

Tzeachten First Nation
Consolidated Financial Statements
March 31, 2026

Tzeachten First Nation

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For the year ended March 31, 2026

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Management's Responsibility

To the Members of Tzeachten First Nation

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

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Tzeachten First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

July 28, 2026

Originally signed by Lori Falys

Director of
Finance

To the Members of Tzeachten First Nation:

Opinion

We have audited the consolidated financial statements of Tzeachten First Nation and its subsidiaries (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2026, and the consolidated statements of operations and accumulated operating surplus, remeasurement gains and losses, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2026, and the results of its consolidated operations, its consolidated remeasurement gains and losses, changes in its consolidated net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the 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.

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 First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the First Nation as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group 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.

Chilliwack, British Columbia

July 28, 2026

MNP LLP

Chartered Professional Accountants

Tzeachten First Nation
Consolidated Statement of Financial Position
As at March 31, 2026

	2026	2025
Financial assets		
Cash and cash equivalents	16,836,163	11,650,986
Restricted cash (Note 4)	1,263,271	1,256,352
Accounts receivable	1,989,807	1,114,379
Portfolio investments (Note 5)	1,905,049	3,000,310
Investment in Nation business entities (Note 6)	19,420,399	15,456,184
Funds held in trust (Note 7)	1,293	30,334
Long-term loan (Note 8)	5,444,760	-
Total of financial assets	46,860,742	32,508,545
Liabilities		
Accounts payable and accruals	2,188,691	2,794,750
Deferred revenue (Note 9)	12,125,512	10,876,186
Minors Trust Fund	1,358,677	1,256,352
Long-term debt (Note 10)	22,722,416	16,096,143
Total of financial liabilities	38,395,296	31,023,431
Net financial assets	8,465,446	1,485,114
Guarantees (Note 11)		
Non-financial assets		
Tangible capital assets (Schedule 1)	76,193,720	73,194,656
Prepaid expenses	269,754	165,413
Total non-financial assets	76,463,474	73,360,069
Accumulated surplus (Note 12)	84,928,920	74,845,183
Accumulated surplus is comprised of:		
Surplus	84,668,669	74,640,217
Accumulated Remeasurement Gains	260,251	204,966
	84,928,920	74,845,183

Approved on behalf of the Council

Originally signed by Chief Derek Epp

Chief

Originally signed by Loren Muth

Councillor

Originally signed by Hayden Guilderson

Councillor

Tzeachten First Nation

Consolidated Statement of Operations and Accumulated Operating Surplus

For the year ended March 31, 2026

	<i>2026 Budget</i>	<i>2026</i>	<i>2025</i>
Revenue			
Indigenous Services Canada	4,760,628	9,023,842	4,334,113
Tzeachten investment income	1,498,747	4,109,604	1,725,834
Canada Mortgage and Housing Corporation	546,633	50,050	477,318
Property taxation	8,317,522	8,308,822	7,409,738
Home owners grants	-	(1,272,671)	(1,204,256)
Property transfer tax	1,500,000	2,578,221	2,765,243
Development Cost Charge Equivalents	400,000	360,898	519,310
Interest income	305,882	549,423	717,369
Tzeachten Sales Tax	1,740,000	1,655,064	1,262,396
Province of B.C.	161,674	624,468	253,665
Other income	2,046,770	853,693	1,104,028
Miscellaneous	-	354,428	33,000
Rental income	670,410	688,245	516,999
Application and registry fees	439,100	392,598	516,814
New Relationship Trust	260,000	381,000	19,000
Sto:lo Service Agency	64,200	218,416	111,628
First Nations Education Steering Committee	-	10,000	215,002
Lands settlement	85,752	85,752	441,752
FN Land Management Resource Centre Inc	77,511	98,107	102,500
BC Hydro	44,511	69,511	44,512
Donations	12,500	65,005	26,510
Community Contributions	10,000	10,000	651,476
Gain (loss) on disposal of tangible capital assets	-	(42,560)	752
	22,941,840	29,171,916	22,044,703
Expenses			
Governance	4,586,874	5,310,728	3,955,225
Facilities and Programs	5,283,134	3,512,212	2,982,968
Lands Management & Taxation	7,237,414	5,334,468	4,728,678
Public Works and Housing	5,085,817	2,915,348	2,578,631
Capital Fund	275,000	2,070,708	1,579,868
	22,468,239	19,143,464	15,825,370
Surplus	473,601	10,028,452	6,219,333
Accumulated operating surplus, beginning of year	74,640,217	74,640,217	68,420,884
Accumulated operating surplus, end of year	75,113,818	84,668,669	74,640,217

The accompanying notes are an integral part of these consolidated financial statements

Tzeachten First Nation
Consolidated Statement of Remeasurement Gains and Losses
For the year ended March 31, 2026

	2026	2025
Accumulated remeasurement gains (losses), beginning of year	204,966	238,817
Unrealized gains (losses) attributable to:		
Portfolio investments	(95,520)	(184,656)
Amounts reclassified to the statement of operations:		
Portfolio investments	150,805	150,805
Change in remeasurement gains (losses), for the year	55,285	(33,851)
Accumulated remeasurement gains, end of year	260,251	204,966

The accompanying notes are an integral part of these consolidated financial statements

Tzeachten First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2026

	2026 Budget	2026	2025
Annual surplus	473,601	10,028,452	6,219,333
Purchase of tangible capital assets	-	(4,850,077)	(34,593,602)
Amortization of tangible capital assets	-	1,808,455	1,450,375
Non-cash loss (gain) on capital asset	-	42,558	(752)
Proceeds of disposal of tangible capital assets	-	-	11,501
Acquisition of prepaid expenses	-	(269,754)	-
Use of prepaid expenses	-	165,413	201,985
Change in remeasurement gains (losses) for the year	-	55,285	(33,852)
Increase (decrease) in net financial assets	473,601	6,980,332	(26,745,012)
Net financial assets, beginning of year	1,485,114	1,485,114	28,230,126
Net financial assets, end of year	1,958,715	8,465,446	1,485,114

The accompanying notes are an integral part of these consolidated financial statements

Tzeachten First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2026

	2026	2025
Cash provided by (used for) the following activities		
Operating activities		
Surplus	10,028,452	6,219,333
Non-cash items		
Amortization	1,808,455	1,450,375
Equity income from investments	(3,519,183)	(1,327,087)
(Gain) loss on disposal of asset and issuance of CPs	42,558	(752)
Change in remeasurement losses for the year	55,285	(33,850)
	8,415,567	6,308,019
Changes in working capital accounts		
Accounts receivable	(875,428)	(308,175)
Prepaid expenses	(104,341)	201,985
Accounts payable and accruals	(606,060)	(706,207)
Deferred revenue	1,249,327	(201,943)
Minors Trust Fund	102,325	115,932
Trust assets	29,041	(30,332)
	8,210,431	5,379,279
Financing activities		
Advances of long-term debt	7,106,000	6,316,000
Repayment of long-term debt	(479,727)	(364,683)
Advances of long-term loan	(5,444,760)	-
	1,181,513	5,951,317
Capital activities		
Purchase of tangible capital assets	(4,850,077)	(34,593,602)
Proceeds of disposal of tangible capital assets	-	11,501
	(4,850,077)	(34,582,101)
Investing activities		
Increase in portfolio investments	-	(2,729,001)
Decrease in portfolio investments	1,095,261	-
Advances to Nation business entity	(1,225,032)	-
Distributions from Nation business entity	780,000	1,189,306
	650,229	(1,539,695)
Increase (decrease) in cash resources	5,192,096	(24,791,200)
Cash resources, beginning of year	12,907,338	37,698,538
Cash resources, end of year	18,099,434	12,907,338
Cash resources total	16,836,163	11,650,986
Restricted cash	1,263,271	1,256,352
	18,099,434	12,907,338

The accompanying notes are an integral part of these consolidated financial statements

1. Operations

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

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Reporting entity consolidated

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for government business entities. Trusts administered on behalf of third parties by Tzeachten First Nation are excluded from the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Property Taxation

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Government business entities, owned or controlled by the First Nation's Council but not dependent on the First Nation for their continuing operations, are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the government business entity accounting principles are not adjusted to conform to those of the Nation. Thus, the Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Shxw Kwimel Cha Holdings Limited Partnership
- Shxw Kwimel Cha Holdings GP Ltd.
- Shxw Kwimel Cha Management Ltd.
- Ts'elxweyeqw Tribe Limited Partnership
- Ts'elxweyeqw Tribe Management Ltd.
- Seven Generations Environmental Services Ltd.
- Ch-ihl-kway-uhk Tribe Society

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.

Cash and cash equivalents

Cash and cash equivalent include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

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. Non-financial assets include tangible capital assets and prepaid expenses.

2. Significant accounting policies *(Continued from previous page)*

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 is 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.

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 cost less impairment. Portfolio investments with prices quoted in an active market include cash bonds and equities.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records for all tangible capital assets. Contributed tangible assets are recorded at their fair value at the date of contribution.

When conditions indicate that a tangible capital asset no longer contributes to the First Nation's ability to provide goods and services, or that the value of future economic benefits associated with a tangible capital asset is less than its net book value, the First Nation reduces the cost of the asset to reflect the decline in its value. Write-downs of tangible capital assets are not reversed.

Amortization

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	Method	Years
Buildings	straight-line	40 years
Building and leasehold improvements	straight-line	10 years
Computers	straight-line	4 years
Equipment	straight-line	10 years
Land improvements	straight-line	10 years
Roads	straight-line	20 years
Signs	straight-line	10 years
Small and heavy equipment	straight-line	10 years
Vehicles	straight-line	5 years
Water	straight-line	50 years

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the First Nation determines that a long-lived asset no longer has any long-term service potential to the First Nation, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

Revenue recognition

Funding

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the statement of financial position in the year of receipt.

2. Significant accounting policies *(Continued from previous page)*

Revenue recognition *(Continued from previous page)*

Externally restricted revenue

The First Nation recognizes externally restricted inflows as revenue in the period the resources are used for the purpose specified in accordance with an agreement or legislation. Until this time, the First Nation records externally restricted inflows in deferred revenue.

Tax revenue

The First Nation recognizes taxes as assets and revenue when they meet the definition of an asset; are authorized by a legislature, council, or legislative convention; and the taxable event has occurred.

Tax revenue is initially measured at management's best estimate of the amount resulting from the original taxable event in accordance with tax legislation. The related tax receivable is initially recognized at its realizable value at the date of acquisition. At each financial statement date, the First Nation evaluates the tax receivable for collectability and records a valuation allowance to reflect the tax receivable at its net recoverable amount, if necessary.

Own source revenue derived from such sources as housing rents, resource based revenues, management fees, interest income, etc., is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investments

The First Nation uses the modified equity method to account for its investments in various business partnerships and corporations whereby the acquisition cost is increased by the First Nation's proportionate share of earnings. Investment income earned from portfolio investments is recognized in the period the income is earned.

Rental revenue

Rental revenue is recorded in the year it is earned. At the end of each year, management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

Tax receivable

Tax revenue is initially measured at management's best estimate of the amount resulting from the original taxable event in accordance with tax legislation. Tax receivables are evaluated as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the consolidated financial statements of changes in such estimates and assumptions in future years could be significant. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the years in which they become known.

2. Significant accounting policies *(Continued from previous page)*

Segments

The First Nation conducts its operations through a number of reportable segments as described in Note 13. 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 consolidated financial statements.

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, 2026. 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. At March 31, 2026, management has determined that no legal obligations meeting the recognition criteria of a liability under Canadian Public Sector Accounting Standards existed. Accordingly, no asset retirement obligation has been recognized in these consolidated financial statements.

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, unrealized foreign exchange gains (losses) and other comprehensive income arising from investments in government business entities 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 a 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.

2. Significant accounting policies *(Continued from previous page)*

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 has not made such an election during the year.

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. 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.

3. Change in accounting policy

Future change in accounting policy - Financial statement presentation

Effective April 1, 2026, the First Nation adopted Section PS 1202 Financial Statement Presentation, which replaces PS 1201 Financial Statement Presentation. PS 1202 establishes a revised financial statement presentation framework and introduces new terminology and concepts consistent with the Conceptual Framework for Financial Reporting in the Public Sector. Key changes include:

- A restructured Statement of Financial Position that will present assets, followed by liabilities, followed by net assets or net liabilities. The restructured statement also:
 - Distinguishes between both financial and non-financial liabilities
 - Relocates the calculation of the net financial liabilities (formerly known as “net debt”) or net financial assets indicator, to its own statement
 - Adds a third component of net assets or net liabilities: “accumulated other”. Includes an option to show the net financial assets or net financial liabilities indicator below the indicator of financial position, with reference to the statement of net financial assets or net financial liabilities
- A new Statement of Net Financial Assets or Net Financial Liabilities to present the change in the net financial position which replaces the Statement of Change in Net Debt
- Removal of the Statement of Remeasurement Gains and Losses and replacement with a new Statement of Changes in Net Assets or Net Liabilities that includes a reconciliation of each component of net assets or net liabilities and incorporates what is required in superseded Section PS 1201 to be included in the statement of remeasurement of gains and losses
- Presentation of an amended budget only when there is an election or when the majority of the governing body of a government organization has been newly elected or appointed

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2026

4. Restricted cash

Restricted cash consists of Minors Trust Fund in the amount of \$1,263,271 (2025 - \$1,256,352).

5. Portfolio investments

	2026	2025
BC First Nations Gaming Revenue Sharing LP - measured at cost	100	100
BC First Nations Gaming Sharing General Partner Ltd. - measured at cost	10	10
Portfolio investments managed by Connor, Clark & Lunn Private Capital Ltd. - measured at fair value	1,854	200
Long-Term Guaranteed Investment Certificates - measured at cost	1,903,085	3,000,000
	1,905,049	3,000,310

6. Investments in partnerships and government business entities

The First Nation has investments in the following entities:

	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	<i>2026 Total investment</i>
Not for Profit:				
Ch-ihl-kway-uhk Tribe Society	-	-	145,203	145,203
First Nation Government Business Enterprises				
IndigeNATION Strategic Advisors Corporation - 25%	100	-	-	100
Seven Generation Environmental Services Ltd. - 17%	194,968	58,875	(119,667)	134,176
Shxw Kwimel Cha Management Ltd. - 100%	100	324,160	-	324,260
Ts'elxweyeqw Tribe Management Limited - 14%	10	-	-	10
Shxw Kwimel Cha Holdings Limited Partnership - 99%	3,308	11,140,377	3,090,497	14,234,182
Ts'elxweyeqw Tribe Limited Partnership - 14%	5	-	4,582,462	4,582,467
	198,491	11,523,412	7,553,292	19,275,195
	198,491	11,523,412	7,698,495	19,420,398

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2026

6. Investments in partnerships and government business entities *(Continued from previous page)*

			2025
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>
			<i>Total investment</i>
Not for Profit:			
Ch-ihl-kway-uhk Tribe Society	-	-	132,667
			132,667
First Nation Government Business Enterprises			
Ch-ihl-kway-uhk Forest Ltd. - 13%	5,759	-	-
IndigeNATION Strategic Advisors Corporation - 25%	100	-	-
Seven Generation Environmental Services Ltd. - 17%	194,968	58,875	(127,796)
Shxw Kwimel Cha Management Ltd. - 100%	100	159,796	-
Ts'elxweyeqw Tribe Management Ltd. - 14%	10	-	-
Shxw Kwimel Cha Holdings Limited Partnership - 99%	3,308	9,163,321	1,561,737
Ts'elxweyeqw Tribe Limited Partnership - 14%	5	-	4,303,334
	204,250	9,381,992	5,737,275
	204,250	9,381,992	5,869,942
			15,323,517
			15,456,184

Summary financial information for each business partnership, accounted for using the modified equity method, for their respective year-end is as follows:

	<i>Ts'elxweyeqw Tribe Limited Partnership As at December 31, 2025</i>	<i>Shxw Kwimel Cha Holdings Limited Partnership As at December 31, 2025</i>	<i>Name of Seven Generation Environmental Services Ltd. As at March 31, 2026</i>
Assets			
Assets	35,644,436	13,081,634	865,542
Total assets	35,644,436	13,081,634	865,542
Liabilities			
Liabilities	4,249,702	9,918,595	413,742
Total liabilities	4,249,702	9,918,595	413,742
Equity	31,394,734	3,163,039	451,800
Total revenue	3,739,150	2,970,980	722,156
Total expenses	1,783,286	3,550	673,388
Net income	1,955,864	2,967,430	48,768
Comprehensive income	1,955,864	2,967,430	48,768

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2026

6. Investments in partnerships and government business entities *(Continued from previous page)*

Summary financial information for each business enterprise, accounted for using the portfolio investment method, for the respective year-end is as follows:

	<i>Ts'elxweyeqw Tribe Management Ltd. As at December 31, 2025</i>	<i>IndigeNATION Strategic Advisors Corporation As at December 31, 2025</i>	<i>Shxw Kwimel Cha Management Ltd. As at December 31, 2025</i>
Assets			
Assets	443,148	100	181,888
Total assets	443,148	100	181,888
Liabilities			
Liabilities	94,920	-	252,600
Total liabilities	94,920	-	252,600
Equity	348,228	100	(70,712)
Total revenue	858,289	-	7,586
Total expenses	786,509	-	72,841
Net income	71,780	-	(65,255)

7. Funds held in trust

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the First Nation's Council.

	2026	2025
Revenue Trust		
Balance, beginning of year	30,334	-
Interest	23	484
Principal	-	28,571
Provincial grants	1,270	1,279
	31,627	30,334
Less: Transfers to Nation	30,334	-
Balance, end of year	1,293	30,334

8. Long-term loan

The Nation has advanced a long-term loan of \$5,444,760 to CW Integrated Health Limited Partnership. The loan bears interest at 5% per annum and matures on February 26, 2036. Principal and interest are repayable in accordance with the loan agreement. Management has assessed collectability and determined that no impairment provision is required at March 31, 2026.

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2026

9. Deferred revenue

Deferred revenue consists of prepaid land leases, prepaid property taxes, prepaid rent, and deferred program funding.

The following table represents changes in the deferred revenue balance attributable to deferred program funding:

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Contributions recognized</i>	<i>Balance, end of year</i>
Q2C6-001 - FNFCFS Capital	221,013	-	221,013	-
QA1V - FNFCFS On-Reserve O&M Housing	218,705	-	218,705	-
Q3Z4 - Service Agreements and Engagements	48,877	-	48,877	-
Q2C3 - CFS Prevention	408,880	-	408,880	-
Q32J-001 - Finance capacity building	-	12,042	-	12,042
Q32J-002 - Building administration & reporting capacity	-	24,900	-	24,900
QA5B-001 - Renovation	-	516,350	-	516,350
QA5B-002 - Renovation	-	299,147	-	299,147
QA1V-001 - FNCFA On-reserve O&M Housing	-	231,081	-	231,081
Declaration Act Engagement Fund - NRT	-	260,000	-	260,000
First Nations Housing & Infrastructure Council	-	250,000	-	250,000
Affordable Housing Project - Urban, Rural and NIHS	-	1,000,000	-	1,000,000
	897,475	2,593,520	897,475	2,593,520

10. Long-term debt

	2026	2025
First Nations Finance Authority, bearing interest at 5.3%, with monthly payments of \$9,005 plus interest.	5,573,956	5,686,795
First Nations Finance Authority, bearing interest at 2.6%, with monthly payments of \$11,981 plus interest	3,981,377	4,129,438
First Nations Finance Authority, bearing interest at 4.31%, with monthly payments of \$18,045 plus interest	6,061,083	6,279,910
First Nations Finance Authority, bearing interest at 3.99%, with monthly payments of \$11,007 plus interest	7,106,000	-
	22,722,416	16,096,143

Principal repayments on long-term debt in each of the next five years , assuming long-term debt subject to refinancing is renewed, are estimated as follows:

2027	600,471
2028	600,471
2029	600,471
2030	600,471
2031	600,471

First Nation Finance Authority debt is secured by income distributions received from Shxw Kwimel Cha Limited Partnership investment and annual distributions received from BC First Nation Gaming Revenue Sharing LP.

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2026

11. Loan guarantees

Tzeachten First Nation has guaranteed RBC mortgages for members totalling \$185,027 (2025 - \$218,437). At March 31, 2026, no liability has been recorded associated with this guarantee.

12. Accumulated operating surplus

Accumulated operating surplus consists of the following:

	2026	2025
Equity in capital replacement reserve	5,271,317	4,946,895
Equity in Nation Business Entities	19,420,399	15,456,184
Equity in Ottawa Trust Funds	1,293	30,334
Equity in tangible capital assets	53,471,307	57,098,513
Accumulated remeasurement gains	260,251	204,966
Operating surplus (deficit)	6,504,352	(2,891,709)
	84,928,919	74,845,183

13. Segments

Tzeachten First Nation receives revenues and incurs expenses from many different projects and sources. For management and reporting purposes, the revenues, expenses and surpluses or deficits are organized by segments. Schedule 2 discloses the First Nation's revenues and expenses in the following segments:

Governance

Includes general operations, support, and financial management of the First Nation and own source revenue.

Facilities and Programs

Includes revenues and expenditures related to maintenance of community infrastructure as well as revenue and expenses related to education and awareness through prevention programs and after school programs for the members of the First Nation.

Lands Management and Taxation

Includes revenues and expenditures related to conservation and stewardship of the First Nation's land and resources and revenues and expenditures related to property taxation.

Public Works and Housing

Includes rent collection and maintenance related to the mortgaged and non-mortgaged homes owned by the First Nation as well as public works.

Capital

Includes capital replacement reserve, amortization, and maintenance related to the ongoing capital projects by the First Nation.

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2026

14. Financial Instruments

The First Nation as part of its operations carries a number of financial instruments. It is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

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. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the Nation manages exposure through negotiation of long-term debt at fixed rates. The Nation is exposed to interest rate risk primarily relating to the following financial assets and liabilities. The table summarizes the carrying amounts of financial instruments exposed to interest rate risk by the earlier of the contractual maturity dates.

Financial instruments exposed to interest rate risk:

				2026	2025
	<i>Floating rate</i>	<i>Within one year</i>	<i>One to five years</i>	<i>Total</i>	<i>Total</i>
Financial Assets					
Financial assets measured at cost					
Cash and cash equivalents	12,873,168	3,962,993	1,903,085	18,739,246	14,650,986
Restricted cash	-	1,263,271	-	1,263,271	1,256,352
Long-term loan receivable	-	275,502	5,169,258	5,444,760	-
	12,873,168	5,501,766	7,072,343	25,447,277	15,907,338

Financial liabilities

Financial liabilities measured at amortized cost

Debt – current	-	600,471	-	600,471	468,387
Debt – long-term	-	-	22,121,945	22,121,945	15,627,756
	-	600,471	22,121,945	22,722,416	16,096,143

The Nation is not exposed to significant interest rate risk on its accounts receivable, investments in Government business entities, accounts payable and accruals, or prepaids.

Interest rate risk sensitivity analysis

A 1% increase in interest rates relating to cash and cash equivalents, restricted cash, and debt held at variable rates could increase net surplus by approximately \$27,249. The interest rate sensitivity information was prepared based on management's assumptions that interest rates will fluctuate evenly among all financial instruments with variable rates.

14. Financial Instruments *(Continued from previous page)*

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The First Nation enters into transactions to purchase and sell portfolio investments for which the market price fluctuates.

15. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

Tzeachten First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2026

	<i>Land</i>	<i>Buildings</i>	<i>Housing units</i>	<i>Roads, water, and sewer</i>	<i>Vehicles</i>	<i>Small and heavy equipment</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	27,699,888	21,233,010	20,991,706	6,326,918	462,064	190,889	76,904,475
Acquisition of tangible capital assets	-	3,239,145	-	8,926	279,803	119,943	3,647,817
Disposal of tangible capital assets	-	(797,647)	-	-	-	-	(797,647)
Balance, end of year	27,699,888	23,674,508	20,991,706	6,335,844	741,867	310,832	79,754,645
Accumulated amortization							
Balance, beginning of year	-	3,911,667	1,390,816	2,327,847	411,715	77,191	8,119,236
Annual amortization	-	624,548	524,792	201,443	89,145	31,083	1,471,011
Accumulated amortization on disposals	-	(771,162)	-	-	-	-	(771,162)
Balance, end of year	-	3,765,053	1,915,608	2,529,290	500,860	108,274	8,819,085
Net book value of tangible capital assets	27,699,888	19,909,455	19,076,098	3,806,554	241,007	202,558	70,935,560
2025 Net book value of tangible capital assets	27,699,888	18,399,673	18,562,876	3,999,071	50,349	113,698	68,825,555

Tzeachten First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2026

	<i>Subtotal</i>	<i>Land improvements</i>	<i>Furniture and equipment</i>	<i>2026</i>	<i>2025</i>
Cost					
Balance, beginning of year	76,904,475	4,481,842	1,266,164	82,652,481	48,070,821
Acquisition of tangible capital assets	3,647,817	737,842	464,418	4,850,077	34,593,602
Disposal of tangible capital assets	(797,647)	-	(140,738)	(938,385)	(11,942)
Balance, end of year	79,754,645	5,219,684	1,589,844	86,564,173	82,652,481
Accumulated amortization					
Balance, beginning of year	8,119,236	627,990	710,599	9,457,825	8,008,644
Annual amortization	1,471,011	130,492	206,952	1,808,455	1,450,375
Accumulated amortization on disposals	(771,162)	-	(124,665)	(895,827)	(1,194)
Balance, end of year	8,819,085	758,482	792,886	10,370,453	9,457,825
Net book value of tangible capital assets	70,935,560	4,461,202	796,958	76,193,720	73,194,656
2025 Net book value of tangible capital assets	68,825,555	3,853,852	515,249	73,194,656	

Tzeachten First Nation
Schedule 2 - Segmented Information
For the year ended March 31, 2026

	Governance	Facilities and Programs	Lands Management and Taxation	Public Works and Housing	Capital	2026
Revenue						
ISC	\$ 5,702,381	\$ 1,590,520	\$ 669,251	\$ 840,676	\$ 221,013	\$ 9,023,842
Other government	614,821	187,364	375,000	373,896	-	1,551,081
Economic activities and other	6,596,475	1,004,016	10,118,110	657,033	221,358	18,596,992
	12,913,677	2,781,900	11,162,361	1,871,605	442,372	29,171,915
Expenses						
Amortization	-	-	-	-	1,808,455	1,808,455
Operating expenses	2,975,834	1,073,414	1,388,805	2,249,574	250,252	7,937,882
Salaries, wages and benefits	1,135,899	1,365,634	425,566	625,688	-	3,552,786
Program and services delivery expenses	1,198,995	1,073,164	3,520,097	40,085	12,000	5,844,340
	5,310,728	3,512,212	5,334,468	2,915,348	2,070,708	19,143,464
Surplus (deficit) before transfers	7,602,949	(730,312)	5,827,893	(1,043,742)	(1,628,336)	10,028,452
Transfers between programs	(21,845,977)	914,204	(6,938,742)	152,245	27,718,268	-
Annual surplus (deficit)	\$ (14,243,028)	\$ 183,892	\$ (1,110,849)	\$ (891,497)	\$ 26,089,933	\$ 10,028,452

	Governance	Facilities and Programs	Lands Management and Taxation	Public Works and Housing	Capital	2025
Revenue						
ISC	\$ 497,489	\$ 1,759,041	\$ 559,192	\$ 1,518,391	\$ -	\$ 4,334,113
Other government	498,593	143,265	125,000	184,651	-	951,509
Economic activities and other	4,918,556	747,948	10,068,486	903,353	120,738	16,759,081
	5,914,638	2,650,254	10,752,678	2,606,395	120,738	22,044,703
Expenses						
Amortization	-	-	-	-	1,450,375	1,450,375
Operating expenses	1,896,194	1,312,320	1,276,141	2,053,815	117,493	6,655,965
Salaries, wages and benefits	958,558	980,918	347,460	524,816	-	2,811,751
Program and services delivery expenses	1,100,473	689,730	3,105,077	-	12,000	4,907,280
	3,955,225	2,982,968	4,728,678	2,578,631	1,579,868	15,825,370
Surplus (deficit) before transfers	1,959,413	(332,714)	6,024,000	27,764	(1,459,130)	6,219,333
Transfers between programs	(1,901,439)	(3,535,022)	(5,101,465)	186,186	10,351,740	-
Annual surplus (deficit)	\$ 57,975	\$ (3,867,736)	\$ 922,535	\$ 213,951	\$ 8,892,610	\$ 6,219,333