INDIAN ISLAND FIRST NATION

AUDITOR'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2026

INDIAN ISLAND FIRST NATION

TABLE OF CONTENTS

MARCH 31, 2026

MANAGEMENT'S REPORT
Year ended March 31, 2026

The accompanying consolidated financial statements of Indian Island First Nation and all the information in this annual report are the responsibility of management and have been approved by Chief and 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 and CPA 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 maintaning a system of internal controls to provide a reasonable assurance that reliable financial information is produced.

The Indian Island First Nation's Council is responsible for ensuring that management fulfills its responsabilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Indian Island First Nation 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 responsabilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Nadeau Picard & Associés, CPA, 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 Indian Island First Nation and meet when required.

On behalf of Indian Island First Nation:

Chief ______________________

Councillor ______________________

Councillor ______________________

Date July 22, 2026

INDEPENDENT AUDITOR'S REPORT

To the Chief and Band Councillors

Opinion
We have audited the consolidated financial statements of Indian Island First Nation (First Nation), which comprise the consolidated statement of financial position as at March 31, 2026, and the consolidated statements of operations and changes in accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

Other Matter
Without modifying our opinion, we draw attention to note 24 of the financial statements, saying that the budget figures are unaudited.

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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.

Nadeau Picard
& Associés, CPA
Comptables professionnels agréés
Chartered Professional Accountants

- 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 First Nation to express an opinon on the consolidated financial statements. We are responsible for the direction, supervision and performance of the First Nation's 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.

Nadeau Picard + Associés, CPA

Nadeau Picard & Associés, CPA
Chartered Professional Accountants

Grand Falls, New Brunswick
July 22, 2026

CONSOLIDATED FINANCIAL POSITION
March 31

	2026	2025
FINANCIAL ASSETS		
Cash (note 7)	$ 619,352	$ 1,609,691
Due from government and accounts receivable (note 3)	2,768,286	5,999,368
Notes receivable	-	138,820
Inventories for resale (note 5)	465,585	490,710
Restricted cash (note 6)	811,839	424,496
	4,665,062	8,663,085
LIABILITIES		
Accounts payable and accrued liabilities (note 8)	284,084	253,952
Due to government/other government organizations (note 9)	-	312,081
Trust funds held by ISC (note 4)	893	861
Deferred revenue (note 10)	4,203,012	6,387,983
Long-term debt (note 11)	3,077,756	2,858,380
	7,565,745	9,813,257
NET DEBT	(2,900,683)	(1,150,172)
NON FINANCIAL ASSETS		
Prepaid expenses (note 15)	490,934	475,534
Deposit on tangible capital assets	1,300,000	-
Tangible capital assets (note 12)	20,375,504	18,576,227
Intangible assets (note 14)	2,570,183	1,000,000
Construction in progress (note 13)	209,477	163,454
	24,946,098	20,215,215
ACCUMULATED SURPLUS	$ 22,045,415	$ 19,065,043

APPROVED BY THE FIRST NATION

Chief ________________________ ,Chief

Catherine Richard ________________________ ,Councillor

________________________ ,Councillor

CONSOLIDATED OPERATIONS AND CHANGES IN ACCUMULATED SURPLUS

Year ended March 31	2026 Budget (Unaudited)	2026 Actual	2025 Actual
REVENUE			
Federal government transfers for operating (note 22)	$ 6,896,935	$ 4,474,251	$ 3,998,876
Federal government transfers for capital (note 22)	3,023,571	2,708,450	2,160,324
Provincial government transfers for operating (note 22)	1,327,047	376,293	642,728
Provincial government transfers for capital (note 22)	396,814	396,814	2,948,105
Fisheries	1,693,000	1,642,946	1,701,318
Aquaculture	180,000	182,612	121,379
Tobacco sales	200,000	205,420	207,057
Fuel and food sales	740,000	735,127	836,350
Boat shop and consulting income	-	-	2,645
Gain on disposal of tangible capital assets	-	67,271	112,041
Other	2,864,944	2,864,135	985,077
	17,322,311	13,653,319	13,715,900
EXPENSES			
Economic Development	1,198,500	1,234,357	1,372,331
Education	2,119,475	889,681	929,536
Income Assistance	868,062	493,071	433,772
Assisted Living	34,167	34,167	36,440
Facilities - Operations and maintenance	118,914	304,911	169,793
Other Capital	521,287	629,639	546,665
Indian Government Support	5,052,968	2,374,571	2,213,963
Health	599,020	615,374	568,772
Aquaculture	203,384	283,045	44,998
Fisheries	1,899,600	1,909,667	2,220,213
Natural Resources	60,000	64,567	46,141
Consulting	-	-	7,039
Amortization	1,839,899	1,839,899	1,549,020
Impairment loss of tangible capital assets	-	-	1,195,100
	14,515,276	10,672,949	11,333,783
ANNUAL SURPLUS	2,807,035	2,980,370	2,382,117
ACCUMULATED SURPLUS, BEGINNING OF PERIOD	19,065,045	19,065,045	16,682,928
ACCUMULATED SURPLUS, END OF PERIOD	$ 21,872,080	$ 22,045,415	$ 19,065,045

CONSOLIDATED CHANGES IN NET DEBT
March 31

	2026 Budget (Unaudited)	2026 Actual	2025 Actual
ANNUAL SURPLUS	$ 2,807,035	$ 2,980,370	$ 2,382,117
Tangible capital assets			
Acquisition of tangible capital assets	(2,915,385)	(3,715,881)	(5,694,256)
Acquisition of intangible assets	(1,570,000)	(1,570,183)	-
Deposit on tangible capital assets	(1,300,000)	(1,300,000)	-
Amortization of tangible capital assets	1,839,899	1,839,899	1,549,020
Gain on disposal of tangible capital assets	-	(67,271)	(112,041)
Impairment loss of tangible capital assets	-	-	1,195,100
Proceeds on disposal of tangible capital assets	-	143,977	250,232
	(3,945,486)	(4,669,459)	(2,811,945)
Other non-financial assets			
Variation of construction in progress	-	(46,021)	383,405
Increase of prepaid expense	-	(15,402)	(114,977)
	-	(61,423)	268,428
CHANGE IN NET DEBT	(1,138,451)	(1,750,512)	(161,400)
NET DEBT, BEGINNING OF YEAR	(1,150,171)	(1,150,171)	(988,771)
NET DEBT, END OF YEAR	$ (2,288,622)	$ (2,900,683)	$ (1,150,171)

CONSOLIDATED CASH FLOWS
Year ended March 31

	2026	2025
OPERATING ACTIVITIES		
Annual surplus	$ 2,980,370	$ 2,382,117
Add (deduct) non-cash items :		
Amortization of tangible capital assets	1,839,899	1,549,020
Gain on disposal of tangible capital assets	(67,271)	(112,041)
Impairment loss of tangible capital assets	-	1,195,100
	4,752,998	5,014,196
Net change in non-cash working capital items		
Due from government and accounts receivable	3,231,082	(884,148)
Prepaid	(15,400)	(114,977)
Inventories	25,124	(91,492)
Accounts payable and accrued liabilities	30,135	(289,510)
Due to government and other government organizations	(312,081)	14,861
Deferred revenue	(2,184,971)	3,280,174
	5,526,887	6,929,104
FINANCING ACTIVITIES		
Increase of long-term debt	424,243	187,195
Repayment of long-term debt	(204,870)	(191,296)
Transfer to Indian Island First Nation Fisheries Trust	(339,745)	-
Transfer to the operating replacement reserve fund	(10,052)	(9,828)
Transfer to the replacement reserve fund	(37,514)	(57)
	(167,938)	(13,986)
CAPITAL ACTIVITIES		
Deposit on capital assets	(1,300,000)	-
Addition to capital assets	(3,715,881)	(5,694,256)
Proceeds from disposal of capital assets	143,977	250,232
Notes receivable	138,820	-
Net variation in construction in progress	(46,021)	383,405
Addition to intangible assets	(1,570,183)	-
	(6,349,288)	(5,060,619)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(990,339)	1,854,499
CASH (BANK OVERDRAFT), BEGINNING	1,609,691	(244,808)
CASH, ENDING	$ 619,352	$ 1,609,691

Cash and cash equivalents consist of the cash and bank overdraft in operating accounts.

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Indian Island First Nation is a First Nation government that provides a wide range of services to the members of its community. By its nature, the entity is non-taxable. The entity is governed by a board of elected Chief and Council.

Basic of Accounting

These consolidated financial statements have been prepared by Band management in accordance with Canadian public sector accounting standards for government entities, as recommended by the Public Sector Accounting Board of CPA Canada.

a) Reporting Entity and Principles of Financial Reporting

The Indian Island First Nation reporting entity includes the Indian Island First Nation Government and all related entities which are accountable to the First Nation and are either owned or controlled by it.

These consolidated financial statements consolidate the assets, liabilities and results of operations for the following entities which use accounting principles that lend themselves to consolidation:

- Indian Island First Nation Government Administration
- Indian Island First Nation Trust Funds
- Indian Island Aquaculture Development Corporation
- Indian Island Economic Development Corporation
- Indian Island First Nation Consulting Corporation
- The Indian Island First Nation Fisheries Trust

All inter-entity balances have been eliminated on consolidation.

b) Inventories

Tobacco, fuel and other inventories are measured at the lower of cost and net realizable value. The cost is determined using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

The livestock inventory of oysters are measured at the lower of cost and net realizable value, with cost determined using full cost and assigned using the estimated cost of production per unit basis cost formula. The full cost of the inventory comprise all input costs and other costs of production incurred in bringing the inventories to their present location and condition.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Tangible capital assets

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods or delivering services.

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.

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

Buildings	10-40 years
Roads and paving	10 years
Equipment and boat	2-10 years
Vehicule	5-10 years
Windtower	20-40 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to Indian Island 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.

Certain 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.

d) Intangible assets

Intangible assets are recognized at cost and not amortized because they are indefinite-lived.

e) Cash and Cash Equivalents

The First Nation's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with a maturity period of three months or less from the date of acquisition. Cash and cash equivalents that the First Nation cannot use for current transactions because they are pledged as security are also excluded from cash and cash equivalents.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) 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 stipulation liabilities are settled.

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.

g) Financial Instruments

The First Nation's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, due to government and other government organizations and long term debt. The fair value of these financial instruments approximate their carrying values unless otherwise noted.

h) Use of estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting periods presented. Actual results could differ from these estimates. The main estimates relate to the useful life of capital assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Segmented Information

The First Nation discloses segmented results of operations for the year in note 23 to the consolidated financial statements. The First Nation has segregated its activities into the following segments based on distinguishable groups of activities:

Economic Development
Contains activities of the economic development program. The First Nation is currently working on a windtower project.

Education
Provides elementary, secondary and post-secondary tuition for qualifying members along with related programs and support.

Social
Povides social assistance to qualifying members. It also includes the section 95 housing and related expenditures.

Health
Contains activities that provide medical services to band members.

Public Works
Contains all activities that relate to the maintenance of buildings and land of the First Nation.

Band Government
Includes all other activities not described in another fund. Mainly centralized and shared activities.

Other
Includes the forestry, aquaculture, fisheries and consulting activities.

2. CASH

Cash in operating accounts	$ 619,352	$ 1,609,691

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31

3. DUE FROM GOVERNMENT AND ACCOUNTS RECEIVABLE

Due from Government and Other Government Organizations		
Fisheries and Oceans Canada	$ 193,921	$ 2,788,824
Indigenous Services Canada	79,973	483,232
Canada Mortgage and Housing Corporation	31,000	-
Minister of Environment	-	246,000
Minister of Canadian Heritage	4,950	-
Sales tax	55,263	21,704
Provincial Government	1,083,329	913,591
	1,448,436	4,453,351
Accounts receivable		
Clients	971,765	76,359
Lease receivable [(a)]	90,000	125,000
Other receivables	258,085	1,344,658
	1,319,850	1,546,017
	$ 2,768,286	$ 5,999,368

(a) Lease receivable with interest at the rate of 5% and repayable on demand.

4. OTTAWA TRUST MONEYS

The Ottawa Trust accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

	Beginning balance	Additions	Withdrawals	Ending balance
Trust - capital	$ 142	$ -	$ -	$ 142
Trust - revenue	719	32	-	751
Total	$ 861	$ 32	$ -	$ 893

5. INVENTORIES FOR RESALE

Tobacco	$ 49,573	$ 39,556
Fuel	12,199	9,974
Oysters	380,906	424,585
Other	22,907	16,595
	$ 465,585	$ 490,710

	2026	2025

6. RESTRICTED CASH

	2026	2025
Cash in Ottawa Trusts	$ 893	$ 861
Operating reserve fund	77,583	67,531
Replacement reserve fund	393,618	356,104
The Indian Island First Nation Fisheries Trust	339,745	-
	$ 811,839	$ 424,496

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Indian Island First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or otherwise approved by the Canada Mortgage and Housing Corporation. Under CMHC requirements the amount of cash which should be held in a separate account for Replacement and Operating reserves should total $471,202. The actual balance in the account is $471,202.

7. BANK LOAN

The First Nation has an authorized line of credit of $2,000,000, bearing interest at prime rate plus 0.88%. The line of credit is secured by an assignment on accounts receivable that have a net carrying value of $2,768,286 (2025 - $5,999,368)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2026	2025
Suppliers	$ 176,691	$ 195,926
Payroll deductions	19,026	11,325
Accrued expenses	88,367	46,701
	$ 284,084	$ 253,952

A separate bank account is not used for the purpose of payroll deductions. All payroll deductions were remitted before year-end except for those above remitted in April 2026.

9. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

	2026	2025
Provincial government	$ -	$ 312,081

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31

10. DEFERRED REVENUE

	Balance Beginning of year	Amount of funding received	Amount recognized as revenue	Balance end of year
Federal Government				
ISC - On-Res O&M Housing	$ 119,597	$ -	$ 68,224	$ 51,373
ISC - Renovation	5,458	183,221	184,479	4,200
ISC - Skill Link Prog	58,979	75,792	111,921	22,850
ISC - Response	787	-	787	-
ISC - Capacity Building	30,000	-	30,000	-
ISC - Recovery	126,427	-	-	126,427
ISC - ESE Implen/Expan AD EDU	110,822	49,138	24,207	135,753
ISC - Capacity Enhancement	13,785	-	13,785	-
ISC - Construction	954	300,000	237,874	63,080
ISC - Health Canada	7,853	-	7,853	-
ISC - Specials Needs	-	168,596	102,014	66,582
ISC - Planning Design & Constr	113	-	113	-
ISC - Basic Needs	-	131,472	5,976	125,496
ISC - Fire protection	5,600	-	5,600	-
ISC - Other protection	13,694	-	13,694	-
ISC - Cap Planning Proj-Infra	26,467	-	26,467	-
ISC - Prov/Priv Service Mapping	17,375	-	17,375	-
ISC - Capital Investment	-	244,753	827	243,926
ISC - HFP Capital Budget	-	334,622	-	334,622
ISC - FNCFS On-Res O&M Housing	-	129,751	-	129,751
ISC - Mjr Renos, Extension & Repair	-	101,509	-	101,509
ISC - B17 P2 Roads & Bridges	-	142,360	128,855	13,505
CMHC - RRAP	18,098	60,169	18,098	60,169
CMHC - HAF	115,610	-	115,610	-
DFO - Trust Agreement	2,700,000	-	2,360,255	339,745
Minister of the Environment	246,000	-	5,314	240,686
Employment and Social Development Canada	530,759	277,364	394,926	413,197
Total Federal Government (subtotal carried forward)	$ 4,148,378	$ 2,198,747	$ 3,874,254	$ 2,472,871

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31

10. DEFERRED REVENUE (continued)

	Balance Beginning of year	Amount of funding received	Amount recognized as revenue	Balance end of year
Subtotal from previous page	$ 4,148,378	$ 2,198,747	$ 3,874,254	$ 2,472,871
Other				
PNB - Minister of Education and Early Childhood Development	657,598	397,368	137,634	917,332
Mi'gmaq Child and Family Services of New Brunswick	329,668	-	21,500	308,168
The Four Pillars Society	1,125,072	405,000	1,390,245	139,827
Other	127,267	342,697	105,150	364,814
Total Other	2,239,605	1,145,065	1,654,529	1,730,141
Total	$ 6,387,983	$ 3,343,812	$ 5,528,783	$ 4,203,012

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31

11. LONG-TERM DEBT

	2026	2025
Loan paid during the year	$ -	$ 2,589
Demande loan, not secured, repayable by monthly instalments of $9,672 including capital and interest at the rate of prime plus 1.5%	873,201	932,924
Loan secured by a first mortgage on buildings, repayable by monthly instalments of $409 including capital and interest at the rate of 1.22%, maturing in 2040, renewable in May 2026, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	63,894	68,002
Loan secured by a first mortgage on buildings, repayable by monthly instalments of $426 including capital and interest at the rate of 1.13%, maturing in 2036, renewable in June 2026, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	49,833	54,355
Loan secured by a first mortgage on buildings, repayable by monthly instalments of $829 including capital and interest at the rate of 1.51%, maturing in 2036, renewable in November 2026, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	97,914	106,313
Loan secured by a first mortgage on buildings, repayable by monthly instalments of $527 including capital and interest at the rate of 1.57%, maturing in 2041, renewable in December 2026, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	88,203	93,103
Loan secured by a first mortgage on buidings, repayable by monthly instalments of $455 including capital and interest at the rate of 1.50%, maturing in 2037, renewable in January 2027, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	54,573	59,180
Loan secured by a first mortgage on buildings, repayable by monthly instalments of $479 including capital and interest at the rate of 1.50%, maturing in 2042, renewable in January 2027, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	81,062	85,566
Subtotal carried forward	$ 1,308,680	$ 1,402,032

11. LONG-TERM DEBT (continued)

	2026	2025
Subtotal from previous page	$ 1,308,680	$ 1,402,032
Loan secured by a first mortgage on buildings, repayable by monthly instalments of $322 including capital and interest at the rate of 1.88%, maturing in 2032, renewable in February 2027, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	21,309	24,735
Loan secured by a first mortgage on buildings, repayable by monthly instalments of $482 including capital and interest at the rate of 2.27%, maturing in 2037, renewable in April 2027, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	56,284	60,740
Loan secured by a first mortgage on buildings, repayable by monthly instalments of $515 including capital and interest at the rate of 2.27%, maturing in 2042, renewable in April 2027, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	83,205	87,448
Loan secured by a first mortgage on buildings, repayable by monthly instalments of $340 including capital and interest at the rate of 3.04%, maturing in 2032, renewable in June 2027, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	22,635	25,974
Loan secured by a first mortgage on buildings, repayable by monthly instalments of $312 including capital and interest at the rate of 3.29%, maturing in September 2027, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	5,466	8,965
Loan secured by a first mortgage on buildings, repayable by monthly instalments of $690 including capital and interest at the rate of 3.70%, maturing in 2042, renewable in December 2027, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	103,481	107,875
Subtotal carried forward	$ 1,601,060	$ 1,717,769

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31

11. LONG-TERM DEBT (continued)

	2026	2025
Subtotal from previous page	$ 1,601,060	$ 1,717,769
Loan secured by a first mortgage on buildings, repayable by monthly instalments of $361 including capital and interest at the rate of 3.81%, maturing in 2033, renewable in March 2028, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	26,069	29,350
Loan secured by a first mortgage on buildings, repayable by monthly instalments of $630 including capital and interest at the rate of 3.52%, maturing in 2038, renewable in May 2028, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on on housing unit.	74,859	79,712
Loan secured by a first mortgage on buildings, repayable by monthly instalments of $1,194 including capital and interest at the rate of 3.96%, maturing in 2038, renewable in July 2028, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	139,931	148,582
Loan secured by a first mortgage on buildings, repayable by monthly instalments of $321 including capital and interest at the rate of 5.00%, maturing August 2028, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	8,757	12,087
Loan secured by a first mortgage on buildings, repayable by monthly instalments of $1,427 including capital and interest at the rate of 4.66%, maturing in 2038, renewable in November 2028, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	163,945	173,263
Loan secured by a first mortgage on buildings, repayable by monthly instalments of $441 including capital and interest at the rate of 3.58%, maturing in 2033, renewable in January 2029, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	35,124	39,090
Subtotal carried forward	$ 2,049,745	$ 2,199,853

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31

11. LONG-TERM DEBT (continued)

	2026	2025
Subtotal from previous page	$ 2,049,745	$ 2,199,853
Loan secured by a first mortgage on buildings, repayable by monthly instalments of $296 including capital and interest at the rate of 3.84%, maturing in February 2029, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	9,793	12,909
Loan secured by a first mortgage on buildings, repayable by monthly instalments of $974 including capital and interest at the rate of 3.84%, maturing in 2034, renewable in April 2029, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on on housing unit	81,170	89,585
Loan secured by a first mortgage on buildings, repayable by monthly instalments of $497 including capital and interest at the rate of 4.08%, maturing in 2039, renewable in May 2029, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	60,845	64,276
Loan secured by a first mortgage on buildings, repayable by monthly instalments of $1,318 including capital and interest at the rate of 3.30%, maturing in 2039, renewable in September 2029, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	172,305	182,292
Loan secured by a first mortgage on buildings, repayable by monthly instalments of $285 including capital and interest at the rate of 3.19%, maturing in May 2030, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	13,344	16,343
Loan secured by a first mortgage on buildings, repayable by monthly instalments of $475 including capital and interest at the rate of 3.19%, maturing in 2035, renewable in June 2030, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	45,309	49,648
Subtotal carried forward	$ 2,432,511	$ 2,614,906

11. LONG-TERM DEBT (continued)

	2026	2025
Subtotal from previous page	$ 2,432,511	$ 2,614,906
Loan secured by a first mortgage on buildings, repayable by monthly instalments of $865 including capital and interest at the rate of 3.19%, maturing in 2035, renewable in June 2030, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	83,100	90,979
Loan secured by a first mortgage on buildings, repayable by monthly instalments of $458 including capital and interest at the rate of 2.95%, maturing in 2035, renewable in October 2030, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	42,738	47,209
Loan secured by a first mortgage on buildings, repayable by monthly instalments of $1,467 including capital and interest at the rate of 3.26%, maturing in 2041, renewable in January 2031, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	207,110	-
Loan secured by a first mortgage on buildings, repayable by monthly instalments of $558 including capital and interest at the rate of 3.17%, maturing in 2041, renewable in February 2031, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	79,607	84,574
Loan secured by a first mortgage on buildings, repayable by monthly instalments of $1,486 including capital and interest at the rate of 3.01%, maturing in 2041, renewable in March 2031, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	215,272	-
Loan secured by a first mortgage on buildings, repayable by monthly instalments of $311 including capital and interest at the rate of 3.37%, maturing in April 2031, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	17,418	20,712
	$ 3,077,756	$ 2,858,380

11. LONG-TERM DEBT (continued)

Estimated long-term debt principal repayments to be made during the next five years are :

2027 : $1,038,412
2028 : $168,430
2029 : $169,180
2030 : $169,403
2031 : $171,702

The interest expense for the year on long-term debt was $111,477 (2025 - $123,438)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31

12. TANGIBLE CAPITAL ASSETS

	Land and Buildings	Roads and Paving	Equipment and boat	Vehicule	Total 2026	Total 2025
Cost						
Opening balance	$ 19,083,396	$ 3,573,730	$ 3,756,683	$ 793,987	$ 27,207,796	$ 21,995,544
Additions	2,712,680	-	804,701	198,500	3,715,881	5,694,256
Disposals	(267,043)	-	(140,467)	(62,210)	(469,720)	(482,004)
Closing balance	21,529,033	3,573,730	4,420,917	930,277	30,453,957	27,207,796
Accumulated Amortization						
Opening balance	5,314,451	640,060	2,353,336	323,722	8,631,569	7,426,363
Amortization	876,310	348,017	485,618	129,954	1,839,899	1,549,020
Accumulated amortization on disposals	(217,672)	-	(123,467)	(51,876)	(393,015)	(343,814)
Closing balance	5,973,089	988,077	2,715,487	401,800	10,078,453	8,631,569
Net book value	$ 15,555,944	$ 2,585,653	$ 1,705,430	$ 528,477	$ 20,375,504	$ 18,576,227
Opening net book value	13,768,945	2,933,670	1,403,347	470,265	18,576,227	14,569,181
Closing net book value	15,555,944	2,585,653	1,705,430	528,477	20,375,504	18,576,227
Increase in net book value	$ 1,786,999	$ (348,017)	$ 302,083	$ 58,212	$ 1,799,277	$ 4,007,046

13. CONSTRUCTION IN PROGRESS

Construction in progress consists of the development costs for a windtower project and houses. These projects are still on-going as of March 31, 2026.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31

14. INTANGIBLE ASSETS

		2026		2025
Intangible assets not subject to amortization				
Lobster licences	$	2,556,183	$	1,000,000
Other licences		14,000		-
	$	2,570,183	$	1,000,000

15. PREPAID EXPENSES

		2026		2025
Tuition fees	$	157,812	$	173,874
Insurance		322,622		286,960
Lease		9,300		14,700
Other		1,200		-
	$	490,934	$	475,534

16. ECONOMIC DEPENDENCE

Indian Island First Nation receives a major portion of its revenues pursuant to a funding arrangement with Indigenous Services Canada. The nature and extent of this revenue is of such significance that the First Nation is economically dependent on this source of revenue.

17. PENSION AGREEMENT

The First Nation provides defined contribution plan for eligible members of its staff. Members are required to contribute 9% of their salary. The First Nation contributes 9% which contributions are directed to the member's contribution account. The amount of retirement benefit to be received by the employees will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan. Indian Island First Nation contributed during the year $22,536 (2025 - $28,404) for retirement benefits.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31

18. FAIR VALUE AND RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

a) Fair value of Financial Assets and Liabilities

The carrying value of cash, accounts receivable, accounts payable and accrued liabilities, due to Government and other Government Organizations approximates fair market value due to their short term nature.

The carrying value of the long-term debt at the balance sheet date is a fair representation of the present value of future cash flows given that the interest rate risk is protected by an agreement with CMHC for the majority of the long-term debt.

b) Credit Risk

Credit risk is the risk that a counterparty will default on its financial liabilities.

Financial assets which potentially subject the First Nation to credit risk and concentrations of credit risk consist principally of accounts receivable.

Management manages credit risk associated with accounts receivable by pursuing collections when they are due.

c) Liquidity Risk

Liquidity risk is the risk that the First Nation will encouter difficulty in meeting obligations associated with financial liabilities. The First Nation is exposed to the risk mainly in respect of its accounts payable and accrued liabilities and long-term debt.

d) Interest Rate Risk

The First Nation is exposed to interest rate risk on its fixed and variable interest rate financial instruments. Fixed-interest instruments subject the First Nation to a fair value risk while the variable-rate instruments subject it to a cash flow risk.

19. CONTINGENT LIABILITIES

Indian Island First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, Indian Island First Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and expense recorded on Indian Island First Nation's financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31

20. EXPENSES BY OBJECT

The following is a summary of expenses by object:

	2026	2025
Wages & employee benefits	$ 1,864,085	$ 1,844,068
Fees and contract services	1,575,775	1,375,968
Insurance	329,737	213,486
Interest	135,102	179,812
Office supplies and equipment	65,020	11,702
Professional services	45,227	52,916
Repairs & maintenance	698,404	333,669
Supplies & services	1,608,313	1,692,459
Telephone	19,669	16,740
Travel	61,877	44,792
Tuition	536,197	554,315
Utilities	514,851	469,468
Other	1,378,793	1,800,268
Impairment loss	-	1,195,100
Amortization	1,839,899	1,549,020
	$ 10,672,949	$ 11,333,783

21. RECONCILIATION OF INDIGENOUS SERVICES CANADA (ISC) FUNDING

ISC funding per consolidated financial statements	$ 3,856,761
Less: Deferred revenue - Capacity Enhancement	13,785
Deferred revenue - Skill Link Prog	58,979
Deferred revenue - Planning Design & Constr	113
Deferred revenue - Recovery	126,427
Deferred revenue - On-Res O&M Housing	119,597
Deferred revenue - Renovation	5,458
Deferred revenue - Other protection	13,694
Deferred revenue - Construction	954
Deferred revenue - Fire protection	5,600
Deferred revenue - ESE IMPLEN/EXPAN AD EDU	110,822
Deferred revenue - Prov/Priv Service Mapping	17,375
Deferred revenue - Cap Planning Proj-Infra	26,467
Deferred revenue - Response	787
Deferred revenue - Capacity Building	30,000
Deferred revenue - Health	7,853
Subtotal carried forward	$ 537,911

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31

21. RECONCILIATION OF INDIGENOUS SERVICES CANADA (ISC) FUNDING (continued)

	Subtotal from previous page	$ 537,911
Plus:	Deferred revenue - ESE IMPLEN/EXPAN AD EDU	135,753
	Deferred revenue - Skill Link Prog	22,850
	Deferred revenue - Special Needs	66,582
	Deferred revenue - Basic Needs	125,496
	Deferred revenue - On-Res O&M Housing	51,373
	Deferred revenue - Renovation	4,200
	Deferred revenue - Construction	63,080
	Deferred revenue - Capital Investment	243,926
	Deferred revenue - HFP Capital Budget	334,622
	Deferred revenue - FNCFS On-Res O&M Housing	129,751
	Deferred revenue - Mjr Renos, Extension & Repair	101,509
	Deferred revenue - B17 P2 Roads & Bridges	13,505
	Deferred revenue - Recovery	126,427
	Accounts receivable prior year - Recovery	107,767
	Accounts receivable prior year - Response	441
	Accounts receivable prior year - Special Needs	45,004
		1,572,286
Funding per ISC revenue confirmation		$ 4,891,136

22. GOVERNMENT TRANSFERS

	Operating	Capital	2026 Total
Federal government transfers			
Indigenous Services Canada	$ 3,618,774	$ 237,987	$ 3,856,761
Canada Mortgage and Housing Corporation	323,161	85,610	408,771
Department of Fisheries and Oceans	428,002	2,384,853	2,812,855
Canadian Heritage	99,000	-	99,000
Minister of Environment	5,314	-	5,314
	4,474,251	2,708,450	7,182,701
Provincial government transfers	376,293	396,814	773,107
	$ 4,850,544	$ 3,105,264	$ 7,955,808

22. GOVERNMENT TRANSFERS (continued)

	Operating	Capital	2025 Total
Federal government transfers			
Indigenous Services Canada	$ 3,403,904	$ 1,819,126	$ 5,223,030
Canada Mortgage and Housing Corporation	373,955	-	373,955
Department of Fisheries and Oceans	221,017	341,198	562,215
	3,998,876	2,160,324	6,159,200
Provincial government transfers	642,728	2,948,105	3,590,833
	$ 4,641,604	$ 5,108,429	$ 9,750,033

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31

23. SEGMENT DISCLOSURE

Indian Island First Nation provides a range of services to its members. For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies in Note 1. The segment results for the period are as follows :

	Economic Development		Education		Social Assistance		Health	
	2026	2025	2026	2025	2026	2025	2026	2025
Revenues								
Federal Government	$ -	$ -	$ 1,002,510	$ 615,210	$ 1,092,600	$ 945,232	$ 599,020	$ 568,771
Provincial Government	164,301	162,105	137,634	150,360	-	-	-	-
Other revenue	1,026,124	1,163,529	62,000	112,322	49,572	10,058	-	-
Total revenue	**1,190,425**	**1,325,634**	**1,202,144**	**877,892**	**1,142,172**	**955,290**	**599,020**	**568,771**
Expenses								
Salaries and benefits	161,833	183,044	143,885	176,044	170,836	143,806	181,811	206,371
Amortization	56,262	55,627	-	-	51,594	53,470	-	-
Debt servicing	-	-	-	-	54,132	48,894	-	-
Other expenses	1,072,524	1,189,287	745,796	753,492	871,187	756,579	433,563	362,400
Total expenses	**1,290,619**	**1,427,958**	**889,681**	**929,536**	**1,147,749**	**1,002,749**	**615,374**	**568,771**
Annual surplus (deficit)	**$ (100,194)**	**$ (102,324)**	**$ 312,463**	**$ (51,644)**	**$ (5,577)**	**$ (47,459)**	**$ (16,354)**	**$ -**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31

23. SEGMENT DISCLOSURE (continued)

	Public Works		Band Government		Other		Total	
	2026	2025	2026	2025	2026	2025	2026	2025
Revenues								
Federal Government	$ 118,914	$ 116,583	$ 1,452,488	$ 3,351,189	$ 2,917,169	$ 562,215	$ 7,182,701	$ 6,159,200
Provincial Government	-	-	406,264	3,236,105	64,907	42,263	773,106	3,590,833
Other revenue	-	-	2,675,968	641,258	1,883,848	2,038,699	5,697,512	3,965,866
Total revenue	**118,914**	**116,583**	**4,534,720**	**7,228,552**	**4,865,924**	**2,643,177**	**13,653,319**	**13,715,899**
Expenses								
Salaries and benefits	30,628	16,911	874,713	830,974	300,378	286,918	1,864,084	1,844,068
Amortization	-	-	1,173,945	965,585	558,098	474,338	1,839,899	1,549,020
Debt servicing	-	-	-	-	57,456	74,544	111,588	123,438
Other expenses	274,282	152,883	1,560,580	1,450,586	1,899,446	3,152,030	6,857,378	7,817,257
Total expenses	**304,910**	**169,794**	**3,609,238**	**3,247,145**	**2,815,378**	**3,987,830**	**10,672,949**	**11,333,783**
Annual surplus (deficit)	**$ (185,996)**	**$ (53,211)**	**$ 925,482**	**$ 3,981,407**	**$ 2,050,546**	**$(1,344,653)**	**$ 2,980,370**	**$ 2,382,116**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31

24. BUDGETED FIGURES

Unaudited budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Chief and Council.

25. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation used in the current year.