MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Kwanlin Dun First Nation (the "First Nation") are the responsibility of management and have been approved by the Chief and Council of the First Nation (the "Chief and Council").

The consolidated financial statements of Kwanlin Dun First Nation have been prepared in accordance with Canadian public sector accounting standards (PSAS). Financial statements include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

The Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council review and approve the First Nation's consolidated financial statements. The Chief and Council meet periodically with Finance Management Committee, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditor's report. The Chief and Council takes this information into consideration when approving the financial statements for issuance to the citizens. The Chief and Council also consider and approve the engagement or re-appointment of the external auditors.

The consolidated financial statements of the First Nation have been audited on behalf of the citizens by Estrada & Tan, Chartered Professional Accountants, in accordance with Canadian generally accepted auditing standards.

Chief

Councillor

Whitehorse, Yukon
October 2, 2026

INDEPENDENT AUDITOR'S REPORT

To the Citizens of Kwanlin Dun First Nation

Qualified Opinion

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

In our opinion, 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 the Group as at March 31, 2026, and the consolidated results of its operations and consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

Basis for Qualified Opinion

Note 2 to the consolidated financial statements describes the capitalization policies with respect to the First Nation's tangible capital assets. In the current fiscal year, the First Nation completed an appraisal of its housing assets as part of its assessment of tangible capital assets for compliance with PS 3150, Tangible Capital Assets. Adjustments arising from the appraisal were recorded as adjustments to the opening balances as at April 1, 2025. The comparative amounts as at and for the year ended March 31, 2025 were not restated. Accordingly, we were unable to determine whether any adjustments might have been necessary to tangible capital assets, accumulated amortization, amortization expense, annual surplus, and accumulated surplus as at and for the year ended March 31, 2025.

The First Nation, either directly or through a trust of which it is the sole beneficiary, holds investments in entities that are wholly owned as well as investments in entities that are subject to significant influence. Canadian public sector accounting standards require such investments to be recorded and audited on a modified equity basis to the year-end date of the consolidated financial statements. However, only compiled financial information to March 31, 2026 is available for 42135 Yukon Inc., Canyon City Construction Limited, and Chu Niikwan Development Corporation; and reviewed financial statements to March 31, 2026 is available for Sky High Valley Ranches Ltd. Investments are recorded based on available information. Further, only financial information to December 31, 2025 is available for Kilrich Industries Limited Partnership, 33225 Yukon Inc. (GP), Lynn Building, and River's Edge Partnership. Financial information as at and for the three-month period ended March 31, 2026 has not been made available for these entities. As a result, we were unable to determine whether adjustments were required to investment in government business enterprises, equity income from investment in government business enterprises, annual surplus, and accumulated surplus as at and for the year ended March 31, 2026.

Our audit opinion on the consolidated financial statements for the year ended March 31, 2026 was modified because of the effects of these departures from Canadian public sector accounting standards.

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 Group in accordance with 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 audit opinion.

(continues)

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 PSAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Whitehorse, Yukon Territory
October 2, 2026

CHARTERED PROFESSIONAL ACCOUNTANTS

KWANLIN DUN FIRST NATION

Consolidated Statement of Financial Position

March 31, 2026

	2026	2025
FINANCIAL ASSETS		
Cash	**$ 16,179,970**	$ 18,232,879
Restricted cash *(Note 4)*	**12,162,276**	14,912,668
Accounts receivable *(Net of allowance for doubtful accounts) (Note 5)*	**11,658,072**	2,314,941
Grants receivable	**12,881,286**	11,864,937
Due from related parties *(Note 7)*	**7,947,185**	7,164,599
Investment in government business enterprises *(Note 16)*	**33,011,907**	31,992,333
	93,840,696	86,482,357
LIABILITIES		
Accounts payable and accrued liabilities	**8,720,867**	3,752,043
Wages payable	**3,567,764**	3,413,483
Deferred revenues *(Note 9)*	**33,749,174**	22,741,997
Repayable to funders	**193,353**	9,084
Long term debt *(Note 10)*	**907,627**	959,287
	47,138,785	30,875,894
NET FINANCIAL ASSETS	**46,701,911**	55,606,463
NON-FINANCIAL ASSETS		
Prepaid expenses	**566,094**	302,076
Tangible capital assets *(Net of accumulated amortization) (Note 6)*	**104,266,452**	76,423,321
	104,832,546	76,725,397
ACCUMULATED SURPLUS *(Note 10)*	**$ 151,534,457**	$ 132,331,860

CONTINGENT LIABILITY *(Note 14)*

CONTRACTUAL RIGHTS *(Note 15)*

ON BEHALF OF COUNCIL

Chief

Troy Friday

Councillor

See notes to consolidated financial statements

KWANLIN DUN FIRST NATION

Consolidated Statement of Operations and Accumulated Surplus

Year Ended March 31, 2026

	Budget (Note 11)	**2026**	2025
REVENUES ***(Note 21)***			
Government of Canada - Financial Transfer Agreement	$ 34,238,555	**$ 32,680,470**	$ 30,923,398
Recognition of housing assets on adoption of PS 3150 *(Note 3)*	-	**27,906,147**	-
Indigenous Services Canada	12,694,573	**15,316,094**	14,693,865
Kwanlin Dun First Nation Trust distribution	2,333,231	**6,529,697**	1,394,513
Government of Yukon	4,174,497	**6,360,284**	10,964,273
Government of Canada - others	2,938,541	**6,193,610**	2,803,224
Other revenues	20,476,720	**2,952,729**	1,681,878
Rental income	1,015,000	**2,250,636**	2,678,368
Personal Income Tax and Goods and Services Tax	1,722,949	**2,015,462**	2,200,814
Interest income	1,500,000	**1,321,347**	1,902,316
Canada Mortgage and Housing Corporation	1,034,253	**1,207,021**	1,099,431
Equity income from investment in government business enterprises *(Note 16)*	-	**1,019,574**	3,422,058
Administration fees	450,000	**353,207**	336,834
Compensation payment	-	**-**	4,540,647
Prior year grants decommitted	-	**(113,638)**	(628,528)
Repayable to funding agencies	-	**(219,762)**	(9,084)
Transfer between programs	488,000	**-**	-
Transfer from deferred revenue *(Note 9)*	17,576,623	**22,607,041**	17,028,258
Transfer to deferred revenue *(Note 9)*	(3,739,336)	**(33,614,218)**	(22,671,989)
	96,903,606	**94,765,701**	72,360,276
EXPENSES ***(Note 21)***			
Amortization of housing assets recognized on adoption of PS 3150 *(Note 3)*	-	**18,800,771**	-
Human Resources, Administration and Finance	10,793,310	**9,348,615**	6,386,239
Education	11,831,839	**8,256,109**	7,707,072
Capital Operations and Community Services	16,228,040	**7,862,316**	6,551,924
Justice	14,122,445	**7,602,088**	7,476,324
Health and Wellness	6,743,101	**6,698,722**	6,115,538
Governance and Implementation	3,936,750	**5,875,057**	9,765,733
Social Wellbeing and Empowerment	5,394,854	**4,930,492**	4,316,513
Heritage, Lands and Resources	5,823,414	**4,807,512**	4,459,452
Cultural Centre	-	**2,249,097**	2,005,752
Economic Development	22,014,853	**1,219,814**	1,545,368
Interest and bank charges	15,000	**66,753**	59,134
Legal settlements	-	**27,000**	182,912
	96,903,606	**77,744,346**	56,571,961
OTHER INCOME (EXPENSES)			
Transfer from Kwanlin Dun First Nation Trust	-	**6,349,907**	-
Gain on disposal of tangible capital assets	-	**31,578**	-
Transfer to Kwanlin Dun First Nation Trust	-	**(4,200,243)**	(5,935,160)
	-	**2,181,242**	(5,935,160)
ANNUAL SURPLUS	-	**19,202,597**	9,853,155

(continues)

See notes to consolidated financial statements

KWANLIN DUN FIRST NATION

Consolidated Statement of Operations and Accumulated Surplus *(continued)*

Year Ended March 31, 2026

	Budget (Note 11)	**2026**	2025
ACCUMULATED SURPLUS - BEGINNING OF YEAR	**-**	**132,331,860**	122,478,705
ACCUMULATED SURPLUS - END OF YEAR	$ **-**	**$ 151,534,457**	$ 132,331,860

See notes to consolidated financial statements