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**SUMAS FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2024**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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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 2 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:



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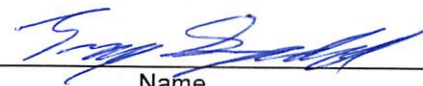
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## INDEPENDENT AUDITORS' REPORT

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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, 2024, 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, 2024, 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.

### 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.

### 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.

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## INDEPENDENT AUDITORS' REPORT

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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.

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.

*Manning Elliott LLP*

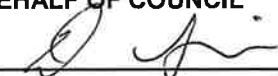
MANNING ELLIOTT LLP  
Chartered Professional Accountants  
Abbotsford, British Columbia  
July 31, 2024

**SUMAS FIRST NATION  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2024**

	2024	2023
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 3)	\$ 9,475,118	\$ 6,362,059
Restricted cash (Note 3)	2,926,375	3,063,209
Portfolio investments (Notes 3, 4)	18,873,224	14,458,772
Accounts receivable (Note 5)	3,947,724	3,082,582
Advances to related parties (Note 6)	2,148,054	2,190,010
Investment in Government Business Partnerships (Note 7)	607,970	133,534
Investment in Government Business Enterprises (Note 8)	3	3
	<b>37,978,468</b>	<b>29,290,169</b>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities	1,681,311	2,598,281
Deferred revenue (Note 9)	13,236,535	6,287,983
Loan payable (Note 11)	3,857,730	4,013,738
	<b>18,775,576</b>	<b>12,900,002</b>
<b>NET FINANCIAL ASSETS</b>	<b>19,202,892</b>	<b>16,390,167</b>
<b>NON-FINANCIAL ASSETS</b>		
Inventory	13,750	11,569
Prepaid expenses and deposits	246,900	209,654
Lands held for development	1,536,678	1,536,678
Tangible capital assets (Note 12)	21,659,429	21,290,034
	<b>23,456,757</b>	<b>23,047,935</b>
<b>ACCUMULATED SURPLUS (Note 13)</b>	<b>\$ 42,659,649</b>	<b>\$ 39,438,102</b>

LEASE COMMITMENTS (Note 18)  
CONTINGENT LIABILITIES (Note 19)

ON BEHALF OF COUNCIL

  
\_\_\_\_\_  
Chief  
  
\_\_\_\_\_  
Councillor

  
\_\_\_\_\_  
Councillor

**SUMAS FIRST NATION  
CONSOLIDATED STATEMENT OF CHANGES IN ANNUAL SURPLUS  
FOR THE YEAR ENDED MARCH 31, 2024**

	<b>2024</b>	2023
ACCUMULATED SURPLUS - BEGINNING OF YEAR	<b>\$ 39,438,102</b>	\$ 32,702,390
Annual surplus for the year	<b>2,653,414</b>	6,870,923
	<b>42,091,516</b>	39,573,313
Capital contribution of Sumas First Nation Minors' Trust	-	467,128
Distribution of capital	- (57,430)	-
Net remeasurement gains (losses) for the year	<b>625,563</b>	(602,339)
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<b>\$ 42,659,649</b>	<b>\$ 39,438,102</b>

**SUMAS FIRST NATION**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

	Budget <i>Note 15</i>	2024	2023
<b>REVENUE</b>			
Indigenous Service Canada - contracts for service	\$ 2,575,677	\$ 7,365,188	\$ 7,585,539
Indigenous Service Canada	13,551,261	4,183,664	8,844,638
Lease interest and other income	2,570,985	3,007,347	2,654,385
Province of British Columbia	178,000	971,756	2,922,273
Property taxation	991,580	909,458	879,145
First Nations Health Authority	674,407	885,328	607,270
Department of Natural Resources	708,522	679,663	399,034
CMHC and housing charges	96,022	456,914	2,006,602
Gain (loss) on sale of portfolio investments	-	415,830	(136,432)
Gaming revenue	300,000	421,231	454,574
Commercial enterprises	-	357,600	291,639
Sto:lo Service Agency Society	226,019	303,264	360,939
Trans Mountain funding	320,000	192,000	49,315
First Nations Education Steering Committee	-	154,816	226,579
New Relationship Trust	-	135,787	274
City of Abbotsford ( <i>Note 22</i> )	204,628	117,317	254,392
First Nation Land Management Resource Center	583,313	1,692	67,695
Ottawa Trust income	-	105	895
Gain (loss) on Government Business Partnerships	-	461,490	(38,559)
Gain on disposal of tangible capital assets	-	8,562	-
	22,980,414	21,029,012	27,430,197
<b>EXPENSES (Schedule 1)</b>			
Administration and technical service	1,517,230	1,557,885	1,389,623
Amortization of tangible capital assets	-	966,324	785,469
Band government	-	273,789	210,002
Capital projects	-	1,534,291	7,742,071
Commercial enterprises	-	212,228	292,944
Community services and member benefits	1,328,810	578,066	937,304
Economic development	-	56,784	65,453
Education programs	653,959	1,576,947	1,331,120
Emergency management	-	389,293	-
Governance and natural resources	1,997,729	1,931,108	1,894,093
Healing department	-	662	-
Health services	1,564,682	1,229,964	812,584
Housing	1,250,917	1,615,595	3,701,240
Indigenous Services Canada - contracts	6,743,261	6,788,881	5,947,737
Lands management	825,291	444,539	351,395
Public works and village operations	404,695	462,255	583,498
Social development	367,568	106,357	380,824
Expenses capitalized	-	(1,349,370)	(5,866,083)
	16,654,142	18,375,598	20,559,274
<b>ANNUAL SURPLUS FOR THE YEAR</b>	<b>\$ 6,326,272</b>	<b>\$ 2,653,414</b>	<b>\$ 6,870,923</b>

**SUMAS FIRST NATION  
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED MARCH 31, 2024**

	<b>2024</b>	2023
ANNUAL SURPLUS FOR THE YEAR	<b>\$ 2,653,414</b>	\$ 6,870,923
Amortization of tangible capital assets	<b>966,324</b>	785,469
Purchase of tangible capital assets	<b>(1,349,370)</b>	(5,866,083)
Settlement property of Sumas First Nation Minors' Trust	-	50
Transfer of investments to Sumas First Nation Minors' Trust	-	467,078
Increase in prepaid expenses and deposits	<b>(37,246)</b>	(98,383)
Distribution of capital	<b>(57,430)</b>	-
Disposal of tangible capital assets	<b>13,650</b>	-
Decrease (increase) in inventory	<b>(2,180)</b>	23,112
Net remeasurement gains (losses) for the year	<b>625,563</b>	(602,339)
	<b>159,311</b>	(5,291,096)
INCREASE IN NET FINANCIAL ASSETS	<b>2,812,725</b>	1,579,827
NET FINANCIAL ASSETS - BEGINNING OF YEAR	<b>16,390,167</b>	14,810,340
NET FINANCIAL ASSETS - END OF YEAR	<b>\$ 19,202,892</b>	\$ 16,390,167



**SUMAS FIRST NATION  
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES  
FOR THE YEAR ENDED MARCH 31, 2024**

	<i>2024</i>	<i>2023</i>
ACCUMULATED REMEASUREMENT GAINS, BEGINNING OF YEAR	<b>\$ 1,144,194</b>	\$ 1,746,533
Unrealized gains (losses) attributable to portfolio investments	<b>1,041,393</b>	(738,771)
Realized (gains) losses transferred to operations	<b>(415,830)</b>	136,432
Net remeasurement gains (losses) for the year	<b>625,563</b>	(602,339)
ACCUMULATED REMEASUREMENT GAINS, END OF YEAR	<b>\$ 1,769,757</b>	\$ 1,144,194

**SUMAS FIRST NATION  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2024**

	2024	2023
<b>OPERATING ACTIVITIES</b>		
Annual surplus for the year	\$ 2,653,414	\$ 6,870,923
Items not affecting cash:		
Amortization of tangible capital assets	966,324	785,469
Settlement property of Sumas First Nation Minors' Trust	-	50
Capital contribution of Sumas First Nation Minors' Trust	-	467,128
Net remeasurement gains (losses) for the year	625,563	(602,339)
Gain on disposal of tangible capital assets	(8,562)	-
(Gain) loss on Government Business Partnerships	(461,490)	38,559
(Gain) loss on sale of portfolio investments	(415,830)	136,432
	<b>3,359,419</b>	<b>7,696,222</b>
Changes in non-cash working capital:		
Accounts receivable	(865,142)	(1,315,138)
Inventory	(2,181)	23,112
Accounts payable and accrued liabilities	(916,970)	920,268
Deferred revenue	6,948,552	(5,142,430)
Prepaid expenses and deposits	(37,246)	(98,383)
	<b>5,127,013</b>	<b>(5,612,571)</b>
	<b>8,486,432</b>	<b>2,083,651</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(1,349,370)	(5,866,083)
Proceeds on disposal of tangible capital assets	22,213	-
Advances from related parties	41,956	623
Investment in First Nation partnerships	(12,946)	(1,224)
Acquisition of portfolio investments, net	(3,998,622)	3,337,409
Change in restricted cash	136,834	(1,689,470)
	<b>(5,159,935)</b>	<b>(4,218,745)</b>
<b>FINANCING ACTIVITIES</b>		
Receipt of loan payable	-	270,751
Repayment of loan payable	(156,008)	(153,082)
Distribution of capital	(57,430)	-
	<b>(213,438)</b>	<b>117,669</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	<b>3,113,059</b>	<b>(2,017,425)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>6,362,059</b>	<b>8,379,484</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 9,475,118</b>	<b>\$ 6,362,059</b>

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**SUMAS FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

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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. 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) and 1099212 B.C. Ltd. (50% 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, 2023 (Note 7). The income or loss from this investment as at December 31, 2023 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, 2023 (Note 16). The Settlement Trust is consolidated into these financial statements as at December 31, 2023, 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, 2023 (Note 17). The Minors' Trust is consolidated into these financial statements as at December 31, 2023. There has been no adjustment in the Minors' Trust's transactions.

All inter-entity balances have been eliminated on consolidation.

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**SUMAS FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

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2. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(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.

(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 (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 \$11,165 (2023 - \$8,985) in tobacco products and \$2,585 (2023 - \$2,585) in fuel.

(h) Lands held for development

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

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**SUMAS FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

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2. 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, 2024 and 2023, no impairment loss has been recognized.

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**SUMAS FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

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2. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(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.

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 revenues 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 Economic Activities, Governance and Natural Resources, Administration and General Government, Public Works and Village Maintenance, Lands Management, Housing, Economic Development, Federal Government Contracts, Emergency Management, Healing Department and Other. 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.

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**SUMAS FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

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2. 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 revenues and expenses reported in the statement of operations. The statement of operations reports the extent to which revenues 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.

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**SUMAS FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

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2. 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, 2024. 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, 2024 and 2023.

(r) Changes in accounting policies

Effective April 1, 2022, the First Nation adopted the recommendations relating to the following accounting policies, as set out in the CPA Canada Public Sector Accounting Handbook:

1. PS 3450 Financial Instruments
2. PS 3280 Asset Retirement Obligations

Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated. The adoption of PS 3450 and PS 3280 did not have a material impact on the financial statements.



**SUMAS FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

3. RESTRICTED ASSETS

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

	2024	2023
Non-restricted cash		
Operating Fund	\$ 9,470,380	\$ 6,139,828
Social Housing Fund	4,738	222,231
	<b>9,475,118</b>	<b>6,362,059</b>
Restricted cash		
Minors' Trust	428,195	467,079
Social Housing Fund	15,619	210,198
Settlement Trust	2,482,561	2,385,932
	<b>2,926,375</b>	<b>3,063,209</b>
Total cash	<b>12,401,493</b>	<b>9,425,268</b>
Portfolio investments (Note 4)	<b>18,873,224</b>	<b>14,458,772</b>
Less restricted for:		
Settlement Trust	(16,543,725)	(15,384,119)
Minors' Trust	(428,195)	(467,079)
Deferred revenue (Note 9)	(13,236,535)	(6,287,983)
Replacement reserve fund (Note 14)	(15,619)	(34,482)
Total funds available for operations	<b>\$ 1,050,643</b>	<b>\$ 1,710,377</b>

Certain balances have been internally restricted by the Chief and Council of the First Nation including operations reserve \$1,836,373 (2023 - \$1,791,719) and capital reserve \$813,370 (2023 - \$72,230).

4. PORTFOLIO INVESTMENTS

	2024	2023
Investments recorded at fair value:		
Equity	\$ 8,958,337	\$ 7,803,101
Investment trusts	260,356	254,890
Mutual funds	877,015	866,359
Investments recorded at amortized cost:		
Fixed income	7,076,661	5,234,421
Guaranteed Investment Certificates (GICs)	1,700,855	300,001
	<b>\$ 18,873,224</b>	<b>\$ 14,458,772</b>

**SUMAS FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

5. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2024	2023
Due from band members:		
Tenant rent receivable	\$ 187,058	\$ 439,794
Due from members	633,751	426,478
	<b>820,809</b>	866,272
Less allowance for doubtful accounts	<b>(603,268)</b>	(593,409)
	<b>217,541</b>	272,863
Due from others:		
Other federal government departments	3,098,704	1,541,391
Other funders	118,127	336,895
Canada Mortgage and Housing Corporation	11,736	244,085
Developers & economic rents	135,221	118,810
Trans Mountain Pipeline, LP	15,649	45,054
Sto:lo Service Agency Society	55,398	40,086
Lower Fraser Fisheries Alliance Society	-	128,618
Sumas Clay Products Ltd.	25,978	25,978
GST receivable	28,068	37,949
Property taxes	343,632	268,826
First Nations Education Steering Committee	42,547	72,221
Lower Fraser Enterprises Limited Partnership	35,048	-
Sema:th Xo:tsa Developments Ltd.	118,116	113,616
Stho'qi Aquaculture Limited Partnership	16,538	16,538
Sema:th Management Services Limited Partnership	-	3,000
Sema:th Xo:tsa Developments Limited Partnership	7,200	-
	<b>4,051,962</b>	2,993,067
Less allowance for doubtful accounts	<b>(321,779)</b>	(183,348)
	<b>3,730,183</b>	2,809,719
	<b>\$ 3,947,724</b>	\$ 3,082,582

6. ADVANCES TO RELATED PARTIES

	2024	2023
Sema:th Xo:tsa Developments Ltd. (SXDL)	\$ 2,144,010	\$ 2,144,010
Sema:th Management Services Limited Partnership (SMSLP)	4,044	-
Sth'oqi Aquaculture Limited Partnership (SALP)	-	46,000
	<b>\$ 2,148,054</b>	\$ 2,190,010

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.

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**SUMAS FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

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7. 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% (2023 - 82.99%) of the units of SALP, 99% (2023 - 99%) of the units of Wochmel Security Limited Partnership ("WSLP"), 51% (2023 - 51%) of the units in Kilgard Business Park Limited Partnership ("KBPLP"), and 99% (2023 - 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:

	<b>2024</b>	<b>2023</b>
Balance, beginning of year	\$ 133,534	\$ 170,919
Proportionate share of income or loss	461,490	(38,559)
Advances to Sema:th Xo:tsa Developments Limited Partnership	12,946	1,174
	<b>\$ 607,970</b>	<b>\$ 133,534</b>

Condensed summary fiscal information for each of the partnerships at December 31, 2023 and 2022 is noted below.

**SUMAS FIRST NATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2024**

7. INVESTMENT IN GOVERNMENT BUSINESS PARTNERSHIPS (continued)

	SXDLP	SALP	KBPLP	WSLP	SMSLP	2024	2023
Current assets	397,927	303,073	416,485	-	367,372	<b>1,484,857</b>	1,450,405
Lease receivable	190,581	-	-	-	-	<b>190,581</b>	250,748
Related party loans	1,367,109	-	-	-	579,329	<b>1,946,438</b>	1,324,254
Capital assets	2,215,584	1,365,103	12,553,863	-	-	<b>16,134,550</b>	16,765,395
Intangible asset	783,158	-	-	-	-	<b>783,158</b>	783,158
Investment in Partnerships	5,284,188	-	-	-	-	<b>5,284,188</b>	5,045,644
Prepaid land lease	-	-	4,592,134	-	-	<b>4,592,134</b>	4,592,134
Due from partners	-	-	501,606	-	-	<b>501,606</b>	501,606
<b>Total assets</b>	<b>10,238,547</b>	<b>1,668,176</b>	<b>18,064,088</b>	<b>-</b>	<b>946,701</b>	<b>30,917,512</b>	<b>30,713,344</b>
Current liabilities	2,363,527	1,764,507	10,029,704	-	25,255	<b>14,182,993</b>	13,508,900
Lease payable	-	190,581	-	-	-	<b>190,581</b>	250,749
Deferred capital contributions	-	519,282	-	-	-	<b>519,282</b>	475,441
Investment in Sth'oqi Aquaculture Limited Partnership	895,549	-	-	-	-	<b>895,549</b>	558,697
Related party loans	8,211,801	-	-	-	-	<b>8,211,801</b>	9,210,659
Equity (deficiency)	(1,232,330)	(806,194)	8,034,384	-	921,446	<b>6,917,306</b>	6,708,898
<b>Total Liabilities and Equity</b>	<b>10,238,547</b>	<b>1,668,176</b>	<b>18,064,088</b>	<b>-</b>	<b>946,701</b>	<b>30,917,512</b>	<b>30,713,344</b>
Revenues	399,380	1,025,572	1,202,504	-	661,382	<b>3,288,838</b>	3,253,839
Cost of sales	-	(918,620)	-	-	-	<b>(918,620)</b>	(970,883)
Expenses	(932,265)	(563,955)	(1,552,539)	(1,964)	(147,469)	<b>(3,198,192)</b>	(2,500,258)
Other income	994,421	51,123	-	-	-	<b>1,045,544</b>	522,269
<b>Net income (loss) for the year</b>	<b>461,536</b>	<b>(405,880)</b>	<b>(350,035)</b>	<b>(1,964)</b>	<b>513,913</b>	<b>217,570</b>	<b>304,967</b>

In 2020, the First Nation entered into a head lease with SXDLP in the amount of \$3,907,500. Under this agreement, the First Nation has agreed to lease its land to SXDLP to enable the property to be developed. This transaction was considered a capital contribution from the First Nation to SXDLP in exchange for 3,907,500 partnership units. The head lease has been recorded at the exchange value in SXDLP, however, as the First Nation is still the beneficial owner of the land, no disposal or gain has been recorded in the accompanying financial statements.

**SUMAS FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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8. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

	<b>2024</b>		<b>2023</b>
Sumas Clay Products Ltd (100%)	\$ 1	\$	1
SFN Renewable Energy Ltd. (100%)	1		1
Sema:th Xot:sa Development Ltd. (100%)	1		1
	<b>\$ 3</b>	\$	<b>3</b>

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.

Condensed summary of financial information for Sema:th Xot:sa Developments Ltd. at December 31, 2023 and 2022 is noted below.

	<b>2023</b>		<b>2022</b>
Current assets	\$ 118,769	\$	229,621
Advances to related parties	1,554,861		1,534,884
Property, plant and equipment	8,454,983		8,465,118
	<b>\$ 10,128,613</b>	\$	<b>10,229,623</b>
Current liabilities	\$ 95	\$	3,559
Long term debt	7,813,050		7,874,618
Equity loss in Sema:th Xo:tsa Developments Limited Partnership	123		172
Advances from related parties	2,335,689		2,361,532
Deficiency	(20,344)		(10,258)
	<b>\$ 10,128,613</b>	\$	<b>10,229,623</b>
Revenue	\$ 49	\$	(4)
Expenses	(10,135)		(10,139)
Net loss for the year	<b>\$ (10,086)</b>	\$	<b>(10,143)</b>

**SUMAS FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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9. DEFERRED REVENUE

The changes in the deferred revenue balance is as follows:

	2024	2023
Balance - beginning of the year	\$ 6,287,983	\$ 11,430,413
Add: restricted funding received	17,244,789	11,882,712
Less: recognized as revenue during the year	(10,296,237)	(17,025,142)
	<b>\$ 13,236,535</b>	<b>\$ 6,287,983</b>

Deferred revenue by source of funding is as follows:

Indigenous Services Canada	\$ 8,881,136	\$ 5,365,602
Province of British Columbia	2,938,249	38,480
First Nations Health Authority	941,163	554,436
Department of Natural Resources	216,905	51,838
Union of BC Municipalities	125,715	80,000
First Nation Land Management Resource Center	63,113	34,805
Canada Mortgage and Housing Corporation	50,254	153,850
Fraser Health	20,000	-
First Nations Education Steering Committee	-	8,972
	<b>\$ 13,236,535</b>	<b>\$ 6,287,983</b>

10. BANK INDEBTEDNESS

The First Nation has access to a revolving facility provided by Bank of Montreal, to a maximum amount of \$150,000 (2023 - \$150,000) of which \$Nil (2023 - \$Nil) is utilized at year-end. The loan bears interest at prime plus 0.35% (2023 - prime plus 0.35%).

Additionally, the First Nation also has access to a Corporate Mastercard credit card to a maximum of \$50,000 (2023 - \$50,000). As at March 31, 2024, credit of \$18,323 (2023 - \$Nil) 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, 2024 and 2023, the First Nation is in compliance with all of the covenants.

**SUMAS FIRST NATION**  
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11. LOAN PAYABLE

	2024	2023
Bank of Montreal non-revolving demand loan payable with monthly payments of \$10,890, including interest at 5.85% per annum, maturing August 2024; repayable on demand; secured by a general security agreement over the First Nation assets.	<b>\$ 1,116,816</b>	\$ 1,179,817
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.	<b>1,017,662</b>	1,053,216
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.	<b>557,670</b>	573,417
CMHC mortgage payable, repaid during the year	-	7,712
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.	<b>1,165,582</b>	1,199,576
	<b>\$ 3,857,730</b>	\$ 4,013,738

Principal repayment terms are approximately:

2025	\$ 1,206,688
2026	1,033,885
2027	560,482
2028	38,549
2029	1,018,126
	<u>\$ 3,857,730</u>

**SUMAS FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

12. TANGIBLE CAPITAL ASSETS

Cost	2023 Balance	Additions	Disposals	2024 Balance
Land	\$ 13,599	\$ -	\$ -	\$ 13,599
Buildings	18,182,739	854,338	-	19,037,077
Computer equipment	221,046	33,535	-	254,581
Land improvements	1,024,075	-	-	1,024,075
Leasehold improvements	38,475	-	-	38,475
Machinery and equipment	1,204,612	128,465	-	1,333,077
Roads	883,752	-	-	883,752
Social housing	1,179,591	39,522	-	1,219,113
Vehicles	641,148	247,090	30,601	857,637
Water and waste water	9,118,614	46,420	-	9,165,034
	\$ 32,507,651	\$ 1,349,370	\$ 30,601	\$ 33,826,420

Accumulated Amortization	2023 Balance	Amortization	Accumulated Amortization on Disposals	2024 Balance
Land	\$ -	\$ -	\$ -	\$ -
Buildings	5,533,631	495,805	-	6,029,436
Computer equipment	177,547	13,050	-	190,597
Land improvements	621,344	49,760	-	671,104
Leasehold improvements	1,335	3,206	-	4,541
Machinery and equipment	793,033	132,381	-	925,414
Roads	609,382	22,094	-	631,476
Social housing	23,019	33,900	-	56,919
Vehicles	530,825	66,193	16,950	580,068
Water and waste water	2,927,501	149,935	-	3,077,436
	\$ 11,217,617	\$ 966,324	\$ 16,950	\$ 12,166,991

Net Book Value	2024	2023
Land	\$ 13,599	\$ 13,599
Buildings	13,007,641	12,649,108
Computer equipment	63,984	43,499
Land improvements	352,971	402,731
Leasehold improvements	33,934	37,140
Machinery and equipment	407,663	411,579
Roads	252,276	274,370
Social housing	1,162,194	1,156,572
Vehicles	277,569	110,323
Water and waste water	6,087,598	6,191,113
	\$ 21,659,429	\$ 21,290,034



**SUMAS FIRST NATION**  
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13. ACCUMULATED SURPLUS

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

	2024	2023
Surplus		
Unrestricted equity in funds	\$ 3,555,801	\$ 1,711,554
Restricted equity in the Settlement Trust	17,000,555	15,934,903
Restricted equity in the Minors' Trust	428,245	467,129
Surplus associated with tangible capital assets:		
Invested in tangible capital assets (Note 12)	21,659,429	21,290,034
Reserve funds set aside by statutory requirements:		
Replacement reserve fund (Note 14)	15,619	34,482
	<b>\$ 42,659,649</b>	<b>\$ 39,438,102</b>

14. 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:

	2024	2023
Replacement reserve fund:		
Opening balance	\$ 34,482	\$ 20,149
Interest income	1,319	-
Contributions - Pre-97	12,887	7,833
Contributions - Post-96	7,800	6,500
Unused balance in replacement reserve of Pre-97 upon completion of this program	(40,869)	-
Closing balance	<b>\$ 15,619</b>	<b>\$ 34,482</b>

As at March 31, 2024, the Replacement Reserve Fund was fully funded (2023 - fully funded).

15. BUDGET DATA

The budget data presented in these consolidated financial statements is based upon the 2023-2024 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.

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**SUMAS FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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16. 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 \$100,436 (2023 - \$48,847) based on these criteria.

Not included in these financial statements are additional settlement proceeds including interest of \$471,325 (2023 - \$560,276) 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.

17. 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.

\$57,430 (2023 - \$Nil) of distributions were made to the members during the year.

18. LEASE COMMITMENTS

The First Nation has a lease agreement for office space.

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

2025	\$	130,929
2026		133,038
2027		135,148
2028		33,919
		<hr/>
	\$	<u>433,034</u>

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**SUMAS FIRST NATION**  
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19. 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 (2023 - \$4,000,000). As at March 31, 2024, \$3,429,248 (2023 - \$3,552,268) of the facility had been drawn. No additional draws have been made subsequent to year end (2023 - \$Nil).

The First Nation has also guaranteed the loans of certain Limited Partnerships and Corporations which it owns. As at March 31, 2024, the total loans being guaranteed have a current balance totaling \$9,049,812 (2023 - \$9,317,415). 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.

20. ECONOMIC DEPENDENCE

The First Nation receives 56% (2023 - 68%) of its revenue pursuant to funding arrangements with Indigenous Services Canada and the Province of BC.

21. 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, 2024, 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 two (2023 - one) government agencies which accounts for 58% (2023 - 17%) 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, 2024, an allowance of \$925,047 (2023 - \$776,757) has been established. The First Nation receivables are normally from over government bodies which minimizes the concentration of credit risk.

*(continues)*

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**SUMAS FIRST NATION**  
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**FOR THE YEAR ENDED MARCH 31, 2024**

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21. 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, 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.

As at March 31, 2023, a portion of the First Nation's cash and cash equivalents \$320,055 (\$232,300 USD) and portfolio investments \$4,004,788 (\$2,961,309 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 2024, there has been shift in publicly-traded securities held by the First Nation from approximately 62% to 53%. The First Nation reduces its exposure to other price risk by diversifying the investment portfolio.

**SUMAS FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

22. CITY OF ABBOTSFORD FUNDING

The City of Abbotsford provided funding to the First Nation under the Reaching Home Funding Agreement effective July 2022 (the "Program"). The Program is subject to the terms and conditions of the agreement.

Revenue	\$	<b>93,102</b>	\$	104,767
Expenses				
Advertising and promotion		-		(139)
Administration		<b>(5,656)</b>		-
Community expenses and programs		<b>(20,600)</b>		(27,755)
Counselling and workshops		<b>(14,843)</b>		(32,099)
Office and miscellaneous		<b>(10,674)</b>		(1,584)
Supplies		<b>(3,969)</b>		(1,800)
Telephone		<b>(751)</b>		(811)
Travel		<b>(827)</b>		(4,276)
Utilities		<b>(711)</b>		(764)
Wages and benefits		<b>(26,873)</b>		(37,455)
	<b>\$</b>	<b>8,198</b>	<b>\$</b>	<b>(1,916)</b>

23. 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.

24. 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.

25. 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 2. 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:

**SUMAS FIRST NATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2024**

25. 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	2024 Total	2023 Total
<b>REVENUE</b>														
ISC	\$ 558,672	\$ 546,286	\$ 296,821	\$ -	\$ -	\$ 378,706	\$ 408,719	\$ 341,905	\$ 600,764	\$ 17,542	\$ -	\$ 1,034,249	\$ 4,183,664	\$ 8,844,638
Other government sources	1,036,671	-	447,999	-	1,288,693	-	-	1,692	455,140	-	-	1,061,535	4,291,730	6,591,659
First Nation economic activities	196,679	-	55,560	2,276,615	492,094	465,924	81,326	214,191	263,255	461,490	-	681,296	5,188,430	4,408,361
INAC - contracts for service	-	-	-	-	-	-	-	-	-	-	7,365,188	-	7,365,188	7,585,539
	1,792,022	546,286	800,380	2,276,615	1,780,787	844,630	490,045	557,788	1,319,159	479,032	7,365,188	2,777,080	21,029,012	27,430,197
<b>EXPENSES</b>														
Operating expenses	800,318	49,847	967,239	726,944	1,349,712	881,391	248,763	209,785	1,458,933	56,784	6,788,881	\$ 1,834,706	15,373,303	22,427,560
Wages & benefits	776,629	56,510	262,725	63,350	581,396	950,283	213,492	234,754	156,662	-	-	89,540	3,385,341	3,212,328
Amortization of tangible capital assets	-	-	-	-	-	966,324	-	-	-	-	-	-	966,324	785,469
Expenses capitalized	(229,935)	-	(40,345)	-	(164,737)	(25,909)	(37,596)	-	(67,012)	-	-	(783,836)	(1,349,370)	(5,866,083)
	1,347,012	106,357	1,189,619	790,294	1,766,371	2,772,089	424,659	444,539	1,548,583	56,784	6,788,881	1,140,410	18,375,598	20,559,274
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ 445,010	\$ 439,929	\$ (389,239)	\$ 1,486,321	\$ 14,416	\$ (1,927,459)	\$ 65,386	\$ 113,249	\$ (229,424)	\$ 422,248	\$ 576,307	\$ 1,636,670	\$ 2,653,414	\$ 6,870,923

**SUMAS FIRST NATION  
CONSOLIDATED EXPENSE BY OBJECT  
FOR THE YEAR ENDED MARCH 31, 2024**

**(Schedule 1)**

	2024	2023
Administration	\$ 69,460	\$ 212,402
Advertising and promotion	24,863	15,717
Amortization of tangible capital assets	966,324	785,469
Automotive	40,998	35,491
Bad debt (recovery)	148,290	(22,719)
Cigarettes	194,437	190,136
Community expenses and programs	1,614,122	1,084,022
Computer	136,278	156,077
Consulting fees	856,674	964,484
Counselling and workshops	14,943	32,099
Donations	1,697	127,500
Dues and memberships	4,877	5,615
Education	53,994	69,150
Honoraria	512,220	452,278
Insurance	86,386	1,834
Interest and bank charges	130,615	123,269
Interest on long-term debt	174,181	180,207
Meetings	68,796	52,137
Office and miscellaneous	269,616	294,038
Professional development	18,420	22,616
Professional fees	242,320	235,477
Repairs and maintenance	2,177,445	6,152,412
Subcontracts	6,788,881	5,947,737
Supplies	167,425	55,502
Telephone	32,770	31,256
Travel	66,017	29,506
Trustee expenses	65,845	71,160
Utilities	51,909	30,463
Wages and benefits	3,385,341	3,212,328
Withholding taxes	10,454	11,611
	<b>\$ 18,375,598</b>	<b>\$ 20,559,274</b>