KLUANE FIRST NATION

((Kluane First Nation CMHC Social Housing))

Financial Statements

Year Ended March 31, 2026

KLUANE FIRST NATION

((Kluane First Nation CMHC Social Housing))

Index to Financial Statements

Year Ended March 31, 2026

Morine Thomas CPA LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of KLUANE FIRST NATION (Kluane First Nation CMHC Social Housing)

Opinion

We have audited the financial statements of KLUANE FIRST NATION (Kluane First Nation CMHC Social Housing) (the Nation), which comprise the statement of financial position as at March 31, 2026, and the statements of operations, changes in accumulated surplus and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepard, in all material respects, in accordance with the financial reporting provisions of Section 95 of the funding agreement between the First Nation and Canada Mortgage and Housing Corporation (CMHC) as disclosed in Note 2 of these financial statements.

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 Financial Statements* section of our report. We are independent of the Nation in accordance with 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.

Emphasis of Matter

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Nation to comply with the financial reporting provisions of the funding agreement with CMHC. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Nation and CMHC and should not be used by parties other than the Nation and CMHC. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation the financial statements in accordance with the financial reporting provisions of Section 95 of the funding agreement bewteen the Nation and CMHC, 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.

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

(continues)

102-5070 Uplands Dr. Nanaimo BC V9T 6N1 T:866-739-0741 | F:250-390-3921

Morine Thomas CPA LLP

Independent Auditor's Report to the Members of KLUANE FIRST NATION *(continued)*

Auditor's Responsibilities for the Audit of the 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 these 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 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 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 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 Nation to cease to continue as a going concern.

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.

Morine + Thomas

Nanaimo, British Columbia
July 2, 2026

CHARTERED PROFESSIONAL ACCOUNTANTS

KLUANE FIRST NATION

((Kluane First Nation CMHC Social Housing))

Statement of Financial Position

March 31, 2026

FINANCIAL ASSETS		
Cash	**$ 132,379**	$ 130,531
Restricted cash *(Note 3)*	**142,383**	142,506
TOTAL FINANCIAL ASSETS	**274,762**	273,037
LIABILITIES		
Accounts payable	**1,361**	1,517
Due to related parties *(Note 6)*	**160,483**	108,458
Long term debt *(Note 5)*	**441,390**	491,989
TOTAL LIABILITIES	**603,234**	601,964
NET FINANCIAL DEBT	**(328,472)**	(328,927)
NON-FINANCIAL ASSETS		
Tangible capital assets *(Note 4)*	**2,438,147**	2,488,746
ACCUMULATED SURPLUS	**$ 2,109,676**	$ 2,159,819

APPROVED BY THE CHIEF AND COUNCIL

_______________ *Chief*

Kathleen Johnson _______________ *Councillor*

See notes to financial statements

KLUANE FIRST NATION

((Kluane First Nation CMHC Social Housing))

Statement of Operations

Year Ended March 31, 2026

	2026	2025
REVENUES		
Rental income - Crown Indigenous Relations Northern Affairs Canada	$ **87,540**	$ 217,375
Canada Mortgage and Housing Corp	**72,432**	71,190
	159,972	288,565
EXPENSES		
Amortization	**50,599**	50,184
Allocation to RRF	**15,000**	15,000
Insurance	**91,494**	73,527
Interest on long term debt	**16,876**	16,342
Office	**(1,413)**	29
Professional fees	**10,000**	18,840
Property taxes	**24,118**	25,312
Repairs and maintenance	**-**	44,543
Contracted services	**8,531**	-
Materials	**-**	5,215
Travel	**-**	430
Furniture and equipment	**1,529**	3,625
Utilities	**8,381**	2,179
	225,115	255,226
ANNUAL SURPLUS (DEFICIT)	$ **(65,143)**	$ 33,339

See notes to financial statements

KLUANE FIRST NATION

((Kluane First Nation CMHC Social Housing))

Statement of Changes in Accumulated Surplus

Year Ended March 31, 2026

	2026	2025
ACCUMULATED SURPLUS - BEGINNING OF YEAR	**$ 2,159,819**	$ 2,354,390
ANNUAL SURPLUS (DEFICIT)	**(65,143)**	33,339
	2,094,676	2,387,729
Operations from replacement reserve	**15,000**	(227,910)
ACCUMULATED SURPLUS - END OF YEAR	**$ 2,109,676**	$ 2,159,819

See notes to financial statements

KLUANE FIRST NATION
((Kluane First Nation CMHC Social Housing))
Statement of Cash Flows
Year Ended March 31, 2026

	2026	2025
OPERATING ACTIVITIES		
Annual surplus (deficit)	$ (65,143)	$ 33,339
Items not affecting cash:		
Amortization of tangible capital assets	50,599	50,184
Allocation from replacement reserve	15,000	(227,910)
	456	(144,387)
Change in non-cash working capital:		
Accounts payable	(157)	448
Cash flow from (used by) operating activities	299	(143,939)
FINANCING ACTIVITIES		
Advances from related parties	52,025	195,975
Repayment of long term debt	(50,599)	(50,184)
Cash flow from financing activities	1,426	145,791
INCREASE IN CASH FLOW	1,725	1,852
Cash - beginning of year	273,037	271,185
CASH - END OF YEAR	$ 274,762	$ 273,037
CASH CONSISTS OF:		
Cash	$ 132,379	$ 130,531
Designated cash	142,383	142,506
	$ 274,762	$ 273,037

See notes to financial statements

KLUANE FIRST NATION
((Kluane First Nation CMHC Social Housing))
Notes to Financial Statements
Year Ended March 31, 2026

1. OPERATIONS

The Kluane First Nation CMHC Social Housing Program's (the "Program") purpose is to administer a housing program for members of the Nation. The Program assists in obtaining and managing the repayment of mortgages. It coordinates the building of homes and maintains funds to provide repairs and maintenance. The First Nation receives a subsidy from the Canada Mortgage and Housing Corporation ("CMHC") and shortfalls are funded by the Nation. To qualify for the subsidy from CMHC, the Nation is required to collect income verification data from occupants and adjust rents accordingly.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements are the representation of management, prepared in accordance with the financial reporting provisions of Section 95 of the funding agreements between Kluane First Nation and CMHC.
These financial statements include only the operations of Kluane First Nation CMHC Social Housing Program projects that are funded by CMHC and are administered by the Nation. They do not include revenue, expenses, assets or liabilities related to other operations of the Nation.

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes receivable 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.

Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized at an annual amount equal to the principal reduction in related debt as per the Nation's agreement with CMHC. A replacement reserve is maintained to provide for future asset replacement.
:

Revenue recognition

CMHC revenue is recognized as it becomes receivable under the terms of the applicable funding agreements.

Rental revenue is recorded in the year it is earned.

Investment income is recognized by the First Nation when investment income is earned.

3. Restricted cash

Under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), the replacement reserve account is to be credited by an amount 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 funds in the account may only be used as approved by CMHC.

Replacement reserve fund		
Opening balance	**$ 153,516**	$ 381,426
Allocation	**15,000**	15,000
Professional Contracts	**-**	(242,910)
Ending balance	**168,516**	153,516
Restricted cash	**142,383**	142,506
Over (under) funded	**$ (26,133)**	$ (11,010)

4. TANGIBLE CAPITAL ASSETS

Cost	2025 Balance	Additions	Disposals	**2026 Balance**
Housing units	$ 3,235,214	$ -	$ -	**$ 3,235,214**

Accumulated Amortization	2025 Balance	Amortization	Accumulated Amortization on Disposals	**2026 Balance**
Housing units	$ 746,468	$ 50,599	$ -	**$ 797,067**

Net book value	**2026**	2025
Housing units	**$ 2,438,147**	$ 2,488,746

5. LONG TERM DEBT

	2026	2025
CMHC 22-286-843-001 loan bearing interest at 3.7% per annum, repayable in monthly blended payments of $2,004. The loan matures on April 1, 2032 and is secured by ministerial guarantee and lots 401,402,404,414,416 Copper Joe Subdivision.	**$ 130,923**	$ 149,787

(continues)

5. LONG TERM DEBT *(continued)*

	2026	2025
CMHC 22-286-843-002 loan bearing interest at 3.64% per annum, repayable in monthly blended payments of $1,590. The loan matures on June 1, 2034 and is secured by ministerial guarantee and lots 406, 410,417,419 Copper Joe Subdivision.	**135,952**	149,849
CMHC 22-286-843-003 loan bearing interest at 3.64% per annum, repayable in monthly blended payments of $1,021. The loan matures on June 1, 2034 and is secured by ministerial guarantee and lots 409,418,420 Copper Joe Subdivision.	**87,257**	96,177
CMHC 22-286-843-004 loan bearing interest at 3.64% per annum, repayable in monthly blended payments of $1,021. The loan matures on June 1, 2034 and is secured by ministerial guarantee and lots 403,415,422 Copper Joe Subdivision.	**87,257**	96,177
Amounts payable within one year	**-**	-
	$ 441,389	$ 491,990

Principal repayment terms are approximately:

2027	$ 52,614
2028	54,541
2029	56,538
2030	58,609
2031	60,755
Thereafter	158,332
	$ 441,389

6. RELATED PARTIES

	2026	2025
Related party transactions		
Due from (to) related party		
Due from / (to) Kluane First Nation	**$ (160,483)**	$ (108,458)
	$ (160,483)	$ (108,458)

Advances from a related Organization are non-interest bearing and have no set repayment terms.