
Replacement reserve fund (Note 15)	**23,779**	15,619
	$ 52,102,883	$ 43,030,129

15. REPLACEMENT RESERVE FUND

In accordance with the terms and conditions of the Operating Agreement with Canada Mortgage and Housing Corporation, Sumas First Nation Non-Profit Housing must set aside funds annually for the non-annual expenditures of the Program for the repair, maintenance and replacement of worn out assets.

These funds are to be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement Reserve Fund.

A continuity of the required funds is as follows:

	2025	2024
Replacement reserve fund:		
Opening balance	**$ 15,619**	$ 34,482
Interest income	**360**	1,319
Contributions - Pre-97	**-**	12,887
Contributions - Post-96	**7,800**	7,800
Unused balance in replacement reserve of Pre-97 upon completion of this program	**-**	(40,869)
Closing balance	**$ 23,779**	$ 15,619

As at March 31, 2025, the Replacement Reserve Fund was fully funded (2024 - fully funded).

16. BUDGET DATA

The budget data presented in these consolidated financial statements is based upon the 2024-2025 operating and capital budgets. These budgets have been approved by Council. Amortization was not contemplated on development of the budget and, as such, has not been included.

17. SETTLEMENT TRUST

The Upper Sumas IR6 Right-of-Way Settlement Trust (the "Trust") was established on May 2, 2016 by the First Nation to hold, protect, and nurture resources derived from the Upper Sumas IR 6 Settlement with the Government of Canada. The Trust has a year-end date of December 31.

The Settlement Trust received the settlement proceeds to be held for the benefit of the First Nation. The assets of the trust are restricted for specific purpose and can only be spent upon approval of the trustees.

The terms of the trust also included a one-time payment to members of the First Nation who were over age 18 at time of settlement of the trust or when they turn 19 if they were a minor at time of trust settlement. Distributions from the trust were $62,519 (2024 - $100,436) based on these criteria.

Not included in these consolidated financial statements are additional settlement proceeds including interest of $439,199 (2024 - $471,325) held for future distributions to members of the First Nation who are minors. These proceeds will be recognized as revenue and distributions in the year the minors become entitled to the funds.

18. MINORS' TRUST

The Sumas First Nation Minors' Trust (the "Minors' Trust") was established on December 21, 2022 by the First Nation to hold payments in trust for Minor Members until they reach their majority birthday. The Minors' Trust has a year-end date of December 31.

The Minors' Trust received the settlement proceeds to be held for the benefit of the minor members of the First Nation. The assets of the trust are restricted for specific purpose and can only be spent upon approval of the trustees.

$80,790 (2024 - $57,430) of distributions were made to the members during the year.

19. LEASE COMMITMENTS

The First Nation has a lease agreement for office space.

Lease payments over the next three fiscal years are as follows:

2026	$ 133,038
2027	135,148
2028	33,919
	$ 302,105

20. CONTINGENT LIABILITIES

The First Nation is contingently liable for guarantees it has placed for certain loans made by financial institutions to its members. The maximum loan amount available to individual members is $250,000 while the minimum amount is $25,000. The maximum amount guaranteed by the First Nation is $4,000,000 (2024 - $4,000,000). As at March 31, 2025, $3,221,928 (2024 - $3,429,248) of the facility had been drawn. No additional draws have been made subsequent to year end (2024 - $Nil).

During the year, one of the members defaulted on the loan totaling $247,707 at March 31, 2025. The First Nation has been making payments to the bank for this loan and will recover these payments upon sale of the property as the First Nation has lien on the property title. As such, no loan is accrued in the First Nation's financial statements and receivable has been recorded for payments made by the First Nation on behalf of the member.

The First Nation has also guaranteed the loans of certain Limited Partnerships and Corporations which it owns. As at March 31, 2025, the total loans being guaranteed have a current balance totaling $8,656,575 (2024 - $9,049,812). No amount has been accrued as the Management considers them to be in good standing and therefore does not consider payment of the contingent liability to be likely.

The First Nation is named in a claim for loss of blueberry crops. The First Nation intends to defend itself vigorously and does not believe there is valid claim. As at year-end no estimate of the amount of settlement, if any, can be made.

21. ECONOMIC DEPENDENCE

The First Nation receives 64% (2024 - 56%) of its revenue pursuant to funding arrangements with Indigenous Services Canada, the Province of British Columbia, and Trans Mountain (2024 - Indigenous Services Canada).

22. FINANCIAL INSTRUMENTS RISKS

The First Nation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the First Nation's risk exposure and concentration as of March 31, 2025, which remain significantly unchanged compared to the prior year.

Credit risk and concentration of risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The First Nation's main credit risks relate to its accounts receivable and advances to related parties. Accounts receivable are primarily due from provincial and federal government ministries that are tied to approved contracts for services and have minimal risk of default. The First Nation's accounts receivable includes accounts due from three (2024 - two) government agencies which accounts for 34% (2024 - 58%) of total trade accounts receivable.

An allowance for doubtful accounts is established based on factors surrounding the credit risk of specific accounts, historical trends and other information. As at March 31, 2025, an allowance of $671,008 (2024 - $925,047) has been established. The First Nation receivables are normally from over government bodies which minimizes the concentration of credit risk.

(continues)

22. FINANCIAL INSTRUMENTS RISKS *(continued)*

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The First Nation is exposed to this risk mainly of its accounts payable and loan payable. It is the First Nation's intention to meet its financial obligations through the collection of current accounts receivable, cash on hand and future funding from government agencies. The First Nation mitigates liquidity risk by ensuring it documents when authorized payments become due and monitors cash balances and cash flows generated from investments against its anticipated, committed and contemplated outflows.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk to the First Nation's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The First Nation is exposed to foreign currency exchange risk on cash and cash equivalents and portfolio investments held in US dollars. The First Nation does not use derivative instruments to reduce its exposure to foreign currency risk. In order to mitigate the risk, the First Nation uses third party investment advisors who actively monitor changes in exchange rates.

As at March 31, 2025, a portion of the First Nation's cash and cash equivalents $142,175 ($98,851 USD) and portfolio investments $6,388,009 ($4,441,315 USD) are denominated in US dollars.

As at March 31, 2024, a portion of the First Nation's cash and cash equivalents $247,270 ($187,281 USD) and portfolio investments $5,005,944 ($3,758,862 USD) are denominated in US dollars.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The First Nation is exposed to interest rate risk primarily through its portfolio investments and loan payable. The First Nation has mitigated this risk by using fixed interest rates.

The First Nation maintains an operating line of credit subject to floating rates of interest, a change in the variable rate can impact cash flow to service the debt when such debt is outstanding. In seeking to minimize the risks from interest rate fluctuations, the First Nation manages exposure through its normal operating and financing activities.

Other price risk

The First Nation's investments in publicly-traded securities exposes the First Nation to price risks as such investments are subject to price changes in an open market due to market movements, global markets and changes to market rates of interest. In 2025, there has been shift in publicly-traded securities held by the First Nation from approximately 62% to 41%. The First Nation reduces its exposure to other price risk by diversifying the investment portfolio.

23. CITY OF ABBOTSFORD FUNDING

The City of Abbotsford provided funding to the First Nation under the Reaching Home Funding Agreement effective April 2024 (the "Program"). The Program is subject to the terms and conditions of the agreement.

Revenue	**$ 101,625**	$ 93,102
Other	**4,959**	-
	106,584	93,102
Expenses		
Administration	**(1,500)**	(5,656)
Community expenses and programs	**(35,452)**	(20,600)
Counselling and workshops	**(3,375)**	(14,843)
Office and miscellaneous	**(7,188)**	(10,674)
Supplies	**-**	(3,969)
Telephone	**(434)**	(751)
Travel	**(426)**	(827)
Utilities	**(4,496)**	(711)
Wages and benefits	**(59,606)**	(26,873)
	$ (5,893)	**$ (1,916)**

24. LEQ'A:MEL MATHEXI SEMA:TH SOCIETY

The First Nation along with two other First Nations incorporated the Leq'a:mel Mathexi Sema:th Society ("LMS Society"), a society incorporated under the laws of British Columbia, to acquire, manage, develop, maintain and protect common lands for the education and benefit of their communities and the general public.

25. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation. This has no impact on previously stated total financial assets, total financial liabilities, total non-financial assets, accumulated surplus and annual surplus for the year, other than disclosed in Note 2.

26. SEGMENTED INFORMATION

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 3. The following table presents the expenses incurred and the revenue generated by each main object of expense and by major revenue type. The segment results for the period are as follows:

26. SEGMENTED INFORMATION (Continued)

	Education	Social Development	Health & Community Wellness	Community Services & Economic Activities	Governance & Natural Resources	Administration & General Government	Public Works & Village Maintenance	Lands Management	Housing	Economic Development	Federal Government Contracts	Other	**2025 Total**	2024 Total Restated (Note 2)
REVENUE														
ISC	$ 544,051	$ 307,788	$ 571,839	$ -	$ -	$ 373,587	$ 158,605	$ 388,744	$ 253,937	$ 18,555	$ -	$ 1,276,373	**$ 3,893,479**	$ 4,183,664
Other government sources	1,545,177	-	484,418	-	2,306,657	-	-	94,294	151,358	-	-	1,611,642	**6,193,546**	4,291,730
First Nation economic activities	183,571	-	357,123	8,092,644	777,597	409,820	68,077	337,602	108,309	1,791,016	-	1,389,983	**13,515,742**	5,282,793
INAC - contracts for service	-	-	-	-	-	-	-	-	-	-	7,349,238	-	**7,349,238**	7,365,188
	2,272,799	307,788	1,413,380	8,092,644	3,084,254	783,407	226,682	820,640	513,604	1,809,571	7,349,238	4,277,998	**30,952,005**	21,123,375
EXPENSES														
Operating expenses	803,627	51,539	602,181	5,315,680	1,878,141	950,372	77,571	515,785	642,066	69,880	6,587,869	$ 2,328,476	**19,823,187**	15,373,303
Wages & benefits	904,985	48,475	337,428	114,363	815,824	890,034	287,978	353,211	117,788	-	-	375,322	**4,245,408**	3,385,341
Amortization of tangible capital assets	-	-	-	-	-	1,070,237	-	-	-	-	-	-	**1,070,237**	966,324
	1,708,612	100,014	939,609	5,430,043	2,693,965	2,910,643	365,549	868,996	759,854	69,880	6,587,869	2,703,798	25,138,832	19,724,968
Expenses capitalized	(45,996)	-	-	-	(31,126)	(47,378)	(78,011)	(60,889)	(3,844)	-	-	(1,568,992)	**(1,836,236)**	(1,349,370)
	1,662,616	100,014	939,609	5,430,043	2,662,839	2,863,265	287,538	808,107	756,010	69,880	6,587,869	1,134,806	23,302,596	18,375,598
ANNUAL SURPLUS (DEFICIT)	$ 610,183	$ 207,774	$ 473,771	$ 2,662,601	$ 421,415	$ (2,079,858)	$ (60,856)	$ 12,533	$ (242,406)	$ 1,739,691	$ 761,369	$ 3,143,192	**$ 7,649,409**	$ 2,747,777

SUMAS FIRST NATION
CONSOLIDATED EXPENSE BY OBJECT (Schedule 1)
FOR THE YEAR ENDED MARCH 31, 2025

	2025	2024
Administration	**$ 48,916**	$ 69,460
Advertising and promotion	**21,193**	24,863
Amortization of tangible capital assets	**1,070,237**	966,324
Automotive	**51,700**	40,998
Bad debt (recovery)	**(148,818)**	148,290
Cigarettes	**180,084**	194,437
Community expenses and programs	**1,854,472**	1,614,122
Computer	**205,943**	136,278
Consulting fees	**1,568,487**	856,674
Counselling and workshops	**3,375**	14,943
Donations	**5,225**	1,697
Dues and memberships	**5,408**	4,877
Education	**108,201**	53,994
Honoraria	**4,313,224**	512,220
Insurance	**166,853**	86,386
Interest and bank charges	**139,148**	130,615
Interest on long-term debt	**206,753**	174,181
Meetings	**136,298**	68,796
Office and miscellaneous	**182,616**	269,616
Professional development	**95,596**	18,420
Professional fees	**520,418**	242,320
Repairs and maintenance	**1,324,256**	2,177,445
Subcontracts	**6,587,870**	6,788,881
Supplies	**139,152**	167,425
Telephone	**44,950**	32,770
Travel	**62,684**	66,017
Trustee expenses	**75,567**	65,845
Utilities	**76,760**	51,909
Wages and benefits	**4,245,408**	3,385,341
Withholding taxes	**10,620**	10,454
	$ 23,302,596	$ 18,375,598

SUMAS FIRST NATION

2024-2025 INDIGENOUS CLAIMS LOAN AGREEMENT **(Schedule 2)**

SCHEDULE OF REVENUE AND EXPENDITURES - LOWER SUMAS COLONIAL RESERVE CLAIM

FOR THE YEAR ENDED MARCH 31, 2025

REVENUE	
OPENING BALANCE	$ -
REVENUE CURRENT FISCAL YEAR	$ 15,000.00
TOTAL FUNDS AVAILABLE	$ 15,000.00

EXPENDITURES

	2024-2025 Budget From April 1, 2024 To March 31, 2025	**2024-2025 Expenditures** From April 1, 2024 To March 31, 2025
LEGAL FEES		
Legal Counsel Fees	$ 15,000.00	$ 30,143.00
CONSULTING FEES		
Terreval Research Inc.	$ -	$ 15,912.00
TOTAL EXPENDITURES	$ 15,000.00	$ 46,055.00
BALANCE	$ -	$ (31,055.00)