

**Tseshahat First Nation**  
**Consolidated Financial Statements**  
*March 31, 2025*

**Tseshahat First Nation**  
**Contents**  
*For the year ended March 31, 2025*

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To the Members of Tseshaht First Nation:

### Opinion

We have audited the consolidated financial statements of Tseshaht First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statements of operations and accumulated surplus, remeasurement gains, changes in net financial assets, cash flows and the related schedules for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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, 2025, and the results of its consolidated operations, consolidated remeasurement gains, changes in consolidated net financial assets and 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.

### 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 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 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the First Nation as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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.

Nanaimo, British Columbia

July 29, 2025

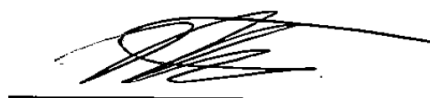
*MNP LLP*

Chartered Professional Accountants

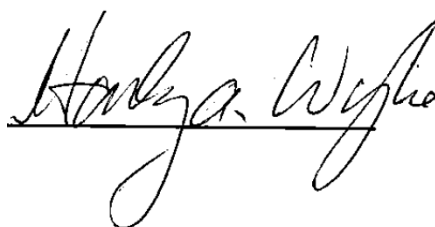
**Tseshaht First Nation**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2025*

	2025	2024
<b>Financial assets</b>		
Cash and cash equivalents	26,069,624	23,277,164
Accounts receivable (Note 3)	3,953,841	9,524,919
Term investments (Note 4)	13,504,083	490,266
Inventory for resale	-	298,920
Restricted cash (Note 6)	3,325,410	16,385,133
Funds held in trust (Note 7)	210,345	200,922
Investment in First Nation business enterprises (Note 8)	15,649,582	12,699,590
Investment in First Nation business partnerships (Note 8)	690,623	509,456
Portfolio investments (Note 8)	85,404	5,276
<b>Total financial assets</b>	<b>63,488,912</b>	<b>63,391,646</b>
<b>Liabilities</b>		
Accounts payable and accruals	4,264,195	1,865,516
Deferred revenue (Note 9)	19,167,748	23,277,728
Asset retirement obligation (Note 10)	315,147	-
Debt (Note 12)	4,572,711	5,299,049
<b>Total liabilities</b>	<b>28,319,801</b>	<b>30,442,293</b>
<b>Net financial assets</b>	<b>35,169,111</b>	<b>32,949,353</b>
<b>Contingencies</b> (Note 13)		
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	30,843,711	20,661,307
Prepaid expenses	113,580	105,433
<b>Total non-financial assets</b>	<b>30,957,291</b>	<b>20,766,740</b>
<b>Accumulated surplus</b> (Note 14)	<b>66,126,402</b>	<b>53,716,093</b>
<b>Accumulated surplus is comprised of:</b>		
Accumulated surplus (Note 14)	65,550,541	53,716,093
Accumulated remeasurement gains (Note 14)	575,861	-
	<b>66,126,402</b>	<b>53,716,093</b>

Approved on behalf of the Chief and Council:



Chief  
Councillor



Councillor

# Tseshaht First Nation

## Consolidated Statement of Operations and Accumulated Surplus

*For the year ended March 31, 2025*

	Schedules	2025 Budget (Note 19)	2025	2024
<b>Revenue</b>				
Nuu-chah-nulth Tribal Council - ARFA (Note 15)		6,650,708	15,789,849	9,688,621
Province of British Columbia		695,000	7,874,900	2,379,843
Other revenue		1,068,657	2,237,524	1,364,120
Interest income		380,600	1,624,312	1,496,730
Government of Canada		1,054,730	978,912	1,240,672
BC First Nation Gaming Revenue Sharing		561,040	636,542	826,753
Rental income		85,200	568,690	572,460
Canada Mortgage and Housing Corporation		-	328,098	228,833
Other grants		4,000	290,419	46,457
First Nations Health Authority		-	247,792	312,941
Administration recoveries		-	268,283	502,569
Fish license fees		215,000	194,818	137,756
First Nation Education Steering Committee		-	128,410	231,199
Fees (Note 16)		20,000	87,615	132,774
Earnings from investment in Nation business partnerships (Note 8)		-	81,232	205,906
Lease income		19,400	68,601	80,281
Nuu-chah-nulth Employment & Training Board (Note 15)		52,000	52,000	64,035
Sales		35,000	14,155	9,611,294
Nuu-chah-nulth Economic Development Corporation		-	10,800	112,200
BC Special		-	2,630	2,703
Earnings (loss) from investment in Nation business enterprises (Note 8)		-	(9,259)	760,074
		<b>10,841,335</b>	<b>31,476,323</b>	29,998,221
<b>Program expenses (Schedule 2)</b>				
Operating	3	11,128,820	13,479,757	13,455,063
Trust	4	-	13,693	24,963
CMHC Housing	5	-	871,990	703,589
Enterprise	6	-	581,827	9,706,964
Claims, Negotiations & Reconciliation	7	-	2,521,059	322,743
		<b>11,128,820</b>	<b>17,468,326</b>	24,213,322
<b>Annual surplus (deficit) before other items</b>		<b>(287,485)</b>	<b>14,007,997</b>	5,784,899
<b>Other items</b>				
Loss on disposal of tangible capital assets		-	-	(63,051)
Loss on write-down of Orange Bridge Cannabis tangible capital assets		-	-	(31,476)
		-	-	(94,527)
<b>Annual surplus (deficit)</b>		<b>(287,485)</b>	<b>14,007,997</b>	5,690,372
<b>Accumulated surplus, beginning of year</b>		<b>53,716,093</b>	<b>53,716,093</b>	48,025,721
<b>Contribution on restructuring (Note 5)</b>		-	(2,173,549)	-
<b>Accumulated surplus, end of year (Note 14)</b>		<b>53,428,608</b>	<b>65,550,541</b>	53,716,093

The accompanying notes are an integral part of these financial statements

**Tseshaht First Nation**  
**Consolidated Statement of Remeasurement Gains**  
*For the year ended March 31, 2025*

	<b>2025</b>	<b>2024</b>
<b>Accumulated remeasurement gains, beginning of year</b>	-	-
<b>Unrealized gains attributable to:</b>		
Designated fair value financial instruments	<b>575,861</b>	-
<b>Accumulated remeasurement gains, end of year</b>	<b>575,861</b>	-

*The accompanying notes are an integral part of these financial statements*

**Tseshaht First Nation**  
**Consolidated Statement of Changes in Net Financial Assets**  
*For the year ended March 31, 2025*

	<b>2025 Budget (Note 19)</b>	<b>2025</b>	<b>2024</b>
<b>Annual surplus (deficit)</b>	<b>(287,485)</b>	<b>14,007,997</b>	5,690,372
Purchases of tangible capital assets	<b>(14,301,702)</b>	<b>(11,811,578)</b>	(3,192,211)
Amortization of tangible capital assets	-	<b>1,604,458</b>	1,414,210
Loss on disposal of tangible capital assets	-	-	63,051
Proceeds of disposal of tangible capital assets	-	<b>24,716</b>	43,999
Loss on write-down of Orange Bridge Cannabis tangible capital assets	-	-	31,476
Contribution on restructuring	-	<b>(2,173,549)</b>	-
Acquisition of prepaid expenses	-	<b>(113,580)</b>	(105,433)
Use of prepaid expenses	-	<b>105,433</b>	31,230
Change in remeasurement gains for the year	-	<b>575,861</b>	-
<b>Increase (decrease) in net financial assets</b>	<b>(14,589,187)</b>	<b>2,219,758</b>	3,976,694
<b>Net financial assets, beginning of year</b>	<b>32,949,353</b>	<b>32,949,353</b>	28,972,659
<b>Net financial assets, end of year</b>	<b>18,360,166</b>	<b>35,169,111</b>	32,949,353

*The accompanying notes are an integral part of these financial statements*

**Tseshaht First Nation**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2025*

	2025	2024
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Annual surplus	14,007,997	5,690,372
Non-cash items		
Amortization	1,604,458	1,414,210
Bad debts	5,468	31,690
Loss on disposal of tangible capital assets	-	63,051
Earnings from investment in First Nation business partnerships	(81,232)	(205,906)
Loss (earnings) from investment in First Nation business enterprises	9,259	(760,074)
Forgiveness of debt	-	(15,000)
Loss on write-down of Orange Bridge Cannabis tangible capital assets	-	31,476
Asset retirement obligation	315,147	-
Remeasurement gains	575,861	-
Transfer of inventory	298,920	-
Contribution on restructuring	(2,173,549)	-
	14,562,329	6,249,819
Changes in working capital accounts		
Accounts receivable	5,576,546	(5,332,843)
Prepaid expenses	(8,147)	(74,203)
Funds held in trust	(9,423)	(9,319)
Inventory	-	(75,679)
Accounts payable and accruals	2,398,679	232,903
Deferred revenue	(4,109,980)	19,792,721
	18,410,004	20,783,399
<b>Financing activities</b>		
Advances of debt	72,662	199,310
Repayment of debt	(799,000)	(508,995)
	(726,338)	(309,685)
<b>Capital activities</b>		
Purchases of tangible capital assets	(11,811,578)	(3,192,211)
Proceeds of disposal of tangible capital assets	24,716	43,999
	(11,786,862)	(3,148,212)
<b>Investing activities</b>		
Decrease in restricted cash	13,059,723	234,490
Advances to related parties - net	(3,150,250)	(158,276)
Change in term investments	(13,013,817)	(2,754)
	(3,104,344)	73,460
<b>Increase in cash and cash equivalents</b>	2,792,460	17,398,962
<b>Cash and cash equivalents, beginning of year</b>	23,277,164	5,878,202
<b>Cash and cash equivalents, end of year</b>	26,069,624	23,277,164

The accompanying notes are an integral part of these financial statements

**1. Operations**

Tseshaht First Nation (the "First Nation") is located in the province of British Columbia, and provides various services to its members. Tseshaht First Nation includes the First Nation's members, government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

**2. Significant accounting policies**

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

***Reporting entity***

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation government business entities. Trusts administered on behalf of third parties by Tseshaht First Nation are excluded from the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- CMHC Housing (Department)
- Tseshaht Somass Society (Wholly owned)
- Tseshaht Development Society (Wholly owned)
- Tseshaht Economic Development Corporation (Wholly owned)
- Tseshaht Iwachis Settlement Trust (Wholly owned)

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Tseshaht First Nation business enterprises, owned or controlled by the First Nation's Chief and Council but not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method.

First Nation business partnerships, jointly owned and controlled by the First Nation's Chief and Council but not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method.

Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Tseshaht Forestry Corporation (Wholly owned)
- Omoah Forestry LLP and its General Partner, Omoah Forestry Corporation (Wholly owned)
- Cisa Forestry LLP, and its General Partner, Cisa Forestry Corporation (Wholly owned)
- Ekoolthaht Marine LLP, and its General Partner, Ekoolthaht Marine Corporation (Wholly owned)
- Tseshaht Fisheries Corporation (Wholly owned)
- Equis Forest Products Ltd. (51% ownership)
- 1054423 Fisheries Limited Partnership and its General Partner, 1054423 B.C. Ltd. (50% ownership)
- Tseshaht Enterprises LP, and its General Partner, Tseshaht Enterprises Corporation (Wholly owned)

**2. Significant accounting policies** *(Continued from previous page)*

**Portfolio investments**

Long-term investments in entities that are not owned, controlled, or influenced by the Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

**Cash and cash equivalents**

Cash and cash equivalent include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

**Tangible capital assets**

Tangible capital assets exceeding \$2,000 are initially recorded at cost less accumulated amortization. Contributed tangible assets are recorded at their fair value at the date of contribution.

**Amortization**

Amortization for tangible capital assets is provided using the straight line method at rates intended to amortize the cost of the assets over their estimated useful lives. See below for amortization rates of specific asset categories.

All intangible assets and items inherited by the right of the First Nation, such as reserve land, forests, water and mineral resources, are not recognized in the First Nation's consolidated financial statements. Thunderbird poles have an unlimited useful life, and are therefore no longer depreciated.

	<b>Years/Rate</b>
Automotive equipment	5 years
Marine equipment	10 years
Community buildings	20 years
Computer equipment	3 years
Dock and gazebo	10 years
Housing	20 years
Infrastructure	20 years
Office equipment	5 years
Other equipment	5 years
Paving	10 years
Shellfish licenses	20 years
CMHC housing	30 years

**Basis of presentation**

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

**Long-lived assets**

Long-lived assets consist of tangible capital assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using prices for similar items. Any impairment is included in operations for the year.

The First Nation does not perform impairment testing on its long-lived assets that are held for public administration and situated on its reserve land as it is not possible to determine their fair market value.

**2. Significant accounting policies** *(Continued from previous page)*

***Asset classification***

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

***Net financial assets***

The First Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of consolidated financial position. The net financial assets of the First Nation is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of consolidated financial position, accumulated surplus.

***Liability for contaminated site***

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2025.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at March 31, 2025, no liability for contaminated sites exists.

***Funds held in trust***

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on land or other First Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

***Revenue recognition***

***Non-government funding***

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the consolidated statement of financial position in the year of receipt.

***Government transfers***

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

**2. Significant accounting policies** *(Continued from previous page)*

**Revenue recognition** *(Continued from previous page)*

*Funds held in trust*

The First Nation recognizes revenue of the Capital and Revenue Trust Fund at the time funds are contributed from the accounts held in Ottawa. Interest revenue is recognized when earned.

Non-exchange transactions have no performance obligations and are recognized at their realizable value when the First Nation has the authority to claim or retain economic inflows based on a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations is recognized when the First Nation satisfies a performance obligation by providing the promised goods or services to a payor. The performance obligation is evaluated as being satisfied either over a period of time or at a point in time.

*Sales*

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer and collection is reasonably assured.

*Canada Mortgage and Housing Corporation ("CMHC")*

CMHC revenue is recognized as it becomes receivable under the terms of the applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the consolidated statement of financial position in the year of receipt.

*Other revenue*

Revenue from transactions with performance obligations is recognized when the First Nation satisfies a performance obligation by providing the promised goods or services to a payor. The performance obligation is evaluated as being satisfied either over a period of time or at a point in time.

**Measurement uncertainty**

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary.

Amortization is based on the estimated useful lives of tangible capital assets.

Inventories are valued at lower of cost and net realizable value using the first in, first out costing method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling costs.

Expenditures that relate to on-going environmental and remediation programs are charged against operations as incurred. A liability for a contaminated site reflects management's best estimate of the amount required to remediate the contaminated site. The best estimate of the liability is based upon assumptions and estimates related to the amount and timing of costs for future site remediation. Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provision recognized.

These estimates are reviewed periodically and, as adjustments become necessary, are reported in operations in the periods in which they become known.

**Segments**

The First Nation conducts its business through five reportable segments as described in Note 18. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

**2. Significant accounting policies** *(Continued from previous page)*

**Segments** *(Continued from previous page)*

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

**Asset retirement obligation**

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the consolidated financial statement date when there is a legal obligation for the First Nation to incur retirement costs in relation to a tangible capital asset (or component thereof), 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. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at March 31, 2025. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. The First Nation recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

**Financial instruments**

The First Nation recognizes its financial instruments when the First Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the First Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The First Nation has not made such an election during the year.

The First Nation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the consolidated statement of remeasurement gains and losses with the exception of gains and losses on externally restricted financial assets measured at fair value, which are recognized as an increase or decrease to the associated liability until the resources are used in accordance with their specified purpose. Interest income is recognized in the consolidated statement of operations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years, recent collection experience for the loan, such as a default or delinquency in interest or principal payments, etc. in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the consolidated statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the consolidated statement of remeasurement gains and losses.

**Tseshahat First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2025*

**3. Accounts receivable**

	2025	2024
Nuu-chah-nulth Tribal Council	2,125,739	6,003,578
Other receivables	999,704	1,027,074
Other government agencies	625,296	942,484
Province of British Columbia	120,946	1,455,227
Rent receivables	55,716	54,000
Goods and Service Tax	26,440	42,556
	<b>3,953,841</b>	<b>9,524,919</b>

**4. Term investments**

	2025	2024
<b>Internally restricted</b>		
GIC maturing September 7, 2025, bearing interest at 5.75% (a reserve fund established by the Board of Directors of Tseshahat Market for future fuel system upgrades and expansion)	308,356	308,356
GIC transferred to Tseshahat Market Limited Partnership in the year (Note 5)	(308,356)	-
	-	308,356
<b>Unrestricted</b>		
GIC maturing October 4, 2025, bearing interest at 3.0%	181,910	181,910
GIC transferred to Tseshahat Market Limited Partnership in the year (Note 5)	(181,910)	-
	-	181,910
<b>Measured at fair value</b>		
Bank of Montreal Trust Company - Iwachis Settlement	11,682,413	-
Bank of Montreal Trust Company - Iwachis Minors	1,821,670	-
	13,504,083	-
<b>Total</b>	<b>13,504,083</b>	<b>490,266</b>

Publicly traded investments have an adjusted cost base of \$12,928,222 and unrealized gains of \$575,861.

**Tseshaht First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2025*

**5. Restructuring transactions**

On April 1, 2024, the First Nation completed a restructuring transaction with Tseshaht Market Limited Partnership. Tseshaht Market was a consolidated department under common control of the First Nation. The restructuring transaction was completed to form the Partnership and allocate assets and equity.

Under the restructuring transaction, the First Nation transferred the assets and liabilities at April 1, 2024, retaining tangible capital assets except other equipment which is included in a promissory note receivable from the Partnership.

The following table summarizes the assets and liabilities transferred and received by the First Nation, in aggregate, as a result of the restructuring transaction.

	<b><i>Tseshaht Market Limited Partnership</i></b>	<b><i>Tseshaht First Nation Promissory Note Receivable</i></b>	<b><i>Tseshaht First Nation Equity</i></b>
	<b><i>April 1, 2024</i></b>	<b><i>April 1, 2024</i></b>	<b><i>April 1, 2024</i></b>
Cash	1,721,837	-	(1,721,837)
Guaranteed investment certificates	181,910	-	(181,910)
Accounts receivable	54,762	-	(54,762)
Investment income	24,287	-	(24,287)
Restricted cash and investments	308,356	-	(308,356)
Other equipment, net of taxes	23,845	(23,845)	-
Inventory	298,920	(298,920)	-
<b>Total assets</b>	<b>2,613,917</b>	<b>(322,765)</b>	<b>(2,291,152)</b>
Accounts payable and accruals	44,006	-	(44,006)
Wages and benefits payable	27,782	-	(27,782)
Due to related party - net	133,350	-	(133,350)
Prior year distribution to Nation	162,465	-	(162,465)
Internal reserve - equity	(250,000)	-	250,000
<b>Total liabilities</b>	<b>117,603</b>	<b>-</b>	<b>(117,603)</b>
<b>Net assets (liabilities)</b>	<b>2,496,314</b>	<b>(322,765)</b>	<b>(2,173,549)</b>
<b>Net effect of restructuring transaction</b>	<b>2,496,314</b>	<b>(322,765)</b>	<b>(2,173,549)</b>

**Tseshaht First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2025*

**6. Restricted cash**

	2025	2024
CMHC housing replacement reserve	412,406	460,551
CMHC housing operating reserve	266,834	256,391
Trust cash and short-term investments	1,076,591	1,045,754
Iwachis Minors account	80,268	1,928,037
Iwachis Settlement account	1,489,311	12,694,400
	<b>3,325,410</b>	<b>16,385,133</b>

*CMHC housing reserves*

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited in the amount of \$73,000 (2024 - \$73,000) annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. At year end, this reserve was adequately funded (2024 - adequately funded).

Under the terms of the agreement with Canada Mortgage and Housing Corporation, excess revenues over expenditures for the Post 1996 phases may be retained in an operating reserve. These funds along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. At year end, the operating reserve was adequately funded (2024 - adequately funded).

*Trust*

The purpose of the Tseshaht Trust is to hold and protect a past specific claim settlement intended for its beneficiary, the First Nation. As at March 31, 2025, the fair market value of the investments held in Trust is \$1,065,669 (2024 - \$1,036,260).

*Iwachis Specific Claim Settlement*

As at March 31, 2025, \$1,569,579 (2024 - \$14,622,437) of this funding remains as restricted cash after disbursements, transfers to the trust account and interest income.

**7. Funds held in trust**

Capital and revenue trust funds are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the First Nation's Council. Other trust funds are to be used with consent of the First Nation's Council.

	2025	2024
<b>Capital Trust</b>		
Balance, beginning and end of year	78,605	78,605
<b>Revenue Trust</b>		
Balance, beginning of year	122,317	112,998
Interest	6,793	6,616
British Columbia special distribution	2,630	2,703
Balance, end of year	131,740	122,317
	<b>210,345</b>	<b>200,922</b>

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*.

**Tseshahat First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2025*

**8. Investments in First Nations business entities and partnerships**

The First Nation uses the investees year-end financial statements to account for its investment in these investees. Equis Forest Products Ltd. has an October 31, 2024 year-end and the remainder of the investees have a December 31, 2024 year-end. There have been no significant events or transactions in the interim period.

	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Share of earnings (loss)</i>	<i>Contributions (withdrawals)</i>	<i>2025 Total investment</i>
<b>Portfolio Investments:</b>					
Tsuma-as Housing Society - 100%	1	85,403	-	-	85,404
<b>First Nation Business Enterprises:</b>					
Tseshahat Fisheries Corporation - 100%	9	-	-	-	9
Tseshahat Forestry Corporation - 100%	972,579	152,519	(126,739)	-	998,359
Equis Forest Products Ltd. - 51%	(15,961)	-	18,564	-	2,603
Omoah Forestry LLP - 99.9%	3,048,364	37,245	(264,753)	-	2,820,856
Cisaa Forestry LLP - 99.9%	7,990,732	481,142	155,640	-	8,627,514
Ekoolthaht Marine LLP - 99.9%	(125,352)	3,884	23,982	-	(97,486)
Tseshahat Enterprises LP - 99.99%	829,219	(2,838,582)	184,910	5,123,044	3,298,591
Tseshahat Enterprises Corporation - 100%	-	(1)	(863)	-	(864)
	12,699,590	(2,163,793)	(9,259)	5,123,044	15,649,582
<b>First Nation Business Partnerships:</b>					
1054423 Fisheries LP - 50%	509,725	109,935	81,232	(10,000)	690,892
1054423 B.C. Ltd. - 50%	(269)	-	-	-	(269)
	509,456	109,935	81,232	(10,000)	690,623
	13,209,047	(1,968,455)	71,973	5,113,044	16,425,609

	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Share of earnings (loss)</i>	<i>Contributions (withdrawals)</i>	<i>2024 Total investment</i>
<b>Portfolio Investments:</b>					
Tsuma-as Housing Society - 100%	1	5,275	-	-	5,276
<b>First Nation Business Enterprises:</b>					
Tseshahat Fisheries Corporation - 100%	9	-	-	-	9
Tseshahat Forestry Corporation - 100%	(478,031)	2,104,764	(4,154)	(650,000)	972,579
Equis Forest Products Ltd. - 51%	(10,453)	-	(5,508)	-	(15,961)
Omoah Forestry LLP - 99.9%	724,271	2,274,941	49,152	-	3,048,364
Cisaa Forestry LLP - 99.9%	8,639,052	(1,392,951)	744,631	-	7,990,732
Ekoolthaht Marine LLP - 99.9%	(105,492)	4,187	(24,047)	-	(125,352)
Tseshahat Enterprises LP - 99.99%	9,999	13,047	-	806,173	829,219
Tseshahat Enterprises Corporation - 100%	1	(1)	-	-	-
	8,779,356	3,003,987	760,074	156,173	12,699,590

**Tseshaht First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2025*

**8. Investments in First Nations business entities and partnerships** *(Continued from previous page)*

	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Share of earnings (loss)</i>	<i>Contributions (withdrawals)</i>	<i>2024 Total investment</i>
<b>First Nation Business Partnerships:</b>					
1054423 Fisheries LP - 50%	703,819	-	205,906	(400,000)	509,725
1054423 B.C. Ltd. - 50%	(269)	-	-	-	(269)
	703,550	-	205,906	(400,000)	509,456
	9,482,907	3,009,262	965,980	(243,827)	13,214,322

Summary financial information for each business enterprise and partnership, accounted for using the modified equity method, for their respective year-end is as follows:

	<i>Tseshaht Forestry Corporation (unaudited) As at December 31, 2024</i>	<i>Omoah Forestry LLP (unaudited) As at December 31, 2024</i>	<i>Cisaa Forestry LLP (unaudited) As at December 31, 2024</i>	<i>Ekoolthaht Marine LLP (unaudited) As at December 31, 2024</i>
<b>Assets</b>				
Cash	39,573	250,496	622,527	48,417
Forestry contracts	-	2,100,000	-	-
Accounts receivable	10,521	4,473	218,757	11,463
Prepaid expenses	3,248	-	18,204	-
Term deposits	-	-	5,747,972	-
Property, plant and equipment	184,392	-	180,623	-
Inventories	-	-	-	-
Other	15,000	533,503	1,663,596	-
Due from related parties	554,613	-	-	-
Intangible assets	-	-	1,824,284	-
<b>Total assets</b>	<b>807,347</b>	<b>2,888,472</b>	<b>10,275,963</b>	<b>59,880</b>
<b>Liabilities</b>				
Accounts payable	34,178	17,397	115,798	4,010
Deferred revenue	109,371	-	100,000	-
Due to related parties	1,811,475	2,361,644	322,904	161,526
Liability for related party	111,245	-	186,566	-
<b>Total liabilities</b>	<b>2,066,269</b>	<b>2,379,041</b>	<b>725,268</b>	<b>165,536</b>
<b>Retained Earnings</b>	<b>(1,258,922)</b>	<b>509,431</b>	<b>9,550,695</b>	<b>(105,656)</b>
<b>Total revenue</b>	<b>468,289</b>	<b>19,726</b>	<b>1,230,802</b>	<b>32,833</b>
<b>Total expenses</b>	<b>595,027</b>	<b>284,744</b>	<b>1,075,006</b>	<b>8,820</b>
<b>Net income (loss)</b>	<b>(126,738)</b>	<b>(265,018)</b>	<b>155,796</b>	<b>24,013</b>

**Tseshaht First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2025*

**8. Investments in First Nations business entities and partnerships** *(Continued from previous page)*

	<i>Equis Forest Products Ltd. (unaudited) As at October 31, 2024</i>	<i>1055423 Fisheries LP (audited) As at December 31, 2024</i>	<i>Tseshaht Enterprises LP (audited) As at December 31, 2024</i>
<b>Assets</b>			
Cash	7,398	576,953	1,934,292
Forestry contracts	-	-	-
Accounts receivable	-	371,954	81,911
Prepaid expenses	-	15,030	-
Term deposits	-	-	508,357
Property, plant and equipment	-	903,161	786,742
Inventories	-	-	339,994
Other	-	-	118,509
Due from related parties	-	127,415	10,001
Intangible assets	-	328,221	-
<b>Total assets</b>	<b>7,398</b>	<b>2,322,734</b>	<b>3,779,806</b>
<b>Liabilities</b>			
Accounts payable	2,297	16,874	81,298
Deferred revenue	-	905,601	-
Due to related parties	-	228,030	426,726
Liability for related party	-	-	-
<b>Total liabilities</b>	<b>2,297</b>	<b>1,150,505</b>	<b>508,024</b>
<b>Retained Earnings</b>	<b>5,101</b>	<b>1,172,229</b>	<b>3,271,782</b>
<b>Total revenue</b>	<b>74,194</b>	<b>490,134</b>	<b>9,255,085</b>
<b>Total expenses</b>	<b>37,794</b>	<b>327,655</b>	<b>9,070,157</b>
<b>Net income (loss)</b>	<b>36,400</b>	<b>162,479</b>	<b>184,928</b>

The above figures for 1054423 Fisheries LP represent 100% of the assets, liabilities and earnings. The limited partnership has non-controlling partners who have 50% interest in the partnership. The non-controlling shareholders were allocated \$81,239 of the current year earnings (2024 - \$161,787).

The above figures for Equis Forest Products Ltd. represent 100% of the assets, liabilities and earnings. The company has non-controlling shareholders who have 49% interest in the company. The non-controlling shareholders were allocated \$17,836 of the current year earnings (2024 - \$5,390 of the loss).

**Tseshah First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2025*

**9. Deferred revenue**

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Contributions recognized</i>	<i>Balance, end of year</i>
Deferred revenue - government funding	22,543,166	18,978,817	22,539,000	18,982,983
Rent deposits	39,747	533	-	40,280
Grants for acquiring tangible capital assets (Market)	550,349	-	550,349	-
Grants for Education - Roga Contracting Fund	144,466	3,919	3,900	144,485
	<b>23,277,728</b>	<b>18,983,269</b>	<b>23,093,249</b>	<b>19,167,748</b>

**10. Asset retirement obligation**

The First Nation recognized a liability for the asset retirement obligation and a corresponding amount has been capitalized as an asset retirement cost and added to the carrying value of community buildings, housing, and other equipment. The asset retirement cost is amortized on a straight-line basis over the useful life of the related tangible capital assets.

The First Nation estimated the amount of the liability using undiscounted future expenditures estimated to retire the tangible capital asset.

	<b>2025</b>	<b>2024</b>
<b>Balance, beginning of year</b>	-	-
Liabilities incurred	315,147	-
<b>Balance, end of year</b>	<b>315,147</b>	<b>-</b>

**11. Available credit**

As at March 31, 2025, the First Nation had available a revolving demand facility with a credit limit of \$5,885,871 (2024 - \$662,500,) bearing interest at prime plus 1.25%, of which nil (2024 - nil) was outstanding at year-end. This credit facility is secured by a general security agreement. Prime rate at March 31, 2025 was 4.95 % (2024 - 7.20%).

**12. Debt**

	<b>2025</b>	<b>2024</b>
CMHC Phase 1 - All Nations Trust Company		
- Interest at 4.02% per annum		
- Monthly blended payments of \$17,332		
- Maturity date of January 2034; due March 2029		
- Secured by a guarantee of the First Nation and the Government of Canada	1,546,239	1,689,585
CMHC Phase 2 - All Nations Trust Company		
- Interest at 1.06% per annum		
- Monthly blended payments of \$7,183		
- Maturity date of September 2036; due September 2026		
- Secured by a guarantee of the First Nation and The Government of Canada	932,890	1,008,802

**Tseshaht First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2025*

**12. Debt** *(Continued from previous page)*

	<b>2025</b>	<b>2024</b>
CMHC Phase 3 - All Nations Trust Company		
- Interest at 3.74% per annum		
- Monthly blended payments of \$1,852		
- Maturity date of June 2038; due June 2028		
- Secured by a guarantee of the First Nation and the Government of Canada	<b>232,295</b>	245,645
CMHC Phase 4 - All Nations Trust Company		
- Interest at 3.51% per annum		
- Monthly blended payments of \$2,717		
- Maturity date of December 2039; due December 2029		
- Secured by a guarantee of the First Nation and the Government of Canada	<b>375,624</b>	396,945
CMHC Phase 5 - All Nations Trust Company		
- Interest at 2.02% per annum		
- Monthly blended payments of \$2,497		
- Maturity date of March 2042; due March 2027		
- Secured by a guarantee of the First Nation and the Government of Canada	<b>431,091</b>	452,169
CMHC Phase 6 - All Nations Trust Company		
- Interest at 3.7% per annum		
- Monthly blended payments of \$3,195		
- Maturity date of October 2042; due December 2027		
- Secured by a guarantee of the First Nation and the Government of Canada	<b>499,445</b>	519,095
Bank of Montreal - demand loan		
- repaid in the year	-	145,491
Indigenous Services Canada		
- Specific claim loan		
- Bearing no interest		
- Repayable upon settlement of specific claim		
- Secured by a promissory note		
- Loan disbursement of \$72,662 during the fiscal year	<b>523,537</b>	450,875
Nation's Assumption of Orange Bridge Cannabis Nuu-chah-nulth Economic Development Corporation ("NEDC") Loan #2019007N		
- repaid in the year	-	348,513
Tseshaht First Nation Nuu-chah-nulth Economic Development Corporation ("NEDC")		
- Interest at bank prime plus 3%		
- Monthly blended payments of \$1,150		
- Due December 1, 2039		
- Secured by a guarantee of the First Nation and the Government of Canada	<b>31,590</b>	41,929
	<b>4,572,711</b>	5,299,049

**Tseshaht First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2025*

**12. Debt** (Continued from previous page)

Principal repayments on debt in each of the next five years, assuming debt subject to refinancing is renewed, are estimated as follows:

	Principal
2026	322,096
2027	329,958
2028	333,254
2029	331,595
2030	338,787
	1,655,690

Prime rate at March 31, 2025 was 4.95% (2024 - 7.20%).

**13. Contingent liabilities**

- a) The First Nation has entered into an agreement to guarantee mortgages of Members' residences on reserve to a limit of \$3,000,000 through the Bank of Montreal's On-Reserve Housing Loan Program. The total amount of outstanding guarantees as at March 31, 2025 is \$1,484,633 (2024 - \$1,705,219). These loan guarantees are in addition to CMHC mortgages.
- b) The First Nation has received funding from CMHC to provide major renovations to the homes of its members. This funding becomes repayable in the event that the member does not remain in the house for a period of five years.
- c) The First Nation is contingently liable for guarantees of mortgages of Members' residences situated on reserve through Ministerial Loan Guarantees. The total amount of such mortgages at March 31, 2025 is \$1,857 (2024 - \$8,418). These loan guarantees are in addition to CMHC On-Reserve Non-Profit Housing Program Mortgages.
- d) The First Nation is liable for the costs of future removal of fuel storage tanks and site restoration at Tseshaht Market. These costs are included in the asset retirement obligation.

**14. Accumulated surplus**

Accumulated surplus consists of the following:

	2025	2024
Equity in funds held in trust	210,345	200,922
Equity in operating fund - operating	21,650,750	23,879,653
Equity in operating fund - tangible capital assets	26,794,539	15,813,133
Equity in CMHC housing	469,298	608,063
Equity in investments in First Nation business enterprises and partnerships	16,425,609	13,214,322
Accumulated remeasurement gains	575,861	-
	66,126,402	53,716,093

**Tseshah First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2025*

**15. Nuu-chah-nulth Tribal Council funding reconciliation**

	2025	2024
<b>Reconciliation:</b>		
Revenue per confirmation	11,850,892	20,655,262
Additional NTC receivables	504,641	350,844
Changes in deferred revenue	3,223,999	(11,253,450)
Additional amounts received	262,317	-
	<b>15,841,849</b>	<b>9,752,656</b>
<b>Consolidated statement of operations:</b>		
Nuu-chah-nulth Tribal Council - ARFA	15,789,849	9,688,621
Nuu-chah-nulth Employment & Training Board	52,000	64,035
	<b>15,841,849</b>	<b>9,752,656</b>

**16. Related party transactions**

Included within revenue - fees are management fees that the First Nation charged to the following business enterprises:

	2025	2024
Tseshah Forestry Corporation	15,600	26,081
Cisaa Forestry LLP	25,200	43,593
Cisaa Forestry Corporation	480	666
Omoah Forestry LLP	21,600	34,734
Omoah Forestry Corporation	480	792
Ekoolthaht Marine LLP	1,800	3,132
Ekoolthaht Marine Corporation	840	1,324
Equis Forest Products Ltd.	4,500	4,500
	<b>70,500</b>	<b>114,822</b>

The above transactions were conducted in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the First Nation and the related parties.

**Tseshaht First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2025*

**17. Iwachis Settlement Trust**

Funds held in trust on behalf of the Nation's members by the Iwachis Settlement Trust are reported on the consolidated statement of financial position and consolidated statement of operations and accumulated surplus as follows:

	2025	2024
Financial assets	13,887,379	-
Liabilities	(1,889,316)	-
Net financial assets and accumulated surplus	11,998,063	-
Revenue	492,127	-
Expense	(82,729)	-
Annual surplus	409,398	-

**18. Segments**

The First Nation receives revenue and incurs expenses from many different projects and sources. For management and reporting purposes, the revenue, expenses and surplus or deficits are organized by the following segments:

**Operating**

Includes general operations, support and financial management of the First Nation. Additionally, it includes activities related to education, health and community infrastructure.

**Trust**

Includes activities related to funds held in trust and a specific claim trust.

**CMHC Housing**

Includes revenue and expenses relating to the CMHC housing of the members of the First Nation.

**Enterprise**

Includes activities related to the growth of revenue producing projects with the First Nation.

**Claims, Negotiations & Reconciliation**

Includes activities related to specific claims, negotiations, and reconciliation with the Provincial and Federal governments.

**19. Budget information**

Budgets were not prepared for all segments and all departments in 2025. As such, the budget figures in the Consolidated Statement of Operations and Accumulated Surplus are not presented for the same scope of activities as the actual results.

The disclosed budget information has been approved by the Chief and Council of the Tseshaht First Nation at the Tseshaht Community Budget Meeting held on September 17, 2024.

Chief and Council has not budgeted for the following segments:

- Trust
- CMHC Housing
- Enterprise
- Claims, Negotiations & Reconciliation

A reconciliation of these amounts to the Chief and Council approved budget is as follows:

**19. Budget information** *(Continued from previous page)*

Budgeted deficit per the Consolidated Statement of Operations and Accumulated Surplus	\$ (287,485)
Adjusted for:	
Acquisitions of tangible capital assets	(14,301,702)
Principal repayments on long-term debt	(125,500)
Budgeted use of prior year surplus	14,144,712
Transfers to entities included within the reporting entity	517,064
Budgeted deficit per Chief and Council approved budget	\$ (52,911)

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**20. Economic dependence**

Tseshahat First Nation receives a significant portion of its revenue from Indigenous Services Canada ("ISC") via Nuuchahnulth Tribal Council ("NTC") as a result of funding agreements entered into with the Government of Canada. These funding agreements are administered by ISC under the terms and conditions of the *Indian Act*. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these agreements.

**21. Financial Instruments**

The First Nation as part of its operations carries a number of financial instruments. It is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

***Credit Risk***

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations. Financial instruments that potentially subject the First Nation to concentrations of credit risk consist principally of cash and cash equivalents, restricted cash, term investments, trust assets, and accounts receivable. The maximum credit risk exposure is \$47,063,303 (2024 - \$49,878,404).

***Risk management***

The First Nation manages its credit risk by holding cash balances with a chartered financial institution, and by providing an allowance for potentially uncollectible accounts receivable. The majority of amounts receivable are from Government agencies.

**22. Comparative figures**

Certain comparative figures have been reclassified to conform with current year's presentation.

**Tseshaht First Nation**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**

*For the year ended March 31, 2025*

	<i>Automotive equipment</i>	<i>Marine equipment</i>	<i>Community buildings</i>	<i>Computer equipment</i>	<i>Dock and gazebo</i>	<i>Subtotal</i>
<b>Cost</b>						
Balance, beginning of year	558,099	1,040,223	22,206,925	125,934	419,658	24,350,839
Acquisition of tangible capital assets	231,117	19,742	8,820,371	28,281	-	9,099,511
Disposal of tangible capital assets	-	-	-	-	-	-
Write down of tangible capital assets	-	-	-	-	-	-
Balance, end of year	789,216	1,059,965	31,027,296	154,215	419,658	33,450,350
<b>Accumulated amortization</b>						
Balance, beginning of year	432,833	339,918	16,147,465	82,294	419,658	17,422,168
Annual amortization	68,420	91,805	604,955	25,661	-	790,841
Accumulated amortization on disposals	-	-	-	-	-	-
Balance, end of year	501,253	431,723	16,752,420	107,955	419,658	18,213,009
<b>Net book value of tangible capital assets</b>	<b>287,963</b>	<b>628,242</b>	<b>14,274,876</b>	<b>46,260</b>	<b>-</b>	<b>15,237,341</b>
Net book value of tangible capital assets - 2024	125,266	700,305	6,059,460	43,640	-	6,928,671

**Tseshaht First Nation**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**

*For the year ended March 31, 2025*

	<i>Subtotal</i>	<i>Housing</i>	<i>Infrastructure</i>	<i>Land</i>	<i>Office equipment</i>	<i>Other equipment</i>	<i>Subtotal</i>
<b>Cost</b>							
Balance, beginning of year	24,350,839	2,183,659	12,068,411	2,042,260	180,968	2,887,490	43,713,627
Acquisition of tangible capital assets	9,099,511	76,990	2,561,962	-	-	64,615	11,803,078
Disposal of tangible capital assets	-	-	-	-	-	(871,802)	(871,802)
Write down of tangible capital assets	-	-	-	-	-	-	-
Balance, end of year	33,450,350	2,260,649	14,630,373	2,042,260	180,968	2,080,303	54,644,903
<b>Accumulated amortization</b>							
Balance, beginning of year	17,422,168	2,183,659	6,750,323	-	174,376	1,818,873	28,349,399
Annual amortization	790,841	1,125	245,215	-	3,227	261,036	1,301,444
Accumulated amortization on disposals	-	-	-	-	-	(847,086)	(847,086)
Balance, end of year	18,213,009	2,184,784	6,995,538	-	177,603	1,232,823	28,803,757
<b>Net book value of tangible capital assets</b>	<b>15,237,341</b>	<b>75,865</b>	<b>7,634,835</b>	<b>2,042,260</b>	<b>3,365</b>	<b>847,480</b>	<b>25,841,146</b>
Net book value of tangible capital assets - 2024	6,928,671	-	5,318,088	2,042,260	6,592	1,068,617	15,364,228

**Tseshaht First Nation**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2025*

	<i>Subtotal</i>	<i>Paving</i>	<i>Shellfish licenses</i>	<i>CMHC housing</i>	<i>Thunderbird poles</i>	<i>2025</i>	<i>2024</i>
<b>Cost</b>							
Balance, beginning of year	43,713,627	94,642	10,914	8,850,542	44,035	52,713,760	50,019,454
Acquisition of tangible capital assets	11,803,078	8,500	-	-	-	11,811,578	3,192,211
Disposal of tangible capital assets	(871,802)	-	-	-	-	(871,802)	(353,269)
Write down of tangible capital assets	-	-	-	-	-	-	(144,636)
Balance, end of year	54,644,903	103,142	10,914	8,850,542	44,035	63,653,536	52,713,760
<b>Accumulated amortization</b>							
Balance, beginning of year	28,349,399	66,309	10,914	3,610,832	14,999	32,052,453	30,997,622
Annual amortization	1,301,444	7,996	-	295,018	-	1,604,458	1,414,210
Accumulated amortization on disposals	(847,086)	-	-	-	-	(847,086)	(359,379)
Balance, end of year	28,803,757	74,305	10,914	3,905,850	14,999	32,809,825	32,052,453
<b>Net book value of tangible capital assets</b>	<b>25,841,146</b>	<b>28,837</b>	<b>-</b>	<b>4,944,692</b>	<b>29,036</b>	<b>30,843,711</b>	<b>20,661,307</b>
Net book value of tangible capital assets - 2024	15,364,228	28,333	-	5,239,710	29,036	20,661,307	

**Tseshahat First Nation**  
**Schedule 2 - Schedule of Consolidated Expenses by Object**  
*For the year ended March 31, 2025*

	<b>2025 Budget (Note 19)</b>	<b>2025</b>	<b>2024</b>
<b>Consolidated expenses by object</b>			
Administration fees	-	40,430	72,009
Advertising	27,500	26,136	43,625
Amortization	-	1,604,458	1,414,210
Bad debts	-	5,468	31,690
Cost of goods sold	-	-	7,948,625
Cultural promotion	5,000	4,580	5,077
Custom election code	-	35,080	208
Fire protection	111,598	102,417	121,711
Food fish expense	90,000	112,018	32,527
Honoraria	382,078	249,046	251,067
Insurance, licenses and dues	146,049	284,605	296,901
Interest and bank charges	12,000	12,817	75,364
Interest on long-term debt	-	145,837	146,226
Meeting costs	34,000	54,450	36,895
Miscellaneous	206,287	86,109	73,547
Newsletter	2,200	1,100	850
Office expenses	268,001	223,165	350,561
Professional fees	211,120	303,582	497,831
Professional fees - Specific Claim Tlukwatkwu7is	-	89,697	89,863
Professional fees - Specific Claims	-	6,885	35,544
Professional fees - Specific Claims Aboriginal Title	-	13,212	8,757
Program costs	2,971,476	4,746,740	4,080,328
Property tax	2,000	17,640	19,752
Repairs and maintenance	309,966	698,185	503,222
Salaries and benefits	3,392,751	3,046,349	3,960,143
Social assistance	560,000	880,185	1,227,770
Student allowances	152,000	137,022	105,410
Subcontracts	223,537	-	-
Supplies	110,299	89,083	166,611
Training	30,000	32,467	15,025
Transfer to band members	-	2,395,923	599,540
Travel	140,055	219,607	165,640
Tuition - Elementary/Secondary	1,218,653	1,244,698	1,248,779
Utilities and telephone	449,300	472,669	519,317
Vehicle	72,950	86,666	68,697
	<b>11,128,820</b>	<b>17,468,326</b>	<b>24,213,322</b>

**Tseshah First Nation**  
**Operating**  
**Schedule 3 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2025*

	<b>2025 Budget (Note 19)</b>	<b>2025</b>	<b>2024</b>
<b>Revenue</b>			
Nuu-chah-nulth Tribal Council - ARFA	6,650,708	15,666,846	9,661,686
Province of British Columbia	695,000	7,674,304	2,351,661
Other revenue	539,667	1,440,124	1,098,491
Interest income	380,600	1,021,481	540,672
Government of Canada	1,054,730	977,090	1,240,672
BC Gaming	561,040	636,542	826,753
First Nations Health Authority	-	247,792	312,941
Other grants	4,000	198,798	4,000
Administration recoveries	-	268,283	491,917
Fish license fees	215,000	194,818	137,756
First Nation Education Steering Committee	-	128,410	231,199
Canada Mortgage and Housing Corporation	-	101,249	19,430
Rental income	85,200	95,015	96,035
Fees	20,000	87,615	132,774
Nuu-chah-nulth Employment & Training Board	52,000	52,000	64,035
Lease income	19,400	14,401	26,081
Sales	35,000	14,155	56,037
Nuu-chah-nulth Economic Development Corporation	-	10,800	112,200
	<b>10,312,345</b>	<b>28,829,723</b>	<b>17,404,340</b>

*Continued on next page*

**Tseshaht First Nation**  
**Operating**  
**Schedule 3 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2025*

**2025**      **2024**

<i>(Continued from previous page)</i>	<b>10,312,345</b>	<b>28,829,723</b>	<b>17,404,340</b>
<b>Expenses</b>			
Administration fees	-	-	31,579
Advertising	27,500	26,136	18,055
Amortization	-	1,298,614	940,505
Bad debts	-	20,600	7,603
Cultural promotion	5,000	4,580	5,077
Custom election code	-	35,080	208
Fire protection	111,598	100,186	119,857
Food fish expense	90,000	112,018	32,527
Honoraria	382,078	246,591	250,146
Insurance, licenses and dues	146,049	167,674	154,859
Interest and bank charges	12,000	11,829	12,503
Interest on long-term debt	-	20,997	19,376
Meeting costs	34,000	54,310	36,895
Miscellaneous	206,287	86,109	69,785
Newsletter	2,200	1,100	850
Office expenses	268,001	223,096	315,551
Professional fees	211,120	202,875	393,827
Program costs	2,971,476	3,963,726	3,977,825
Property tax	2,000	409	-
Repairs and maintenance	309,966	433,890	313,006
Salaries and benefits	3,392,751	2,913,286	2,929,789
Social assistance	560,000	880,185	1,227,770
Student allowances	152,000	137,022	105,410
Subcontracts	223,537	-	-
Supplies	110,299	89,083	147,142
Training	30,000	32,467	13,766
Transfer to band members	-	451,645	447,679
Travel	140,055	213,770	161,307
Tuition - Elementary/Secondary	1,218,653	1,244,698	1,248,779
Utilities and telephone	449,300	421,115	404,690
Vehicle	72,950	86,666	68,697
	<b>11,128,820</b>	<b>13,479,757</b>	<b>13,455,063</b>
<b>Other expense</b>			
Loss on disposal of tangible capital assets	-	-	(63,051)
<b>Annual surplus (deficit)</b>	<b>(816,475)</b>	<b>15,349,966</b>	<b>3,886,226</b>

**Tseshahat First Nation  
Trust**

**Schedule 4 - Schedule of Revenue and Expenses**

*For the year ended March 31, 2025*

	<b>2025 Budget (Note 19)</b>	<b>2025</b>	<b>2024</b>
<b>Revenue</b>			
Interest income	-	<b>39,614</b>	31,904
BC Special	-	<b>2,630</b>	2,703
	-	<b>42,244</b>	34,607
<b>Expenses</b>			
Professional fees	-	<b>4,693</b>	11,963
Transfer to band members	-	<b>9,000</b>	13,000
	-	<b>13,693</b>	24,963
<b>Annual surplus</b>	-	<b>28,551</b>	9,644

**Tseshahat First Nation**  
**CMHC Housing**  
**Schedule 5 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2025*

	<b>2025 Budget (Note 19)</b>	<b>2025</b>	<b>2024</b>
<b>Revenue</b>			
Rental income	-	<b>473,675</b>	476,425
Canada Mortgage and Housing Corporation	-	<b>226,848</b>	209,403
Interest income	-	<b>41,173</b>	51,776
Other revenue	-	<b>6,303</b>	211
	-	<b>747,999</b>	737,815
<b>Expenses</b>			
Administration fees	-	<b>40,430</b>	40,430
Amortization	-	<b>295,018</b>	295,018
Bad debts (recovery)	-	<b>(15,132)</b>	24,087
Insurance, licenses and dues	-	<b>111,251</b>	97,342
Interest on long-term debt	-	<b>119,785</b>	96,300
Miscellaneous	-	-	1,295
Professional fees	-	<b>11,300</b>	12,476
Repairs and maintenance	-	<b>259,066</b>	87,441
Travel	-	-	117
Utilities and telephone	-	<b>50,272</b>	49,083
	-	<b>871,990</b>	703,589
<b>Annual surplus (deficit)</b>	-	<b>(123,991)</b>	34,226

**Tseshahat First Nation**  
**Enterprise**  
**Schedule 6 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2025*

	<b>2025 Budget (Note 19)</b>	<b>2025</b>	<b>2024</b>
<b>Revenue</b>			
Province of British Columbia	-	<b>200,596</b>	28,182
Other revenue	<b>528,990</b>	<b>703,232</b>	143,745
Nuu-chah-nulth Tribal Council - ARFA	-	<b>123,003</b>	26,935
Other grants	-	<b>91,621</b>	42,457
Earnings from investment in Nation partnerships	-	<b>81,232</b>	205,906
Lease income	-	<b>54,200</b>	54,200
Interest income	-	<b>3,636</b>	122,923
Government of Canada	-	<b>1,823</b>	-
Sales	-	-	9,555,257
Administration recoveries	-	-	10,213
Earnings (loss) from investment in Nation business entities	-	<b>(9,259)</b>	760,074
	<b>528,990</b>	<b>1,250,084</b>	10,949,892
<b>Expenses</b>			
Advertising	-	-	25,570
Amortization	-	<b>10,826</b>	178,687
Cost of goods sold	-	-	7,948,625
Fire protection	-	<b>2,231</b>	1,854
Insurance, licenses and dues	-	<b>5,681</b>	44,701
Interest and bank charges	-	<b>988</b>	62,861
Interest on long-term debt	-	<b>5,054</b>	30,550
Office expenses	-	-	34,999
Professional fees	-	<b>1,573</b>	74,214
Program costs	-	<b>533,014</b>	92,671
Property tax	-	<b>17,231</b>	19,752
Repairs and maintenance	-	<b>5,229</b>	102,774
Salaries and benefits	-	-	1,004,616
Supplies	-	-	19,468
Training	-	-	1,259
Travel	-	-	343
Utilities and telephone	-	-	64,020
	-	<b>581,827</b>	9,706,964
<b>Other income</b>			
Loss on write-down of tangible capital assets	-	-	(31,476)
<b>Annual surplus</b>	<b>528,990</b>	<b>668,257</b>	1,211,452

**Tseshaht First Nation**  
**Claims, Negotiations & Reconciliation**  
**Schedule 7 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2025*

	<b>2025 Budget (Note 19)</b>	<b>2025</b>	<b>2024</b>
<b>Revenue</b>			
Interest income	-	<b>518,408</b>	749,455
Other revenue	-	<b>87,866</b>	121,673
Administration recoveries	-	-	439
	-	<b>606,274</b>	871,567
<b>Expenses</b>			
Honoraria	-	<b>2,455</b>	921
Meeting costs	-	<b>139</b>	-
Miscellaneous	-	-	2,467
Office expenses	-	<b>69</b>	11
Professional fees	-	<b>83,142</b>	5,351
Professional fees - Specific Claim Tlukwatkwu7is	-	<b>89,697</b>	89,863
Professional fees - Specific Claims	-	<b>6,885</b>	35,544
Program costs	-	<b>250,000</b>	9,831
Salaries and benefits	-	<b>133,063</b>	25,740
Specific Claims Aboriginal Title	-	<b>13,212</b>	8,757
Transfer to band members	-	<b>1,935,278</b>	138,860
Travel	-	<b>5,837</b>	3,873
Utilities and telephone	-	<b>1,282</b>	1,525
	-	<b>2,521,059</b>	322,743
<b>Annual surplus (deficit)</b>	-	<b>(1,914,785)</b>	548,824