Consolidated Financial Statements of

YUULUʔILʔATHʔ GOVERNMENT

And Independent Auditor's Report thereon

Year ended March 31, 2026

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Yuulu?il?ath? Government (the "Government") are the responsibility of management, and have been prepared in compliance with legislation, and in accordance with the CPA Canada Public Sector Accounting Handbook. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Government's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Executive meet with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Government. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Government's consolidated financial statements.

Charles M [signature]
President

[signature]
Chief Administrative Officer

KPMG LLP
800-730 View Street
Victoria BC V8W 3Y7
Canada
Telephone 250 480 3500
Fax 250 480 3539

INDEPENDENT AUDITOR'S REPORT

To the Council and Members of Yuulu?il?ath? Government

Opinion

We have audited the consolidated financial statements of the Yuulu?il?ath Government (the "Entity"), which comprise:

- the consolidated statement of financial position as at March 31, 2026
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of change in net financial assets for the year then ended
- the consolidated statement of remeasurement gains and losses for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2026, and its consolidated results of operations, its consolidated changes in net financial assets, its consolidated remeasurement gains and losses 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 auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Entity'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 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 the 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 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 Entity'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 Entity’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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group as a basis for forming and opinion on the group 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.

KPMG LLP

Chartered Professional Accountants

Victoria, Canada
September 15, 2026

YUULU?IL?ATH? GOVERNMENT

Consolidated Statement of Financial Position

March 31, 2026, with comparative information for 2025

	2026	2025
Financial assets:		
Cash and cash equivalents	$ 35,741,709	$ 41,420,249
Accounts receivable (note 2)	3,180,537	1,456,121
Restricted cash (note 3)	25,216,553	25,053,770
Portfolio investments (note 4)	63,090,945	58,455,551
Investment in subsidiary (note 5)	5,722,224	5,200,905
Advances to related entity (note 5)	454,145	454,145
	133,406,113	132,040,741
Liabilities:		
Accounts payable and accrued liabilities	4,071,013	3,753,307
Asset retirement obligation (note 6)	713,401	696,681
Deferred revenue	15,412,547	11,736,155
Short-term debt (note 7)	506,384	148,014
Long-term debt (note 8)	6,117,328	6,293,185
	26,820,673	22,627,342
Net financial assets	106,585,440	109,413,399
Non-financial assets:		
Tangible capital assets (note 9)	30,183,835	20,878,752
Prepaid expenses	64,776	138,087
	30,248,611	21,016,839
Contingent liabilities (note 15)		
Subsequent events (notes 8, 11, 16)		
Accumulated surplus (note 10)	$ 136,834,051	$ 130,430,238

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

On behalf of Yuulu?il?ath? Government:

Charles McCarthy President

Chief Administrative Officer

YUULU?IL?ATH? GOVERNMENT

Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2026, with comparative information for 2025

	Budget (note 12)	2026	2025
Federal Government - grants and transfers:			
Indigenous Services Canada	$ 1,193,000	$ 2,582,613	$ 2,162,205
Crown-Indigenous Relations and Northern Affairs Canada	11,651,946	12,735,893	13,553,545
Other grants	742,000	478,900	1,122,356
Other Government Sources:			
Province of BC	1,283,748	858,286	1,850,297
FNHA Funding	1,982,073	1,462,377	1,015,961
Nuu-chah-nulth Tribal Council	543,500	161,233	382,448
CMHC and housing charges	625,000	161,473	308,354
First Nation Education Steering Committee	233,314	443,126	37,103
First Nation:			
Settlement Trust - Investment Income	-	1,273,311	717,670
Implementation fund-Investment Income	700,000	984,945	1,058,076
Gain on portfolio investments	-	781,482	225,055
Rental	514,000	491,190	415,705
Interest and other	965,000	2,696,233	4,922,378
Other funding	1,039,554	120,514	1,262,232
Property taxation	45,000	22,248	23,770
Net income from YFN LP (note 5)	-	521,319	303,616
Total revenue	21,518,135	25,775,143	29,360,771
Expenses:			
Administration	6,671,500	7,882,924	6,562,662
Community Services	7,302,286	8,987,066	7,143,799
Lands and Resources	3,972,748	1,951,066	2,402,448
Housing and Maintenance	2,871,701	1,333,815	1,501,325
Culture, Language and Heritage	995,500	894,315	715,670
Settlement Trust	-	256,465	251,529
Implementation Fund	-	106,868	98,299
Total expenses	21,813,735	21,412,519	18,675,732
Income before the undernoted	(295,600)	4,362,624	10,685,039
Other income:			
Forgiveness of Treaty Loan (note 8)	-	-	918,315
Annual surplus	(295,600)	4,362,624	11,603,354
Accumulated surplus, beginning of year	130,430,238	130,430,238	115,864,728
Remeasurement gains on portfolio investments	-	2,041,189	2,962,156
Accumulated surplus, end of year	$ 130,134,638	$ 136,834,051	$ 130,430,238

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

YUULU?IL?ATH? GOVERNMENT

Consolidated Statement of Change in Net Financial Assets

Year ended March 31, 2026, with comparative information for 2025

	Budget (note 12)	2026	2025
Annual surplus	$ (295,600)	$ 4,362,624	$ 11,603,354
Tangible capital assets:			
Acquisition of tangible capital assets	(21,029,095)	(11,527,316)	(2,400,396)
Amortization of tangible capital assets	-	2,168,921	1,761,613
Write-off of tangible capital assets	-	53,312	-
	(21,029,095)	(9,305,083)	(638,783)
Change in prepaids	-	73,311	19,230
Change in net financial assets excluding remeasurement gains	(21,324,695)	(4,869,148)	10,983,801
Remeasurement gains from portfolio investments	-	2,041,189	2,962,156
Change in net financial assets	(21,324,695)	(2,827,959)	13,945,957
Net financial assets, beginning of year	109,413,399	109,413,399	95,467,442
Net financial assets, end of year	$ 88,088,704	$ 106,585,440	$ 109,413,399

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

YUULUʔIL?ATH? GOVERNMENT

Consolidated Statement of Remeasurement Gains and Losses

Year ended March 31, 2026 with comparative information for 2025

	2026	2025
Accumulated remeasurement gains at beginning of year	$ 5,305,878	$ 2,568,777
Unrealized gains attributable to Portfolio investments:		
Implementation Fund	1,408,753	801,934
Settlement Trust	632,436	2,160,222
	2,041,189	2,962,156
Gains realized during the year transferred to income:		
Implementation Fund	(385,354)	(150,667)
Settlement Trust	(396,128)	(74,388)
	(781,482)	(225,055)
Net remeasurement gains for the year	1,259,707	2,737,101
Accumulated remeasurement gains at end of year	$ 6,565,585	$ 5,305,878

YUULU?IL?ATH? GOVERNMENT
Consolidated Statement of Cash Flows

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 4,362,624	$ 11,603,354
Items not involving cash:		
Amortization of tangible capital assets	2,168,921	1,761,613
Write-off of tangible capital assets	53,312	-
Equity loss (income) in subsidiary	(521,319)	(303,616)
Changes in non-cash working capital:		
Accounts receivable	(1,724,416)	1,448,873
Accounts payable and accrued liabilities	317,706	423,166
Asset retirement obligation	16,720	309,675
Deferred revenue	3,676,392	76,355
Prepaid expenses	73,311	19,230
	8,423,251	15,338,650
Capital activities:		
Acquisition of tangible capital assets	(11,527,316)	(2,400,396)
	(11,527,316)	(2,400,396)
Investing activities:		
Advances to (from) related entities	-	(42,000)
Increase in long term investments	(2,594,205)	(1,614,573)
Restricted cash	(162,783)	(1,556,240)
	(2,756,988)	(3,212,813)
Financing activities:		
Increase in short-term debt	358,370	148,014
Repayment of long-term debt (net of proceeds)	(175,857)	(213,617)
	182,513	(65,603)
Change in cash	(5,678,540)	9,659,838
Cash, beginning of year	41,420,249	31,760,411
Cash, end of year	$ 35,741,709	$ 41,420,249

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

1. Significant accounting policies:

The consolidated financial statements of Yuulu?il?ath? Government (the “Government”) are prepared by management in accordance with the CPA Canada Public Sector Accounting Handbook. Significant accounting policies adopted by the Government are as follows:

(a) Cash and cash equivalents:

Cash and cash equivalents are defined as cash on hand, demand deposits, and short-term highly liquid investments with a maturity date of less than 3 months at acquisition that are readily converted to known amounts of cash and which are subject to an insignificant risk of change in value.

(b) Reporting entity and principles of financial reporting:

Investments in incorporated business entities are included in the consolidated financial statements using the modified equity method. YFN Holdings Limited Partnership ("YFN HLP") is 99.99% owned by the Government and YFN HLP owns all of the other subsidiary entities.

All inter-entity balances have been eliminated on consolidation.

(c) Government transfers:

Transfers from other governments, including Federal, Provincial and other governments, relate to social development, child care, housing and health programs. Transfers are recognized in the consolidated financial statements as revenues or expenses in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(d) Non-financial capital assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

1. Significant accounting policies (continued):

(d) Non-financial capital assets (continued):

(i) Tangible capital assets:

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

Asset	Useful life - years
Buildings	3-25
Water and waste water systems	20
Roads	10-20
Machinery and equipment	3-20

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

(ii) Contributions of tangible capital assets:

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

(iii) Impairment:

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Governments's ability to provide goods and services, or when the value of the future economic benefits associated with the asset are less than the book value of the asset.

(e) Contaminated sites:

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

(i) An environmental standard exists;

(ii) Contamination exceeds the environmental standard;

(iii) The Government is directly responsible or accepts responsibility;

(iv) It is expected that future economic benefits will be given up; and

(v) A reasonable estimate of the amount can be made.

1. Significant accounting policies (continued):

(e) Contaminated sites (continued):

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(f) Asset retirement obligation:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

(i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;

(ii) The past transaction or event giving rise to the liability has occurred;

(iii) It is expected that future economic benefits will be given up; and

(iv) A reasonable estimate of the amount can be made.

The Government's asset retirement obligation is primarily related to the removal of asbestos in buildings.

The estimate of the asset retirement obligation includes costs directly attributable to the asset retirement activities and is recorded as a liability and increase to the related tangible capital assets. The amount capitalized in tangible capital assets is amortized using the amortization accounting policy outlined in note 1(d)(i).

The carrying value of the liability is reconsidered at each financial reporting date with changes to the timing or amount of the original estimate of cash flows recorded as an adjustment to the asset retirement obligation liability and tangible capital assets.

(g) Use of estimates:

The preparation of consolidated financial statements 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 revenues and expenses during the period. Estimates include assumptions used in estimating collectability of accounts receivable, the estimated useful lives of tangible capital assets and the estimated liability for contaminated sites and asset retirement obligations. Actual results could differ from these estimates.

1. Significant accounting policies (continued):

(h) Financial instruments are classified into two categories - fair value or cost:

(i) Fair value category: Includes portfolio investments that are quoted in an active market and derivative instruments reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments is recorded as an expense. Unrealized gains and losses on financial assets would be recognized in the Consolidated Statement of Remeasurement Gains and Losses until such time that the financial asset is de-recognized due to disposal or impairment. At the time of de-recognition, the related realized gains and losses are recognized in the Consolidated Statement of Operations and Accumulated Surplus.

(ii) Cost category: Includes investments that are not quoted in an active market. Gains and losses are recognized in the Consolidated Statement of Operations and Accumulated Surplus when the financial asset is derecognized due to disposal or impairment. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments is included in the cost of the related investments.

Investments that are carried at cost or at cost less impairment losses to reflect any declines in value which are other-than-temporary. Dividends from these investments are included in revenue. Discounts/premiums arising on purchase of bonds are amortized over the period to maturity.

(i) Restricted cash:

Restricted cash is held by the Government for specific purposes and may be spent only for their designated purpose.

(j) Revenue:

Revenues from transactions with performance obligations such as sales and services revenue, other revenues, water and sewer fees and charges, are recognized when the Government satisfies the performance obligations.

Revenues from transactions without performance obligations are recognized at realizable value when the Government has the right to claim or retain an inflow of economic resources received or receivable and there is a past transaction or event that gives rise to the economic resources.

2. Accounts receivable:

Accounts receivable consists of the following:

	2026	2025
Due from members:		
Tenant rent receivable	$ 315,087	$ 320,182
Less allowance for doubtful accounts	(299,441)	(299,441)
	15,646	20,741
Due from others:		
GST receivable	1,118,888	313,348
PST receivable	287,571	118,424
Other amounts	2,071,212	1,316,388
	3,477,671	1,748,160
Less allowance for doubtful accounts	(312,780)	(312,780)
	3,164,891	1,435,380
	$ 3,180,537	$ 1,456,121

3. Restricted cash:

Restricted cash is comprised of:

	2026	2025
Restricted - external	$ 3,073,208	$ 2,987,163
Designated - internal	21,271,114	21,174,413
Social Housing Replacement & Operating Reserve	872,231	892,194
Total restricted and designated funds	$ 25,216,553	$ 25,053,770

The externally restricted funds are restricted under the Government's implemention agreement and gaming agreement.

4. Portfolio investments:

	2026	2025
Implementation Fund - marketable securities, at market value	$ 23,813,767	$ 21,141,581
Settlement Trust - marketable securities, at market value	39,277,179	37,313,970
	$ 63,090,946	$ 58,455,551

The book value of the marketable securities held is as follows:

	2026	2025
Implementation fund	$ 20,371,643	$ 19,108,212
Settlement Trust	35,612,453	34,281,679
	$ 55,984,096	$ 53,389,891

5. Investment in subsidiary

The Government owns 99.9% of the units of YFN HLP. YFN Holdings Limited Partnership holds and manage equity interests, investments, and other business assets on behalf of the Government. The Partnership conducts its activities on a commercial basis and operates outside the core government operations, subject to governance and accountability arrangements established by the Government. The Government's Investment in all controlled limited partners was transferred to this limited partnership on January 1, 2012. The YFN HLP's year end is December 31, and it's net earnings (loss) are reported by the Government using the modified equity method.

The Government recorded their share of the equity gain in YFN HLP of $521,319 (2025 - $303,616) based on the December 31 year end.

The Government has also loaned to YFN HLP or its subsidiary entities $454,145 (2025 - $412,145). These loans are without interest or fixed terms of repayment.

5. Investment in subsidiary (continued):

Condensed summary fiscal information for YFN Holdings Partnership at December 31, 2025 and 2024 is noted below.

	2025	2024
Current assets	$ 2,782,660	$ 2,836,592
Capital assets	3,900,402	3,858,814
Long term investments	2,939,271	2,565,752
Related party loans	38,486	38,486
Total assets	$ 9,660,819	$ 9,299,644
Current liabilities	$ 2,204,283	$ 2,357,135
Long term debt	-	7,365
Related party loans	454,996	454,996
Partner's capital	7,001,540	6,480,148
Total liabilities and capital	$ 9,660,819	$ 9,299,644
Revenues	$ 1,762,494	$ 1,545,059
Expenses	1,241,102	1,241,413
Net income from YFN LP	521,392	303,646
Elimination of related party transactions	-	-
Net income from YFN LP	$ 521,392	$ 303,646
Allocation of Comprehensive Income:		
Yuulu?il?ath? Government	$ 521,319	$ 303,616
YFN Holdings	73	30
Net income from YFN LP	$ 521,392	$ 303,646

6. Asset retirement obligation:

	2026	2025
Balance, beginning of year	$ 696,681	$ 387,006
Change in estimate	-	300,000
Accretion expense	16,720	9,675
	$ 713,401	$ 696,681

In 2025, an asset retirement obligation of $300,000 was recognized related to the dock/wharf system at 100 Hitacu. As the dock/wharf is controlled through a license of occupation, the change in estimate was expensed in the 2025.

7. Short-term debt:

Short term debt consists of a $506,384 loan from BC Housing, including interest at a BC Housing variable in-house rate, repayable on demand.

8. Long-term debt:

	2026	2025
Bank of Montreal, term loan, repayable at $31,159 per month including interest at 4.29% secured by a promissory note of the Government and a general security agreement, matures June 30, 2028	$ 3,735,544	$ 3,951,139
Mortgage payable - All Nations Trust Co., repayable at $12,220 per month, including Interest at 3.74% per annum; secured by a guarantee of the Government and the Government of Canada; renews June 1, 2028	912,151	1,022,688
Construction loan - Bank of Montreal, repayable at $3,633 per month, including interest at 2.8%; secured by a general security agreement, matures August 21, 2026	501,944	529,903
Government of Canada settlement loans, without interest, repayable on March 31, 2027	209,797	281,177
Government of Canada settlement loans, without interest, repayable on March 31, 2028	281,177	192,586
Government of Canada settlement loans, without interest, repayable on March 31, 2029	192,586	133,737
Bank of Montreal demand loan, repayable at $2,733 per month, including interest at prime plus .75%; secured by a general security agreement	56,561	69,841
Government of Canada settlement loans, without interest, repayable on March 31, 2030	227,568	76,021
Mortgage payable - All Nations Trust Co repayable at $3,028 per month including interest at 1.3% per annum; secured by the guarantee of the Government and the Government of Canada; renews March 1, 2026	-	36,093
	$ 6,117,328	$ 6,293,185

8. Long-term debt (continued):

Scheduled principal repayments for the next four years are as follows:

2027	$ 1,097,695
2028	627,532
2029	4,164,534
2030	227,568

In addition to the above long-term debt, the Government has a $600,000 (2025 - $600,000) overdraft loan facility which bears interest at prime plus .75%. This facility is not being utilized at March 31, 2026 (2025 - nil).

During the year ended March 31, 2020, the Government of Canada forgave the balance of the Treaty loan that was outstanding and committed to refunding Treaty loan payments previously paid, over the following five years. Refunds of prior loan payments will be treated as revenue when received. The amount included in income for the year ended March 31, 2026 is $nil (2025 - $918,315).

9. Tangible capital assets:

Cost	Balance March 31, 2025	Additions/ transfers	Disposals/Write-off	Balance March 31, 2026
Land	$ 1,405,936	$ 5,591,500	$ -	$ 6,997,436
Buildings	27,054,179	6,311,523	-	33,365,702
Machinery and equipment	3,496,116	729,287	-	4,225,403
Roads	897,552	107,356	-	1,004,908
Water and waste water systems	7,826,968	-	-	7,826,968
Assets under construction	2,571,032	(1,212,350)	(53,312)	1,305,370
Total	$ 43,251,783	$ 11,527,316	$ (53,312)	$ 54,725,787

Accumulated amortization	Balance March 31, 2025	Disposals	Amortization/ transfers	Balance March 31, 2026
Buildings	$ 14,289,762	$ 1,353,126	$ -	$ 15,642,888
Machinery and equipment	2,192,531	440,518	-	2,633,049
Roads	662,577	26,822	-	689,399
Water and waste water systems	5,228,161	348,455	-	5,576,616
Total	$ 22,373,031	$ 2,168,921	$ -	$ 24,541,952

	Net book value March 31, 2025	Net book value March 31, 2026
Land	$ 1,405,936	$ 6,997,436
Buildings	12,764,417	17,722,814
Machinery and equipment	1,303,585	1,592,354
Roads	234,975	315,509
Water and waste water systems	2,598,807	2,250,352
Assets under construction	2,571,032	1,305,370
Total	$ 20,878,752	$ 30,183,835

10. Accumulated surplus:

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

	2026	2025
Surplus:		
Unrestricted equity in funds	$ 65,275,047	$ 72,821,681
Internally restricted	40,335,750	37,707,893
Accumulated remeasurement gains	6,565,585	5,305,878
Surplus associated with tangible capital assets:		
Invested in tangible capital assets	24,074,570	14,040,872
Reserve funds set aside by statutory requirements:		
Replacement reserve fund (note 11)	583,099	553,914
	$136,834,051	$130,430,238

11. Replacement reserve fund:

In accordance with the terms and conditions of the Operating Agreement with Canada Mortgage and Housing Corporation, Yuulu?il?ath Government Non-Profit Housing must set aside funds annually for the non-annual expenditures for the repair, maintenance and replacement of worn out assets.

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

A continuity of the required funds is as follows:

	2026	2025
Replacement reserve fund:		
Opening balance	$ 553,914	$ 570,625
Contributions	38,033	38,450
Interest earned during the year	14,504	24,119
Replacement reserve expenditures	(23,352)	(79,280)
Closing balance	$ 583,099	$ 553,914

11. Replacement reserve fund (continued):

As at March 31, 2026, the Replacement Reserve Fund was under funded by $83,032 (2025 - $23,487).

Subsequent to March 31, 2026, the Government transferred $83,032 (2024 - $23,487) to the Replacement Reserve Fund.

12. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2026 operating and capital budgets. These budgets have been approved by the legislature.

Certain budget classifications have been reclassified and/or excluded to conform with the financial statement presentation. The impact of the exclusion had the following impact on budgeted earnings:

Total revenue per approved budget	$ 57,496,330
Funding from accummulated surplus	(35,978,195)
Total revenue per above budget column (includes other income):	$ 21,518,135

13. Economic dependence:

The Government receives a major portion of its revenue pursuant to a funding arrangement with Indigenous Services Canada (ISC) and Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC).

14. Comparative information:

Certain 2025 comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

15. Contingent liabilities:

(a) The Government is contingently liable to the Federal Government for guaranteed mortgages of certain Government's citizens. At March 31, 2026 the amount of this contingent liability was approximately $20,000 (2025 - $20,000) from estimates provided by ISC.

(b) The Government has guaranteed the loans of certain Limited Partnerships and Corporations which it owns up to a maximum of $3,065,000 (2025 - $3,065,000). As at March 31, 2026 the total loans outstanding have a current balance totaling $1,948,039 (2025 - $2,112,873). The Government has also guaranteed $645,000 (2024 - $645,000) in overdraft and credit card facilities for these Limited Partnerships and Corporations.

(c) The Government has received funding from CMHC to provide major renovations to the homes of certain of its citizens. This funding of $660,000 (2025 - $660,000) becomes repayable in the event that the citizen does not remain in the house for a period of five years.

(d) The Government has guaranteed the loans of individual members under the On-Reserve Housing Loan Program in the amount of $178,031 as at March 31, 2026 (2025 - $184,017).

(e) The Government and its incorporated businesses are subject to legal proceedings and claims which arise in the ordinary course of business. While the outcome is not currently determinable, the Government's management does not expect that the results of these proceedings will have a material adverse effect on the Government's financial condition or results of operations.

16. Financial risks:

The financial instruments of the Government consist of cash and cash equivalents, accounts receivable, restricted cash, portfolio investments, advances to related entities, accounts payable, accrued liabilities and debt. Unless otherwise noted, it is managements opinion that the Government is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair value of the instruments approximates their carrying values, unless otherwise noted.

The Government is exposed to financial risk that arises from the fluctuation in interest rates and in the credit quality of its customers and related-parties.

(a) Credit risk

The Governments credit risk consists principally of cash and cash equivalents and accounts receivable. The Government maintains cash and cash equivalents with reputable and major financial institutions.

(b) Interest rate risk

The Government is exposed to interest rate risk with respect to cash and cash equivalents, and borrowings. There are no derivative financial instruments to mitigate these risks.

(c) Liquidity risk

Liquidity risk is the risk that the Government will not be able to meet its financial obligations as they become due. The Government’s objective is to have sufficient liquidity to meet these liabilities when due. The Government prepares financial plans, monitors its cash balance and cash flows to meet its liquidity requirements. Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

There has been no change to the risk exposure outlined above from 2025.

17. Segmented information:

The Government is a diversified organization that provides a wide range of services to its citizens. For management reporting purposes, the Government's operations and activities are organized and reported by departments. Departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(a) Administration:

The Administration Department, provides overall policy management and strategic direction to departments and staff. Additionally, Administration provides a variety of services including: direct support to the Members of Legislature and Executive, Committees of the Legislature and the Executive. YG's administration has overall responsibility for the Nation's operations, responsible for sound implementation of Executive directions and overseeing departments and a staff of over 60.

(b) Community Services:

The Department of Health and Social Services is responsible for the provision of healthcare, community services, social services, and education.

(c) Lands and Resources:

The Lands and Resources Department is responsible for the management and administration of Yuu?u?i??at?s. lands and waters, including resource stewardship, forestry, Food, Social, and Ceremony fishery, marine stewardship, and training, working with other governments, land transfers, and land planning, development and zoning.

(d) Housing and Maintenance:

The Housing and Maintenance Department is responsible for the overall functioning, maintenance and acquisition/construction of housing.

(e) Culture, Language and Heritage:

The department supports the living culture by working with knowledge keepers and youth/culture learners through the Warriors (young men) and kakawin minh, Women's Warriors programs; marine mapping; working with other agencies such as Parks Canada, BC, and the District of Ucluelet.

17. Segmented information (continued):

(f) Settlement Trust and Implementation Fund:

The Settlement Trust and Implementation Fund Department is responsible for overseeing funds held in an implementation fund and settlement trust, which are managed on behalf of the government by qualified investment firms.

The following table presents the expenses incurred and the revenue generated by each main object of expense and by major revenue type. The segment results for the period are as follows:

Yuułuʔiłʔatḥ Government
Notes to Consolidated Financial Statements

Year ended March 31, 2026

Segmented Information (Continued):

	Administration	Community Services	Lands and Resources	Housing and Maintenance	Culture, Language and Heritage	Settlement Trust and Implementation Fund	2026	2025
Revenues:								
Federal government	5,845,020	5,455,980	2,014,603	2,222,828	258,975	-	15,797,406	16,900,086
Other government sources	473,211	1,643,843	527,313	84,792	357,336	-	3,086,495	3,532,183
First Nation economic activities	22,248		-	491,190	-	-	513,438	439,475
Interest and other	2,429,057	35,726	269,445	62,127	20,392	3,039,738	5,856,485	8,185,411
Net Income (loss) from subsidiary	-	521,319	-	-	-	-	521,319	303,616
	8,769,536	7,656,868	2,811,361	2,860,937	636,703	3,039,738	25,775,143	29,360,771
Expenses:								
Operating expenses	3,687,285	5,493,721	953,408	661,208	388,449	-	11,184,071	10,478,668
Salaries, wages & benefits	2,362,247	3,493,345	997,658	337,078	505,866	-	7,696,194	6,085,623
Interest and investment fees	-	-	-	-	-	363,333	363,333	349,828
Amortization of tangible capital assets	1,833,392	-	-	335,529	-	-	2,168,921	1,761,613
	7,882,924	8,987,066	1,951,066	1,333,815	894,315	363,333	21,412,519	18,675,732
Forgiveness of Treaty Loan	-	-	-	-	-	-	-	918,315
Settlement Funds	-	-	-	-	-	-	-	-
Annual surplus (deficit)	886,612	(1,330,198)	860,295	1,527,122	(257,612)	2,676,405	4,362,624	11,603,354