

Adams Lake Indian Band
Consolidated Financial Statements
For the year ended March 31, 2025

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Adams Lake Indian Band are the responsibility of management and have been approved by the Chief and Band Council.

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

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

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

The Chief and Council review the Band's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditors' report. The Chief and Council takes this information into consideration when approving the consolidated financial statements for issuance to the Members. The Chief and Council also appoint the engagement of the external auditors.

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



Chief



FAC-Chair

Independent Auditor's Report

To the Chief and Council of Adams Lake Indian Band

Opinion

We have audited the accompanying consolidated financial statements of the Adams Lake Indian Band (the "Group"), which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statement of operations, consolidated statement of changes in net financial assets, consolidated statement of re measurement gains and losses and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Adams Lake Indian Band as at March 31, 2025, and its results of operations, its change in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 18 to the consolidated financial statements, which explains that certain comparative 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 these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group's ability to continue as a going concern.
- If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants

Kamloops, British Columbia
December 8, 2025

Adams Lake Indian Band
Exhibit A - Consolidated Statement of Financial Position

As at March 31	2025	2024
		(Restated Note 9 & 18)
Financial Assets		
Cash (Note 2)	\$ 21,188,689	\$ 14,033,835
Restricted cash (Note 3)	2,363,167	2,324,489
Accounts receivable (Note 4)	9,167,803	5,507,147
Short-term investments (Note 5)	21,903,929	19,773,893
Investments (Note 6)	68,868	68,868
	<u>54,692,456</u>	<u>41,708,232</u>
Liabilities		
Accounts payable (Note 10)	3,750,063	3,370,355
Deferred revenue (Note 11)	20,604,030	11,767,541
Due to related entities	43,016	53,488
Long term debt (Note 12)	5,247,270	4,609,801
Silviculture liability (Note 17)	2,695,752	2,362,312
Asset retirement obligation (Note 9)	252,917	241,564
	<u>32,593,048</u>	<u>22,405,061</u>
Net Financial Assets	<u>22,099,408</u>	<u>19,303,171</u>
Non-financial Assets		
Tangible capital assets (Note 7)	41,693,651	38,615,198
Inventory	1,989,938	1,989,938
Prepaid expenses	138,410	47,742
	<u>43,821,999</u>	<u>40,652,878</u>
Accumulated surplus (Note 13)	<u>\$ 65,921,407</u>	<u>\$ 59,956,049</u>
Accumulated surplus is comprised of:		
Accumulated operating surplus	62,565,000	57,120,916
Accumulated remeasurement gains	3,356,407	2,835,133
	<u>\$ 65,921,407</u>	<u>\$ 59,956,049</u>

Approved on behalf of the Band Council:




Chief

Councilor

Adams Lake Indian Band

Exhibit B - Consolidated Statement of Change in Net Financial Assets

For the year ended March 31	2025	2024
		(Restated Note 9 &18)
Annual surplus	\$ 5,965,358	\$ 8,143,920
Acquisition of tangible capital assets	(5,164,637)	(7,122,233)
Amortization of tangible capital assets	1,897,572	1,474,164
Net book value of assets consolidated - ALDC	(14,411)	(15,401)
Completion of social housing phase	-	(1,512,428)
Disposal of capital assets	363,629	141,889
Change in prepaid expenses	(90,667)	245,400
Changes on account of ALDC consolidation	(160,607)	
Change in Inventory	-	(1,989,938)
Net change in net financial assets	2,796,237	(634,627)
Net financial assets, beginning of year	19,303,171	19,937,798
Net financial assets, end of year	\$ 22,099,408	\$ 19,303,171

Adams Lake Indian Band

Exhibit C - Consolidated Statement of Operations

For the year ended March 31	Budget	2025	2024 (Restated Note 9 & 18)
Revenue			
Indigenous Services Canada	\$ 12,082,217	\$ 7,458,172	\$ 9,581,273
BC First Nations Gaming	-	458,552	572,219
BC Hydro	-	-	6,000
Canadian Mortgage and Housing Corporation	167,085	144,641	419,330
Contract revenue	1,624,348	1,444,708	2,402,936
Donations and sponsorships	-	-	10
First Nations Health Authority	2,435,789	1,483,191	1,500,886
First Nations Education Steering Commission	407,282	802,915	864,714
First Peoples' Cultural Council	294,511	235,129	433,082
Forest Consultation and Revenue Sharing Agreements	650,000	3,650,529	3,404,942
Insurance proceeds	299,640	-	299,640
Interest income	391,924	1,453,431	951,495
Lease revenue	2,756,000	3,127,861	2,925,555
Logging revenue	2,205,386	3,426,483	1,581,686
New Relationship Trust	260,000	3,000	260,000
Other income	1,860,137	3,595,808	2,954,478
Project revenue	1,830,166	2,823,386	1,680,830
Property tax and utilities revenue	1,047,000	1,117,281	1,066,335
Province of BC	2,317,876	954,538	3,062,277
Rental revenue	383,816	658,751	765,502
Secwepemc Child and Family Services	1,743,501	1,240,054	335,869
Settlement Proceeds	500,000	1,860,245	506,389
Thompson Nicola Regional District	-	-	73,723
Unrealized market gain (loss)	500,000	521,274	1,100,998
	33,756,678	36,459,949	36,750,169
Expenses (Note 15)			
Band revenue	5,758,333	7,025,675	6,354,470
Administration	3,051,035	3,435,348	3,649,317
Maintenance services	2,668,409	2,546,416	2,473,782
Community services	4,691,821	3,575,459	4,094,603
Capital	1,618,825	449,575	1,026,173
Education	4,669,319	4,962,644	4,675,684
Health services	2,171,404	2,057,146	1,845,170
Natural resources	2,690,653	5,836,858	4,071,586
Social housing	566,440	485,584	376,945
Adams Lake Development Corp.	-	119,886	38,519
	27,886,239	30,494,591	28,606,249
Surplus for the year	5,870,439	5,965,358	8,143,920
Transfer of completed social housing phase	-	-	(1,512,428)
Accumulated surplus, beginning of year	59,956,049	59,956,049	53,324,557
Accumulated surplus, end of year	\$ 65,826,488	\$ 65,921,407	\$ 59,956,049

Adams Lake Indian Band

Exhibit D - Consolidated Statement of Remeasurement Gains and Losses

	2025	2024
Accumulated remeasurement gains (losses) at beginning of year	\$ 2,835,133	\$ 1,788,284
Adoption of PSAS 3450 Financial instruments	<u>-</u>	<u>-</u>
Unrealised gains (losses) attributable to: Portfolio investments	521,274	1,100,998
Amounts reclassified to the statement of operations: Portfolio investments	<u>-</u>	<u>(54,149)</u>
Net remeasurement gains (losses) for the year	<u>521,274</u>	<u>1,046,849</u>
Accumulated remeasurement gains and (losses) at end of year	<u>\$ 3,356,407</u>	<u>\$ 2,835,133</u>

Adams Lake Indian Band

Exhibit E - Consolidated Statement of Cash Flows

For the year ended March 31	2025	2024
		(Restated Note 9 & 18)
Operating activities		
Cash received from funding agreements and contracts	\$ 39,661,077	\$ 36,108,775
Cash paid to suppliers and employees	(27,494,832)	(26,872,616)
Interest earned	1,974,705	2,052,493
Cash flows from operating activities	14,140,950	11,288,652
Financing activities		
Repayment of long term debt	(199,453)	(165,884)
Proceeds from issuance of debt	864,849	4,012,428
Cash flows used in financing activities	665,396	3,846,544
Capital activities		
Purchase of capital assets	(5,339,649)	(7,087,382)
Phase 5 completion	-	(1,512,428)
Cash flows used in capital activities	(5,339,649)	(8,599,810)
Investing activities		
Purchase of investments	-	1,157,552
Purchase of short-term investments	(2,130,036)	(2,424,494)
Change in reserves	(143,129)	(120,652)
Cash flows used in investing activities	(2,273,165)	(1,387,594)
Increase in cash and cash equivalents	7,193,532	5,147,792
Cash and cash equivalents, beginning of year	16,358,324	11,210,532
Cash and cash equivalents, end of year	\$ 23,551,856	\$ 16,358,324
Represented by:		
Cash	\$ 21,188,689	\$ 14,033,835
Restricted cash	2,363,167	2,324,489
Cash and cash equivalents, end of year	\$ 23,551,856	\$ 16,358,324

Adams Lake Indian Band Summary of Significant Accounting Policies

March 31, 2025

Basis of Presentation

These consolidated financial statements have been prepared in accordance with Canadian Public sector accounting standards for government entities, as issued by the Canadian Public Sector Accounting Board.

**Reporting Entity and
Principles of Financial
Reporting**

The Adams Lake Indian Band reporting entity includes the Adams Lake Indian Band government and all related entities which are accountable to the Adams Lake Indian Band and are either owned or controlled by the Adams Lake Indian Band.

These consolidated financial statements consolidate the assets, liabilities and results of operations for the following incorporated entities:

Adams Lake Indian Band Social Housing Fund - Pre-1997 Program
Adams Lake Indian Band Social Housing Fund - Post-1996 Program
Adams Lake Development Corporation

Inter-entity balances have been eliminated on consolidation.

Revenue Recognition

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the summary balance sheet.

Rental revenue is recognized when a tenant commences occupancy and rent is due. The Adams Lake Indian Band retains all benefits and risks of ownership of its property and, therefore, accounts for leases with its tenants as operating leases.

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

Own source revenues derived from such sources as housing rents, resource based revenues, interest income, and leases etc are reported when received or receivable and collection is reasonably assured.

Home sales revenue is recognized when title passes to the purchaser. Deferred sublease revenue is recognized in accordance with the terms of the sublease.

Timber processing revenue is recognized on a completed-project basis.

Adams Lake Indian Band Summary of Significant Accounting Policies

March 31, 2025

Asset Retirement Obligation

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; 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 liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

Deferred Revenue

Government contributions are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that the stipulations give rise to an obligation that meets the definition of a liability. They are recognized as deferred revenue when stipulations give rise to a liability.

Tangible Capital Assets

Tangible capital assets are stated at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital assets including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the contribution, with a corresponding amount recorded in revenue.

Tangible capital assets acquired as part of the Social Housing Fund are recorded in that fund.

Assets are amortized over their expected useful lives on the following bases:

Buildings	20 to 70 years
Land Improvements	50 to 80 years
Automotive	10 years
Computer equipment	5 years
Equipment	5 years

Social Housing Fund assets acquired under CMHC subsidized housing programs are amortized at a rate equivalent to the annual principal reduction in the related long-term debt, as required for CMHC reporting purposes.

Cash and Cash Equivalents

Cash equivalents includes instruments that are readily convertible to known amounts of cash and that are subject to an significant risk of change in value.

Ottawa Trust Funds

Adams Lake Indian Band uses the accrual method of accounting for Ottawa Trust Fund revenues earned in the fund.

Leased Assets

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. Capital leases are amortized in a manner consistent with tangible capital asset type, and obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Adams Lake Indian Band

Summary of Significant Accounting Policies

March 31, 2025

Use of Estimates	The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make assumptions and estimates that have an effect on the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could be different from those estimates. Significant estimates in these financial statements include valuation of accounts receivable, calculation of deferred revenue, and amortization of tangible capital assets.
Marketable Investments	Marketable investments are recorded at fair market value.
Silviculture Liability	Silviculture liability is charged to earnings on the basis of the volume of timber cut. The estimate is based on various judgments and assumptions. Both the provision and reliability of such estimates are subject to uncertainties and, as additional information becomes known, these estimates are subject to change. Actual silviculture expenditures are recorded as a reduction of silviculture liability in the year they are paid.
Non-financial Assets	Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services or consumed in normal operations. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.
Segmented Disclosure	A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the Band. The Band identifies segments based on specific projects and funding arrangements. Revenue and expenses are allocated to these segments according to methods of identification.
Budget	Budget information for individual programs has been included in the consolidated financial statements when information is available and represents the 2024/2025 operating and capital budgets approved by Chief and Council.

Adams Lake Indian Band Summary of Significant Accounting Policies

March 31, 2025

Financial Instruments

During the year Adams Lake Indian Band adopted PSAS 3450 - Financial Instruments. Recognition, derecognition and measurement policies followed in financial statements for periods prior to the effective date of this Section are not reversed and, therefore, those financial statements are not restated.

Cash and equity instruments quoted in an active market are measured at fair value. Accounts receivable, accounts payable, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealised gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

Adams Lake Indian Band

Notes to Consolidated Financial Statements

March 31, 2025

1. Economic Dependence

The Adams Lake Indian Band receives a major portion of its revenue pursuant to a funding arrangement with Indigenous Services Canada ("ISC").

2. Cash

	2025	2024
Band operations		
Cash	\$ 14,526,523	\$ 9,984,287
Property Tax- lease	2,289,530	2,219,402
Pierre's Point	1,920,610	841,593
Sandy Point	2,119,178	760,470
	20,855,841	13,805,752
Adams Lake Development Corporation	208,398	106,880
Social Housing Operation		
Social Housing Operating - Pre-1997	124,450	121,203
	\$ 21,188,689	\$ 14,033,835

3. Restricted Cash

	2025	2024
Ottawa trust	\$ 702,178	\$ 623,674
Replacement reserve	428,748	418,475
Operating reserve	282,751	276,066
ALDC Deferred Charges	949,490	1,006,274
	\$ 2,363,167	\$ 2,324,489

The Ottawa trust accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. These funds are restricted in their use. The Band is permitted to use its revenue for any purpose that will promote the general progress and welfare of the Band and Band members. The expenses of capital funds requires the consent of Indigenous Services Canada ("ISC") and generally must be for projects of a capital nature. Withdrawals of revenue or capital funds are recorded as revenue in the applicable fund where the monies are expended.

Adams Lake Indian Band

Notes to Consolidated Financial Statements

March 31, 2025

3. Restricted Cash (continued)

The replacement and operating reserve is derived under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"); the account is to be credited annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The operating reserve was underfunded by (\$41,056) (2024 - (\$160,274)). The replacement reserve in Post was overfunded by \$612,902 (2024 - \$576,204) and in Pre was overfunded by \$66,270 (2024 - \$72,614).

4. Accounts Receivable

	<u>2025</u>	<u>2024</u>
Accounts receivable -Trade	\$ 9,126,731	\$ 5,466,903
Social housing - Pre and Post	12,147	12,842
Adams Lake Development Corporation	28,925	27,402
	<u>\$ 9,167,803</u>	<u>\$ 5,507,147</u>

5. Short-term Investments

	<u>2024</u>	<u>Contributions</u>	<u>Realized gain/(loss)</u>	<u>Unrealized gain/(loss)</u>	<u>2025</u>
RBC Balanced Fund - FRO	\$ 1,136,199	\$ -	\$ 37,640	\$ 28,710	\$ 1,202,549
RBC Redeemable GIC *	56,339	-	1,546	-	57,885
MFABC Ultra- Short Bond	62,229	-	-	3,864	66,093
RBC Balanced Fund- Impact	710,124	-	23,525	17,944	751,593
RBC Balanced Fund- Silviculture	994,174	-	32,935	25,121	1,052,230
RBC Dominion Securities	14,005,986	41,189	753,921	336,589	15,137,685
RBC Dominion Securities	2,808,842	574,044	143,962	109,046	3,635,894
	<u>\$ 19,773,893</u>	<u>\$ 615,233</u>	<u>\$ 993,529</u>	<u>\$ 521,274</u>	<u>\$ 21,903,929</u>

Short- term investments are recorded at fair market value.

The Band holds three balanced funds with RBC Royal Mutual Funds Inc. They also hold RBC Dominion securities.

* The RBC redeemable GIC was invested on May 07, 2024, earns interest at 2.750% and matures in a year.

Adams Lake Indian Band

Notes to Consolidated Financial Statements

March 31, 2025

6. Investments

	<u>2025</u>	<u>2024</u>
All Nations Trust Company	\$ 67,748	\$ 67,748
BC First Nations Gaming Revenue Sharing	110	110
ALIB Construction Ltd.	1,000	1,000
Sexqeltkemoc Enterprises Inc.	10	10
	<u>\$ 68,868</u>	<u>\$ 68,868</u>

7. Tangible Capital Assets

	<u>2025</u>		<u>2024</u>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 301,885	\$ -	\$ 301,885	\$ -
Automotive	4,235,665	2,261,379	3,813,600	1,967,093
Buildings	24,305,345	9,497,330	17,872,623	8,838,998
Land Improvements	13,966,556	5,494,942	13,966,556	5,272,941
Equipment	3,326,441	1,876,618	2,277,873	1,366,065
Computer equipment	1,092,430	1,020,648	1,047,541	957,552
Infrastructure under construction	10,919,312	-	13,527,901	-
ALDC	175,018	160,607	175,018	159,617
Social Housing	5,423,169	1,740,646	6,256,574	2,062,107
	<u>63,745,821</u>	<u>22,052,170</u>	<u>59,239,571</u>	<u>20,624,373</u>
Net Book Value	<u>\$ 41,693,651</u>		<u>\$ 38,615,198</u>	

Adams Lake Indian Band
Notes to Consolidated Financial Statements

March 31, 2025

8. Tangible Capital Assets

	2025											
	Land	Infrastructure under construction	Automotive	Buildings	Land improvements	Equipment	Computer equipment	Social Housing	Adams Lake Development Corporation	Total		
Cost, beginning of year	\$ 301,885	\$ 13,527,901	\$ 3,813,600	\$ 17,872,623	\$ 13,966,556	\$ 2,277,873	\$ 1,047,541	\$ 6,256,574	\$ 175,018	\$ 59,239,571		
Additions	-	2,732,332	422,065	1,091,801	-	1,048,568	44,889	-	-	5,339,655		
Disposals	-	-	-	-	-	-	-	(833,405)	-	(833,405)		
Transfers	-	(5,340,921)	-	5,340,921	-	-	-	-	-	-		
Cost, end of year	\$ 301,885	\$ 10,919,312	\$ 4,235,665	\$ 24,305,345	\$ 13,966,556	\$ 3,326,441	\$ 1,092,430	\$ 5,423,169	\$ 175,018	\$ 63,745,821		
Accumulated amortization, beginning of year	\$ -	\$ -	\$ 1,967,093	\$ 8,838,998	\$ 5,272,941	\$ 1,366,065	\$ 957,552	\$ 2,062,107	\$ 159,617	\$ 20,624,373		
Amortization	-	-	294,286	658,332	222,001	510,553	63,096	148,314	990	1,897,572		
Disposals	-	-	-	-	-	-	-	(469,775)	-	(469,775)		
Accumulated amortization, end of year	\$ -	\$ -	\$ 2,261,379	\$ 9,497,330	\$ 5,494,942	\$ 1,876,618	\$ 1,020,648	\$ 1,740,646	\$ 160,607	\$ 22,052,170		
Net carrying amount, end of year	\$ 301,885	\$ 10,919,312	\$ 1,974,286	\$ 14,808,015	\$ 8,471,614	\$ 1,449,823	\$ 71,782	\$ 3,682,523	\$ 14,411	\$ 41,693,651		

Adams Lake Indian Band
Notes to Consolidated Financial Statements

March 31, 2025

8. Tangible Capital Assets (continued)

												2024
											Adams Lake Development Corporation	Total
	Land	Infrastructure under Construction	Automotive	Buildings	Land Improvements	Equipment	Computer Equipment	Social Housing				
Cost, beginning of year	\$ 301,885	\$ 15,564,112	\$ 2,803,294	\$ 13,370,094	\$ 13,715,360	\$ 1,505,232	\$ 1,023,192	\$ 4,298,834	\$ 175,018	\$ 52,757,021		
Additions	-	4,570,459	1,010,306	493,282	251,196	772,641	24,349	-	-	7,122,233		
Disposals			-	-	-	-	-	(639,683)	-	(639,683)		
Transfer	-	(6,606,670)	-	4,009,247	-	-	-	2,597,423	-	-		
Cost, end of year	\$ 301,885	\$ 13,527,901	\$ 3,813,600	\$ 17,872,623	\$ 13,966,556	\$ 2,277,873	\$	\$ 6,256,574	\$ 175,018	\$ 59,239,571		
Accumulated amortization, beginning of year	\$ -	\$ -	\$ 1,685,877	\$ 8,414,356	\$ 5,046,515	\$ 1,053,953	\$ 894,796	\$ 2,394,019	\$ 158,488	\$ 19,648,004		
Amortization	-	-	281,216	424,642	226,426	312,112	62,756	165,883	1,129	1,474,164		
Disposals			-	-	-	-	-	(497,795)	-	(497,795)		
Accumulated amortization, end of year	\$ -	\$ -	\$ 1,967,093	\$ 8,838,998	\$ 5,272,941	\$ 1,366,065	\$ 957,552	\$ 2,062,107	\$ 159,617	\$ 20,624,373		
Net carrying amount, end of year	\$ 301,885	\$ 13,527,901	\$ 1,846,507	\$ 9,033,625	\$ 8,693,615	\$ 911,808	\$ 89,989	\$ 4,194,467	\$ 15,401	\$ 38,615,198		

Adams Lake Indian Band

Notes to Consolidated Financial Statements

March 31, 2025

9. Asset Retirement Obligation

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

	2024 Restated	2024 Originally presented	Restatement
Tangible capital assets - cost	59,064,553	59,029,702	34,851
Accumulated amortization - tangible capital assets	20,464,756	20,443,648	21,108
Amortization of tangible capital assets	1,473,035	1,472,482	553
Asset retirement obligation	241,564	-	241,564
Accumulated surplus	59,980,077	60,207,898	(227,821)
Annual surplus	8,169,077	8,180,474	(11,397)
Accretion expense	10,844	-	10,844

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

a) Asbestos obligation

Adams Lake Indian Band owns and operates several buildings that are known to contain asbestos, which represents a health hazard, and which various regulations require specific considerations upon asset retirement. Following the adoption of PS 3280 – Asset Retirement Obligations, the First Nation recognized an obligation relating to the removal and post removal care of the asbestos in these buildings as estimated at March 31, 2025. The buildings all have an estimated useful life of 80 years from the date of completion of construction, of which various numbers of years remain. Estimated costs of \$306,137 have been discounted to the present value using a discount rate of 4.70% per annum.

b) Water well decommissioning

Adams Lake Indian Band owns water wells which will require decommissioning at the end of their useful lives to comply with British Columbia Regulations. Following the adoption of PS 3280 – Asset Retirement Obligations, Adams Lake Indian Band recognized an obligation relating to the decommissioning of water wells. The wells have estimated useful lives of 50 years, of which various numbers of years remain. Estimated costs of \$120,000 have been discounted to the present value using a discount rate of 4.70% per annum.

Adams Lake Indian Band Notes to Consolidated Financial Statements

March 31, 2025

9. Asset Retirement Obligation (continued)

The related asset retirement costs are being amortized on a straight-line basis over the remaining useful lives of the assets. The related asset retirement costs for the above assets are being amortized on a straight-line basis. The liabilities have been estimated using a net present value technique with a discount rate of 4.7%.

Changes in the asset retirement obligation in the year are as follows:

Asset Retirement Obligation	Asbestos remediation	Well decommissioning	2025
Opening balance	\$ 152,021	\$ 89,543	\$ 241,564
Accretion expense	7,145	4,208	11,353
Closing balance	\$ 159,166	\$ 93,751	\$ 252,917

Asset Retirement Obligation	Asbestos remediation	Well decommissioning	2024
Opening balance	\$ 145,197	\$ 85,523	\$ 230,720
Accretion expense	6,824	4,020	10,844
Closing balance	\$ 152,021	\$ 89,543	\$ 241,564

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

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

10. Accounts Payable

	2025	2024
Accounts payable - Trade	\$ 3,724,222	\$ 3,303,545
Social Housing- Post	14,604	14,393
Social Housing- Pre	-	6,988
Adams Lake Indian Band Development Corporation	11,237	45,429
	\$ 3,750,063	\$ 3,370,355

Adams Lake Indian Band

Notes to Consolidated Financial Statements

March 31, 2025

11. Deferred Revenue

Deferred revenue represents amounts received that relate to a subsequent period. A breakdown of deferred revenue is as follows:

	2024	Recognized Revenue	Funding Received	2025
ISC contributions:				
Asset Management Plan	362,708	(362,708)	27,642	27,642
CFS	654,944	(654,944)	1,125,272	1,125,272
CFSR Estates Capacity	11,178	(11,178)	-	-
Comm Dev Wrap Around Init	492,727	(492,727)	1,071,002	1,071,002
Community Opportunity Readiness Program	32,232	(32,232)	31,982	31,982
Construction	619,476	(619,476)	1,649,339	1,649,339
Elementary/Secondary Education	980,473	(980,473)	1,197,396	1,197,396
FN Representative Service	150,558	(150,558)	141,323	-
HR Mgmt Gov Cap Dev	18,474	(18,474)	-	-
FNCFS - Housing Funding	-	-	298,350	298,350
NFR - Band Support Funding	-	-	387,357	387,357
Roads & Bridges	-	-	2,217,787	2,217,787
NFR - Assisted Living	82,485	(82,485)	178,452	178,452
NFR - Income Assistance	282,946	(282,946)	724,772	724,772
NFR - Reserve Land Management	88,843	(88,843)	140,022	140,022
NFR - Water & Wastewater O&M	678,621	(678,621)	974,709	974,709
NFR - Common Infra & Repairs	-	-	160,424	160,424
Preparedness/Mitigation	3,090	(3,090)	-	-
Economic Development Fund	-	-	22,463	22,463
Water - Over 1.5M	48,289	(48,289)	7,301	7,301
	4,507,044	(4,507,044)	10,355,593	10,355,593
Other Contributions:				
First Nations Education Steering Committee	217,926	(217,926)	184,471	184,471
First Nations Health Authority	885,773	(885,773)	2,152,328	2,152,328
First Peoples Cultural Council	218,636	(218,636)	-	-
Prepaid Leases	2,390,450	(619,531)	1,103,885	2,874,804
Province of BC	1,441,876	(1,441,875)	2,080,610	2,080,611
Shuswap Nation Tribal Council Society	494,285	(494,285)	840,671	840,671
Other	228,942	(204,109)	732,137	756,970
	5,877,888	(4,082,135)	7,094,102	8,889,855
Adams Lake Development Corporation	1,382,609	(24,027)	-	1,358,582
	\$ 11,767,541	\$ (8,613,206)	\$ 17,449,695	\$20,604,030

Adams Lake Indian Band

Notes to Consolidated Financial Statements

March 31, 2025

12. Long Term Debt

Post

	2025	2024
All Nations Trust Company, repayable in monthly installments of \$1,923, including interest at 1.30% per annum, secured by promissory notes of the Ministry and the Band and buildings, due February 2026	\$ 21,022	\$ 43,670
All Nations Trust Company, repayable in monthly installments of \$2,259, including interest at 2.13% per annum, secured by promissory notes of the Ministry and the Band and buildings, due October 2027	64,852	90,121
All Nations Trust Company, repayable in monthly installments of \$2,872, including interest at 0.76% per annum, secured by promissory notes of the Ministry and the Band and buildings, due December 2025	25,762	59,887
All Nations Trust Company, repayable in monthly installments of \$1,488, including interest at 0.76% per annum, secured by promissory notes of the Ministry and the Band and buildings, due December 2025	182,903	199,307
All Nations Trust Company, repayable in monthly installments of \$1,305, including interest at 2.06% per annum, secured by promissory notes of the Ministry and the Band and buildings, due January 2025	200,317	211,582
All Nations Trust Company, repayable in monthly installments of \$7,744, including interest at 3.74% per annum, secured by promissory notes of the Ministry and the Band and buildings, due June 2028	1,445,900	1,484,502
	<u>\$ 1,940,756</u>	<u>\$ 2,089,069</u>

Pre

All Nations Trust Company, repaid during the year in monthly installments of \$2,321, including interest at 1.83% per annum, secured by promissory notes of the Ministry and the Band and buildings	\$ -	\$ 20,732
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Band

Royal Bank of Canada, term loan, repayable interest only	\$ 2,441,665	\$ 2,500,000
Royal Bank of Canada, term loan	864,849	-

Total Long term debt

\$ 5,247,270 \$ 4,609,801

The estimated principal repayments on the above long term debt required over the next five years and thereafter are as follows:

2026	\$ 3,446,464
2027	245,834
2028	65,681
2029	1,333,414
2030 and thereafter	155,877
	<u>\$ 5,247,270</u>

Adams Lake Indian Band

Notes to Consolidated Financial Statements

March 31, 2025

13. Accumulated Surplus

	<u>2025</u>	<u>2024</u>
Unrestricted surplus	\$ 14,910,415	\$ 12,638,843
Equity in tangible capital assets	40,314,182	37,077,045
Equity in Ottawa Trust (Note 3)	702,178	623,674
Internally Restricted Equity	6,575,356	6,575,356
Operating Reserve	323,807	436,341
Replacement Reserve	(260,938)	(230,343)
Accumulated remeasurement gain	3,356,407	2,835,133
	<u>\$ 65,921,407</u>	<u>\$ 59,956,049</u>

The Internally Restricted Equity above represents funds that have been internally designated by the Band for the specific purposes determined by Chief and Council.

14. Comparative Figures

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

Adams Lake Indian Band

Notes to Consolidated Financial Statements

March 31, 2025

15. Expenses by Object

	<u>2025</u>	<u>2024</u>
Advertising and gifts	\$ 9,754	\$ 12,971
Amortization	1,897,572	1,474,165
Automotive	377,855	159,839
Bad debts and write downs	-	175,654
Contract services	4,866,244	4,263,619
Loss on disposal of capital assets	363,630	141,889
Education	1,079,769	1,053,880
Honorarium	403,070	639,605
Insurance	579,785	432,846
Interest and bank charges	348,335	326,929
Leases	374,585	392,176
Licenses, dues and fees	176,055	210,126
Logging	1,339,490	650,133
Materials and supplies	1,349,892	1,885,554
Meetings and ceremonies	341,806	389,354
Office and other	1,286,290	880,798
Professional fees	528,024	527,644
Program expenses	554,191	671,910
Repairs and maintenance	660,758	1,168,032
Reserve contributions	33,170	41,160
Training	312,795	167,909
Travel	662,508	704,721
Utilities	875,522	950,333
Wages and benefits	12,073,491	11,285,002
	<u>\$ 30,494,591</u>	<u>\$ 28,606,249</u>

Adams Lake Indian Band

Notes to Consolidated Financial Statements

March 31, 2025

16. Segment Disclosure

The Adams Lake Indian Band is a diversified First Nations organization that provides a wide range of services to its members. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Band Revenue

The band revenue department is responsible for administering projects the Band is involved in annually and on an ongoing basis relating to the overall objectives of the Band.

Administration

This item relates to the revenues and expenses that relate to the operations of the Band itself and cannot be directly attributed to a specific segment.

Maintenance Services

This service area provides services relating to the development, maintenance and service of the Band's assets, infrastructure and common property.

Community Services

Community services provides assistance to community members unable to provide for themselves and their dependents. The services provided by this department include, but are not limited to, income assistance, child and family services, assisted living and early childhood development.

Capital

This service area provides for the development of new capital projects and infrastructure programs on the reserve.

Education

This service area provides educational services through the operations of an on-reserve school, post secondary education support and the operations of various other educational programs. The goal of this segment is to enhance the educational opportunities of the Band's Members.

Health Services

Health Services is responsible to provide assistance to community members with respect to health and wellness. The services provided by the department include, but are not limited to, aboriginal head start, home & community care, water quality monitoring, communicable disease control and patient travel.

Natural Resources

This service area provides for the development of economic opportunities to the Members, along with the exploration of the development of natural resource revenues.

Social Housing

This service area provides social housing to the Members.

Adams Lake development Corporation

This service represents the Band's economic development activities carried out through the Band-owned corporation, which supports revenue generation and business operations for the benefit of Band members.

Adams Lake Indian Band
Notes to Consolidated Financial Statements

March 31, 2025

16. Segment Disclosure (continued)

2025

	Band Revenue	Administration	Maintenance Services	Community Services	Capital	Education	Health Services	Natural Resources	Social Housing	Adams Lake Development Corporation	Total
Revenue											
ISC	\$ 761,190	\$ 405,714	\$ 628,378	\$ 1,770,696	\$ 1,290,646	\$ 2,598,704	\$ 2,844	\$ -	\$ -	\$ -	\$ 7,458,172
Other	15,810,409	358,187	507,678	1,351,095	494,886	1,612,711	2,065,483	6,230,416	429,813	141,099	29,001,777
Total	16,571,599	763,901	1,136,056	3,121,791	1,785,532	4,211,415	2,068,327	6,230,416	429,813	141,099	36,459,949
Expenses											
Wages & benefits	2,062,702	1,580,837	1,068,191	1,676,244	158,680	2,767,866	1,290,668	1,468,304	-	-	12,073,492
Purchases	3,214,705	1,854,511	1,478,225	1,899,215	290,895	2,194,778	766,478	4,368,554	337,270	118,896	16,523,527
Amortization	1,748,268	-	-	-	-	-	-	-	148,314	990	1,897,572
Total	7,025,675	3,435,348	2,546,416	3,575,459	449,575	4,962,644	2,057,146	5,836,858	485,584	119,886	30,494,591
Surplus (deficit)	\$ 9,545,924	\$ (2,671,447)	\$ (1,410,360)	\$ (453,668)	\$ 1,335,957	\$ (751,229)	\$ 11,181	\$ 393,558	\$ (55,771)	\$ 21,213	\$ 5,965,358

2024

	Band Revenue	Administration	Maintenance Services	Community Services	Capital	Education	Health Services	Natural Resources	Social Housing	Adams Lake Development Corporation	Total
Revenue											
ISC	\$ 1,316,535	\$ 908,235	\$ 489,036	\$ 2,675,243	\$ 2,241,882	\$ 1,938,793	\$ 11,549	\$ -	\$ -	\$ -	\$ 9,581,273
Other	14,604,827	450,086	776,023	2,389,239	287,847	1,887,378	1,743,390	4,457,252	470,474	102,380	27,168,896
Total	15,921,362	1,358,321	1,265,059	5,064,482	2,529,729	3,826,171	1,754,939	4,457,252	470,474	102,380	36,750,169
Expenses											
Wages & benefits	2,022,006	1,667,899	791,316	2,134,071	259,657	2,388,074	886,434	1,135,545	-	-	11,285,002
Purchases	3,025,311	1,981,418	1,682,466	1,960,532	766,516	2,287,610	958,736	2,936,041	211,062	37,390	15,847,082
Amortization	1,307,153	-	-	-	-	-	-	-	165,883	1,129	1,474,165
Total	6,354,470	3,649,317	2,473,782	4,094,603	1,026,173	4,675,684	1,845,170	4,071,586	376,945	38,519	28,606,249
Surplus (deficit)	\$ 9,566,892	\$ (2,290,996)	\$ (1,208,723)	\$ 969,879	\$ 1,503,556	\$ (849,513)	\$ (90,231)	\$ 385,666	\$ 93,529	\$ 63,861	\$ 8,143,920

Adams Lake Indian Band Notes to Consolidated Financial Statements

March 31, 2025

17. Silviculture Liability

A silviculture liability was established to bear the responsibility of funding silviculture expenditures with regards the to Band owned timber licenses. The Band funds the silviculture liability based on a set charge per cubic metre of logs harvested. Balance accrued for March 31, 2025 based on logging performance is \$2,695,752 (2024 - \$2,362,312).

18. Change of status of government business enterprise - Prior Period Adjustment

During the prior year Adams Lake Indian Band Development Corporation ceased to meet the criteria to be accounted for as a government Business Enterprise as it was no longer able to maintain its operations or meet its liabilities from revenues earned outside the Band and does not operate with financial or operational autonomy. Accordingly, effective April 1, 2023, the Corporation has been reclassified as a government organization and has been consolidated on a line-by-line basis within the Band's financial statements in accordance with PSAS. As part of this reclassification, the Band applied a prior period adjustment, allocating the carrying amount of the Band's investment in Adams Lake Indian Band Development Corporation to the underlying assets and liabilities of Corporation upon consolidation. Comparative figures for March 31, 2024 have been restated to reflect this change.

Management's assessment and the resulting reclassification are consistent with new operational and financial information obtained during the current year audit, including confirmation of ALDC's economic dependence on the Band and the restructuring of the Band's economic development activities.

Adams Lake Indian Band Development Corporation

Statement of Financial position

	2025	2024
Assets		
Cash	\$208,398	\$106,880
Accounts receivable	28,925	27,402
Land development costs	1,989,938	1,989,938
Property, plant and equipment	14,411	15,401
Deferred charges	949,490	1,006,274
	<u>3,191,162</u>	<u>3,145,895</u>
Liabilities and Shareholder's Equity		
Accounts payable and accrued liabilities	11,236	45,429
Deferred revenue	1,358,582	1,382,609
Due to related parties	578,718	496,445
	<u>1,948,536</u>	<u>1,924,483</u>
Shareholder's Equity		
Share Capital	\$1	\$1
Retained earnings	1,242,625	1,221,411
Equity	<u>1,242,626</u>	<u>1,224,412</u>
Total Liabilities and Equity	<u>3,191,162</u>	<u>3,145,895</u>

Adams Lake Indian Band
Notes to Consolidated Financial Statements

March 31, 2025

18. Change of status of government business enterprise (continued)

Statement of Operations For the year ended March 31	2025	2024
Revenue	135,304	102,380
Operating expenses	119,886	38,518
Other income	5,795	-
Net income	<u>21,213</u>	<u>63,862</u>