

Consolidated financial statements of

Nak'azdli Wh t'en

March 31, 2019



NAK'AZDLI WHUT'EN

P.O. Box 1329, Fort St. James, B.C. V0J 1P0
Telephone (250) 996 –
Fax (250) 996 –

Nak'azdli Wh t'en

March 31, 2019

Table of contents

Management's Responsibility for Financial Reporting	1
Independent Auditor's Report	2-3
Consolidated statement of operations.....	4
Consolidated statement of accumulated surplus	5
Consolidated statement of changes in net financial assets	6
Consolidated statement of financial position.....	7
Consolidated statement of cash flows.....	8
Notes to the consolidated financial statements	9- 4
Schedule A – Consolidated schedule of revenue and expenditures by segment	35, 36
Schedule B – Consolidated schedule of tangible capital assets	7
Schedule C – Consolidated schedule of other revenue	8



NAK'AZDLI WHUT'EN

P.O. Box 1329, Fort St. James, B.C. V0J 1P0
Telephone (250) 996 – 7171
Fax (250) 996 – 8010

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Nak'azdli Whut'en and all the information in these consolidated financial statements are the responsibility of management and have been approved by the Chief and Council of Nak'azdli Whut'en.

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.

Nak'azdli Whut'en 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 Nak'azdli Whut'en'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 Nak'azdli Whut'en's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as with the external auditors, to discuss internal controls over the financial reporting process to satisfy themselves that each party is properly discharging its responsibility. The Chief and Council review the consolidated financial statements and the external auditor's report and take 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

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of Nak'azdli Whut'en, which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations and 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 (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Nak'azdli Whut'en as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Nak'azdli Whut'en in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those charged with governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
July 30, 2019
Prince George, British Columbia

Nak'azdli Whut'en
 Consolidated statement of operations
 year ended March 31, 2019

	Budget \$	2 0 1 9 \$	2 0 1 8 \$
(Note 1(l))			
Revenue			
Band operations			
Indigenous Services Canada	7,771,633	8,579,224	9,605,026
Province of British Columbia and other government revenue	465,630	6,206,044	5,257,029
First Nations Health Authority	1,736,916	1,952,966	1,675,677
Prince George Nchako Aboriginal Employment and Training Association	489,862	779,673	873,225
Investment income	-	286,969	298,783
Other (Schedule C)	1,011,634	2,447,813	1,308,189
Rental income	469,733	491,715	440,337
Realized gain on disposal of marketable securities	-	56,236	342,881
Canada Mortgage and Housing Corporation	166,758	117,534	50,930
Daycare fees	158,400	32,626	40,813
Realized gain on disposal of tangible capital assets	-	-	10,244
	12,270,566	20,950,800	19,903,134
Consolidated government businesses			
Grocery store revenues (Sana'aiah Market)	-	5,789,884	6,016,540
Logging revenues (Nak'al Koh Logging)	-	3,018,272	4,532,140
Gas station revenues (Nahounli Creek Gas Bar)	-	434,241	1,564,223
Lumber mill revenues (Tl'oh Forest Products)	-	731,944	-
	-	9,974,341	12,112,903
	12,270,566	30,925,141	32,016,037
 Expenses (Note 20)			
Band operations			
Band government	2,373,704	3,984,291	3,969,794
Education	3,856,766	3,502,177	2,943,424
Health	1,849,903	2,025,680	1,909,037
Restricted fund - capital	-	1,596,913	2,212,903
Social services	2,110,725	1,141,424	1,435,104
Economic development	-	1,378,139	307,772
Community services	392,938	471,081	571,646
Capital services	1,334,989	815,203	556,225
Housing	523,894	303,919	406,978
Other services	-	239,928	298,906
Ottawa Trust Fund	-	12,010	-
Recoveries	-	65,690	-
Social housing	166,758	151,003	209,839
Treaty fund	-	203,461	-
Equity loss of incorporated entities and limited partnerships	-	109,033	46,833
	12,609,677	15,999,952	14,868,461
Consolidated government businesses			
Grocery store expenses (Sana'aiah Market)	-	5,871,582	6,097,695
Logging expenses (Nak'al Koh Logging)	-	3,899,683	6,212,282
Gas station expenses (Nahounli Creek Gas Bar)	-	817,451	1,696,504
Lumber Mill Expenses (Tl'oh Forest Products)	-	11,128	26,798
	-	10,599,844	14,033,279
	12,609,677	26,599,796	28,901,740
Annual surplus (deficit)	(339,111)	4,325,345	3,114,297

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, 2019

	2 0 1 9	2 0 1 8
	\$	\$
Accumulated surplus, beginning of year	44,049,795	40,935,498
Annual surplus	4,325,345	3,114,297
Drawings	(160,000)	-
Accumulated surplus, end of year (Note 15)	48,215,140	44,049,795

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, 2019

	2 0 1 9	2 0 1 8
	\$	\$
Annual surplus	4,325,345	3,114,297
Change in prepaid expenses	(34,118)	(18,505)
Change in inventories	14,434	(19,989)
Acquisition of tangible capital assets	(5,690,487)	(4,004,397)
Amortization of tangible capital assets	2,632,291	3,051,272
Drawings	(160,000)	-
Proceeds from disposal of tangible capital assets	-	43,196
Gain on disposal of tangible capital assets	-	(10,244)
Increase in net financial assets	1,087,465	2,155,630
Net financial assets, beginning of year	6,649,593	4,493,963
Net financial assets, end of year	7,737,058	6,649,593

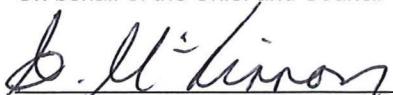
The accompanying notes to the consolidated financial statements are an integral part of
this consolidated financial statement.

Nak'azdli Whut'en

Consolidated statement of financial position
as at March 31, 2019

	2 0 1 9	2 0 1 8
	\$	\$
Financial assets		
Cash (Note 3)	6,241,615	2,397,787
Marketable securities (Note 4)	6,218,512	11,248,114
Restricted cash (Note 5)	289,028	350,391
Investment - Ottawa Trust	-	516,264
Accounts receivable (Notes 6, 18)	3,465,670	3,330,014
Timber sale deposits (Note 7)	21,726	21,725
Investments, loans and advances (Note 8)	2,656,463	3,256,024
Loans receivable (Note 9)	355,677	410,977
	19,248,691	21,531,296
Financial liabilities		
Bank indebtedness (Note 3)	382,172	915,985
Accounts payable and accrued liabilities (Note 18)	2,202,874	1,792,619
Damage deposits payable	23,025	19,890
Deferred revenue (Note 10)	1,194,478	1,377,706
Long-term debt (Note 12)	7,522,877	10,549,429
Capital lease obligations (Note 13)	186,207	226,074
	11,511,633	14,881,703
Net financial assets	7,737,058	6,649,593
Commitments (Note 16)		
Contingent liabilities (Note 17)		
Non-financial assets		
Inventories	448,900	463,334
Prepaid expenses	149,494	115,376
Tangible capital assets (Note 14)	39,879,688	36,821,492
Accumulated surplus (Note 15)	48,215,140	44,049,795

On behalf of the Chief and Council

 Member

 Member

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

Nak'azdli Whut'en
 Consolidated statement of cash flows
 year ended March 31, 2019

	2019	2018
	\$	\$
Operating activities		
Annual surplus	4,325,345	3,114,297
Items not involving cash		
Equity (earnings) loss of incorporated entities and limited partnerships	-	46,833
Amortization of tangible capital assets	2,632,291	3,051,272
Realized gains on disposal of marketable securities	(56,236)	(342,881)
Gain on disposal of tangible capital assets	-	(10,244)
	6,901,400	5,859,277
Changes in non-cash operating working capital		
Accounts receivable	(135,656)	(1,732,366)
Inventories	14,434	(19,989)
Timber sale deposits	(1)	-
Prepaid expenses	(34,118)	(18,505)
Accounts payable and accrued liabilities	410,255	(258,695)
Deferred revenue	(183,228)	1,363,706
Damage deposits payable	3,135	4,235
	6,976,221	5,197,663
Financing activities		
Decrease in bank indebtedness	(533,813)	(1,407,329)
Proceeds from capital lease obligations	-	226,074
Repayment of long-term debt	(5,534,663)	(696,470)
Proceeds of long-term debt	2,508,111	1,500,000
Repayment of capital lease obligation	(39,867)	-
Drawings	(160,000)	-
	(3,760,232)	(377,725)
Investing activities		
Change in net investments, loans and advances	599,561	249,228
Decrease in loans receivable	55,300	158,304
Proceeds on disposal of marketable securities	6,677,348	2,318,076
Acquisition of marketable securities	(1,591,510)	(2,801,625)
Decrease in restricted cash	61,363	580,354
Proceeds on disposal of Ottawa Trust	516,264	-
	6,318,326	504,337
Capital activities		
Acquisition of tangible capital assets	(5,690,487)	(4,004,397)
Proceeds from disposal of tangible capital assets	-	43,196
	(5,690,487)	(3,961,201)
Increase in cash	3,843,828	1,363,074
Cash, beginning of year	2,397,787	1,034,713
Cash, end of year	6,241,615	2,397,787

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, 2019

1. Basis of presentation and significant accounting policies

These consolidated financial statements include the assets, liabilities, revenue and expenses of Nak'azdli Whut'en, governed by the Chief and Council, and the entities which are controlled or are subject to joint control by Nak'azdli Whut'en.

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

(a) *Fund accounting*

Nak'azdli Whut'en 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.

Nak'azdli Whut'en maintains the following funds:

- The Operating Fund, which reports the general activities of Nak'azdli Whut'en's administration.
- The Ottawa Trust Fund, which reports on trust funds owned by Nak'azdli Whut'en 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 Nak'azdli Whut'en.
- The Treaty Fund, which reports Nak'azdli Whut'en's treaty activities.
- The Enterprise Fund, which reports Nak'azdli Whut'en'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, limited partnerships and other government organizations, which are controlled by Nak'azdli Whut'en, 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

Notes to the consolidated financial statements

March 31, 2019

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 Nak'azdli Whut'en, 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)
- Tl'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'e

Notes to the consolidated financial statements

March 31, 2019

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 2
Sewer and water infrastructure	Straight-line	25 to 50
Road infrastructure	Straight-line	15 to 20

(d) Impairment of long-lived assets

Nak'azdli Whut'en periodically reviews the useful lives and the carrying values of its long-lived assets for continued appropriateness. Nak'azdli Whut'en 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 undiscounted 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, Nak'azdli Whut'en 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

Nak'azdli Whut'en'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, Nak'azdli Whut'en determines if there is a significant adverse change in the expected amount or timing of future cash

Nak'azdli Whut'en

Notes to the consolidated financial statements

March 31, 2019

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

(e) *Financial instruments (continued)*

flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying 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 Nak'azdli Whut'en 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.

Nak'azdli Whut'en

Notes to the consolidated financial statements

March 31, 2019

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

(h) Income tax status

Income earned by Nak'azdli Whut'en 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.

(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 impairment of investments and accrued liabilities. Actual results could differ from those estimates.

(j) Accumulated surplus or deficit

Accumulated surplus represents Nak'azdli Whut'en's net economic resources. It is an amount by which all assets (financial and non-financial) exceed liabilities. An accumulated surplus indicates that Nak'azdli Whut'en 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

Nak'azdli Whut'en records a liability for the remediation of contaminated sites when an environmental standard exists, contamination exceeds the environmental standard, Nak'azdli Whut'en 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. Nak'azdli Whut'en 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 budget approved by Chief and Council.

2. Economic dependence

Nak'azdli Whut'en receives a major portion of its revenues pursuant to a funding agreement with Indigenous Services Canada. Any disruption in this funding could have a negative effect on Nak'azdli Whut'en's operations.

Nak'azdli Whut'en

Notes to the consolidated financial statements
March 31, 2019

3. Cash (bank indebtedness)

Cash (bank indebtedness) is comprised of the following:

	2 0 1 9	2 0 1 8
	\$	\$
Cash		
Cash - Nak'azdli Whut'en	1,582,668	1,700,701
Cash - Nak'azdli Whut'en marketable securities brokerage account	3,850,901	-
Cash - Nahounli Creek Gas Bar Ltd.	77,946	54,659
Cash - Na'azdli Development Corporation	87,445	14,685
Cash - Tl'oh Forest Products Limited Partnership	315,828	288,717
Cash - Ta Da Chun Timber Limited Partnership	33,739	160,837
Cash - Sana'ah Market Limited Partnership	160,443	178,188
Cash - Nak'azdli Whut'en Trust	132,645	-
	6,241,615	2,397,787
Bank indebtedness		
Bank indebtedness - Nak'azdli Whut'en	-	(5,142)
Bank indebtedness - Nak'al Koh Logging	(382,172)	(187,667)
Margin - marketable securities brokerage account	-	(622,141)
Cheques issued in excess of funds on deposit	-	(101,035)
	(382,172)	(915,985)

Nak'azdli Whut'en has established a revolving demand line of credit with BMO bearing interest at prime plus 0.75 per annum (3.45% per annum at March 31, 2018) in the amount of \$1,500,000 of which \$6,396 (\$5,14 in 2018) was drawn on this line of credit at year end. The line of credit is secured by hypothecation of the marketable securities portfolio held with BMO.

4. Marketable securities

Marketable securities are comprised of the following:

	2 0 1 9	2 0 1 8
	\$	\$
Operating Fund		
BC First Nations Leadership Council deposit	15,000	15,000
BMO (2018 - CIBC) portfolio investments	5,477,244	11,015,277
Nak'azdli Whut'en Trust		
Investment portfolio	726,268	217,837
	6,218,512	11,248,114

Portfolio investments with a cost of \$1,895,428 (\$1,384,17 in 2018) have been placed in hypothecation as security for debt held by a related party, Sana'ah Market LLP.

Nak'azdli Whut'en

Notes to the consolidated financial statements

March 31, 2019

4. Marketable securities (continued)

The marketable securities noted above are measured at amortized cost less an allowance for other than temporary impairment (2019 and 2018 – nil). The fair market value of the securities above was \$7,413,887 as at March 31, 2019 (2018 - \$12,545,570).

5. Restricted cash

	2 0 1 9	2 0 1 8
	\$	\$
Operating Fund		
Ministry of Forests woodlot license deposit (a)	5,046	5,046
Ottawa Trust Fund		
Ottawa Trust Funds (b)	4,452	5,922
Nak'azdli Whut'en Trust		
Cash (c)	-	59,894
CMHC Social Housing Fund		
Social Housing Replacement Reserve (d)	243,651	243,651
Ta Da Chun Timber Limited Partnership		
Ministry of Forest woodlot license deposit (a)	35,879	35,878
	289,028	350,391

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 Services 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, 2019

6. Accounts receivable

Accounts receivable are summarized as follows:

	2 0 1 9	2 0 1 8
	\$	\$
Operating Fund		
Indigenous Services Canada	40,690	1,975,806
PG Nechako Aboriginal Employment and Training Association	424,504	54,974
Canada Mortgage and Housing Corporation	72,452	4,305
Other	2,547,570	921,643
Nak'azdli Whut'en owned rental housing	616,789	578,752
Less: allowance for doubtful accounts	<u>(462,360)</u>	<u>(459,965)</u>
	<u>3,239,645</u>	<u>3,075,515</u>
CMHC Social Housing Fund		
Member housing	141,047	131,847
Less: allowance for doubtful accounts	<u>(73,481)</u>	<u>(72,619)</u>
	<u>67,566</u>	<u>59,228</u>
Nak'azdli Development Corporation - trade receivables	8,618	11,268
Nahounli Creek Gas Bar Ltd. - trade receivables	13,776	5,686
Nak'al Koh Logging Ltd. - trade receivables	82,938	135,570
Sana'ah Market Limited Partnership - trade receivables	50,581	42,403
Tl'oh Forest Products Limited Partnership - trade receivables	2,546	344
	<u>158,459</u>	<u>195,271</u>
	3,465,670	3,330,014

7. Timber sale deposits

Pursuant to various timber sale licenses, Nak'azdli Whut'en 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"). Nak'azdli Whut'en has provided deposits in the amount of \$21,726 (2018 - \$21,725) to the Ministry in satisfaction of this requirement.

Nak'azdli Whut'en

Notes to the consolidated financial statements

March 31, 2019

8. Investments, loans and advances

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

	2 0 1 9	2 0 1 8
	\$	\$
Government business enterprises (Note 8(a))	1,467,519	1,982,580
Government business partnerships (Note 8(b), (c) and (d))	(10,921)	(5,098)
<u>Other (Note 8(e))</u>	1,199,864	1,278,542
	2,656,463	3,256,024

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, 2019

8. Investments, loans and advances (continued)

(a) Government business enterprises

Nak'azdli Whut'en has made investments in and loans and advances to wholly-owned incorporated entities, summarized as follows:

	2 0 1 9	2 0 1 8
	\$	\$
Carrier Food & Fuel Ltd.		
Investment in shares, at cost	2	2
(Due to)/Advances	<u>(208,934)</u>	112,040
	<u>(208,932)</u>	112,042
Accumulated equity in earnings	<u>1,708,332</u>	1,882,006
	<u>1,499,400</u>	1,994,048
Dh'uli Holdings Ltd.		
Investment in shares, at cost	2	2
Advances	<u>4,886</u>	4,495
	<u>4,888</u>	4,497
Accumulated deficit in losses	<u>(5,989)</u>	(5,598)
	<u>(1,101)</u>	(1,101)
Nak'al Koh Timber Ltd.		
Investment in shares, at cost	1	1
Due to	<u>(140,198)</u>	(150,198)
	<u>(140,197)</u>	(150,197)
Accumulated equity in earnings	<u>137,577</u>	137,577
	<u>(2,620)</u>	(12,620)
Balance carried forward	1,495,679	1,980,327

Nak'azdli Whut'en

Notes to the consolidated financial statements

March 31, 2019

8. Investments, loans and advances (continued)

(a) Government business enterprises (continued)

	2 0 1 9	2 0 1 8
	\$	\$
Balance carried forward	1,495,679	1,980,327
 Nus De Environmental Ltd.		
Investment in shares, at cost	93,402	71,402
(Due to)/advances	(248,091)	(196,975)
	(154,689)	(125,573)
Accumulated equity in earnings	127,990	132,232
	(26,699)	6,659
 Ranchery Holdings Inc.		
Investment in shares, at cost	1	1
Advances	11,483	7,028
	11,484	5,586
Accumulated equity in losses	(6,042)	(4,939)
	5,442	2,090
 Uzta Holdings Ltd.		
Investment in shares, at cost	2	2
Advances	4,749	4,749
	4,751	4,751
Accumulated equity in losses	(3,702)	(4,778)
	1,049	(27)
 Sana'ah 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	(4,470)	(4,081)
	(4,469)	(4,080)
 Tl'oh Forest Products Inc.		
Investment in shares, at cost	10	10
Accumulated equity in losses	(3,492)	(2,398)
	(3,482)	(2,388)
 1,467,519	1,982,580	

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 Nak'azdli Whut'en members in trust for Nak'azdli Whut'en.

Nak'azdli Whut'en

Notes to the consolidated financial statements

March 31, 2019

8. Investments, loans and advances (continued)

Government business partnerships

(b) Nak'azdli Whut'en has made a 50% investment in the following entities:

	2 0 1 9	2 0 1 8
	\$	\$
N & T Lakes Contracting Ltd.		
Investment in shares, at cost	-	2
Advances	-	1,575
Accumulated equity in losses	-	(792)
	-	785

	2 0 1 9	2 0 1 8
	\$	\$
FNA Resources Ltd.		
Investment in shares, at cost	1	1
Advances	(100)	(100)
Accumulated equity in losses	(654)	(654)
	(753)	(753)

(c) Nak'azdli Whut'en has made a 33.3% investment in the following entity:

	2 0 1 9	2 0 1 8
	\$	\$
NTT Holdings Ltd.		
Investment in shares, at cost	-	1
Advances	-	1,221
Accumulated equity in losses	-	(129)
	-	1,093

Nak'azdli Whut'en

Notes to the consolidated financial statements
March 31, 2019

8. Investments, loans and advances (continued)

Government business partnerships (continued)

(d) Nak'azdli Whut'en has made a 12.5% investment in the following entity:

	2 0 1 9	2 0 1 8
	\$	\$
Shas Resources LP		
Contributions	(13)	(13)
Advances	8,216	8,216
Equity in losses	(18,371)	(14,426)
	<u>(10,168)</u>	<u>(6,223)</u>

(e) Nak'azdli Whut'en has made investments and advances to entities that are not accountable to and neither owned nor controlled by Nak'azdli Whut'en, as follows:

	2 0 1 9	2 0 1 8
	\$	\$
Investment in Conifex Inc., at cost	1,199,864	1,199,864
Investment in Jaboon Holdings Inc., at cost	-	49,311
Investment in Sustut Holding Ltd., at cost	-	29,367
	<u>1,199,864</u>	<u>1,278,542</u>

(f) Combined financial information for government business enterprises owned 100% by Nak'azdli Whut'en is as follows:

	2 0 1 9	2 0 1 8
	\$	\$
Statement of financial position information		
Assets	2,598,375	2,657,715
Liabilities	532,707	571,700
Equity	2,065,668	2,086,015
Results of operations		
Revenues	10,033,556	9,123,151
Expenses	10,018,007	9,169,984
Net income (loss)	15,549	(46,833)

Nak'azdli Whut'en

Notes to the consolidated financial statements
March 31, 2019

8. Investments, loans and advances (continued)

(g) Financial information relating to Nak'azdli Whut'en's investment in Government Business Partnerships (note that Nak'azdli Whut'en's proportionate ownership of the financial items are reported below) is as follows:

	2 0 1 9	2 0 1 8
	\$	\$
Statement of financial position information		
Assets	276,717	276,717
Liabilities	280,717	282,292
Deficit	(4,000)	(5,575)
Results of operations		
Expenses	868	-
Net loss	(868)	-

Nak'azdli Whut'en's share of equity loss from these entities was \$868 for the year ended March 31, 2019 (nil in 2018).

(h) Financial information relating to Nak'azdli Whut'en'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 9	2 0 1 8
	\$	\$
Statement of financial position information		
Assets	5,945,056	6,024,868
Liabilities	6,411,162	6,434,806
Deficit	(466,106)	(409,938)
Results of operations		
Revenues	7,493,444	6,305,868
Expenses	5,982,289	6,348,393
Net income (loss)	1,511,155	(42,525)

Nak'azdli Whut'en

Notes to the consolidated financial statements
March 31, 2019

9. Loans receivable

	2 0 1 9	2 0 1 8
	\$	\$
Operating Fund		
Nak'azdli Whut'en members	51,799	63,628
Nak'azdli Whut'en member housing loans	1,356,059	1,410,958
	1,407,858	1,474,586
Less: allowance for doubtful accounts	(1,052,181)	(1,063,609)
	355,677	410,977

Nak'azdli Whut'en member housing loans are repayable by Nak'azdli Whut'en members over the same term and at the same interest rate as that incurred by Nak'azdli Whut'en in financing the original construction of the housing units. Upon repayment of a Nak'azdli Whut'en member housing loan, title to the housing unit is transferred to Nak'azdli Whut'en member. Other Nak'azdli Whut'en 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:

	2 0 1 8	Additions	Recognized into revenue	2 0 1 9
	\$	\$	\$	\$
Indigenous Services Canada				
Negotiation preparedness	39,818	53,429	39,818	53,429
Specific claims negotiation	6,344	-	6,344	-
Language and culture	96,795	55,065	96,795	55,065
Post secondary student support	91,814	-	91,814	-
FNLM Operational funding	28,777	70,991	-	99,768
IR#1 water system upgrade	100,158	-	100,158	-
Planning design and construction	-	115,396	-	115,396
	363,706	179,485	334,929	323,658
Other				
Ministry of Forests - Forest opportunity fund	1,000,000	-	143,180	856,820
Prepaid rent	14,000	-	-	14,000
	1,377,706	179,485	478,109	1,194,478

Nak'azdli Whut'en

Notes to the consolidated financial statements

March 31, 2019

11. Social housing replacement reserves

Under the terms of agreements with CMHC, Nak'azdli Whut'en 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, Nak'azdli Whut'en 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 9	2 0 1 8
	\$	\$
Replacement reserves (Note 15)	204,932	191,731

Replacement reserve information relating to Nak'azdli Whut'en's CMHC housing programs is as follows:

	2002/2003 Housing (6 Units)	Sunset Court (11 Units)	Four-Plex (4 units)	Duplex/Tiny Homes (4 units)	Total (34 units)
Balance, beginning of year	65,386	86,414	39,931	-	191,731
Interest earned	-	-	-	-	-
Expenditures	(3,355)	(2,532)	(892)	(347)	(7,126)
Allocation for the year	6,000	9,360	4,000	96	2
	68,031	93,242	43,039	620	204,932

As at March 31, 2019, the replacement reserve cash account was over-funded by \$38,719 (2018 - \$51,920).

Nak'azdli Whut'en

Notes to the consolidated financial statements
March 31, 2019

12. Long-term debt

	2 0 1 9	2 0 1 8
	\$	\$
(i) Operating Fund		
<u>CIBC demand installment loans</u>		
Ford Credit - vehicle loan repayable at \$390 per month including interest at 6.29% per annum, matures April 2019	325	4,829
<u>BMO term loans</u>		
Bank of Montreal - Term loan repayable at \$1,111 per month including interest at 3.73% per annum, matures April 30, 2020	33,668	44,982
Bank of Montreal - Term loan repayable at \$3,871 per month, including interest at 3.73% per annum, matures April 30, 2020	711,048	729,420
Bank of Montreal - Term loan repayable at \$1,541 per month including interest at 3.73% per annum, matures April 30, 2020	65,752	80,838
Bank of Montreal - Term loan repayable at \$5,309 per month, including interest at 3.73% per annum, matures April 30, 2020	752,659	790,155
Bank of Montreal - Term loan repayable at \$1,464 per month, including interest at 3.73% per annum, matures April 30, 2020	9,815	28,149
Bank of Montreal - Term loan repayable at \$973 per month, including interest at 3.73% per annum, matures April 30, 2020	41,512	51,039
Bank of Montreal - Term loan repayable at \$2,560 per month, including interest at 3.73% per annum, matures April 30, 2020	370,056	399,536
Balance carried forward	<u>1,984,835</u>	2,128,948

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

Nak'azdli Whut'en

Notes to the consolidated financial statements

March 31, 2019

12. Long-term debt (continued)

	2019	2018
	\$	\$
Balance brought forward	1,984,835	2,128,948
(i) Operating Fund (continued)		
<u>CIBC demand instalment loans</u>		
Non-revolving demand instalment loan	-	252,613
Non-revolving demand instalment loan	-	96,250
<u>CIBC mortgages</u>		
Mortgage	-	98,526
Mortgage	-	16,585
Mortgage	-	101,050
Mortgage	-	33,784
Mortgage	-	78,783
Mortgage	-	92,515
Mortgage	-	118,003
<u>Bank of Montreal - Term loan repayable</u>	-	1,500,000
	1,984,835	4,517,057

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, 2019

12. Long-term debt (continued)

(ii) CMHC Social Housing Fund

<u>All Nations Trust</u>			
Mortgage repayable at \$1,836 per month including interest at 1.86% per annum, matures February 2024	103,631	123,542	
Mortgage repayable at \$3,056 per month including interest at 1.12% per annum, matures December 2025	241,388	275,195	
Mortgage repayable at \$1,380 per month including interest at 2.39% per annum, matures March 2022	197,465	209,213	
Mortgage repayable at \$1,825 per month including interest at 2.21% per annum, matures March 2044	367,739	-	
	910,223	607,950	

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

Nak'azdli Whut'en

Notes to the consolidated financial statements

March 31, 2019

12. Long-term debt (continued)

	2019	2018
	\$	\$
(iii) Treaty Fund (continued)		
Carrier Sekani Tribal Council (continued)		
(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 Services Canada		
Specific claim treaty negotiation loan, non-interest bearing, unsecured until loan becomes repayable at earlier of:		
(a) March 31, 2019	21,474	21,474
(b) the date at which the claim is settled	1,694,815	1,694,815
(iv) Sana'aih Market Limited Partnership		
Hub International - financed insurance premium - unsecured, including interest at 10.95% per annum, repayable in monthly payments of \$2,158, due in the 2020 fiscal year	12,542	9,789
Wiz-Tec Computing Technologies Inc. - financed computer hardware - unsecured, including interest at 6% per annum repayable in monthly payments of \$158, due on November 3, 2020.	2,996	5,050
The Driving Force Inc. - financed vehicle - unsecured, including interest at 6.99% per annum, repayable in 60 monthly payments of \$643, due on November 16, 2023.	30,638	-
CIBC - non-revolving demand instalment loan	-	513,789
	46,176	528,628

Nak'azdli Whut'en

Notes to the consolidated financial statements
March 31, 2019

12. Long-term debt (continued)

	2 0 1 9	2 0 1 8
	\$	\$
(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, 2019 - 4.70%), with monthly		
payments of \$56,665 principal plus interest, due on demand	<u>2,886,828</u>	3,200,979
	<u>2,886,828</u>	3,200,979
	<u>7,522,877</u>	10,549,429

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, assuming the term loans are renewed on the same or similar terms, are as follows:

2020	\$ 752,896
2021	\$ 761,201
2022	\$ 776,017
2023	\$ 769,928
2024	\$ 621,121
Thereafter	<u>3,841,714</u>
	<u>\$ 7,522,877</u>

The Government of Canada's 2019 budget included the forgiveness of all treaty negotiation loans and the repayment of settled loans. The legal process for the loan forgiveness has not yet been completed. Nak'azdli Whut'en has the following outstanding and settled loans:

Carrier Sekani Tribal Council	\$ 1,673,341
Indigenous Services Canada	<u>21,474</u>
	<u>\$ 1,694,816</u>

Nak'azdli Whut'en

Notes to the consolidated financial statements
March 31, 2019

13. Capital lease obligations

	2 0 1 9	2 0 1 8
	\$	\$
RCAP Leasing - monthly lease payments of \$3,999 including interest at 4% per annum. Secured by specific equipment having a net book value of \$216,654, due March 2023	186,207	263,934
Less deferred finance charges	-	37,860
	186,207	226,074

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

	2020	2021	2022	2023	2024
	\$	\$	\$	\$	\$
	41,491	43,181	44,941	46,772	9,82

14. Tangible capital assets

	2 0 1 9	2 0 1 8
	\$	\$
Operating Fund		
Land	1,667,085	1,667,085
Land improvements	302,632	321,783
Buildings and improvements	27,011,617	23,120,517
Housing	3,153,582	2,901,728
Vehicles	231,690	707,873
Machinery and equipment	2,811,403	3,044,435
Sewer and water		
infrastructure	1,029,139	1,084,927
Road infrastructure	3,672,540	3,973,144
	39,879,688	36,821,492

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

Nak'azdli Whut'en

Notes to the consolidated financial statements March 31, 2019

15. Accumulated surplus

Accumulated surplus is as follows:

	2 0 1 9	2 0 1 8
	\$	\$
Unrestricted funds		
Operating Fund	33,440,059	25,483,195
CMHC Social Housing Fund	(134,624)	(216,549)
Treaty Fund	(2,106,361)	(1,902,900)
Enterprise Fund	(8,068,759)	(6,080,114)
	<u>23,130,315</u>	<u>17,283,632</u>
Restricted funds		
Nak'azdli Whu'ten Trust	967,858	451,594
Ottawa Trust Fund	4,451	522,184
Operations Fund - capital assets	23,329,454	24,926,367
Tiny house replacement reserve	1,430	1,485
CMHC social housing replacement reserves (Note 11)	268,830	191,731
CMHC Social Housing Fund - tangible capital assets	672,802	672,802
	<u>25,244,825</u>	<u>26,766,163</u>
Accumulated surplus	<u>48,375,139</u>	<u>44,049,795</u>

16. Commitments

Nak'azdli Whut'en 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.

Nak'azdli Whut'en has guaranteed ministerial housing loans for Nak'azdli Whut'en members totalling \$973,048 (2018 - \$623,651).

Nak'azdli Whut'en 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 Nak'azdli Whut'en's financial statements.

Nak'azdli Whut'en's government business enterprises and government business partnerships have the following contingent liabilities:

Under the BC Environmental Management Act, a gas station is considered to be a contaminated site and, upon closure of the gas station, Nahounli Creek Gas Bar Ltd. is responsible for site remediation. As management's intention is to continue to operate the business indefinitely, the amount of liability, if any is not determinable and has not been recognized in the financial statements.

Nak'azdli Whut'en

Notes to the consolidated financial statements

March 31, 2019

18. Related party transactions

During the year, Nak'azdli Whut'en had the following transactions with related parties:

	2 0 1 9	2 0 1 8
	\$	\$
Carrier Food & Fuel Ltd.		
Goods & services purchased	36,095	83,838
Administration and bookkeeping	59,427	3,320
 Nus De Environmental Services Ltd.		
Administration and bookkeeping	1,202	3,773

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, 2019, there is \$23,717 (2018 – \$1,761) included in accounts receivable and \$10,784 included in accounts payable owing to Carrier Food & Fuel Ltd. (2018 – \$7,813).

19. Revenue and expenditures by segment

Nak'azdli Whut'en 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 Nak'azdli Whut'en members.

Education Services – this segment discloses program activities primarily funded by Indigenous Services Canada ("ISC") 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 Nak'azdli Whut'en members and is funded by ISC.

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 Nak'azdli Whut'en owned buildings and infrastructure.

Nak'azdli Whut'en Government Services - this segment reflects funding and expenditures related to Nak'azdli Whut'en governance activities.

Housing Services - this segment reflects revenues and expenditures associated with the operation and maintenance of Nak'azdli Whut'en owned housing occupied by Nak'azdli Whut'en members.

Other Services – this segment reflects revenues and expenditures related to the provision of other services to Nak'azdli Whut'en 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, 2019

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 Nak'azdli Whut'en 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, 2019

20. Expenses by object

	2 0 1 9	2 0 1 8
	\$	\$
Amortization	2,630,407	3,051,272
Administration	137,801	145,792
Advertising	62,333	54,075
Bad debts (recovery) expense	(8,147)	77,726
Benefits	403,146	434,144
Benevolent contributions	400,245	-
Cash short/(over)	3,639	(2,578)
Consultants	780,044	815,061
Cost of goods sold	7,948,609	11,069,309
Donations	152,535	121,601
Education - tuition and program expenses	2,693,242	2,820,036
Health plan - employee benefits	299,996	323,200
Honoraria	264,862	236,700
Housing subsidy	-	30,000
ISC recovery	-	17,840
Insurance	122,624	106,747
Interest and bank charges	104,535	139,364
Interest on long term debt	194,385	245,412
Legal fees	348,490	271,076
Pension	149,669	161,720
Photocopier	90,815	91,668
Postage and courier	8,033	7,559
Professional fees	385,284	328,119
Property taxes	12,251	17,441
Recoveries	65,690	-
Repairs and maintenance	604,906	429,459
Replacement reserve	41,165	85,933
Rent	27,215	3,152
Sewer	151,459	137,086
Social assistance and programs	559,571	967,237
Social housing	155,668	168,235
Sundry	206,273	92,967
Supplies	692,163	586,237
Tech support	222,766	72,301
Telephone	113,788	115,460
Training	198,990	326,090
Transportation	1,734	21,550
Travel	452,029	323,062
Utilities	230,236	241,522
Wages	5,543,085	4,689,391
WCB	39,227	31,942
Equity loss of incorporated entities and partnerships	109,033	46,833
	26,599,796	28,901,740

Nak'azdli Whut'en

Consolidated schedule of revenues and expenditures by segment - Schedule A year ended March 31, 2019

	Accumulated surplus (deficit) 2018	ISC revenue	Health revenue	Other revenue	Total revenue	Expenditures	Surplus (deficit) for the year	Interfund transfers for the year	Accumulated surplus (deficit) 2019
Unrestricted									
Operating Fund									
Health services	1,143,012	-	1,848,506	164,944	2,013,450	2,025,680	(12,230)	46,310	1,177,092
Education services	517,498	3,614,301	104,460	461,820	4,180,581	3,502,177	678,404	(373,674)	822,229
Social services	271,143	1,560,418	-	106,297	1,666,715	1,141,124	52,291	(316,606)	479,828
Community services	(243,860)	273,981	-	-	78,505	352,486	471,081	(118,595)	(356,117)
Capital services	3,089,617	1,649,703	-	221,067	1,870,770	815,203	1,055,967	466,851	4,602,035
Band government services	17,952,177	1,340,102	-	7,564,690	8,904,792	3,984,291	4,920,501	(58,459)	22,814,218
Housing services	60,769	-	-	184,060	184,060	303,864	(119,804)	190,216	131,181
Other services	2,692,859	140,719	-	1,175,943	1,316,662	239,928	1,076,734	-	3,769,583
Treaty Fund	25,483,215	8,579,224	1,952,966	9,957,326	20,489,516	12,483,649	8,005,867	(49,024)	33,440,059
Social Housing Fund	(1,902,900)	-	-	-	249,594	-	203,461	(203,461)	(2,106,361)
Enterprise Fund	(216,549)	-	-	-	15,017	151,003	95,591	(16,666)	(134,624)
Grocery Store (Sanaa'ih Market)	(6,080,114)	-	-	-	5,789,884	1,378,159	(1,363,142)	(625,503)	(8,068,759)
Gas Station (Nahounli Creek)	-	-	-	-	434,241	5,871,582	(81,698)	81,698	-
Lumber Mill (TToh)	-	-	-	-	731,944	434,241	817,451	(383,210)	-
Logging (Nak'ah Koh)	-	-	-	-	731,944	11,128	720,816	(720,816)	-
Restricted	17,283,652	8,579,224	1,952,966	20,196,278	30,728,468	24,816,115	5,912,352	(65,690)	23,130,315
Nak'azdli Whut'en Trust	451,534	-	-	-	-	-	-	-	967,858
Ottawa Trust Fund	522,184	-	-	-	10,541	12,010	(1,469)	(516,264)	4,451
Tiny homes reserve	1,485	-	-	-	-	55	(55)	-	1,430
Operations Fund Capital	24,926,367	-	-	-	-	1,596,913	(1,596,913)	-	23,329,454
Social Housing Fund Replacement Reserves	191,731	-	-	-	77,099	-	77,099	-	268,830
Social Housing Fund Capital	672,802	-	-	-	-	-	-	-	672,802
Total	44,049,795	8,579,224	1,952,966	20,283,318	30,816,108	26,425,074	4,391,034	(65,690)	48,375,139

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

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	Expenditure	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	2,966,524	33,361	77,003	517,498
Social services	7,020	1,518,498	-	398,581	1,917,079	1,435,104	48,975	(217,852)	271,143
Community services	1	281,052	-	21,595	302,647	571,646	(266,999)	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	13,890,086	1,292,968	-	6,792,316	8,085,284	3,889,923	4,115,488	(53,397)	17,952,177
Housing services	124,084	-	-	169,788	169,788	406,978	(231,190)	173,855	60,749
Other services	2,762,884	136,925	-	613,550	750,475	298,906	45,569	(521,594)	2,692,859
Treaty Fund	17,679,813	9,605,026	1,675,677	8,316,315	19,597,018	12,034,343	7,505,903	297,478	25,483,195
Social Housing Fund	(1,902,900)	-	-	-	-	-	-	-	(1,902,900)
Enterprise Fund	(153,488)	-	-	189,464	189,464	171,189	(20,375)	(42,686)	(216,549)
Grocery Store (Sanaa'ih Market)	(3,843,783)	-	-	-	-	354,605	(315,555)	(1,920,376)	(6,080,114)
Gas Station (Nahounil Creek)	-	-	-	6,016,540	6,016,540	6,097,895	(81,155)	81,155	-
Lumber Mill (T'oh)	-	-	-	1,564,223	1,564,223	1,696,504	(132,281)	132,281	-
Logging (Nak'el Koh)	-	-	-	1,532,40	4,532,40	6,212,282	(26,798)	26,798	-
Total	11,779,642	9,605,026	1,675,677	20,618,382	31,899,385	26,593,415	5,249,197	294,792	17,283,632
Restricted									
Nak'azdli Whut'en Trust	255,669	-	-	-	-	-	-	-	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	(2,135,644)	-	24,926,367
Social Housing Fund Replacement Reserves	210,738	-	-	19,643	19,643	95,421	(19,007)	-	191,731
Social Housing Fund Capital	672,802	-	-	-	-	-	-	-	672,802
Total	29,155,856	9,605,026	1,675,677	20,735,334	32,016,037	28,901,739	3,114,297	-	44,049,795

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

Nak'azdli Whut'en

Consolidated schedule of tangible capital assets - Schedule B year ended March 31, 2019

	2019	Land	Land Improvements	Buildings and Improvements	Housing	Vehicles	Machinery and Equipment	Sewer and Water Infrastructure	Road Infrastructure	Total 2019
Cost		\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of the year	1,667,085	1,165,905	34,568,444	9,862,803	3,107,110	5,052,594	2,177,446	5,353,395	35,480	62,954,752
Add: additions	-	-	4,852,141	581,879	66,478	154,509	-	55,789	-	5,690,487
Balance: end of year	1,667,085	1,165,905	39,420,555	10,444,682	3,173,588	5,207,103	2,177,446	5,388,875	68,645,239	
Accumulated amortization										
Balance: beginning of year	-	844,122	11,447,897	6,961,075	2,399,237	2,008,159	1,092,519	1,380,251	26,133,280	
Add: amortization	-	19,151	961,041	330,025	542,661	387,541	55,788	336,084	2,632,291	
Balance, end of year	-	863,273	12,408,938	7,291,100	2,941,898	2,395,700	1,148,307	1,716,335	28,765,551	
Net book value	1,667,085	302,632	27,011,617	3,153,582	231,690	2,811,403	1,029,139	3,672,540	39,879,688	
	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	56,991,995	
Add: additions	61,842	-	200,269	104,220	-	302,572	-	3,335,494	4,004,387	
Less: disposals	-	-	-	(38,878)	(2,762)	-	-	-	(41,640)	
Balance: end of year	1,667,085	1,165,905	34,568,444	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	

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

Nak'azdli Whut'en

Schedule C - Consolidated schedule of other revenue year ended March 31, 2019

	2 0 1 9	2 0 1 8
	\$	\$
Miscellaneous	1,532,036	1,075,973
Natural resource contracts	646,803	101,957
Other government	174,569	-
Garbage and snow removal	78,505	12,000
First Nations Education Steering Committee	15,900	87,116
Multi Material British Columbia/Integris Recycling	-	21,548
Contributions	-	9,595
	2,447,813	1,308,189