Upper Nicola Band

Consolidated Financial Statements

March 31, 2026

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Management's Responsibility for Financial Reporting

March 31, 2026

The accompanying Consolidated financial statements of Upper Nicola Band are the responsibility of management and have been approved by Council.

The Consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the Consolidated financial statements.

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the Consolidated financial statements and the external auditor's report.

The external auditors, Crowe MacKay LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the Consolidated financial statements. The external auditors have full and free access to financial management of Upper Nicola Band and meet when required.

On behalf of Upper Nicola Band:

Chief	29July2026 Date
Finance and Audit Committee Chair	29July2026 Date
Band Administrator	29July2026 Date

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Independent Auditors' Report

To the Members of
Upper Nicola Band

Qualified Opinion

We have audited the Consolidated financial statements of Upper Nicola Band, which comprise the Consolidated statement of financial position as at March 31, 2026, and the Consolidated statement of remeasurement gains and losses, statements of operations and accumulated surplus, change 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying Consolidated financial statements present fairly, in all material respects, the Consolidated financial position of Upper Nicola Band as at March 31, 2026, and the results of its Consolidated operations, its remeasurement gains and losses, its 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 Qualified Opinion

The Basis of Presentation and Significant Accounting Policies describes the accounting policy with respect to the First Nation’s asset retirement obligations. As discussed in Note 15 to the consolidated financial statements, asset retirement obligations have not been estimated and recorded on the consolidated statement of financial position both as at April 1, 2025 and as at the year-end March 31, 2026. The First Nation’s tangible capital assets represent a significant amount of the assets of the consolidated financial statements as at March 31, 2026 and we were unable to obtain sufficient information regarding the effect of the asset retirement obligations on the consolidated financial statements. Therefore we were unable to determine whether any adjustments might be necessary to expenses, excess of revenue over expenses and cash flows from operating activities for the year ended March 31, 2026, and net financial assets, non-financial assets and accumulated surplus as at April 1, 2025 and March 31, 2026. Our audit opinion on the financial statements for the year ended March 31, 2025 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Upper Nicola Band 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 qualified 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 Upper Nicola Band'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 Upper Nicola Band or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Upper Nicola Band's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the Consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 Upper Nicola Band's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Upper Nicola Band to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated financial statements, including the disclosures, and whether the Consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated financial statements. We are responsible for the direction, supervision and performance of the 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.

Crowe MacKay LLP

Vancouver, Canada
July 28, 2026 **Chartered Professional Accountants**

Upper Nicola Band

Consolidated Statement of Financial Position

March 31	2026	2025 (Restated)
Financial Assets		
Cash and equivalents (Note 3)	**$ 19,937,636**	$ 30,115,656
Accounts receivable (Note 4)	**2,882,079**	3,764,125
Due from related party (Note 6)	**981,463**	42,979
Portfolio investments (Note 5)	**25,895,338**	23,701,928
Long-term investments (Note 7)	**2,066,089**	2,555,132
Trust funds held by Ottawa (Note 8)	**76,516**	71,789
	51,839,121	60,251,609
Liabilities		
Accounts payable and accrued liabilities	**3,003,790**	3,008,386
Deferred revenue (Note 9)	**8,131,539**	19,785,667
Upper Nicola Trust	**113,455**	113,455
Long-term debt (Note 10)	**14,252,029**	14,091,890
	25,500,813	36,999,398
Net financial assets	**26,338,308**	23,252,211
Non-financial Assets		
Capital assets (Note 11)	**49,696,334**	34,723,404
Prepaid expenses	**129,009**	37,714
	49,825,343	34,761,118
Accumulated Surplus	**$ 76,163,651**	$ 58,013,329
Accumulated Surplus consists of		
Accumulated operating surplus (Note 12)	**71,120,616**	53,552,779
Accumulated remeasurement gains, end of year	**5,043,035**	4,460,550
Accumulated Surplus	**76,163,651**	58,013,329

Contingent liabilities (Note 13)

Approved on behalf of the Upper Nicola Band

_______________, **Chief**

_______________, **Finance and Audit Committee Chair**

_______________, **Band Administrator**

Upper Nicola Band

Consolidated Statement of Remeasurement Gains and Losses

For the year ended March 31	2026	2025
Accumulated remeasurement gains, beginning of year	**$ 4,460,550**	$ 3,844,345
Unrealized gains (losses) attributable to:		
Portfolio investments	**1,838,112**	1,508,103
Amounts reclassified to the statement of operations		
Realized (gains) losses on portfolio investments	**(1,255,627)**	(891,898)
Net remeasurement gains	**582,485**	616,205
Accumulated remeasurement gains, end of year	**$ 5,043,035**	$ 4,460,550

Upper Nicola Band

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2026 Budget	2026 Actual	2025 Actual (Restated)
Revenue			
Indigenous Services Canada	**$ 9,093,904**	**$ 8,478,765**	$ 26,665,203
Other income	**15,592,560**	**9,179,430**	10,707,720
ISC - Revenue deferred from prior year	**17,855,998**	**15,747,146**	4,733,550
First Nations Health Authority	**1,984,750**	**2,139,385**	2,232,745
Other Province of BC	**487,755**	**46,578**	687,467
Other - Revenue deferred from prior year	**6,049,562**	**4,038,520**	4,393,792
Forestry	**588,624**	**1,100,853**	2,675,845
Income from portfolio investments	**-**	**1,610,925**	1,202,172
BC Gaming Revenue	**552,000**	**461,984**	498,505
Investment income	**655,884**	**709,264**	759,746
First Nations Education Steering Committee	**295,622**	**306,911**	430,427
Rental income	**496,240**	**381,511**	352,545
CMHC subsidy	**74,746**	**225,837**	301,793
Indigenous Skills & Employment Training Strategy	**67,728**	**12,675**	135,179
Modified equity from government business enterprises	**-**	**(528,751)**	144,343
Other - Revenue deferred to future year	**(70,000)**	**(4,595,839)**	(4,038,520)
ISC - Revenue deferred to future year	**-**	**(3,535,701)**	(15,747,146)
	53,725,373	**35,779,493**	36,135,366
Expenses (Note 17)			
Administration	**2,829,084**	**3,086,890**	2,484,160
Amortization	**-**	**1,666,133**	1,313,166
Community and Social Services	**4,499,911**	**4,772,600**	4,096,930
Economic Development	**105,000**	**30,295**	17,646
Education	**3,766,881**	**3,299,710**	2,897,985
Forestry	**-**	**29,906**	1,148,459
Health	**2,519,524**	**2,216,712**	2,212,865
Housing	**1,726,171**	**1,368,948**	1,533,087
Language and culture	**302,317**	**241,329**	242,035
Other	**753,034**	**442,763**	473,908
Title and rights	**1,831,321**	**961,474**	1,028,240
Property Tax	**47,714**	**25,669**	6,888
Capital Fund	**30,074,438**	**69,227**	68,875
	48,455,395	**18,211,656**	17,524,244
Excess of revenue over expenses	**5,269,978**	**17,567,837**	18,611,122
Accumulated surplus, beginning of year	**-**	**58,013,329**	38,786,002
Net remeasurement gains (losses)	**-**	**582,485**	616,205
Accumulated surplus, end of year	**$ 5,269,978**	**$ 76,163,651**	$ 58,013,329

Upper Nicola Band

Consolidated Statement of Change in Net Financial Assets

For the year ended March 31	**2026**	2025 (Restated)
Excess of revenue over expenses	**$ 17,567,837**	$ 18,611,122
Acquisition of tangible capital assets	**(16,639,063)**	(12,342,142)
Amortization of tangible capital assets	**1,666,133**	1,313,166
	(14,972,930)	(11,028,976)
Use (acquisition) of prepaid asset	**(91,295)**	(20,946)
Effects of remeasurement gains (losses) for the year	**582,485**	616,205
Increase in net financial assets	**3,086,097**	8,177,405
Net financial assets, beginning of year	**23,252,211**	15,074,806
Net financial assets, end of year	**$ 26,338,308**	$ 23,252,211

Upper Nicola Band

Consolidated Statement of Cash Flow

For the year ended March 31, 2026	2026	2025 (Restated)
Cash flows from		
Operating activities		
Excess of revenue over expenses	**$ 17,567,837**	$ 18,611,122
Items not affecting cash		
Amortization	**1,666,133**	1,313,166
Modified equity from government business enterprises	**528,751**	(144,343)
Modified equity from other investments	**(39,708)**	72,773
	19,723,013	19,852,718
Change in non-cash operating working capital		
Accounts receivable	**882,046**	793,823
Prepaid expenses	**(91,295)**	(20,946)
Accounts payable and accrued liabilities	**(4,597)**	(901,077)
Deferred revenue	**(11,654,128)**	10,658,325
	8,855,039	30,382,843
Capital activities		
Purchase of capital assets	**(16,639,062)**	(12,342,143)
Financing activities		
Repayment of long term debt	**(618,744)**	(499,128)
Advances of long term debt	**778,883**	3,312,611
Fund increase in Trust Funds held in Ottawa	**(4,727)**	(4,402)
Advances to related party	**(938,484)**	(751,344)
	(783,072)	2,057,737
Investing activities		
Portfolio investment dispositions	**6,670,592**	7,132,348
Portfolio investment purchases	**(8,281,517)**	(6,584,520)
	(1,610,925)	547,828
Increase (decrease) in cash and cash equivalents	**(10,178,020)**	20,646,265
Cash and cash equivalents, beginning of year	**30,115,656**	9,469,391
Cash and cash equivalents, end of year	**$ 19,937,636**	$ 30,115,656

1. Basis of Presentation and Significant Accounting Policies

These Consolidated financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

The Consolidated financial statements reflect activities of the First Nation and the partnerships and business enterprises which it controls. Controlled organizations are consolidated, except for government business enterprises and partnerships which are accounted for by the modified equity method. Upper Nicola Band Limited Partnership is controlled by the Nation and accounted for by the modified equity method.

(a) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulated liabilities are settled.

Forestry revenues are recognized in the period in which they become receivable in accordance to the First Nation's contractual arrangements.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Income from investments is recorded on the accrual basis.

(b) Investments

The First Nation accounts for its Government Business Enterprise (Upper Nicola Holdings Limited Partnership) and its investments in Stuwix Resources Joint Venture and Stuwix Resources Ltd. using the modified equity method. Under this method, the First Nation’s investment in the business enterprise and its net earnings and other changes in equity are recorded in the Administration segment. No adjustment is made to conform the accounting policies of the government business enterprise to those of the Nation. Inter-organizational transactions and balances have not been eliminated, except for any profit or loss on transactions of assets that remain within the entities.

Other investments are recorded at lower of cost and net realizable value.

1. Basis of Presentation and Significant Accounting Policies (continued)

(c) Financial instruments

Measurement
The First Nation measures all its financial assets and financial liabilities at cost or amortized cost, except for the following, which are measured at fair value without any adjustment for transaction costs: derivatives, portfolio investments in equity instruments that are quoted in an active market and portfolio investments that the First Nation has elected to measure at fair value. The effective interest rate method is used to determine interest revenue or expenses for financial instruments measured at amortized cost.

Financial assets measured at amortized cost include cash and equivalents, accounts receivable, and trust funds held by Ottawa. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, Upper Nicola Trust, and long-term debt.

Financial assets measured at fair value include portfolio investments.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy used has the following levels:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1, that are observable for the asset or liability either directly, such as prices, or indirectly, such as those derived from prices; and
- Level 3 – Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm’s length transaction.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the Consolidated Statement of Remeasurement Gains and Losses. Upon settlement, the cumulative gain or loss is reclassified from the Consolidated Statement of Remeasurement Gains and Losses and recognized in the Consolidated Statement of Operations and Accumulated Surplus. Interest and dividends attributable to financial instruments are reported in the Consolidated Statement of Operations and Accumulated Surplus.

Transaction costs
Transaction costs attributable to financial instruments measured at fair value are recognized in the Consolidated Statement of Operations and Accumulated Surplus in the period incurred. Transaction costs for financial instruments measured at cost or amortized cost are recognized in the original cost of the instrument.

Impairment
At the end of each reporting period, management assesses financial assets or groups of financial assets for evidence of objective impairment. An impairment loss is recognized in the Consolidated Statement of Operations and Accumulated Surplus when there is a loss in value that is other than temporary. Future recoveries of impaired financial assets are recognized in the Consolidated Statement of Operations and Accumulated Surplus when received, except for recoveries of impaired portfolio investments. Future recoveries of impaired portfolio investments are not recognized. In the case of an item in the fair value category, a reversal of any net remeasurement gains recognized in previous reporting periods up to the amount of the write-down is reported in the Consolidated Statement of Remeasurement Gains and Losses.

1. Basis of Presentation and Significant Accounting Policies (continued)

(d) Cash and equivalents

Cash and cash equivalents include cash on hand and balances in bank accounts, net of bank overdrafts.

(e) 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 disclosures 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. Actual results could differ from those estimates.

(f) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and the First Nation's incremental cost of borrowing.

Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Automotive equipment	4 Years
Buildings	20-35 Years
Furniture and Equipment	5 Years
Infrastructure	25 Years
Social Housing	25 Years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets, including recognized interest in reserve lands and natural resources, as well as assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

1. Basis of Presentation and Significant Accounting Policies (continued)

(g) Asset Retirement Obligations

A liability is recognized when, as at the financial reporting date:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related tangible capital asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion expense is included in the Consolidated Statement of Operations and Accumulated Surplus.

2. Accounting Changes

During the year, management reassessed the reporting entity and determined that Upper Nicola Band Housing Society is controlled by Upper Nicola Band and therefore forms part of the Upper Nicola Band reporting entity. Accordingly, Upper Nicola Band Housing Society has been consolidated in these financial statements.

Upper Nicola Band Housing Society was not previously consolidated. The comparative information has been restated to include the assets, liabilities, accumulated surplus, revenues and expenses of Upper Nicola Band Housing Society as though it had been consolidated in the prior year. The effect of the restatement of the comparative information is an increase of revenues by $109,055, expenses by $351,947, and opening surplus by $87,307.

Inter-entity balances and transactions between Upper Nicola Band and Upper Nicola Band Housing Society have been eliminated on consolidation.

3. Cash and equivalents

	2026	2025 (Restated)
Externally restricted		
CMHC replacement reserve	**$ 69,184**	$ 69,173
CMHC operating reserve	**478,586**	469,456
	547,770	538,629
Unrestricted		
General accounts	**19,389,866**	29,577,027
	$ 19,937,636	$ 30,115,656

Under the terms of agreements with Canada Mortgage and Housing Corporation (CMHC), any annual operating surplus may be retained in an operating reserve, to be drawn against in the event of any future deficits. These funds, along with accumulated interest, must be deposited in a separate bank account. Funds may only be invested in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time.

Under the terms of the operating agreements with CMHC, the replacement reserve is to be credited annually with agreed amounts. These funds, along with accumulated interest, must be held in a separate bank account, and invested in accounts or instruments insured by Canada Deposit Insurance Corporation, or otherwise approved by CMHC from time to time. These funds in the account may only be used as approved by CMHC. Withdrawals are credited to interest first and then to principal. At the year-end date, the reserve was underfunded (2025: underfunded) by $45,180 (2025 - $16,235).

4. Accounts receivable

	2026	2025 (Restated)
Accounts receivable - general	**$ 2,784,630**	$ 2,923,717
Members receivables	**420,971**	538,740
GST receivable	**692,408**	692,395
	3,898,009	4,154,852
Allowance for doubtful accounts	**(1,015,930)**	(772,365)
	$ 2,882,079	$ 3,764,125

5. Portfolio investments

	2026	2025
Cash	**$ 234,311**	$ 289,236
Guaranteed investment certificates	**20,000**	20,000
Fixed income	**7,204,742**	6,319,399
Equities	**16,935,335**	15,634,567
Alternative investments	**1,500,950**	1,438,726
	$ 25,895,338	$ 23,701,928

Portfolio investments are carried at fair market value with cash, guaranteed investment certificates, and equities classified as level 1 and fixed income as level 2 as per the fair value hierarchy under Note 1(c). The cost of portfolio investments is $20,852,033 (2025 - $19,241,378).

6. Due from related party

The amount due from related party is due from Upper Nicola Holdings Limited Partnership. The balance is non-interest bearing with no specific terms of repayment.

7. Long-term investments

	2026	2025
All Nations Trust Company, at cost	**$ 36,000**	$ 36,000
Spayum Holdings Limited Partnership	**1,183,060**	1,183,060
Stuwix Resources Joint Venture	**428,898**	389,190
Upper Nicola Holdings Limited Partnership	**418,131**	946,882
	$ 2,066,089	$ 2,555,132

Upper Nicola Band holds a loan receivable and 20% equity interest in Spayum Holdings Limited Partnership. The note receivable is non-interest bearing, and there are no set terms of repayment.

Upper Nicola Band has a 12.50% interest in Stuwix Resources Joint Venture. During the year, the Joint Venture paid, under normal terms of trade, $1,047,451 (2025 - $1,902,412) for contract services provided.

Upper Nicola Band wholly owns Upper Nicola Holdings Limited Partnership.

Summary of the financial statements of Stuwix Resources Joint Venture, Upper Nicola Holdings Limited Partnership, and Spayum Holdings Limited Partnership is as follows:

7. Long-term investments (continued)

	Stuwix Resources Joint Venture	Upper Nicola Holdings Limited Partnership	Spayum Holdings Limited Partnership	2026 Total	2025 Total
Assets	$ 11,994,016	$ 1,829,478	$ -	$ 13,823,494	$ 16,694,364
Liabilities	$ 8,760,599	$ 1,411,346	$ -	$ 10,171,945	$ 10,295,694
Equity	3,233,417	418,132	-	3,651,549	6,398,690
Total equity	3,233,417	418,132	-	3,651,549	6,398,690
Total liabilities and equity	$ 11,994,016	$ 1,829,478	$ -	$ 13,823,494	$ 16,694,364

	Stuwix Resources Joint Venture	Upper Nicola Holdings Limited Partnership	Spayum Holdings Limited Partnership	2026 Total	2025 Total
Revenue	$ 17,459,915	$ 1,441,715	$ -	$ 18,901,630	$ 22,670,088
Other income	4,071,511	-	-	4,071,511	240,185
	21,531,426	1,441,715	-	22,973,141	22,910,273
Cost of sales	20,037,910	-	-	20,037,910	20,363,974
Expenses	1,427,711	1,970,466	-	3,398,177	2,995,341
Total expenses	21,465,621	1,970,466	-	23,436,087	23,359,315
Net income	$ 65,805	$ (528,751)	$ -	$ (462,946)	$ (449,042)

8. Trust funds held by Ottawa

The Capital and Revenue funds are held in Ottawa and arise from monies derived from capital and revenue sources which the Crown considers are described in Section 62 of the Indian Act. These funds are held in trust by the Government of Canada and the Crown treats these funds as primarily governed by section 64 and 69 of the Indian Act. The Funds earn interest pursuant to section 61(2) of the Indian Act.

9. Deferred revenue

Deferred revenue represents funds received, that will be recognized as revenue in the next fiscal year, when the related expenses are incurred, or when the terms of the funding have been completed. The deferred revenue relates to the following funders:

	March 31, 2025	Funding received, 2026	Revenue recognized, 2026	March 31, 2026
Federal Government				
ISC - ACRS Program	$ 187,442	$ -	$ (5,995)	$ 181,447
ISC - NAHS 2018-19 Septic Replacement	112,859	-	-	112,859
ISC - IR3 Site7 Subdivision ICMS 127751	343,252	-	-	343,252
Lands and Estates	91,837	84,538	(140,603)	35,772
ISC - Operations and Maintenance	360,092	886,654	(1,051,898)	194,848
ISC - Elementary & Secondary Education	377,969	5,878	(194,582)	189,265
ISC - Economic Development	248,176	-	-	248,176
ISC - Post secondary Education	-	818,248	(580,808)	237,440
ISC - Local Education Tuition	280,740	732,289	(743,768)	269,261
ISC - Income Assistance	153,514	939,627	(948,045)	145,096
ISC - ACRS 2020	187,135	-	-	187,135
ISC - N'kwala School	262,762	1,033,505	(1,296,267)	-
ISC - Species at Risk	15,699	15,070	(23,721)	7,048
ISC - Professional and Institutional Development	5,944	-	(5,944)	-
ISC - First Nation Children Family Services O&M Housing	356,186	-	(296,213)	59,973
ISC - Our Relations Kwu StemtimA? Jurisdiction	170,803	300,000	(409,725)	61,078
ISC - National Child Benefit	42,678	-	(42,678)	-
ISC - ACRS Ventilation	50,262	-	-	50,262
ISC - OTHER INFRA O&M MGMT	87,319	117,005	(83,427)	120,897
ISC - N'kwala Rentals	24,708	20,688	(12,864)	32,532
ISC - Quilchena Community Centre	12,148,257	-	(11,923,717)	224,540
ISC - Douglas Lake IR3 DWS Upgrade	220,968	-	(204,786)	16,182
ISC - Minor Capital Infrastructure Projects	18,544	1,088,901	(288,807)	818,638
	15,747,146	6,042,403	(18,253,848)	**3,535,701**
Other Funders				
UNB Miscellaneous Projects	109,271	-	(14,299)	94,972
WIPG - TMX Investment	89,625	-	-	89,625
Administration	475,000	-	(475,000)	-
Four Pillars	127,127	1,486,036	(247,017)	1,366,146
Educational Scholarships	5,243	3,257	-	8,500
Species at Risk	38,058	-	-	38,058
Okanagan Language	86,319	466,000	(241,329)	310,990
BC Gaming Revenue	953,556	544,473	(1,498,029)	-
Youth	49,483	39,785	(18,984)	70,284

Employment Program	-	190,000	(142,155)	47,845
Daycare	13,801	-	(8,315)	5,486
Education Programs - FNESC	10,313	98,913	(95,197)	14,029
N'kwala Programs	169,741	292,200	(257,785)	204,156
Headstart Program	694,747	662,060	(473,368)	883,439
CMHC Co-Investment	208,319	-	(208,319)	-
Fundraising	-	110,810	(107,880)	2,930
Province of BC - Douglas Lake Commonage	205,755	-	(205,755)	-
Trans Mountain Projects	310,937	72,352	(84,327)	298,962
Cultural and Heritage Projects	99,463	601,644	(370,932)	330,175
NR Fisheries 2020	224,874	11,900	(115,185)	121,589
Nicola Chiefs' Watershed Committee	166,889	-	(47,030)	119,859
Community Safety	-	511,405	(368,289)	143,116
Forest Landscape Planning	-	330,130	-	330,130
FLP Coordinator Funds	-	61,947	-	61,947
Merritt Timber Supply	-	53,600	-	53,600
	4,038,521	5,536,512	(4,979,195)	**4,595,838**
	$ 19,785,667	$ 11,578,915	$ (23,233,043)	**$ 8,131,539**

10. Long-term debt

	2026	2025 (Restated)
All Nations Trust Company (Phase 4 - #19362060002) mortgage, matured in full January 2026.	**$ -**	$ 18,069
All Nations Trust Company (Phase 5 - #19362060001) mortgage bearing interest at 3.04% per annum, repayable in blended monthly instalments of $2,181. The loan renewal and maturity date is February 2027. The loan is secured by a ministerial guarantee.	**24,664**	50,803
All Nations Trust Company (Phase 6 - #19362060003) mortgage bearing interest at 0.69% per annum, repayable in blended monthly instalments of $2,023. The loan is scheduled to mature in full January 2030. The loan is secured by a ministerial guarantee.	**92,545**	115,432
All Nations Trust Company (Phase 7 - #19362060005) mortgage bearing interest at 3.45% per annum, repayable in blended monthly instalments of $4,577. The loan has a renewal date of August 2027, and is scheduled to mature in full August 2042. The loan is secured by a ministerial guarantee.	**797,800**	833,410

10. Long-term debt, continued

	2026	2025
Government of Canada – Douglas Lake Commonage Claim loan, bearing no interest unless the Band defaults or the promissory note reaches maturity, repayable on the earlier of March 31, 2030 or the date the claim is settled. The loan is secured by promissory notes payable to the Receiver General for Canada.	**531,781**	-
BC Housing Management Commission, construction facility and forgivable loan; 35-year term; construction facility interest payable at applicable variable rate until Initial Take-Out Date; forgivable portion bears interest at RBC Prime Rate + 2% only upon default.	**12,805,239**	13,074,176
	$ 14,252,029	$ 14,091,890

The long-term debt to BC Housing Management Commission consists of a repayable mortgage in the amount of $6,952,587 (2025 - $7,221,524) and a forgivable loan in the amount of $5,852,652 (2025 - $5,852,652). If an event of default does not occur, the loan will be forgiven 1/25 each year, commencing on the 11th anniversary of the Commencement Date, until the forgivable portion is completely forgiven. The forgivable portion will be amortized into revenue annually as forgiveness occurs, with each installment recognized as government assistance income.

The facility will transition into a 35-year mortgage on the projected takeout date of August 1, 2026. At that time, the loan will convert into a mortgage and repayment will commence.

Estimated principal portion of long-term debt due within the next five years:

2027	**$ 147,884**
2028	**156,975**
2029	**162,409**
2030	**699,911**
2031 and thereafter	**13,084,850**
	$ 14,252,029

11. Tangible Capital Assets

	Cost			Accumulated amortization			
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	**2026 net book value**
Land	$ 297,594	$ 1,227,797	$ 1,525,391	$ -	$ -	$ -	$ 1,525,391
Buildings	21,784,034	214,012	21,998,046	8,238,807	497,403	8,736,210	13,261,836
Automotive equipment	1,917,008	76,374	1,993,382	1,445,838	177,018	1,622,856	370,526
Furniture and equipment	3,362,518	71,217	3,433,735	2,270,291	325,419	2,595,710	838,025
Equipment	6,413	8,773	15,186	1,283	3,037	4,320	10,866
Infrastructure	10,774,407	-	10,774,407	6,571,597	293,055	6,864,652	3,909,755
Infrastructure under construction	13,861,521	14,320,653	28,182,174	-	-	-	28,182,174
Social Housing Land	181,180	-	181,180	-	-	-	181,180
Social Housing Buildings	4,082,614	720,237	4,802,851	3,016,069	370,201	3,386,270	1,416,581
	$ 56,267,289	$ 16,639,063	$ 72,906,352	$ 21,543,885	$ 1,666,133	$ 23,210,018	$ 49,696,334

(Restated)	Cost			Accumulated amortization			
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	2025 Net book value
Land	$ 297,594	$ -	$ 297,594	$ -	$ -	$ -	$ 297,594
Buildings	20,409,152	1,374,882	21,784,034	7,820,234	418,573	8,238,807	13,545,227
Automotive equipment	1,682,636	234,372	1,917,008	1,307,532	138,306	1,445,838	471,170
Furniture and equipment	3,182,254	180,264	3,362,518	1,968,603	301,688	2,270,291	1,092,227
Equipment	-	6,413	6,413	-	1,283	1,283	5,130
Infrastructure	10,774,407	-	10,774,407	6,278,542	293,055	6,571,597	4,202,810
Infrastructure under construction	3,315,311	10,546,210	13,861,521	-	-	-	13,861,521
Social Housing Land	181,180	-	181,180	-	-	-	181,180
Social Housing Buildings	4,082,614	-	4,082,614	2,855,808	160,261	3,016,069	1,066,545
	$ 43,925,148	$ 12,342,141	$ 56,267,289	$ 20,230,719	$ 1,313,166	$ 21,543,885	$ 34,723,404

12. Accumulated operating surplus

	2026	2025 (Restated)
Operating Fund	$ 31,197,478	$ 28,379,442
Capital Fund	34,761,554	20,582,684
Investment Fund	2,555,132	2,555,132
Social Housing Fund	2,529,936	1,963,731
Trust Fund	76,516	71,789
	$ 71,120,616	$ 53,552,779

13. Contingent Liabilities

Government contributions related to programs of the Nation are subject to conditions regarding the expenditure of funds. The First Nation's accounting records are subject to audit by the funding agencies. Should any instances be identified in which the amounts charged to the projects are not in accordance with the agreed terms and conditions, amounts would be refundable to the respective funding agencies. Adjustments to the financial statements as a result of these ministerial audits will be recorded in the period in which they become known.

14. Budget Information

The unaudited budget data presented in these consolidated financial statements is based upon information provided by management.

Amortization was not contemplated on development of the budget and has been recognized at the amount expensed in the current year.

15. Asset Retirement Obligations

Asset retirement obligations have not been estimated and recorded in the consolidated financial statements due to the difficulty in determining the amount of the obligation.

16. Commitments

The First Nation has a contract with Unitech Construction Management Ltd. for the construction of the Quilchena Community Centre for a total cost of $39,679,969, to date $26,077,829 (2025 - $11,825,476) has been expended on this project. As at March 31, 2026, the remaining commitment for this contract is $13,602,140.

17. Expenses by Object

For the year ended March 31	2026 Budget	2026 Actual	2025 Actual (Restated)
Administration Fees	$ 686,709	$ 83,159	$ 6,600
Advertising	60,134	40,045	40,120
Amortization	-	1,666,133	1,313,166
Bad debts	-	247,673	-
Band member services	672,947	1,018,332	751,383
CMHC replacement reserve	28,033	-	-
Community meetings	15,000	16,253	19,334
Contracted services	2,173,389	1,253,252	1,228,488
Cultural events	-	-	40,000
Equipment purchase	25,601,941	59,551	26,454
Honorariums	712,906	529,174	558,128
Insurance	279,311	222,263	254,317
Interest and bank charges	240,092	290,072	50,249
Office expenses	166,795	110,068	164,694
Other expenses	924,027	604,271	606,825
Professional fees	4,417,796	1,391,237	850,624
Rent	152,583	177,015	146,213
Repairs and maintenance	1,814,992	1,352,159	1,636,632
Salaries, wages and benefits	6,544,151	5,566,386	5,481,217
Social Assistance	891,003	712,539	770,407
Supplies	747,116	637,698	1,584,784
Training and professional development	213,091	225,848	293,537
Travel	495,561	491,978	361,469
Tuition and Student Allowances	1,418,762	1,245,530	1,132,684
Utilities	199,056	271,020	206,919
	$ 48,455,395	$ 18,211,656	$ 17,524,244

Included in Salaries, wages and benefits expense is $147,650 (2025 - $144,636) related to a defined contribution pension plan. The First Nation matches all permanent employees' contributions up to 8% of annual salary.

18. Segmented information

	Administration			Amortization			Community and Social Services		
	2026 Budget	2026 Actual	2025 Actual	2026 Budget	2026 Actual	2025 Actual	2026 Budget	2026 Actual	2025 Actual
Revenues									
Indigenous Services Canada	$ 1,083,305	$ 593,367	$ 521,615	$ -	$ -	$ -	$ 4,469,889	$ 4,218,563	$ 2,573,046
Other revenue	6,104,540	8,946,567	10,159,501	-	-	-	903,821	372,811	1,405,407
Total revenue	7,187,845	9,539,934	10,681,116	-	-	-	5,373,710	4,591,374	3,978,453
Expenses									
Salaries, wages and benefits	1,381,422	1,481,107	1,286,631	-	-	-	1,585,839	1,385,747	1,436,700
Social Assistance	-	-	-	-	-	-	891,003	711,993	770,407
Other expenses	1,447,662	1,605,783	1,197,529	-	1,666,133	1,313,166	2,023,069	2,674,860	1,889,823
Total expenses	2,829,084	3,086,890	2,484,160	-	1,666,133	1,313,166	4,499,911	4,772,600	4,096,930
Annual surplus (deficit)	$ 4,358,761	$ 6,453,044	$ 8,196,956	$ -	$ (1,666,133)	$ (1,313,166)	$ 873,799	$ (181,226)	$ (118,477)

	Economic Development			Education			Forestry		
	2026 Budget	2026 Actual	2025 Actual	2026 Budget	2026 Actual	2025 Actual	2026 Budget	2026 Actual	2025 Actual
Revenues									
Indigenous Services Canada	$ 100,000	$ -	$ (2,428)	$ 3,488,290	$ 2,873,135	$ 2,334,397	$ -	$ -	$ -
First Nations Education Steering Committee	-	-	-	295,622	306,911	430,427	-	-	-
Forestry	-	-	-	-	-	-	588,624	1,094,420	2,675,845
Other revenue	-	-	-	375,828	121,591	312,804	-	(53,600)	-
Total revenue	100,000	-	(2,428)	4,159,740	3,301,637	3,077,628	588,624	1,040,820	2,675,845
Expenses									
Salaries, wages and benefits	-	-	-	1,035,788	970,162	943,285	-	-	-
Tuition and Student Allowances	-	-	-	1,415,262	1,245,530	1,129,184	-	-	-
Social Assistance	-	-	-	-	546	-	-	-	-
Other expenses	105,000	30,295	17,646	1,315,831	1,083,472	825,516	-	29,906	1,148,459
Total expenses	105,000	30,295	17,646	3,766,881	3,299,710	2,897,985	-	29,906	1,148,459
Annual surplus (deficit)	$ (5,000)	$ (30,295)	$ (20,074)	$ 392,859	$ 1,927	$ 179,643	$ 588,624	$ 1,010,914	$ 1,527,386

18. Segmented information (continued)

	Health 2026 Budget	Health 2026 Actual	Health 2025 Actual	Housing 2026 Budget	Housing 2026 Actual	Housing 2025 Actual	Language and culture 2026 Budget	Language and culture 2026 Actual	Language and culture 2025 Actual
Revenues									
Indigenous Services Canada	$ 590,314	$ -	$ -	$ 255,554	$ 461,827	$ 148,782	$ -	$ -	$ -
First Nations Health Authority	1,984,750	2,139,385	2,140,125	-	-	-	-	-	-
Other revenue	906,145	15,458	(113,356)	1,818,178	806,881	1,596,671	333,421	241,329	222,035
Total revenue	3,481,209	2,154,843	2,026,769	2,073,732	1,268,708	1,745,453	333,421	241,329	222,035
Expenses									
Salaries, wages and benefits	1,092,441	889,534	1,015,951	176,405	189,374	250,943	164,317	156,171	151,528
Tuition and Student Allowances	-	-	-	-	-	-	3,500	-	3,500
Other expenses	1,427,563	1,327,178	1,196,914	1,549,765	1,179,574	1,282,144	134,500	85,158	87,007
Total expenses	2,520,004	2,216,712	2,212,865	1,726,170	1,368,948	1,533,087	302,317	241,329	242,035
Annual surplus (deficit)	$ 961,205	$ (61,869)	$ (186,096)	$ 347,562	$ (100,240)	$ 212,366	$ 31,104	$ -	$ (20,000)

	Other 2026 Budget	Other 2026 Actual	Other 2025 Actual	Title and rights 2026 Budget	Title and rights 2026 Actual	Title and rights 2025 Actual	Capital Fund 2026 Budget	Capital Fund 2026 Actual	Capital Fund 2025 Actual
Revenues									
Indigenous Services Canada	$ 396,357	$ 324,798	$ 270,923	$ -	$ -	$ -	$ 16,022,872	$ 12,218,520	$ 9,805,273
First Nations Health Authority	-	-	-	-	-	92,620	-	-	-
Other revenue	563,806	289,849	424,400	1,377,732	617,474	1,048,759	10,963,885	146,609	25,000
Total revenue	960,163	614,647	695,323	1,377,732	617,474	1,141,379	26,986,757	12,365,129	9,830,273
Expenses									
Salaries, wages and benefits	67,728	(5,012)	34,124	780,646	499,302	362,055	-	-	-
Other expenses	685,306	447,775	439,784	1,050,675	462,172	666,185	30,074,438	69,227	68,875
Total expenses	753,034	442,763	473,908	1,831,321	961,474	1,028,240	30,074,438	69,227	68,875
Annual surplus (deficit)	$ 207,129	$ 171,884	$ 221,415	$ (453,589)	$ (344,000)	$ 113,139	$ (3,087,681)	$ 12,295,902	$ 9,761,398

18. Segmented information (continued)

	Property Tax 2026 Budget	Property Tax 2026 Actual	Property Tax 2025 Actual	Consolidated totals 2026 Budget	Consolidated totals 2026 Actual	Consolidated totals 2025 Actual
Revenues						
Indigenous Services Canada	$ -	$ -	$ -	$ 26,406,581	$ 20,690,210	$ 15,651,608
First Nations Health Authority	-	-	-	1,984,750	2,139,385	2,232,745
First Nations Education Steering Committee	-	-	-	295,622	306,911	430,427
Forestry	-	-	-	588,624	1,094,420	2,675,845
Local revenue - fees	47,714	43,593	45,262	47,714	43,593	45,262
Other revenue	-	-	18,259	24,402,082	11,504,974	15,099,479
Total revenue	47,714	43,593	63,521	53,725,373	35,779,493	36,135,366
Expenses						
Salaries, wages and benefits	-	-	-	6,284,586	5,566,385	5,481,217
Tuition and Student Allowances	-	-	-	1,418,762	1,245,530	1,132,684
Social Assistance	-	-	-	891,003	712,539	770,407
Other expenses	47,714	25,669	6,888	39,861,524	10,687,202	10,139,936
Total expenses	47,714	25,669	6,888	48,455,395	18,211,656	17,524,244
Annual surplus (deficit)	$ -	$ 17,924	$ 56,633	$ 5,269,978	$ 17,567,837	$ 18,611,122

19. Risk Management

Transacting in and holding of financial instruments exposes the First Nation to certain financial risks and uncertainties. Qualitative and quantitative analysis of the significant risks are as follows:

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. the Nation's exposure to credit risk relates to accounts receivable and arises from the possibility that a debtor does not fulfil its obligations. Management believes this risk is minimized as the First Nation performs continuous evaluation of its financial assets and records impairment in accordance with the stated policy. The maximum exposure to credit risk is the carrying value of these assets. A significant portion of the First Nation's accounts receivable is from federal and provincial governments, which minimizes credit risk.

The aged financial assets that are past due but not impaired are as follows include $2,261,815 of accounts receivable over 90 days. As at year-end, management has determined that a portion of the accounts receivable are impaired. Impaired accounts receivable are disclosed in Note 4. There have been no significant changes to the credit risk from the previous year.

(b) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The First Nation is exposed to market risk as follows:

(i) Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The First Nation's interest-bearing financial instruments include fixed rate long-term debt, variable-rate debt, and fixed income instruments included in portfolio investments. The fair values of fixed rate financial instruments fluctuate as market rates of interest change. The cash flows resulting from variable rate financial instruments fluctuate as interest rates applicable to the instruments change. Management manages this risk by using fixed-rate borrowings where possible and by monitoring variable-rate debt exposure. The First Nation does not use derivative instruments to manage interest rate risk. There have been no significant changes to interest rate risk from the previous year.

(ii) *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 issuer, or factors affecting all similar financial instruments or issuers. The First Nation's investments in portfolio investments expose the First Nation to price risks as these instruments are subject to price changes in an open market for a variety of reasons including, investor sentiment and expectations, changes in market rates of interest, general economic indicators and restrictions of credit markets. The First Nation does not employ derivative financial instruments to hedge its exposure to other price risk. Management mitigates this risk through diversification of investments in different countries, business sectors and corporate sizes. There have been no significant changes to other price risk from the previous year.

20. Segments

Administration
Includes general operations, support, and financial management of the Nation.

Community and Social Services
Includes revenue and expenditures related to community and social services.

Economic Development
Includes revenue and expenditures related to pursuit of economic development opportunities.

Education
Includes revenue and expenditures related to education programs.

Forestry
Includes revenue and expenditures related to forestry projects and licenses.

Health
Includes revenue and expenditures related to health programs.

Housing
Includes revenue and expenditures related to Social Housing programs carried on by the Nation.

Language and culture
Includes revenue and expenditures related to language and culture programs.

Title and rights
Includes revenue and expenditures related to title and rights.

Capital Fund
Includes revenue and expenditures related to capital projects.

Property Tax
Includes revenue and expenditures related to administration of property tax.