

Consolidated financial statements of

Nak'azdli Whut'en

March 31, 2018



NAK'AZDLI WHUT'EN

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Nak'azdli Whut'en

March 31, 2018

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Nak'azdli Whut'en (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 its 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
Finance Manager


Sandra Olson
Chief Operating Officer



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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, which comprise the consolidated statement of financial position as at March 31, 2018, 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

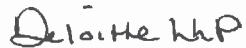
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain 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 as at March 31, 2018 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.



Chartered Professional Accountants

Prince George, British Columbia
July 20, 2018

Nak'azdli Whut'en

Consolidated statement of operations
year ended March 31, 2018

	Budget	2 0 1 8	2 0 1 7
	\$	\$	\$
(Note 1(l))			
Revenue			
Band operations			
Indigenous and Northern Affairs Canada	6,614,675	9,605,026	7,028,807
Province of British Columbia and other government revenue	298,812	5,257,029	3,879,069
First Nations Health Authority	1,569,829	1,675,677	1,582,525
Prince George Nechako Aboriginal Employment and Training Association	730,803	873,225	514,770
Investment income	-	298,783	288,424
Other (Schedule C)	1,459,841	1,308,189	2,703,836
Rental income	350,540	440,337	379,353
Realized gain on disposal of marketable securities	-	342,881	135,282
Canada Mortgage and Housing Corporation	50,782	50,930	50,783
Daycare fees	158,400	40,813	36,916
Realized gain on disposal of tangible capital assets	-	10,244	-
	11,233,682	19,903,134	16,599,765
Consolidated government business enterprises/partnerships			
Grocery store revenues (Sana'aih Market)	-	6,016,540	5,802,592
Logging revenues (Nak'al Koh Logging)	-	4,532,140	2,009,793
Gas station revenues (Nahounli Creek Gas Bar)	-	1,564,223	2,102,163
Lumber revenues (Ti'oh Forest Products)	-	-	73,937
	-	12,112,903	9,988,485
	11,233,682	32,016,037	26,588,250
Expenses (Note 20)			
Band operations			
Band government	3,126,530	3,969,794	3,421,154
Education	3,559,585	2,943,424	3,245,734
Health	1,936,627	1,909,037	1,710,985
Restricted fund - capital	-	2,212,903	1,647,892
Social services	2,062,486	1,435,104	1,514,804
Economic development	-	307,772	274,028
Community services	540,270	571,646	439,584
Capital services	1,624,749	556,225	825,030
Housing	149,137	406,978	400,922
Other services	245,235	298,906	832,968
Social housing	170,664	209,839	187,298
Equity in loss of incorporated entities and limited partnerships	-	46,833	740,069
	13,415,283	14,868,461	15,240,468
Consolidated government business enterprises/partnerships			
Grocery store expenses (Sana'aih Market)	-	6,097,695	5,846,836
Logging expenses	-	6,212,282	3,323,079
Gas station expenses (Nahounli Creek Gas Bar)	-	1,696,504	2,218,967
Lumber Mill Expenses (Ti'oh Forest Products)	-	26,798	239,618
Realized loss on disposal of tangible capital assets	-	-	565,011
	-	14,033,279	12,193,511
	13,415,283	28,901,740	27,433,979
Annual surplus (deficit)	(2,181,601)	3,114,297	(845,729)

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

Nak'azdli Whut'en

Consolidated statement of accumulated surplus year ended March 31, 2018

	2 0 1 8	2 0 1 7
	\$	\$
Accumulated surplus, beginning of year	40,935,498	41,781,227
Annual surplus (deficit)	3,114,297	(845,729)
Accumulated surplus, end of year (Note 15)	44,049,795	40,935,498

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

Nak'azdli Whut'en

Consolidated statement of changes in net financial assets year ended March 31, 2018

	2018	2017
	\$	\$
Annual surplus (deficit)	3,114,297	(845,729)
Change in prepaid expenses	(18,505)	77,004
Change in inventories	(19,989)	33,902
Acquisition of tangible capital assets	(4,004,397)	(5,064,960)
Amortization of tangible capital assets	3,051,272	2,819,274
Proceeds from disposal of tangible capital assets	43,196	208,231
(Gain) loss on disposal of tangible capital assets	(10,244)	565,011
Increase (decrease) in net financial assets	2,155,630	(2,207,267)
Net financial assets, beginning of year	4,493,963	6,701,230
Net financial assets, end of year	6,649,593	4,493,963


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


Nak'azdli Whut'en

Consolidated statement of financial position
as at March 31, 2018

	2018	2017
	\$	\$
Financial assets		
Cash (Note 3)	2,397,787	1,034,713
Marketable securities (Note 4)	11,248,114	10,421,684
Restricted cash (Note 5)	350,391	930,745
Investment - Ottawa Trust	516,264	516,264
Accounts receivable (Notes 6, 17)	3,330,014	1,597,648
Timber sale deposits (Note 7)	21,725	21,725
Investments, loans and advances (Note 8)	3,256,024	3,552,085
Loans receivable (Note 9)	410,977	569,281
	21,531,296	18,644,145
Financial liabilities		
Bank indebtedness (Note 3)	915,985	2,323,314
Accounts payable and accrued liabilities (Note 17)	1,792,619	2,051,314
Damage deposits payable	19,890	15,655
Deferred revenue	1,377,706	14,000
Capital lease obligation (Note 13)	226,074	-
Long-term debt (Note 11)	10,549,429	9,745,899
	14,881,703	14,150,182
Net financial assets	6,649,593	4,493,963
Commitment (Note 15)		
Contingencies (Note 16)		
Non-financial assets		
Inventories	463,334	443,345
Prepaid expenses	115,376	96,871
Tangible capital assets (Note 12)	36,821,492	35,901,319
Accumulated surplus (Note 14)	44,049,795	40,935,498

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

Consolidated statement of cash flows year ended March 31, 2018

	2018	2017
	\$	\$
Operating activities		
Annual surplus (deficit)	3,114,297	(845,729)
Items not involving cash		
Equity in loss of incorporated entities and limited partnerships	46,833	740,069
Amortization of tangible capital assets	3,051,272	2,819,274
Realized gains on disposal of marketable securities	(342,881)	(135,282)
(Gain) loss on disposal of tangible capital assets	(10,244)	565,011
	5,859,277	3,143,343
Changes in non-cash operating working capital		
Accounts receivable	(1,732,366)	(889,260)
Inventories	(19,989)	33,902
Timber sale deposits	-	-
Prepaid expenses	(18,505)	77,004
Accounts payable and accrued liabilities	(258,695)	441,324
Deferred revenue	1,363,706	-
Silviculture liability	-	(18,362)
Damage deposits payable	4,235	5,300
	5,197,663	2,793,251
Financing activities		
(Decrease) increase in bank indebtedness	(1,407,329)	913,796
Proceeds from capital lease obligations	226,074	-
Repayment of long-term debt	(696,470)	(2,256,570)
Proceeds of long-term debt	1,500,000	4,224,339
	(377,725)	2,881,565
Investing activities		
Change in net investments, loans and advances	249,228	123,280
Decrease (increase) in loans receivable	158,304	(171,010)
Proceeds on disposal of marketable securities	2,318,076	1,825,316
Acquisition of marketable securities	(2,801,625)	(1,990,495)
Decrease (increase) in restricted cash	580,354	(267,715)
	504,337	(480,624)
Capital activities		
Acquisition of tangible capital assets	(4,004,397)	(5,064,960)
Proceeds from disposal of tangible capital assets	43,196	208,231
	(3,961,201)	(4,856,729)
Increase in cash	1,363,074	337,463
Cash, beginning of year	1,034,713	697,250
Cash, end of year	2,397,787	1,034,713

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

Nak'azdli Whut'en

Notes to the consolidated financial statements

March 31, 2018

1. Basis of presentation and significant accounting policies

These consolidated financial statements include the assets, liabilities, revenue and expenses of the Nak'azdli Whut'en, (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'aih 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

Notes to the consolidated financial statements

March 31, 2018

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'aih 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

Notes to the consolidated financial statements

March 31, 2018

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.

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized as follows:

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

(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, marketable securities, restricted cash, investment in Ottawa Trust, accounts receivable, timber sales deposits, investments, loans and advances, loans receivable, bank indebtedness, accounts payable and accrued liabilities, damage deposits payable, capital lease obligations 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

Notes to the consolidated financial statements

March 31, 2018

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 taxable losses to date of \$490,983. No benefit has been recognized in the financial statements in relation to these losses.

Nak'azdli Whut'en

Notes to the consolidated financial statements

March 31, 2018

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 consolidated 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 and impairment of tangible capital assets, valuation allowances for accounts receivable, investments, loans and advances, loans receivable, contingent liabilities, accrued liabilities and contaminated sites liability. Actual results could differ from those estimates.

(j) Accumulated surplus or deficit

Accumulated surplus represents Band's net economic resources. It is an amount by which all assets (financial and non-financial) exceed liabilities. An accumulated surplus indicates that the Band has net resources (financial and physical) that can be used to provide future services. An accumulated deficit means that liabilities are greater than assets.

(k) 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.

(l) Budget information

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

(m) Adoption of new accounting standards

The Band has prospectively adopted the following standards from April 1, 2017:

"PS 2200 – Related party disclosures" defines a related party and identifies disclosures for related parties and related party transactions, including key management personnel and close family members.

"PS 3420 – Inter-entity transactions" establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

"PS 3210 – Assets" provides guidance for applying the definition of assets set out in PS 1000 Financial statement concepts and establishes general disclosure standards for assets.

"PS 3320 – Contingent assets" defines and establishes disclosure standards for contingent assets.

"PS 3380 – Contractual rights" defines and establishes disclosure standards for contractual rights.

Adoption of these standards did not have a material impact on the Band's financial statements.

Nak'azdli Whut'en

Notes to the consolidated financial statements

March 31, 2018

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

(n) Recent Accounting Standard Pronouncements

The following summarizes upcoming changes to the Canadian public sector accounting standards issues by the Public Sector Accounting Standards Board (PSAB). The Band will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption can vary, certain standards must be adopted concurrently. The requirements in the Financial Statement Presentation (PS1201), Financial Instruments (PS3450), Foreign Currency Translation (PS1201) and Portfolio Investments (PS3041) must be implemented at the same time.

"PS 3430 – Restructuring Transactions" establishes standards on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2018.

"PS 1201 – Financial Statement Presentation" requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this statement are the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currencies as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is applicable for fiscal years beginning on or after April 1, 2019.

"PS 2601 – Foreign Currency Translation" replaces the current PS 2600 applicable for fiscal years beginning on or after April 1, 2019. This standard requires that monetary assets and liabilities denominated in a foreign currency be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses are to be presented in the new statement of re-measurement gains and losses.

"PS 3450 – Financial Instruments", applicable for fiscal years beginning on or after April 1, 2019, establishes recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value of measurement of derivatives and equity instruments, all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities.

"PS 3041- Portfolio Investments" has removed the distinction between temporary and portfolio investments. This section now includes pooled investments in its scope and was amended to conform to "PS 3450 – Financial Instruments". Upon adoption of PS 3450 and "PS 3041 Temporary Investments", PS 3030 will no longer apply. This standard is applicable for fiscal years beginning on or after April 1, 2019.

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.

Nak'azdli Whut'en

Notes to the consolidated financial statements

March 31, 2018

3. Cash (bank indebtedness)

Cash (bank indebtedness) is comprised of the following:

	2018	2017
	\$	\$
Cash		
Cash - Band	1,700,701	220,985
Cash - Nahounli Creek Gas Bar Ltd.	54,659	249,840
Cash - Na'azdli Development Corporation	14,685	57,195
Cash - Tl'oh Forest Products Limited Partnership	288,717	291,878
Cash - Ta Da Chun Timber Limited Partnership	160,837	87,694
Cash - Sana'aih Market Limited Partnership	178,188	127,121
	2,397,787	1,034,713

Bank indebtedness

Bank indebtedness - Band	(5,142)	(1,511,580)
Bank indebtedness - Nak'al Koh Logging	(187,667)	(55,812)
Margin - marketable securities brokerage account	(622,141)	(510,099)
Cheques issued in excess of funds on deposit	(101,035)	(245,823)
	(915,985)	(2,323,314)

The Band has established a revolving demand line of credit with CIBC bearing interest at prime plus 0.75% per annum (3.45% at March 31, 2018) in the amount of \$1,500,000 of which \$5,142 (2017 - \$1,500,000) was drawn on this line of credit at year end. The line of credit is secured by hypothecation of marketable securities portfolio held with CIBC.

4. Marketable securities

Marketable securities are comprised of the following:

	2018	2017
	\$	\$
Band Operating Fund		
BC First Nations Leadership Council deposit	15,000	15,000
CIBC portfolio investments	11,015,277	10,406,684
Nak'azdli Whut'en Trust		
Investment portfolio	217,837	-
	11,248,114	10,421,684

Portfolio investments with a cost of \$1,384,173 (2017 - \$1,371,158) have been placed in hypothecation as security for debt held by a related party, Sana'aih Market LLP.

Nak'azdli Whut'en

Notes to the consolidated financial statements

March 31, 2018

4. Marketable securities (continued)

The marketable securities noted above are measured at amortized cost less an allowance for other than temporary impairment (2018 – nil). The fair market value of the securities above was \$12,545,570 (2017 - \$11,744,586) as at March 31, 2018.

5. Restricted cash

	2018	2017
	\$	\$
Operating Fund		
Ministry of Forests woodlot license deposit (a)	5,046	5,046
Ottawa Trust Fund		
Ottawa Trust Funds (b)	5,922	440,050
Nak'azdli Whut'en Trust		
Cash (c)	59,894	260,099
CMHC Social Housing Fund		
Social Housing Replacement Reserve (d)	243,651	189,672
Ta Da Chun Timber Limited Partnership		
Ministry of Forest woodlot license deposit (a)	35,878	35,878
	350,391	930,745

The funds are restricted for the following purposes:

- (a) A term deposit assigned to the Ministry of Forests on behalf of Nak'azdli Development Corporation ("NDC") and Ta Da Chun Timber Limited Partnership, in support of its woodlot licenses.
- (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 11).

Nak'azdli Whut'en

Notes to the consolidated financial statements

March 31, 2018

6. Accounts receivable

Accounts receivable are summarized as follows:

	2018	2017
	\$	\$
Operating Fund		
Indigenous and Northern Affairs Canada	2,030,780	182,847
Canada Mortgage and Housing Corporation	4,305	4,232
Other	921,643	697,295
Band owned rental housing	578,752	569,965
Less: allowance for doubtful accounts	(459,965)	(435,306)
	3,075,515	1,019,033
CMHC Social Housing Fund		
Band member housing	131,847	121,207
Less: allowance for doubtful accounts	(72,619)	(54,690)
	59,228	66,517
Nak'azdli Development Corporation - trade receivables	11,268	47,813
Nahounli Creek Gas Bar Ltd. - trade receivables	5,686	106,239
Nak'al Koh Logging Ltd. - trade receivables	135,570	318,785
Sana'aih Market Limited Partnership - trade receivables	42,403	29,632
Tl'oh Forest Products Limited Partnership - trade receivables	344	9,629
	195,271	512,098
	3,330,014	1,597,648

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 (2017 - \$21,725) to the Ministry in satisfaction of this requirement.

Nak'azdli Whut'en

Notes to the consolidated financial statements

March 31, 2018

8. Investments, loans and advances

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

	2 0 1 8	2 0 1 7
	\$	\$
Government business enterprises (Note 8(a))	1,982,580	2,278,739
Government business partnerships (Note 8(b), (c) and (d))	(5,098)	(5,098)
Other (Note 8(e))	1,278,542	1,278,444
	3,256,024	3,552,085

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

Nak'azdli Whut'en

Notes to the consolidated financial statements

March 31, 2018

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:

	2018	2017
	\$	\$
Carrier Food & Fuel Ltd.		
Investment in shares, at cost	2	2
Advances	112,040	98,040
	112,042	98,042
Accumulated equity in earnings	1,882,006	1,948,192
	1,994,048	2,046,234
Dh'uli Holdings Ltd.		
Investment in shares, at cost	2	2
Advances	4,495	4,495
	4,497	4,497
Accumulated deficit in losses	(5,598)	(4,495)
	(1,101)	2
Nak'al Koh Timber Ltd.		
Investment in shares, at cost	1	1
(Due to)/Advances	(150,198)	(81,328)
	(150,197)	(81,327)
Accumulated equity in earnings	137,577	137,577
	(12,620)	56,250
Nus De Environmental Ltd.		
Investment in shares, at cost	2	1
(Due to)/advances	(125,575)	-
	(125,573)	1
Accumulated equity in earnings	132,232	177,168
	6,659	177,169
Balance carried forward	1,986,986	2,279,655

Nak'azdli Whut'en

Notes to the consolidated financial statements

March 31, 2018

8. Investments, loans and advances (continued)

(a) Government business enterprises (continued)

	2018	2017
	\$	\$
Balance carried forward	1,986,986	2,279,655
Ranchery Holdings Inc.		
Investment in shares, at cost	1	1
Advances	7,028	5,585
	7,029	5,586
Accumulated equity in losses	(4,939)	(3,836)
	2,090	1,750
Uzta Holdings Ltd.		
Investment in shares, at cost	2	2
Advances	4,749	3,673
	4,751	3,675
Accumulated equity in losses	(4,778)	(3,675)
	(27)	-
Sana'aih Market General Partner Inc.		
Investment in shares, at cost	1	1
Accumulated equity in losses	(2)	(2)
	(1)	(1)
Ta Da Chun Timber Inc.		
Investment in shares, at cost	1	1
Accumulated equity in losses	(4,081)	(440)
	(4,080)	(439)
Tl'oh Forest Products Inc.		
Investment in shares, at cost	10	10
Accumulated equity in losses	(2,398)	(2,236)
	(2,388)	(2,226)
	1,982,580	2,278,739

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

Notes to the consolidated financial statements

March 31, 2018

8. Investments, loans and advances (continued)

Government business partnerships

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

	2018	2017
	\$	\$
N & T Lakes Contracting Ltd.		
Investment in shares, at cost	2	2
Advances	1,575	1,575
Accumulated equity in losses	(792)	(792)
	785	785

	2018	2017
	\$	\$
FNA Resources Ltd.		
Investment in shares, at cost	1	1
Advances	(100)	(100)
Accumulated equity in losses	(654)	(654)
	(753)	(753)

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

	2018	2017
	\$	\$
NTT Holdings Ltd.		
Investment in shares, at cost	1	1
Advances	1,221	1,221
Accumulated equity in losses	(129)	(129)
	1,093	1,093

Nak'azdli Whut'en

Notes to the consolidated financial statements

March 31, 2018

8. Investments, loans and advances (continued)

Government business partnerships (continued)

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

	2018	2017
	\$	\$
Shas Resources LP		
Contributions	(13)	(13)
Advances	8,216	8,216
Equity in losses	(14,426)	(14,426)
	(6,223)	(6,223)

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

	2018	2017
	\$	\$
Investment in and advances to Jaboon Holdings Inc.		
at cost net of allowance	49,311	49,213
Investment in Sustut Holding Ltd., at cost	29,367	29,367
Advances to Sustut Holdings Ltd., at cost	333,333	333,333
Investment in Conifex Inc., at cost	866,531	866,531
	1,278,542	1,278,444

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

	2018	2017
	\$	\$
Statement of financial position information		
Assets	2,657,715	2,895,799
Liabilities	571,700	646,780
Equity	2,086,015	2,249,019
Results of operations		
Revenues	9,123,151	8,793,316
Expenses	9,169,984	9,526,648
Net (loss) income	(46,833)	(733,332)

Nak'azdli Whut'en

Notes to the consolidated financial statements

March 31, 2018

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:

	2018	2017
	\$	\$
Statement of financial position information		
Assets	276,717	276,717
Liabilities	282,292	282,292
Deficit	(5,575)	(5,575)
Results of operations		
Revenues	-	439,067
Expenses	-	443,051
Net loss	-	(3,984)

The Band's share of equity earnings from these entities was nil for the year ended March 31, 2018 (loss of \$6,737 in 2017).

- (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:

	2018	2017
	\$	\$
Statement of financial position information		
Assets	6,024,868	5,940,100
Liabilities	6,434,806	6,403,106
Deficit	(4,611,572)	(463,006)
Results of operations		
Revenues	6,305,868	6,613,419
Expenses	6,348,393	7,911,367
Net loss	(42,525)	(1,297,948)

Nak'azdli Whut'en

Notes to the consolidated financial statements

March 31, 2018

9. Loans receivable

	2018	2017
	\$	\$
Operating Fund		
Band members	63,628	84,227
Band member housing loans	1,410,958	1,514,523
	1,474,586	1,598,750
Less: allowance for doubtful accounts	(1,063,609)	(1,029,469)
	410,977	569,281

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. Deferred revenue

Deferred revenue comprises funding received prior to expenditures being made in respect of the following capital and other projects:

	2017	Additions	Recognized into revenue	2018
	\$	\$	\$	\$
Indigenous and Northern Affairs Canada				
Negotiation preparedness	-	180,945	141,127	39,818
Specific claims negotiation	-	16,092	9,748	6,344
Language and culture	-	96,795	-	96,795
Post secondary student support	-	91,814	-	91,814
FNLN Operational funding	-	279,536	250,759	28,777
IR#1 water system upgrade	-	114,842	14,684	100,158
	-	780,024	416,318	363,706
Other				
Ministry of Forests - Forest opportunity fund	-	1,000,000	-	1,000,000
Prepaid rent	14,000	14,000	(14,000)	14,000
	14,000	1,794,024	402,318	1,377,706

Nak'azdli Whut'en

Notes to the consolidated financial statements

March 31, 2018

11. Social housing replacement reserves

Under the terms of agreements with 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.

	2018	2017
	\$	\$
Replacement reserves (Note 15)	191,731	210,738

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

	2002/2003 Housing (6 Units)	Sunset Court (11 Units)	Four-Plex (4 units)	Total (30 units)
Balance, beginning of year	65,058	107,176	38,504	210,738
Interest earned	87	144	52	283
Expenditures	(5,759)	(30,266)	(2,625)	(38,650)
Allocation for the year	6,000	9,360	4,000	19,360
	65,386	86,414	39,931	191,731

Nak'azdli Whut'en

Notes to the consolidated financial statements March 31, 2018

12. Long-term debt

	2018	2017
	\$	\$
(i) Operating Fund		
CIBC demand instalment loans		
Non-revolving demand instalment loan repayable at \$3,558 per month including interest at the bank's prime rate plus 4.0% per annum (2018 - 7.45%), matures January 2024	252,613	295,309
Non-revolving demand instalment loan repayable at \$1,250 per month, including interest at the bank's prime rate plus 1.0% per annum (4.45% at March 31, 2018), due monthly, matures September 2025	96,250	111,250
CIBC mortgages		
Mortgage repayable at \$4,926 per month plus interest at 3.0% per annum, matures November 2019	98,526	157,643
Mortgage repayable at \$829 per month plus interest at 3.0% per annum, matures November 2019	16,585	26,536
Mortgage repayable at \$2,591 per month plus interest at 3.0% per annum, matures June 2021	101,050	132,143
Mortgage repayable at \$889 per month plus interest at 3.0% per annum, matures May 2021	33,784	44,453
Mortgage repayable at \$1,832 per month plus interest at 3.0% per annum, matures October 2021	78,783	100,769
Mortgage repayable at \$2,011 per month plus interest at 3.0% per annum, matures November 2019	92,515	116,650
Mortgage repayable at \$1,903 per month plus interest at 3.0% per annum, matures May 2020	118,003	140,843
Balance carried forward	888,109	1,125,596

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

Notes to the consolidated financial statements

March 31, 2018

12. Long-term debt (continued)

	2018	2017
	\$	\$
Balance brought forward	888,109	1,125,596
(i) Operating Fund (continued)		
Ford Credit - vehicle loan repayable at \$390 per month including interest at 6.29% per annum, matures April 2019	4,829	9,202
BMO term loans		
Bank of Montreal - Term loan repayable at \$1,090 per month including interest at 3.45% per annum, matures November 2021	44,982	56,300
Bank of Montreal - Term loan repayable at \$3,743 per month, including interest at 3.45% per annum, matures February 2042	729,420	748,763
Bank of Montreal - Term loan repayable at \$1,538 per month including interest at 3.45% per annum, matures November 2034	80,838	96,128
Bank of Montreal - Term loan repayable at \$5,336 per month, including interest at 3.45% per annum, matures November 2034	790,155	823,776
Bank of Montreal - Term loan repayable at \$1,464 per month, including interest at 3.45% per annum, matures November 2019	28,149	44,327
Bank of Montreal - Term loan repayable at \$971 per month, including interest at 3.45% per annum, matures February 2023	51,039	60,693
Bank of Montreal - Term loan repayable at \$3,657 per month, including interest at 3.45% per annum, matures March 2035	399,536	429,080
Balance carried forward	3,017,057	3,393,865

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

Nak'azdli Whut'en

Notes to the consolidated financial statements

March 31, 2018

12. Long-term debt (continued)

	2 0 1 8	2 0 1 7
	\$	\$
Balance brought forward	3,017,057	3,393,865
(i) Operating Fund (continued)		
Bank of Montreal - Term loan repayable		
interest only at the bank's prime rate plus 0.75% per annum		
(2018 - 4.2%), due April 30, 2018	1,500,000	-
	4,517,057	3,393,865
(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	123,542	143,076
Mortgage repayable at \$3,056 per month including interest		
at 1.12% per annum, matures December 2025	275,195	308,627
Mortgage repayable at \$1,307 per month including interest		
at 1.62% per annum, matures March 2022	209,213	221,297
	607,950	673,000

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

Notes to the consolidated financial statements March 31, 2018

12. Long-term debt (continued)

	2018	2017
	\$	\$
(iii) Treaty Fund (continued)		
Carrier Sekani Tribal Council (continued)		
(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 Carrier Sekani Tribal Council or the Nak'azdli Whut'en 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'aih Market Limited Partnership		
CIBC - non-revolving demand instalment loan - principal and interest blended payments at the bank's prime rate (2018 - 3.45%) repayable in 177 regular monthly payments of \$4,470	513,789	551,376
Hub International - financed insurance premium - including interest at 3.44% per annum repayable in ten monthly payments of \$1,685	9,789	10,232
Wiz-Tec Computing Technologies Inc. - financed computer hardware - including interest at 6% per annum repayable in monthly payments of \$158	5,050	6,943
RCAP Leasing Inc.	-	1,331
	528,628	569,882

Nak'azdli Whut'en

Notes to the consolidated financial statements

March 31, 2018

12. 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.

	2018	2017
	\$	\$
(v) Nak'al Koh Logging Ltd.		
BMO - non-revolving demand instalment loan at the bank's prime rate plus 0.75% per annum (March 31, 2018 - 4.2%), with monthly payments of \$53,340 principal plus interest, due on demand	3,200,979	3,414,337
	<u>3,200,979</u>	<u>3,414,337</u>
	<u>10,549,429</u>	<u>9,745,899</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 the Band.

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

2019	\$	2,623,283
2020	\$	1,098,522
2021	\$	1,047,048
2022	\$	1,004,350
2023	\$	944,929
Thereafter	\$	<u>3,831,297</u>
	\$	<u>10,549,429</u>

Nak'azdli Whut'en

Notes to the consolidated financial statements

March 31, 2018

13. Capital lease obligations

	2018	2017
	\$	\$
RCAP Leasing - monthly lease payments of \$3,999 including interest at 4% per annum. Secured by specific equipment having a net book value of \$226,074, due March 2023	263,934	-
Less deferred finance charges	37,860	-
	226,074	-

Minimum payments required over the next five years are as follows:

	2019	2020	2021	2022	2023
\$	47,988 \$	47,988 \$	47,988 \$	47,988 \$	47,988

14. Tangible capital assets

	2018	2017
	\$	\$
Operating Fund		
Land	1,667,085	1,605,243
Land improvements	321,783	340,934
Buildings and improvements	23,120,517	23,952,538
Housing	2,901,728	3,342,461
Vehicles	707,873	1,476,748
Machinery and equipment	3,044,435	3,218,843
Sewer and water infrastructure	1,084,927	1,140,716
Road infrastructure	3,973,144	823,836
	36,821,492	35,901,319

For additional information, see the Schedule of tangible capital assets (Schedule B).

Nak'azdli Whut'en

Notes to the consolidated financial statements

March 31, 2018

15. Accumulated surplus

Accumulated surplus is as follows:

	2018	2017
	\$	\$
Unrestricted funds		
Operating Fund	25,483,195	17,679,813
CMHC Social Housing Fund	(216,549)	(153,488)
Treaty Fund	(1,902,900)	(1,902,900)
Enterprise Fund	(6,080,114)	(3,843,783)
	17,283,632	11,779,642
Restricted funds		
Nak'azdli Whu'ten Trust	451,594	255,669
Ottawa Trust Fund	522,184	956,312
Operations Fund - capital assets	24,926,367	27,060,011
Tiny house replacement reserve	1,485	324
CMHC social housing replacement reserves (Note 11)	191,731	210,738
CMHC Social Housing Fund - tangible capital assets	672,802	672,802
	26,766,163	29,155,856
Accumulated surplus	44,049,795	40,935,498

16. Commitments

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

17. Contingent liabilities

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

The Band has guaranteed ministerial housing loans for band members totalling \$623,651 (2017 - \$681,871).

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.

Nak'azdli Whut'en

Notes to the consolidated financial statements

March 31, 2018

18. Related party transactions

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

	2018	2017
	\$	\$
Carrier Food & Fuel Ltd.		
Goods & services purchased	83,838	61,695
Administration and bookkeeping	3,320	-
Nus De Environmental Services Ltd.		
Administration and bookkeeping	3,773	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, 2018, there is \$1,761 (2017 – nil) included in accounts receivable and \$7,813 included in accounts payable owing to Carrier Food & Fuel Ltd. (2017 – \$12,892).

19. Revenue and expenditures by segment

The Band has presented revenue 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.

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'aih 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.

Nak'azdli Whut'en

Notes to the consolidated financial statements

March 31, 2018

19. Revenue and expenditures by segment (continued)

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

Notes to the consolidated financial statements

March 31, 2018

20. Expenses by object

	2018	2017
	\$	\$
Amortization	3,051,272	2,819,724
Administration	145,792	19,720
Advertising	54,075	53,974
Bad debts expense (recovery)	77,726	(162,997)
Benefits	434,144	432,279
Cash (over)/short	(2,578)	(9,858)
Consultants	815,061	914,427
Cost of goods sold	11,069,309	7,816,441
Donations	121,601	215,664
Education - tuition and program expenses	2,820,036	2,872,892
First Nation Health Authority/Health Canada recovery	-	1
Freight	-	15,056
Health plan - employee benefits	323,200	306,376
Honoraria	236,700	274,876
Housing subsidy	30,000	240,000
INAC recovery	17,840	10,082
Insurance	106,747	174,095
Interest and bank charges	139,364	65,569
Interest on long term debt	245,412	132,496
Legal fees	271,076	115,857
Pension	161,720	147,015
Photocopier	91,668	53,477
Postage and courier	7,559	12,896
Professional fees	328,119	265,336
Property taxes	17,441	20,014
Repairs and maintenance	429,459	619,635
Replacement reserve	85,933	60,835
Rent	3,152	97,521
Sewer	137,086	117,790
Social assistance and programs	967,237	578,228
Social housing	168,235	227,347
Subcontracting	-	139,175
Sundry	92,967	192,770
Supplies	586,237	295,527
Tech support	72,301	139,820
Telephone	115,460	104,312
Training	326,090	378,320
Transportation	21,550	50,435
Travel	323,062	496,892
Utilities	241,522	239,671
Wages	4,689,391	5,556,764
WCB	31,942	28,445
Equity loss of incorporated entities and partnerships	46,833	740,069
Loss on disposal of tangible capital assets	-	565,011
	28,901,740	27,433,979

Nak'azdli Whut'en

Consolidated schedule of revenues and expenditures by segment - Schedule A year ended March 31, 2018

	Accumulated surplus (deficit) 2017	INAC revenue	Health revenue	Other revenue	Total revenue	Expenditures	Surplus (deficit) for the year	Interfund transfers for the year	Accumulated surplus (deficit) 2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Unrestricted									
Operating Fund									
Health services	936,556	-	1,675,677	101,529	1,777,206	1,909,037	(131,831)	338,287	1,143,012
Education services	110,134	3,239,827	-	33,958	3,273,785	2,943,424	330,361	77,003	517,498
Social services	7,020	1,518,498	-	398,581	1,917,079	1,435,104	481,975	(217,852)	271,143
Community services	1	281,052	-	21,595	302,647	571,646	(268,999)	25,138	(243,860)
Capital services	(150,952)	3,135,756	-	184,998	3,320,754	556,225	2,764,531	476,038	3,089,617
Band government services	13,090,086	1,292,968	-	6,792,316	8,085,284	3,969,794	4,115,488	(53,397)	17,952,177
Housing services	124,084	-	-	169,788	169,788	406,978	(237,190)	173,855	60,749
Other services	2,762,884	136,925	-	613,550	750,475	298,906	451,569	(521,594)	2,692,859
	17,679,813	9,605,026	1,675,677	8,316,315	19,597,018	12,091,115	7,505,903	297,478	25,483,195
Treaty Fund	(1,902,900)	-	-	-	-	-	-	-	(1,902,900)
Social Housing Fund	(153,488)	-	-	189,464	189,464	209,839	(20,375)	(42,686)	(216,549)
Enterprise Fund	(3,843,783)	-	-	-	-	315,955	(315,955)	(1,920,376)	(6,080,114)
Grocery Store (Sana'iah Market)	-	-	-	6,016,540	6,016,540	6,097,695	(81,155)	81,155	-
Gas Station (Nahounli Creek)	-	-	-	1,564,223	1,564,223	1,696,504	(132,281)	132,281	-
Lumber Mill (TToh)	-	-	-	-	-	26,798	(26,798)	-	-
Logging (Nak'al Koh)	-	-	-	4,532,140	4,532,140	6,212,282	(1,680,142)	1,680,142	-
	11,779,842	9,605,026	1,675,677	20,618,662	31,899,385	26,650,187	5,249,197	254,792	17,283,632
Restricted									
Nak'azdli Whut'en Trust	255,669	-	-	-	-	-	-	195,925	451,594
Ottawa Trust Fund	956,312	-	-	16,589	16,589	-	16,589	(450,717)	522,184
Tiny homes reserve	324	-	-	1,161	1,161	-	1,161	-	1,485
Operations Fund Capital	27,060,011	-	-	79,259	79,259	2,212,903	(2,133,644)	-	24,926,367
Social Housing Fund Replacement Reserves	210,738	-	-	19,643	19,643	38,650	(19,007)	-	191,731
Social Housing Fund Capital	672,802	-	-	-	-	-	-	-	672,802
	29,155,856	-	-	116,652	116,652	2,251,553	(2,134,901)	(254,792)	26,766,163
Total	40,935,498	9,605,026	1,675,677	20,735,334	32,016,037	28,901,740	3,114,297	-	44,049,795

Nak'azdli Whut'en

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
Unrestricted									
Operating Fund									
Health services	729,911	-	1,582,525	49,262	1,631,787	1,710,985	(79,199)	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	1,514,804	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	1,608,571	(3,343,038)	13,890,086
Housing services	(3,935,974)	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	832,968	501,451	(1,609,194)	2,762,884
	38,504,986	7,028,807	1,582,525	6,667,189	15,278,521	12,391,184	2,887,340	(23,712,511)	17,679,813
Treaty Fund	(1,902,900)	-	-	-	-	-	-	-	(1,902,900)
Social Housing Fund	(155,401)	-	-	163,508	163,508	161,595	1,913	-	(153,488)
Enterprise Fund	(2,698,025)	-	-	4,884	4,884	998,926	(994,042)	(151,716)	(3,843,783)
Grocery Store (Sana'iah Market)	-	-	-	5,802,592	5,802,592	5,846,836	(44,244)	44,244	-
Gas Station (Nahounli Creek)	-	-	-	3,102,163	3,102,163	2,218,967	883,196	(883,196)	-
Lumber Mill (T'oh)	-	-	-	73,937	73,937	239,618	(165,681)	165,681	-
Logging (Nak'al Koh)	-	-	-	2,009,793	2,009,793	3,323,079	(1,313,286)	1,313,286	-
	33,748,660	7,028,807	1,582,525	17,824,066	26,435,398	25,180,205	1,255,196	(23,224,212)	11,779,642
Restricted									
Nak'azdli Whut'en Trust	160,000	-	-	110,840	110,840	15,168	95,669	-	255,669
Ottawa Trust Fund	933,984	-	-	22,328	22,328	-	22,328	-	956,312
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 Reserves	217,081	-	-	19,360	19,360	25,703	(6,343)	-	210,738
Social Housing Fund Capital	800,577	-	-	-	-	-	-	(127,775.00)	672,802
	8,032,569	-	-	152,852	152,852	2,253,774	(2,100,925)	23,224,212	29,155,856
Total	41,781,229	7,028,807	1,582,525	17,976,918	26,588,250	27,433,979	(845,729)	-	40,935,498

Nak'azdli Whut'en

Consolidated schedule of tangible capital assets - Schedule B year ended March 31, 2018

2018	Land \$	Land Improvements \$	Buildings and Improvements \$	Housing \$	Vehicles \$	Machinery and Equipment \$	Sewer and Water Infrastructure \$	Road Infrastructure \$	Total 2018 \$
Cost									
Balance, beginning of the year	1,605,243	1,165,905	34,368,145	9,758,583	3,145,988	4,752,784	2,177,446	2,017,901	58,991,995
Add: additions	61,842	-	200,269	104,220	-	302,572	-	3,335,494	4,004,397
Less: disposals	-	-	-	-	(38,878)	(2,762)	-	-	(41,640)
Balance: end of year	1,667,085	1,165,905	34,568,414	9,862,803	3,107,110	5,052,594	2,177,446	5,353,395	62,954,752
Accumulated amortization									
Balance: beginning of year	-	824,971	10,415,607	6,416,122	1,669,240	1,533,941	1,036,730	1,194,065	23,090,676
Add: amortization	-	19,151	1,032,290	544,953	736,477	476,426	55,789	186,186	3,051,272
Less: accumulated amortization on disposals	-	-	-	-	(6,480)	(2,208)	-	-	(8,688)
Balance, end of year	-	844,122	11,447,897	6,961,075	2,399,237	2,008,159	1,092,519	1,380,251	26,133,260
Net book value	1,667,085	321,783	23,120,517	2,901,728	707,873	3,044,435	1,084,927	3,973,144	36,821,492
2017									
Cost									
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	942,182	388,792	1,861,298	-	205,720	5,064,960
Less: disposals	-	(112,870)	(154,845)	(1,116,270)	(32,043)	(2,638,195)	-	-	(4,054,223)
Balance: end of year	1,605,243	1,165,905	34,368,145	9,758,583	3,145,988	4,752,784	2,177,446	2,017,901	58,991,995
Accumulated amortization									
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	99,540	2,819,274
Less: accumulated amortization on disposals	-	(66,728)	(132,569)	(945,497)	(20,472)	(2,115,715)	-	-	(3,280,981)
Balance, end of year	-	824,971	10,415,607	6,416,122	1,669,240	1,533,941	1,036,730	1,194,065	23,090,676
Net book value	1,605,243	340,934	23,952,538	3,342,461	1,476,748	3,218,843	1,140,716	823,836	35,901,319

Nak'azdli Whut'en

Schedule C - Consolidated schedule of other revenue year ended March 31, 2018

	2 0 1 8	2 0 1 7
	\$	\$
Natural resource contracts	101,957	1,402,130
Contributions	9,595	701,000
Miscellaneous	1,075,973	427,815
Multi Material British Columbia/Integris Recycling	21,548	65,073
Garbage and snow removal	12,000	36,574
First Nations Education Steering Committee	87,116	41,360
Canadian Mental Health Association	-	25,000
Excavator - revenue earned	-	4,884
	1,308,189	2,703,836