

Consolidated Financial statements of

**Nak'azdli Whut'en**  
**(formerly referred to as Nak'azdli Indian Band)**

March 31, 2017



# NAK'AZDLI WHUT'EN

P.O. Box 1329, Fort St. James, B.C. V0J 1P0  
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## Nak'azdli Whut'en

(formerly referred to as Nak'azdli Indian Band)

March 31, 2017

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## Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Nak'azdli Whut'en (formerly referred to as Nak'azdli Indian Band) (the "Band") and all the information in these consolidated financial statements are the responsibility of management and have been approved by the Chief and Council of the Band.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. 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 Band 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 Band'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 the Band's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process to satisfy themselves that each party is properly discharging this responsibility, and to review the consolidated financial statements and the external auditor's report. The Chief and Council takes this information into consideration when approving the consolidated financial statements for issuance to the members. The Chief and Council also consider the engagement of the external auditors.

The consolidated financial statements have been audited by Deloitte LLP in accordance with Canadian generally accepted auditing standards. Deloitte LLP have full access to the Chief and Council.

  
Valerie Pierre  
Controller

  
Aileen Prince  
Band Administrator, Interim

## Independent Auditor's Report

To the Chief and Council and Members of  
Nak'azdli Whut'en

We have audited the accompanying consolidated financial statements of Nak'azdli Whut'en (formerly referred to as Nak'azdli Indian Band), which comprise the consolidated statement of financial position as at March 31, 2017 and the consolidated statements of operations, accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we ~~comply with ethical requirements and~~ plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nak'azdli Whut'en (formerly referred to as Nak'azdli Indian Band) as at March 31, 2017 and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Deloitte LLP*

Chartered Professional Accountants

Prince George, British Columbia

July 12, 2017

# Nak'azdli Whut'en

(formerly referred to as Nak'azdli Indian Band)  
 Statement of operations  
 year ended March 31, 2017

	Budget	2017	2016
	\$	\$	\$
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	6,550,158	7,028,807	6,573,162
Grocery store revenues (Sana'ah Market)	-	5,802,592	5,169,392
Other (Schedule C)	801,801	4,188,609	1,323,281
Gas station revenues (Nahounli Creek Gas Bar)	-	2,102,163	1,378,834
Province of British Columbia and other government revenue	323,812	2,394,296	896,530
Logging revenues (Nak'al Koh Logging)	-	2,009,793	2,187,461
First Nations Health Authority	1,569,449	1,582,525	1,509,572
Prince George Nechako Aboriginal Employment and Training Association	652,487	514,770	606,823
Rental income	361,260	379,353	439,327
Investment income	-	288,424	369,517
Realized gain on disposal of marketable securities	-	135,282	145,202
Lumber revenues (Tl'oh Forest Products)	-	73,937	1,017,790
Canada Mortgage and Housing Corporation	41,105	50,783	50,782
Daycare fees	20,000	36,916	5,405
	10,320,072	26,588,250	21,673,078
<b>Expenses (Note 18)</b>			
Band government	2,652,154	3,421,154	2,965,499
Education	3,499,207	3,245,734	2,826,710
Health	1,737,774	1,710,985	1,688,808
Restricted fund - capital	-	1,647,892	1,531,203
Social services	2,186,441	1,514,804	1,944,247
Capital services	1,425,197	825,030	499,212
Other services	358,528	832,968	432,405
Housing	138,417	400,922	1,070,560
Community services	621,640	439,584	549,071
Economic development	-	274,028	529,910
Social housing	141,848	187,298	148,730
Grocery store expenses (Sana'ah Market)	-	5,846,836	5,421,289
Lumber Mill Expenses (Tl'oh Forest Products)	-	239,618	1,520,242
Gas station expenses (Nahounli Creek Gas Bar)	-	2,218,967	1,541,654
Logging expenses	-	3,323,079	2,659,974
Realized loss on disposal of tangible capital assets	-	565,011	125,967
Equity in loss of incorporated entities and limited partnerships	-	740,069	122,960
	12,761,206	27,433,979	25,578,441
<b>Annual deficit</b>	<b>(2,441,134)</b>	<b>(845,729)</b>	<b>(3,905,363)</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# **Nak'azdli Whut'en**

(formerly referred to as Nak'azdli Indian Band)  
Statement of accumulated surplus  
year ended March 31, 2017

	<b>2 0 1 7</b>	<b>2 0 1 6</b>
	\$	\$
Accumulated surplus, beginning of year	<b>41,781,227</b>	45,686,590
Annual deficit	(845,729)	(3,905,363)
<b>Accumulated surplus, end of year (Note 13)</b>	<b>40,935,498</b>	<b>41,781,227</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# Nak'azdli Whut'en

(formerly referred to as Nak'azdli Indian Band)  
Statement of changes in net financial assets  
year ended March 31, 2017

	2 0 1 7	2 0 1 6
	\$	\$
<b>Annual deficit</b>	<b>(845,729)</b>	<b>(3,905,363)</b>
Change in prepaid expenses	77,004	4,245
Change in inventories	33,902	240,637
Acquisition of tangible capital assets	(5,064,960)	(3,411,828)
Amortization of tangible capital assets	2,819,274	2,881,934
Proceeds from disposal of tangible capital assets	208,231	238,593
Loss on disposal of tangible capital assets	565,011	125,967
Decrease in net financial assets	(2,207,267)	(3,825,815)
Net financial assets, beginning of year	6,701,230	10,527,045
<b>Net financial assets, end of year</b>	<b>4,493,963</b>	<b>6,701,230</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

**Nak'azdli Whut'en**  
 (formerly referred to Nak'azdli Indian Band)  
 Statement of financial position  
 as at March 31, 2017

	<b>2 0 1 7</b>	<b>2 0 1 6</b>
	\$	\$
<b>Financial assets</b>		
Cash (Note 3)	1,034,713	697,250
Marketable securities (Note 4)	10,421,684	10,121,223
Restricted cash (Note 5)	930,745	663,030
Investment - Ottawa Trust	516,264	516,264
Accounts receivable (Note 6)	1,597,648	708,388
Timber sale deposits (Note 7)	21,725	21,725
Investments, loans and advances (Note 8)	3,552,085	4,415,434
Loans receivable (Note 9)	569,281	398,271
	<b>18,644,145</b>	<b>17,541,585</b>
<b>Financial liabilities</b>		
Bank indebtedness (Note 3)	2,323,314	1,409,518
Accounts payable and accrued liabilities	2,051,314	1,609,990
Damage deposits payable	15,655	10,355
Deferred revenue	14,000	14,000
Silviculture liability	-	18,362
Long-term debt (Note 11)	9,745,899	7,778,130
	<b>14,150,182</b>	<b>10,840,355</b>
Net financial assets	<b>4,493,963</b>	<b>6,701,230</b>
Commitment (Note 14)		
Contingencies (Note 15)		
<b>Non-financial assets</b>		
Inventories	443,345	477,247
Prepaid expenses	96,871	173,875
Tangible capital assets (Note 12)	35,901,319	34,428,875
Accumulated surplus (Note 13)	<b>40,935,498</b>	<b>41,781,227</b>

On behalf of the Chief and Council

 Member

 Member

The accompanying notes to the financial statements are an integral part of  
 this financial statement.

# Nak'azdli Whut'en

(formerly referred to as Nak'azdli Indian Band)  
 Summary statement of cash flows  
 year ended March 31, 2017

	2 0 1 7	2 0 1 6
	\$	\$
<b>Operating activities</b>		
Annual deficit	(845,729)	(3,905,363)
Items not involving cash		
Equity in loss of incorporated entities	740,069	122,960
Amortization of tangible capital assets	2,819,274	2,881,934
Realized gains on disposal of marketable securities	(135,282)	(145,202)
Loss on disposal of tangible capital assets	565,011	125,967
	<u>3,143,343</u>	<u>(919,704)</u>
Changes in non-cash operating working capital		
Accounts receivable	(889,260)	(60,752)
Decrease in inventories	33,902	240,637
Timber sale deposit	-	(28,669)
Prepaid expenses	77,004	40,351
Accounts payable and accrued liabilities	441,324	308,714
Change in silviculture liability	(18,362)	-
Damage deposits payable	5,300	(357)
	<u>2,793,251</u>	<u>(419,780)</u>
<b>Financing activities</b>		
Increase in bank indebtedness	913,796	1,337,858
Repayment of long-term debt	(2,256,570)	(604,234)
Proceeds of long-term debt	4,224,339	2,416,165
	<u>2,881,565</u>	<u>3,149,789</u>
<b>Investing activities</b>		
Change in net investments, loans and advances	123,280	47,796
(Decrease) increase in loans receivable	(171,010)	387,113
Proceeds on disposal of marketable securities	1,825,316	3,649,459
Acquisition of marketable securities	(1,990,495)	(3,519,508)
Increase in restricted cash	(267,715)	(21,415)
	<u>(480,624)</u>	<u>543,445</u>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(5,064,960)	(3,411,827)
Proceeds from disposal of tangible capital assets	208,231	238,592
	<u>(4,856,729)</u>	<u>(3,173,235)</u>
Increase in cash	337,463	100,219
Cash, beginning of year	697,250	597,031
<b>Cash, end of year</b>	<b>1,034,713</b>	<b>697,250</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# Nak'azdli Whut'en

(formerly referred to as Nak'azdli Indian Band)

Notes to the consolidated financial statements

March 31, 2017

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## 1. Basis of presentation and significant accounting policies

These consolidated financial statements include the assets, liabilities, revenues and expenditures of the Nak'azdli Whut'en, (formerly referred to as Nak'azdli Indian Band) (the "Band"), governed by the Chief and Council, and the entities which are controlled or are subject to joint control by the Band.

The financial statements have been prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

### (a) *Fund accounting*

The Band uses fund accounting which results in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the consolidated financial statements. All inter-fund balances and transactions have been eliminated.

The Band maintains the following funds:

- The Operating Fund, which reports the general activities of the Band administration.
- The Ottawa Trust Fund, which reports on trust funds owned by the Band and held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.
- The Canada Mortgage and Housing Corporation ("CMHC") Social Housing Fund, which reports the CMHC funded social housing operations of the Band.
- The Treaty Fund, which reports the Band's treaty activities.
- The Enterprise Fund, which reports the Band's investments in commercial enterprises, including incorporated and unincorporated businesses, as well as investments in related entities.

### (b) *Reporting entity and principles of financial reporting*

Incorporated business entities and limited partnerships and other government organizations, which are controlled by the Band, are included in the consolidated financial statements using the consolidation method when they do not meet the criteria to be classified as government business enterprises.

Controlled entities consolidated in the financial statements include:

- Nahounli Creek Gas Bar Ltd. (100% owned)
- Nak'azdli Development Corporation ("NDC") (100% owned)
- Sana'ah Market Limited Partnership (100% owned)
- Nak'al Koh Logging Ltd. (100% owned)
- Nak'azdli Whut'en Trust (controlled)

Jointly controlled entities are included in the consolidated financial statements using the proportionate consolidation method when they do not meet the definition of a government business partnership.

Government partnerships proportionately consolidated in the financial statements include:

- Ta Da Chun Timber Limited Partnership (50% owned)
- Tl'oh Forest Products Limited Partnership (50% owned)

# Nak'azdli Whut'en

(formerly referred to as Nak'azdli Indian Band)

Notes to the consolidated financial statements

March 31, 2017

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## 1. Basis of presentation and significant accounting policies (continued)

### (b) Reporting entity and principles of financial reporting (continued)

These entities were classified as government business enterprises and government business partnerships, respectively, in the previous fiscal year as they met the appropriate criteria in the previous year.

Certain incorporated business entities and limited partnerships, which are controlled or jointly controlled by the Band, are included in the financial statements using the modified equity method. These include:

#### Government business enterprises

- Carrier Food and Fuel Ltd. (100% owned)
- Nus De Environmental Services Ltd. (100% owned)
- Dhuli Holdings Ltd. (100% owned)
- Nak'al Koh Timber Ltd. ("NKTL") (100% owned)
- Sana'ah Market General Partner Inc. (100% owned)
- Ta Da Chun Timber Inc. (100% owned)
- Ti'oh Forest Products Inc. (100% owned)
- Uzta Holdings Ltd. (100% owned)
- Ranchery Holdings Ltd. (100% owned)

#### Government business partnerships

- N & T Lakes Contracting Ltd. (50% owned)
- NTT Holdings Ltd. (33.3% owned)
- FNA Resources Ltd. (50% owned)
- Shas Resources Limited Partnership (12.5% owned)

Entities which are not controlled or jointly controlled are accounted for at cost. These include:

- Jaboon Holdings Ltd. (25% owned)
- T'ugus Timber Ltd. (49% owned)
- Sustut Holdings Ltd. (33% owned)
- Investment in Conifex Inc.

### (c) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus (deficit), provides the change in net financial assets for the year.

# Nak'azdli Whut'en

(formerly referred to as Nak'azdli Indian Band)

Notes to the consolidated financial statements

March 31, 2017

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## 1. Basis of presentation and significant accounting policies (continued)

### (c) Non-financial assets (continued)

#### Tangible capital assets

Capital expenditures are any significant expenditure incurred to acquire or improve land, buildings, infrastructure, vehicles, machinery and equipment. They normally confer benefits lasting beyond one year and result in the acquisition of an asset or in the extension of the life of an asset.

Assets under construction are not amortized until the asset is available for productive use.

Amortization is recorded in the consolidated financial statements as follows:

Asset	Basis	Years
Land improvements	Straight-line	50
Housing	Straight-line	25 to 40
Buildings and improvements	Straight-line	25 to 40
Vehicles	Straight-line	5 to 10
Machinery and equipment	Straight-line	5 to 20
Road infrastructure	Straight-line	15 to 20
Sewer and water infrastructure	Straight-line	25 to 50

### (d) Impairment of long-lived assets

The Band periodically reviews the useful lives and the carrying values of its long-lived assets for continued appropriateness. The Band reviews for impairment of long-lived assets (or asset groups) to be held and used whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the un-discounted expected future cash flows expected to result from the use and eventual disposition of an asset is less than its carrying amount, it is considered to be impaired. An impairment loss is measured at the amount by which the carrying amount of the asset exceeds its fair value. When quoted market prices are not available, the Band uses the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset as an estimate of fair value.

### (e) Financial instruments

The Band's financial instruments consist of cash, restricted cash, marketable securities, accounts receivable, timber sales deposits, investment in Ottawa Trust, advances and loans receivable, bank indebtedness, accounts payable, damage deposits payable and long-term debt.

Financial instruments are recorded at fair value on initial recognition. They are subsequently recorded at amortized cost less any impairment losses if other than temporary.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Band determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying

# Nak'azdli Whut'en

(formerly referred to as Nak'azdli Indian Band)

Notes to the consolidated financial statements

March 31, 2017

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## 1. Basis of presentation and significant accounting policies (continued)

### (e) *Financial instruments (continued)*

value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Band expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (f) *Inventories*

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the normal course of business less the estimated costs necessary to make the sale. Included in the costs of inventories are the costs of purchase net of vendor allowances, plus other costs such as transportation and duty, that are directly incurred to bring inventories to their present location and condition. Cost is determined using the retail method for grocery store items, and on the first-in, first-out method for lumber and fuel products.

### (g) *Revenue recognition*

Government transfers with stipulations are recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except when, and to the extent that the transfer gives rise to an obligation that meets the definition of a liability. Any such liability is reduced, and an equivalent amount of revenue is recognized, as the liability is settled.

Government transfers without stipulations are recognized in the period in which the transfer is authorized, any eligibility criteria have been met and a reasonable estimate of the amount to be received can be made.

Revenue from natural resource contracts is recognized under the terms of the associated agreements, once the agreement is authorized by the contracting parties, the funds to be received can be reasonably estimated, and collection of the revenue is probable.

Certain funding received under the terms of specified use agreements (other than government transfers) is recognized as revenue when the related expenditures are incurred. Such funding received but not yet expended is included in the statement of financial position as deferred revenue.

Revenue earned on timber sale licences is recognized when wood fibre is delivered and the customer takes ownership and assumes the risk of loss, persuasive evidence of an arrangement exists and collection of the relevant receivables is reasonably assured.

Investment income, rental income and daycare fees are recognized when earned and/or the service is provided and collection is reasonably assured.

For lumber, grocery, logging and fuel sales, revenue is recognized when the products are shipped or services rendered, the customer takes ownership and assumes risk of loss, collection of the receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable.

### (h) *Income tax status*

Income earned by the Band and its consolidated and/or proportionately consolidated subsidiaries/partnerships are exempt from income taxes under Income Tax Act sections 149(1) (c) and (d.5). The exception to this is the entity "Nahounli Creek Gas Bar Ltd." which is located outside of the municipal boundary and is subject to corporate income taxes at a rate of 13.5% on any taxable income earned. This entity has incurred losses to date of \$490,983. No benefit has been recognized in the financial statements in relation to these losses.

# Nak'azdli Whut'en

(formerly referred to as Nak'azdli Indian Band)

Notes to the consolidated financial statements

March 31, 2017

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## 1. Basis of presentation and significant accounting policies (continued)

### (i) Use of estimates

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 financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the useful lives of tangible capital assets and valuation allowances for accounts receivable and investments, loans and advances. Actual results could differ from those estimates.

### (j) Contaminated sites

The Band records a liability for the remediation of contaminated sites when an environmental standard exists, contamination exceeds the environmental standard, the Band is directly responsible or accepts responsible, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The Band has not identified any contaminated sites which meet these criteria.

## 2. Economic dependence

The Band receives a major portion of its revenues pursuant to a funding agreement with Indigenous and Northern Affairs Canada. Any disruption in this funding could have a negative effect on Band operations.

## 3. Cash (bank indebtedness)

Cash (bank indebtedness) is comprised of the following:

	2 0 1 7	2 0 1 6
	\$	\$
<b>Cash</b>		
Cash held in marketable securities brokerage accounts	-	461,645
Cash - Band	220,985	95,076
Cash - Nahounli Creek Gas Bar Ltd.	249,840	37,824
Cash - Na'azdli Development Corporation	57,195	19,135
Cash - Tl'oh Forest Products Limited Partnership	291,878	45,928
Cash - Ta Da Chun Timber Limited Partnership	87,694	19,682
Cash - Sana'ah Market Limited Partnership	127,121	17,960
	<b>1,034,713</b>	<b>697,250</b>

### Bank indebtedness

Bank indebtedness - Nak'al Koh Logging	(55,812)	(11,775)
Margin - marketable securities brokerage account	(510,099)	-
Balance in bank before cheques issued in excess of deposits	(1,511,580)	(1,187,407)
Cheques issued in excess of funds on deposit	(245,823)	(210,336)
	<b>(2,323,314)</b>	<b>(1,409,518)</b>

# Nak'azdli Whut'en

(formerly referred to as Nak'azdli Indian Band)  
Notes to the consolidated financial statements  
March 31, 2017

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## 3. Cash (bank indebtedness) (continued)

The Band has established a revolving demand line of credit at CIBC bearing interest at prime plus 0.75% per annum (3.45% at March 31, 2017) in the amount of \$1,500,000 of which \$1,500,000 (2016 - \$1,394,742) was drawn on this line of credit at year end. The line of credit is secured by hypothecation of marketable securities portfolio held at CIBC.

## 4. Marketable securities

Marketable securities are comprised of the following:

	2 0 1 7	2 0 1 6
	\$	\$
Band Operating Fund		
BC First Nations Leadership Council deposit	15,000	15,000
CIBC portfolio investments	<u>10,406,684</u>	10,106,223
	<u>10,421,684</u>	10,121,223

Portfolio investments with a cost of \$1,371,158 (2016 - \$1,243,106) have been placed in hypothecation as security for debt held by a related party, Sana'ah Market LLP.

The marketable securities noted above are measured at amortized cost less an allowance for other than temporary impairment. The fair market value of the securities above was \$11,744,586 (2016 - \$10,632,723) as at March 31, 2017.

## 5. Restricted cash

	2 0 1 7	2 0 1 6
	\$	\$
Operating Fund		
Ministry of Forests woodlot licence deposit (a)	5,046	5,046
Peace Hills Trust GIC	-	14,604
	<u>5,046</u>	19,650
Ottawa Trust Fund		
Ottawa Trust Funds (b)	440,050	417,722
Nak'azdli Whut'en Trust		
Cash (c)	260,099	-
CMHC Social Housing Fund		
Social Housing Replacement Reserve (d)	189,672	189,672
Ta Da Chun Timber Limited Partnership		
Ministry of Forest woodlot licence deposit (a)	35,878	35,986
	<u>930,745</u>	663,030

The funds are restricted for the following purposes:

(a) A term deposit assigned to the Ministry of Forests on behalf of NDC and Ta Da Chun Timber Limited Partnership, in support of its woodlot licenses.

# Nak'azdli Whut'en

(formerly referred to as Nak'azdli Indian Band)

Notes to the consolidated financial statements

March 31, 2017

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## 5. Restricted cash (continued)

- (b) Ottawa Trust Funds on deposit with Indigenous and Northern Affairs Canada arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act.
- (c) Nak'azdli Whut'en Trust Funds – capital account – are restricted until such time that the balance in the Trust Capital Fund reaches a value of \$25,000,000 (2015 equivalent dollars) adjusted annually for inflation as measured by the CPI Index for Canada except for authorized expenses or trust development expenses.
- (d) Social Housing Replacement Reserve funds can only be utilized under the terms of the respective Canada Mortgage and Housing Corporation agreements (see Note 10).

## 6. Accounts receivable

Accounts receivable are summarized as follows:

	2 0 1 6	2 0 1 6
	\$	\$
Operating Fund		
Indigenous and Northern Affairs Canada	182,847	16,461
Canada Mortgage and Housing Corporation	4,232	4,232
Other	697,295	504,762
Band owned rental housing	569,965	671,955
Less: allowance for doubtful accounts	<u>(435,306)</u>	<u>(628,251)</u>
	<u>1,019,033</u>	<u>569,159</u>
CMHC Social Housing Fund		
Band member housing	121,207	121,676
Less: allowance for doubtful accounts	<u>(54,690)</u>	<u>(79,103)</u>
	<u>66,517</u>	<u>42,573</u>
Nak'azdli Development Corporation - trade receivables	47,813	1,462
Nahounli Creek Gas Bar Ltd. - trade receivables	106,239	53,544
Nak'al Koh Logging Ltd. - trade receivables	318,785	9,726
Sana'aith Market Limited Partnership - trade receivables	29,632	20,647
Tl'oh Forest Products Limited Partnership - trade receivables	9,629	11,277
	<u>512,098</u>	<u>96,656</u>
	<b><u>1,597,648</u></b>	<b><u>708,388</u></b>

## 7. Timber sale deposits

Pursuant to various timber sale licenses, the Band is required to maintain deposits in the form of cash or negotiable securities acceptable to the Ministry of Forests, Lands and Natural Resource Operations ("Ministry"). The Band has provided deposits in the amount of \$21,725 (2016 - \$21,725) to the Ministry in satisfaction of this requirement.

# **Nak'azdli Whut'en**

(formerly referred to as Nak'azdli Indian Band)

Notes to the consolidated financial statements

March 31, 2017

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## **8. Investments, loans and advances**

Investments, loans and advances to commercial and other operations are summarized as follows:

	<b>2 0 1 7</b>	<b>2 0 1 6</b>
	\$	\$
Government business enterprises (Note 8(a))	2,278,739	2,761,864
Government business partnerships (Note 8(b), (c),(d) and (e))	(5,098)	357,855
Other (Note 8(f))	1,278,444	1,295,715
	<hr/> <b>3,552,085</b>	<hr/> <b>4,415,434</b>

The loans and advances are non-interest bearing and have no set terms of repayment.

# Nak'azdli Whut'en

(formerly referred to as Nak'azdli Indian Band)

Notes to the consolidated financial statements

March 31, 2017

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## 8. Investments, loans and advances (continued)

### (a) Government business enterprises

The Band has made investments in and loans and advances to wholly-owned incorporated entities, summarized as follows:

	2017	2016
	\$	\$
Carrier Food & Fuel Ltd.		
Investment in shares, at cost	2	2
Advances	98,040	112,040
	98,042	112,042
Accumulated equity in earnings	1,948,192	2,631,803
	2,046,234	2,743,845
Dh'uli Holdings Ltd.		
Investment in shares, at cost	2	2
Advances	4,495	3,191
	4,497	3,193
Accumulated deficit in losses	(4,495)	(2,623)
	2	570
Nak'al Koh Timber Ltd.		
Investment in shares, at cost	1	1
(Due to)/Advances	(81,328)	(81,328)
	(81,327)	(81,327)
Accumulated equity in earnings	137,577	100,695
	56,250	19,368
Nus De Environmental Ltd.		
Investment in shares, at cost	1	-
Advances	-	-
	1	-
Accumulated equity in earnings	177,168	-
	177,169	-
Balance carried forward	2,279,655	2,763,783

# Nak'azdli Whut'en

(formerly referred to as Nak'azdli Indian Band)

Notes to the consolidated financial statements

March 31, 2017

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## 8. Investments, loans and advances (continued)

### (a) Government business enterprises (continued)

	2 0 1 7	2 0 1 6
	\$	\$
Balance carried forward	<b>2,279,655</b>	2,763,783
Ranchery Holdings Inc.		
Investment in shares, at cost	1	1
Advances	<b>5,585</b>	2,785
	<b>5,586</b>	2,786
Accumulated equity in losses	<b>(3,836)</b>	(2,786)
	<b>1,750</b>	-
Uzta Holdings Ltd.		
Investment in shares, at cost	2	2
Advances	<b>3,673</b>	2,623
	<b>3,675</b>	2,625
Accumulated equity in losses	<b>(3,675)</b>	(2,625)
	-	-
Sana'ah Market General Partner Inc.		
Investment in shares, at cost	1	1
Accumulated equity in losses	<b>(2)</b>	(2)
	<b>(1)</b>	(1)
Ta Da Chun Timber Inc.		
Investment in shares, at cost	1	1
Accumulated equity in losses	<b>(440)</b>	(385)
	<b>(439)</b>	(384)
Tl'oh Forest Products Inc.		
Investment in shares, at cost	10	10
Accumulated equity in losses	<b>(2,236)</b>	(1,544)
	<b>(2,226)</b>	(1,534)
	<hr/> <b>2,278,739</b>	<hr/> 2,761,864

The shares of Carrier Food & Fuel Ltd., Nak'azdli Development Corporation, Nak'al Koh Timber Ltd. and Nak'al Koh Logging Ltd. are held by specified band members in trust for the Band.

# Nak'azdli Whut'en

(formerly referred to as Nak'azdli Indian Band)

Notes to the consolidated financial statements

March 31, 2017

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## 8. Investments, loans and advances (continued)

Government business partnerships (b, c, d, and e below)

(b) The Band has made an investment in the following entity (2017 – note 1b) (2016 - 51%:)

	2 0 1 7	2 0 1 6
	\$	\$
Nus De Environmental Services Ltd.		
Investment in shares, at cost	-	1
Advances	-	106,014
Accumulated equity in earnings	-	258,318
	<u>364,333</u>	<u>364,333</u>

(c) The Band has made a 50% investment in the following entities:

	2 0 1 7	2 0 1 6
	\$	\$
N & T Lakes Contracting Ltd.		
Investment in shares, at cost	2	2
Advances	1,575	1,575
Accumulated equity in losses	(792)	(792)
	<u>785</u>	<u>785</u>
 FNA Resources Ltd.		
Investment in shares, at cost	1	1
Advances	(100)	-
Accumulated equity in losses	(654)	-
	<u>(753)</u>	<u>1</u>

(d) The Band has made a 33.3% investment in the following entity:

	2 0 1 7	2 0 1 6
	\$	\$
NTT Holdings Ltd.		
Investment in shares, at cost	1	1
Advances	1,221	1,221
Accumulated equity in losses	(129)	(129)
	<u>1,093</u>	<u>1,093</u>

# Nak'azdli Whut'en

(formerly referred to as Nak'azdli Indian Band)  
Notes to the consolidated financial statements  
March 31, 2017

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## 8. Investments, loans and advances (continued)

Government business partnerships (b, c, d, and e below)

(e) The Band has made a 12.5% investment in the following entity:

	2 0 1 7	2 0 1 6
	\$	\$
Shas Resources LP		
Contributions	(13)	(13)
Advances	8,216	-
Equity in losses	<u>(14,426)</u>	<u>(8,343)</u>
	<u>(6,223)</u>	<u>(8,356)</u>

(f) The Band has made investments and advances to entities that are not accountable to and neither owned nor controlled by the Band, as follows:

	2 0 1 7	2 0 1 6
	\$	\$
Investment in and advances to Jaboon Holdings Inc.		
at cost net of allowance	49,213	67,434
Investment in Sustut Holding Ltd., at cost	29,367	29,367
Advances to Sustut Holdings Ltd., at cost	333,333	333,333
Advance from Nak'azdli Child Development Society	-	(950)
Investment in Conifex Inc., at cost	<u>866,531</u>	<u>866,531</u>
	<u>1,278,444</u>	<u>1,295,715</u>

(g) Combined financial information for government business enterprises owned 100% by the Band is as follows:

	2 0 1 7	2 0 1 6
	\$	\$
Balance sheet information		
Assets	2,895,799	3,057,164
Liabilities	646,780	401,917
Equity	2,249,019	2,655,247
Results of operations		
Revenues	8,793,316	9,728,242
Expenses	9,526,648	9,702,924
Net (loss) income	<u>(733,332)</u>	<u>25,318</u>

# Nak'azdli Whut'en

(formerly referred to as Nak'azdli Indian Band)

Notes to the consolidated financial statements

March 31, 2017

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## 8. Investments, loans and advances (continued)

(g) Financial information relating to the Band's investment in Government Business Partnerships (note that 100% of the financial items are reported below, not the Band's proportionate ownership of those items) is as follows:

	2 0 1 7	2 0 1 6
	\$	\$
Balance sheet information		
Assets	276,717	829,462
Liabilities	282,292	328,528
Equity	(5,575)	500,934
Results of operations		
Revenues	439,067	582,652
Expenses	443,051	805,916
Income taxes	-	(46,833)
Net loss	(3,984)	(176,431)

The Band's share of equity earnings from these entities was a loss of \$6,737 for the year ended March 31, 2017 (loss of \$148,278 in 2016).

(h) Financial information relating to the Band's investment in government partnerships other than government business partnerships (100% of the items are reflected below) that are proportionately consolidated in these financial statements is as follows:

	2 0 1 7	2 0 1 6
	\$	\$
Balance sheet information		
Assets	5,940,100	6,764,967
Liabilities	6,403,106	6,461,612
(Deficit) equity	(463,006)	303,355
Results of operations		
Revenues	6,613,419	8,209,244
Expenses	7,911,367	8,439,523
Net loss	(1,297,948)	(230,279)

# Nak'azdli Whut'en

(formerly referred to as Nak'azdli Indian Band)

Notes to the consolidated financial statements

March 31, 2017

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## 9. Loans receivable

	2 0 1 7	2 0 1 6
	\$	\$
Operating Fund		
Band members	84,227	132,556
Band member housing loans	1,514,523	1,440,148
	1,598,750	1,572,704
Less: allowance for doubtful accounts	(1,029,469)	(1,174,433)
	569,281	398,271

Band member housing loans are repayable by the Band members over the same term and at the same interest rate as that incurred by the Band in financing the original construction of the housing units. Upon repayment of a band member housing loan, title to the housing unit is transferred to the band member. Other band member loans are interest free and have no set terms of repayment.

## 10. Social housing replacement reserves

Under the terms of agreements with Canada Mortgage and Housing Corporation ("CMHC"), the Band is required to make annual deposits equal to required contributions to a replacement reserve account for each housing phase. Contributions are based on a percentage of total asset costs. The use of these funds is subject to approval by CMHC. 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 be otherwise approved by CMHC. Withdrawals are credited to interest first and then principal. These replacement reserves form part of accumulated surplus.

Under agreements with CMHC, the Band may also establish a subsidy surplus reserve where any operating surplus can be retained to a maximum of \$500 per housing unit plus interest earned within the reserve. Any additional operating surplus, within the CMHC Housing Programs, is subject to recovery by CMHC.

	2 0 1 7	2 0 1 6
	\$	\$
Replacement reserves (Note 13)	210,738	217,081

Replacement reserve information relating to the Band's CMHC housing programs is as follows:

	2002/03 Housing (6 units)	Sunset Court (11 units)	Four - Plex (4 units)	Total (30 units)
	\$	\$	\$	\$
Balance, beginning of year	66,333	113,139	37,609	217,081
Expenditures	(7,275)	(15,323)	(3,105)	(25,703)
Allocation for the year	6,000	9,360	4,000	19,360
Balance, end of year	65,058	107,176	38,504	210,738

# Nak'azdli Whut'en

(formerly referred to as Nak'azdli Indian Band)

Notes to the consolidated financial statements

March 31, 2017

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## 11. Long-term debt

	2 0 1 7	2 0 1 6
	\$	\$
(1) Operating fund		
CIBC demand instalment loans		
Non-revolving demand instalment loan, at prime rate plus 4.0% per annum, due monthly, matures January 2024	295,309	338,295
Non-revolving demand instalment loan, at prime rate plus 1.0% per annum, due monthly, matures September 2025	111,250	127,025
CIBC mortgages		
Mortgage repayable at \$4,926 per month plus interest at 3.0% per annum, matures November 2019	157,643	217,310
Mortgage repayable at \$829 per month plus interest at 3.0% per annum, matures November 2019	26,536	36,580
Mortgage repayable at \$2,591 per month plus interest at 3.0% per annum, matures June 2021	132,143	163,651
Mortgage repayable at \$889 per month plus interest at 3.0% per annum, matures May 2021	44,453	55,262
Mortgage repayable at \$1,832 per month plus interest at 3.0% per annum, matures October 2021	100,769	123,067
Mortgage repayable at \$2,011 per month plus interest at 3.0% per annum, matures November 2019	116,650	141,143
Mortgage repayable at \$1,903 per month plus interest at 3.0% per annum, matures May 2020	140,843	164,099
Balance carried forward	<u>1,125,596</u>	<u>1,366,432</u>

CIBC mortgages held in the operating fund are secured by a ministerial guarantee. The CIBC loans are secured by hypothecation of the CIBC marketable securities portfolio.

# Nak'azdli Whut'en

(formerly referred to as Nak'azdli Indian Band)

Notes to the consolidated financial statements

March 31, 2017

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## 11. Long-term debt (continued)

	2 0 1 7	2 0 1 6
	\$	\$
Balance brought forward	1,125,596	1,366,432
Ford Credit - vehicle loan repayable at \$390 per month including interest at 6.29% per annum, matures April 2019	9,202	13,175
Bank of Montreal - Term loan repayable at \$1,090 per month including interest at 3.45% per annum, matures November 2021	56,300	-
Bank of Montreal - Term loan repayable at \$3,743 per month, including interest at 3.45% per annum, matures February 2042	748,783	-
Bank of Montreal - Term loan repayable at \$1,538 per month including interest at 3.45% per annum, matures November 2034	96,128	110,916
Bank of Montreal - Term loan repayable at \$5,336 per month, including interest at 3.45% per annum, matures November 2034	823,776	856,160
Bank of Montreal - Term loan repayable at \$1,464 per month, including interest at 3.45% per annum, matures November 2019	44,327	59,910
Bank of Montreal - Term loan repayable at \$971 per month, including interest at 3.45% per annum, matures February 2023	60,693	70,029
Bank of Montreal - Term loan repayable at \$3,657 per month, including interest at 3.45% per annum, matures March 2035	429,080	604,515
	<hr/> <b>3,393,865</b>	<hr/> <b>3,081,137</b>

Loans due to the Bank of Montreal are secured by Chattel mortgages against specific equipment.

# **Nak'azdli Whut'en**

(formerly referred to as Nak'azdli Indian Band)

Notes to the consolidated financial statements

March 31, 2017

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## **11. Long-term debt (continued)**

	<b>2 0 1 7</b>	<b>2 0 1 6</b>
	\$	\$
Balance brought forward	3,393,365	3,081,137
(i) Operating fund		
Bank of Montreal term loan	-	1,235,391
Bank of Montreal term loan	-	402,211
John Deere Finance	-	19,006
	<b>3,393,365</b>	<b>4,737,745</b>

### **(ii) CMHC Social Housing Fund**

#### **All Nations Trust**

Mortgage repayable at \$1,839 per month including interest  
at 1.92 % per annum, matures November 2023

143,076

162,246

Mortgage repayable at \$3,056 per month including interest  
at 1.12% per annum, matures December 2025

308,627

341,696

Mortgage repayable at \$1,307 per month including interest  
at 1.62% per annum, matures March 2022

221,297

233,129

**673,000**

**737,071**

All Nations Trust mortgages held in the CMHC Social Housing fund are secured by a mortgage and a ministerial guarantee.

### **(iii) Treaty Fund**

#### **Carrier Sekani Tribal Council**

Treaty negotiation loan, non-interest bearing until loan  
becomes repayable at later of

(a) the twelfth anniversary of the date on which the first loan  
advance was made, subject to any extensions provided.  
The first loan advance was March 1995

(b) the seventh anniversary of the date of signing of an  
Agreement-in-Principle by the Carrier Sekani Tribal  
Council, subject to any extensions provided

(c) the date on which a treaty is signed by the  
Carrier-Sekani Tribal Council

# Nak'azdli Whut'en

(formerly referred to as Nak'azdli Indian Band)

Notes to the consolidated financial statements

March 31, 2017

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## 11. Long-term debt (continued)

	2 0 1 7	2 0 1 6
	\$	\$

### (iii) Treaty Fund (continued)

Carrier Sekani Tribal Council

(d) the date on which the First Nation Loan Agreement between the Carrier Sekani Tribal Council and Canada is terminated

(e) the date on which the First Nation Loan Agreement between the Carrier commits an act of bankruptcy

(f) the date on which the Tribal Council winds up

(g) the date that the loan becomes repayable by the Carrier Sekani Tribal Council pursuant to the First Nation Loan Agreement between the Tribal Council and Canada

The Carrier Sekani Tribal Council treaty negotiation loans are non-interest bearing and secured by a first charge against benefits paid by Canada and British Columbia to the Band, or to the Tribal Council on behalf of the Band, under a treaty, unless otherwise set out in the treaty.

1,673,341      1,673,341

Indigenous and Northern Affairs Canada

Specific claim treaty negotiation loan, non-interest bearing, unsecured until loan becomes repayable at earlier of

(a) March 31, 2018

(b) the date at which the claim is settled

21,474      21,474

1,694,815      1,694,815

### (iv) Sana'ah Market Limited Partnership

CIBC - non-revolving demand instalment loan - principal and interest blended payments at prime (March 31, 2017 - 2.7% per annum) repayable in 177 regular monthly payments of \$4,470

551,376      589,553

Hub International - financed insurance premium - including interest at 3.44% per annum repayable in ten monthly payments of \$1,685

10,232      10,110

RCAP Leasing Inc - financed security system - including interest at 37.5% per annum repayable in monthly payments of \$442

1,331

Wiz-Tec Computing Technologies Inc. - financed computer hardware - including interest at 6% per annum repayable in monthly payments of \$158

6,943      8,837

569,882      608,500

# Nak'azdli Whut'en

(formerly referred to as Nak'azdli Indian Band)

Notes to the consolidated financial statements

March 31, 2017

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## 11. Long-term debt (continued)

Security for the CIBC non-revolving demand instalment loan comprises an investment property pledge agreement with the Band's investment account with CIBC Wood Gundy that holds cash, bonds and mutual funds.

	2 0 1 7	2 0 1 6
	\$	\$

### (v) Nak'al Koh Logging Ltd.

BMO - non-revolving demand instalment loan		
interest only payments for 12 months at prime plus 0.75%		
per annum (March 31, 2017 - 3.45%)	3,414,337	-
	3,414,337	-
	<u>9,745,899</u>	<u>7,778,130</u>

Security for the BMO loan comprises a first security interest in all property owned by Nak'al Koh Logging Ltd. and an unlimited guarantee by Nak'azdli Whut'en.

Scheduled principal repayments for the next five years and thereafter are as follows:

	Total
	\$
2018	669,873
2019	1,011,350
2020	1,009,978
2021	973,384
2022	976,507
Thereafter	<u>5,104,807</u>
	<u>9,745,899</u>

# Nak'azdli Whut'en

(formerly referred to as Nak'azdli Indian Band)

Notes to the consolidated financial statements

March 31, 2017

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## 12. Tangible capital assets

	2 0 1 7	2 0 1 6
	\$	\$
Operating fund		
Land	1,605,243	1,605,243
Land improvements	340,934	406,227
Buildings and improvements	23,952,538	23,432,481
Housing	3,342,461	3,078,991
Vehicles	1,476,748	1,764,298
Machinery and equipment	3,218,843	2,227,474
Sewer and water infrastructure	1,140,716	1,196,505
Road infrastructure	823,836	717,656
	<u>35,901,319</u>	<u>34,428,875</u>

For additional information, see the Schedule of Tangible Capital Assets (Schedule B).

## 13. Accumulated surplus

Accumulated surplus is as follows:

	2 0 1 7	2 0 1 6
	\$	\$
Unrestricted funds		
Operating Fund	17,133,527	38,504,984
CMHC Social Housing Fund	(153,488)	(155,401)
Treaty Fund	(1,902,900)	(1,902,900)
Enterprise Fund	(3,862,508)	(2,698,025)
	<u>11,214,631</u>	<u>33,748,658</u>
Restricted funds		
Nak'azdli Whut'en Trust	255,669	160,000
Ottawa Trust Fund	956,312	933,984
Operations fund - capital assets	27,625,022	5,920,927
Tiny house replacement reserve	324	-
CMHC Social Housing Replacement Reserves (Note 10)	210,738	217,081
CMHC Social Housing Fund - capital assets	672,802	800,577
	<u>29,720,867</u>	<u>8,032,569</u>
Accumulated Surplus	<u>40,935,498</u>	<u>41,781,227</u>

# **Nak'azdli Whut'en**

(formerly referred to as Nak'azdli Indian Band)

Notes to the consolidated financial statements

March 31, 2017

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## **14. Commitments**

The Band is party to an agreement which requires the sale of timber to Apollo Forest Products Ltd. ("Apollo") at fair market value.

The Band has signed an agreement to borrow up to \$3,500,000 from the Bank of Montreal as a term loan bearing interest of 3.45%. The first advance related to this loan occurred subsequent to year end in the amount of \$1,500,000. The purpose of the loan is to fund road repavements to be undertaken in the 2018 fiscal year.

## **15. Contingent liabilities**

Ta Da Chun Timber Limited Partnership has contracted with Apollo Forest Products Ltd. to undertake all reforestation and deactivation activities related to the Partnership's forest licence. However, as licensee, the Partnership is ultimately obligated to fulfill the reforestation requirements set out in the forest licence.

The Band has guaranteed ministerial housing loans for band members totalling \$681,871 (2016 - \$764,449).

Ta Da Chun Timber Limited Partnership has contracted with Apollo Forest Products Ltd. to undertake all reforestation and deactivation activities related to the partnership's license. However, as licensee, the Partnership is ultimately obligated to fulfill the reforestation requirements set out in the forest licence.

The Band is subject to legal proceedings, claims and litigation arising in the ordinary course of operations. While the outcome of these matters is currently not determinable, management does not expect that the ultimate costs to resolve these matters will have a material adverse effect on the Band's financial statements.

## **16. Related party transactions**

During the year, the Band had the following transactions with related parties:

	<b>2 0 1 7</b>	<b>2 0 1 5</b>
	\$	\$
Carrier Food & Fuel Ltd.		
Goods & services purchased	61,695	115,453
Nus De Environmental Services Ltd.		
Administration and bookkeeping	7,391	-

The above transactions occurred in the normal course of business and were recorded at the exchange amount, which is the amount agreed upon by the parties.

At March 31, 2017, there is \$12,892 included in accounts payable owing to Carrier Food & Fuel Ltd. (2016 – nil).

## **17. Income and expenditures by segment**

The Band has presented revenues and expenditures by segment in Schedule A. The segments presented are as follows:

*Unrestricted - Operating Fund:*

Health Services - this segment discloses program activities funded by First Nations Health Authority that relate to the provision of health related services to the Band members.

# **Nak'azdli Whut'en**

(formerly referred to as Nak'azdli Indian Band)

Notes to the consolidated financial statements

March 31, 2017

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## **17. Income and expenditures by segment (continued)**

Education Services – this segment discloses program activities primarily funded by Indigenous and Northern Affairs Canada ("INAC") and Prince George Native Education and Training Association. These programs relate to elementary, secondary and post-secondary education and training services.

Social Services - this segment relates to programs and services related to the social benefit and welfare of Band members and is funded by INAC.

Community Services – this segment reflects funding and costs associated with the maintenance and provision of community infrastructure, recreation facilities and related services.

Capital Services – this segment reflects the maintenance costs of various Band owned buildings and infrastructure.

Band Government Services - this segment reflects funding and expenditures related to Band governance activities.

Housing Services - this segment reflects revenues and expenditures associated with the operation and maintenance of Band owned housing occupied by Band members.

Other Services – this segment reflects revenues and expenditures related to the provision of other services to the Band members including activities associated with economic development.

Grocery Store – this segment reflects the revenue and expenditures associated with the operations of the grocery store known as Sana'ah Market Limited Partnership.

Gas Station – this segment reflects the revenue and expenditures associated with the operations of the gas station known as Nahounli Creek Gas Bar Ltd.

Lumber Mill – this segment reflects the revenue and expenditures associated with the operations of the finger joint mill known as Tl'oh Forest Products Limited Partnership.

Logging - this segment reflects the revenue and expenditures associated with the log hauling operations of Nak'al Koh Logging Ltd.

Schedule A also discloses activities related to funds operated by the Band including the Treaty Fund, Social Housing Fund, Enterprise Fund, Nak'azdli Whut'en Trust and the Ottawa Trust Fund, as disclosed in Note 1.

# Nak'azdli Whut'en

(formerly referred to as Nak'azdli Indian Band)

Notes to the consolidated financial statements

March 31, 2017

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## 18. Expenses by object

	2 0 1 7	2 0 1 6
	\$	\$
Amortization	2,819,724	2,873,225
Administration	19,720	23,338
Advertising	53,974	50,475
Bad debts (recovery) expense	(162,997)	289,977
BC Investment Agriculture recovery	-	9,500
Benefits	432,279	402,390
Cash over/short	(9,858)	19
Consultants	914,427	751,256
Cost of goods sold	7,816,441	6,433,968
Donations	215,664	136,835
Education - tuition and program expenses	2,872,892	2,486,383
First Nation Health Authority/Health Canada recovery	1	9,201
Freight	15,056	224,198
Health plan - employee benefits	306,376	252,537
Honoraria	274,876	285,282
Housing subsidy	240,000	30,000
INAC recovery	10,082	303,382
Insurance	174,095	410,856
Interest and bank charges	65,569	105,962
Interest on long term debt	132,496	69,056
Legal fees	115,857	49,969
New Relationship Trust recovery	-	3,640
Pension	147,015	135,868
Prince George Native Education and Training		
Authority recovery	-	76,200
Photocopier	53,477	48,802
Postage and courier	12,896	4,572
Professional fees	265,336	240,506
Property taxes	20,014	13,316
Repairs and maintenance	619,635	848,808
Replacement reserve	60,835	29,772
Rent	97,521	86,732
Sewer	117,790	211,608
Social assistance and programs	578,228	461,797
Social housing	227,347	135,595
Subcontracting	139,175	488,893
Sundry	99,448	73,447
Supplies	295,527	957,464
Tech support	139,820	8,076
Telephone	104,312	90,989
Training	378,320	302,660
Transportation	50,435	34,716

# Nak'azdli Whut'en

(formerly referred to as Nak'azdli Indian Band)

Notes to the consolidated financial statements

March 31, 2017

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## 18. Expenses by object (continued)

	2 0 1 7	2 0 1 6
	\$	\$
Travel	496,892	475,321
Utilities	239,671	216,825
Wages	5,556,764	5,149,242
WCB	28,445	27,696
Equity loss of incorporated entities and partnerships	740,069	122,960
Loss on disposal of tangible capital assets	606,603	135,127
	<b>27,382,249</b>	<b>25,578,441</b>

# Nak'azdli Whut'en

(formerly referred to Nak'azdli Indian Band)  
 Consolidated schedule of Revenues and Expenditures by Segment - Schedule A  
 year ended March 31, 2017

	Accumulated surplus (deficit) 2016	INAC revenue	Health revenue	Other revenue	Total revenue	Expenditure	Surplus (deficit) for the year	Interfund transfers for the year	Accumulated surplus (deficit) 2017
<b>Unrestricted</b>									
Health services	729,911	-	1,582,525	49,262	1,631,787	1,710,985	(79,198)	285,843	936,556
Education services	4,321,508	3,242,248	-	484,505	3,726,753	3,245,734	481,019	(4,692,393)	110,134
Social services	5,033,899	1,553,379	-	234,727	1,788,106	1,514,894	273,302	(5,300,181)	7,020
Community services	(959,432)	237,545	-	43,574	281,119	439,587	(158,467)	1,117,900	1
Capital services	13,819,901	845,163	-	454,976	1,300,139	825,030	475,109	(14,445,962)	(150,952)
Band government services	15,624,546	913,346	-	4,116,386	5,029,732	3,421,154	1,608,578	(3,343,038)	13,890,086
Housing services	(3,955,974)	28,250	-	158,216	186,466	400,922	(214,456)	4,274,514	124,084
Other services	3,870,627	208,876	-	1,125,543	1,334,419	832,958	501,451	(1,809,194)	2,762,884
38,504,986	7,028,807	1,582,525	6,687,189	15,278,521	12,391,183	2,887,339	(23,712,511)	17,679,183	
(1,902,900)	-	-	-	-	-	-	-	(1,902,900)	
(155,401)	-	-	-	163,508	163,508	161,595	1,913	-	(153,488)
(2,698,025)	-	-	-	4,884	4,884	998,926	(99,042)	(151,716)	(3,843,783)
Treaty fund	-	-	-	5,802,592	5,802,592	5,846,836	(44,244)	44,244	-
Social Housing fund	-	-	-	3,102,163	3,102,163	2,218,967	883,196	(883,196)	-
Enterprise fund	-	-	-	73,937	73,937	239,678	(165,281)	165,681	-
Grocery store (Sana'a'ih Market)	-	-	-	2,009,793	2,009,793	3,323,079	(1,313,286)	1,313,286	-
Gas Station (Naiounli Creek)	-	-	-	26,435,398	25,180,204	1,255,195	(23,224,212)	11,779,642	-
Lumber Mill (Tlooh)	-	-	-	-	-	-	-	-	-
Logging (Nak'al Koh)	33,748,660	7,028,807	1,582,525	17,824,066	-	-	-	-	-
<b>Restricted</b>									
Ottawa Trust Fund	933,984	-	22,328	22,328	-	-	22,328	-	996,312
Nakazdli Whut'en Trust	160,000	-	110,840	110,840	15,171	95,669	-	255,669	-
Tiny homes reserve	-	-	324	324	-	-	324	-	324
Operations Fund Capital	5,920,927	-	-	-	2,212,903	(2,212,903)	23,351,987	27,060,011	-
Social Housing Fund Replacement Reserve	217,081	-	19,360	19,360	25,703	(6,343)	-	210,738	-
Social Housing Fund Capital	800,577	-	-	-	-	-	-	-	-
Total	8,032,569	7,028,807	1,582,525	17,976,918	26,588,250	(2,106,925)	23,224,212	29,155,856	672,802
	41,731,228	-	-	-	-	(845,730)	-	40,935,498	-

**Nak'azdli Whut'en**  
 (formerly referred to Nak'azdli Indian Band)  
 Consolidated Schedule of Revenues and Expenditures by Segment - Schedule A  
 year ended March 31, 2016

	2016	Accumulated surplus (deficit) 2015	INAC revenue	Health revenue	Other revenue	Total revenue	Expenditure	Surplus (deficit) for the year	Interfund transfers for the year*	Accumulated surplus (deficit) 2016
<b>Unrestricted</b>										
Operating fund										
Health services	789,073	3,123,356	1,505,572	142,441	1,652,013	1,688,808	(36,795)	(22,369)		
Education services	4,491,883	1,538,209	-	8,193	3,131,549	2,826,710	304,839	(475,214)	4,321,508	
Social services	5,700,239	(889,306)	284,550	-	263,552	1,801,761	1,944,247	(142,486)	(523,854)	5,033,859
Community services	13,054,881	830,236	-	207,470	472,020	549,071	(77,051)	6,925	(859,432)	
Capital services	4,473,777	684,808	-	384,382	1,214,618	499,212	715,406	49,614	13,819,901	
Band government services	(2,944,916)	-	2,064,47	-	2,749,555	2,965,499	(215,944)	11,366,713	15,624,546	
Housing services	3,683,579	132,003	-	238,857	238,667	1,070,560	(831,893)	(159,165)	(3,935,974)	
Other services	28,359,213	6,573,162	1,509,572	4,046,310	736,557	868,560	432,405	436,155	(249,107)	3,870,827
Treaty fund										
Social Housing fund	(1,902,900)	(171,357)	-	-	158,666	142,710	-	15,956	-	(1,902,900)
Enterprise fund	10,887,917	-	-	(397,797)	(387,797)	652,870	(1,050,667)	(12,535,216)	(155,401)	(2,668,025)
Grocery store (Sana'a'ah Market)	-	-	-	5,169,392	5,169,392	5,421,289	(251,897)	251,887	-	-
Gas Station (Nahounli Creek)	-	-	-	1,378,534	1,378,534	1,541,654	(162,820)	162,820	-	-
Lumber Mill (Tloh)	-	-	-	1,017,790	1,017,790	1,520,242	(502,452)	502,452	-	-
	37,172,872	6,573,162	1,509,572	13,560,566	21,643,069	23,915,251	(272,162)	(1,152,051)	33,748,658	
<b>Restricted</b>										
Nak'azdli Whut'en Trust	-	-	-	160,000	-	-	160,000	-	160,000	
Ottawa Trust Fund	910,760	-	23,223	-	-	-	23,223	-	933,984	
Operations Fund Capital	6,588,665	-	(172,619)	(172,619)	1,657,170	(1,823,789)	1,152,051	5,920,927		
Social Housing Fund replacement reserve	203,716	-	19,385	19,385	6,020	13,365	-	217,061		
Social Housing Fund Capital	800,577	-	-	-	-	-	-	800,577		
	8,513,718	-	-	29,989	29,989	1,663,190	(1,633,201)	1,152,051	8,032,569	
<b>Total</b>	<b>45,666,590</b>	<b>6,573,162</b>	<b>1,509,572</b>	<b>13,590,345</b>	<b>21,673,078</b>	<b>25,578,441</b>	<b>(3,905,363)</b>	<b>-</b>	<b>41,781,227</b>	

# Nak'azdli Whut'en

(formerly referred to Nak'azdli Indian Band)  
 Consolidated Schedule of Tangible Capital Assets - Schedule B  
 year ended March 31, 2017

	2017	Land	Land Improvements	Buildings and Improvements	Housing	Vehicles	Machinery and Equipment	Sewer and Water Infrastructure	Road Infrastructure	Total 2017
<b>Cost</b>										
Balance, beginning of the year	\$ 1,605,243	\$ 1,278,775	\$ 32,856,022	\$ 9,932,671	\$ 2,789,239	\$ 5,529,681	\$ 2,177,446	\$ 1,812,181	\$ 57,981,258	
Add: Additions	-	-	1,666,968	94,182	388,792	1,861,298	-	-	205,720	5,054,960
Less: Disposals	-	(112,870)	(154,945)	(1,116,210)	(52,043)	(2,538,195)	-	-	-	(4,054,223)
<b>Balance: end of year</b>	<b>\$ 1,605,243</b>	<b>1,165,905</b>	<b>34,368,145</b>	<b>9,756,583</b>	<b>3,145,988</b>	<b>4,752,784</b>	<b>2,177,446</b>	<b>2,017,901</b>	<b>56,991,995</b>	
<b>Accumulated amortization</b>										
Balance: beginning of year	-	872,548	9,423,541	6,853,680	1,024,941	3,302,207	980,941	1,094,525	23,552,383	
Add: amortization	-	19,151	1,124,635	507,939	664,771	347,449	55,789	95,540	2,819,274	
Less: Accumulated Amortization on disposals	-	(66,728)	(132,569)	(945,497)	(20,472)	(2,115,715)	-	-	-	(3,280,981)
<b>Balance: end of year</b>	<b>-</b>	<b>824,971</b>	<b>10,415,607</b>	<b>6,416,122</b>	<b>1,669,240</b>	<b>1,533,941</b>	<b>1,036,730</b>	<b>1,194,065</b>	<b>23,090,676</b>	
<b>Net book value</b>	<b>\$ 1,605,243</b>	<b>\$ 340,934</b>	<b>\$ 23,952,538</b>	<b>\$ 3,342,461</b>	<b>\$ 1,476,748</b>	<b>\$ 3,218,843</b>	<b>\$ 1,140,716</b>	<b>\$ 823,836</b>	<b>35,901,319</b>	
	2016	Land	Land Improvements	Buildings and Improvements	Housing	Vehicles	Machinery and Equipment	Sewer and Water Infrastructure	Road Infrastructure	Total 2016
<b>Cost</b>										
Balance, beginning of the year	\$ 1,605,243	\$ 1,256,431	\$ 32,457,157	\$ 10,596,521	\$ 1,009,259	\$ 4,903,847	\$ 2,177,446	\$ 1,787,330	55,793,234	
Add: Additions	-	22,344	398,855	4,500	2,085,521	875,746	-	-	24,851	3,411,827
Less: Disposals	-	-	-	(568,350)	(305,541)	(249,912)	-	-	-	(1,223,803)
<b>Balance: end of year</b>	<b>\$ 1,605,243</b>	<b>1,278,775</b>	<b>32,856,022</b>	<b>9,932,671</b>	<b>2,789,239</b>	<b>5,529,681</b>	<b>2,177,446</b>	<b>1,812,181</b>	<b>57,981,258</b>	
<b>Accumulated amortization</b>										
Balance: beginning of year	-	842,113	8,289,983	6,738,273	579,375	3,157,823	925,152	997,004	21,529,693	
Add: amortization	-	30,435	1,133,588	592,885	599,933	371,883	55,789	97,521	2,881,934	
Less: Accumulated Amortization on disposals	-	-	-	(477,478)	(154,267)	(227,499)	-	-	-	(859,244)
<b>Balance: end of year</b>	<b>-</b>	<b>872,548</b>	<b>9,423,541</b>	<b>6,853,680</b>	<b>1,024,941</b>	<b>3,302,207</b>	<b>980,941</b>	<b>1,094,525</b>	<b>23,552,383</b>	
<b>Net book value</b>	<b>\$ 1,605,243</b>	<b>\$ 406,227</b>	<b>\$ 23,432,481</b>	<b>\$ 3,078,991</b>	<b>\$ 1,764,298</b>	<b>\$ 2,227,474</b>	<b>\$ 1,196,505</b>	<b>\$ 717,656</b>	<b>\$ 34,428,875</b>	

# **Nak'azdli Whut'en**

(formerly referred to Nak'azdli Indian Band)

## **Schedule C - Consolidated Schedule of Other Revenue**

**year ended March 31, 2017**

	<b>2017</b>	<b>2016</b>
	\$	\$
Natural resource contracts	<b>1,402,130</b>	482,210
Carrier Sekani Tribal Council	<b>1,398,112</b>	243,065
Contributions	<b>701,000</b>	330,000
Miscellaneous	<b>427,815</b>	221,981
Federal government	<b>86,661</b>	58,350
MMBC/Integris Recycling	<b>65,073</b>	15,576
Garbage and snow removal	<b>36,574</b>	177,470
First Nations Education Steering Committee	<b>41,360</b>	63,193
Canadian Mental Health Association	<b>25,000</b>	-
Excavator - revenue earned	<b>4,884</b>	8,453
Nursing Services - T'latz'en Nation	<b>-</b>	110,748
Insurance proceeds (recovery)	<b>-</b>	(1,515)
Logging revenue (recovery)	<b>-</b>	(406,250)
New Relationship Trust	<b>-</b>	20,000
	<b>4,188,609</b>	1,323,281