

Consolidated Financial Statements of



And Independent Auditors' Report thereon

Year ended March 31, 2020



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MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Nak'azdli Whut'en ("Nak'azdli") are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Nak'azdli's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Chief and Council meet with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by Nak'azdli. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on Nak'azdli's consolidated financial statements.


Chief


Finance Manager



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INDEPENDENT AUDITORS' REPORT

To the Members of Nak'azdli Whut'en

Opinion

We have audited the consolidated financial statements of Nak'azdli Whut'en ("Nak'azdli"), which comprise:

- the consolidated statement of financial position as at March 31, 2020
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended; and
- notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of Nak'azdli as at March 31, 2020 and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' report.

We are independent of Nak'azdli 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.

Other Matter - Comparative Information

The consolidated financial statements for the year ended March 31, 2019 was audited by another auditor who expressed an unmodified opinion on those financial statements on July 30, 2019.

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 Canadian public sector accounting standards, 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'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 or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing Nak'azdli's financial reporting process.

Auditors' 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 auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the 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's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- 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's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause Nak'azdli 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is fluid and cursive, with 'KPMG' on the top line and 'LLP' on the line below it. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants

Prince George, Canada

October 26, 2020



Consolidated Statement of Financial Position

March 31, 2020, with comparative information for 2019

| | 2020 | 2019 |
|---|----------------------|----------------------|
| Financial assets: | | |
| Cash (note 2) | \$ 7,157,289 | \$ 6,241,615 |
| Marketable securities (note 3) | 10,715,552 | 7,418,376 |
| Restricted cash (note 4) | 651,606 | 289,028 |
| Accounts receivable (note 5) | 19,968,399 | 3,465,670 |
| Timber sale deposit | 21,725 | 21,726 |
| Investments, loan, and advances (note 6) | 1,738,729 | 1,456,599 |
| Loans receivable (note 7) | 244,485 | 355,677 |
| | <u>\$ 40,497,785</u> | <u>\$ 19,248,691</u> |
| Liabilities: | | |
| Bank indebtedness (note 2) | \$ - | \$ 382,172 |
| Accounts payable and accrued liabilities (note 8) | 1,785,107 | 2,202,874 |
| Damage deposit payable | 27,746 | 23,025 |
| Deferred revenue (note 9) | 1,815,529 | 1,194,478 |
| Long-term debt (note 10) | 5,161,137 | 7,522,877 |
| Capital lease obligations | 144,272 | 186,207 |
| | <u>8,933,791</u> | <u>11,511,633</u> |
| Net financial assets | 31,563,994 | 7,737,058 |
| Non-financial assets: | | |
| Inventories | 395,824 | 448,900 |
| Prepaid expenses | 142,421 | 149,494 |
| Tangible capital assets (note 11) | 37,709,345 | 39,879,688 |
| | <u>38,247,590</u> | <u>40,478,082</u> |
| Commitment (note 16) | | |
| Contingent liabilities (note 17) | | |
| Accumulated surplus | \$ 69,811,584 | \$ 48,215,140 |

See accompanying notes to consolidated financial statements.

On behalf of Chief and Council:



Consolidated Statement of Operations

Year ended March 31, 2020, with comparative information for 2019

| | 2020 Budget | 2020 Actual | 2019 Actual |
|---|----------------|----------------|----------------|
| Revenue (note 15): | | | |
| First Nations Health Authority | \$ 2,074,670 | \$ 2,205,217 | \$ 1,952,966 |
| Indigenous Services Canada | 7,174,929 | 9,622,779 | 8,579,224 |
| Other income (note 14) | 911,289 | 24,381,133 | 2,941,178 |
| Prince George Nchako Aboriginal Employment and Training Association | 438,957 | 861,470 | 779,673 |
| Province of British Columbia and other government revenue | 253,690 | 881,961 | 6,206,044 |
| Rental income | 417,260 | 472,580 | 491,715 |
| | 11,270,795 | 38,425,140 | 20,950,800 |
| Consolidated government business revenue: | | | |
| Grocery store (Sana'ah Market) | - | 5,780,234 | 5,789,884 |
| Logging (Nak'al Koh Logging) | - | 1,414,232 | 3,018,272 |
| Gas station (Nahounli Creek Gas Bar) | - | 1,502,514 | 434,241 |
| Lumber mill (Tl'oh Forest Products) | - | 702,714 | 731,944 |
| Consolidated government business revenue | - | 9,399,694 | 9,974,341 |
| Expenses (note 15): | | | |
| Band government | 2,820,162 | 3,426,945 | 4,505,380 |
| Capital services | 593,700 | 2,108,310 | 2,412,116 |
| Community services | 666,436 | 875,103 | 471,081 |
| Economic development | 40,000 | 1,907,685 | 1,487,172 |
| Education | 4,364,812 | 4,163,244 | 3,502,177 |
| Health | 1,726,804 | 2,213,911 | 2,025,680 |
| Housing | 536,712 | 632,845 | 454,922 |
| Social services | 1,465,642 | 1,157,486 | 1,141,424 |
| | 12,214,268 | 16,485,529 | 15,999,952 |
| Consolidated government business expenses: | | | |
| Grocery store (Sana'ah Market) | - | 6,082,396 | 5,871,582 |
| Logging (Nak'al Koh Logging) | - | 1,798,543 | 3,899,683 |
| Gas station (Nahounli Creek Gas Bar) | - | 1,859,800 | 817,451 |
| Lumber mill (Tl'oh Forest Products) | - | 2,122 | 11,128 |
| | - | 9,742,861 | 10,599,844 |
| Annual (deficit) surplus | (943,473) | 21,596,444 | 4,325,345 |
| Accumulated surplus, beginning of year | 48,215,140 | 48,215,140 | 43,889,795 |
| Accumulated surplus, end of year (note 13) | \$ 47,271,667 | \$ 69,811,584 | \$ 48,215,140 |

See accompanying notes to consolidated financial statements.



Consolidated Statement of Changes In Net Financial Assets

Year ended March 31, 2020, with comparative information for 2019

| | Budget | Total 2020 | Total 2019 |
|--|---------------------|----------------------|---------------------|
| Annual (deficit) surplus | \$ (943,473) | \$ 21,596,444 | \$ 4,325,345 |
| Change in prepaid expenses | - | 7,073 | (34,118) |
| Change in inventories | - | 53,076 | 14,434 |
| Acquisition of tangible capital assets | - | (681,027) | (5,690,487) |
| Amortization of tangible capital assets | - | 2,851,370 | 2,632,291 |
| Drawings | - | - | (160,000) |
| | | | |
| Increase in net financial assets | (943,473) | 23,826,936 | 1,087,465 |
| | | | |
| Net financial assets beginning of year | 7,737,058 | 7,737,058 | 6,649,593 |
| | | | |
| Net financial assets, end of year (note 13) | \$ 6,793,585 | \$ 31,563,994 | \$ 7,737,058 |

See accompanying notes to consolidated financial statements.



Consolidated Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

| | 2020 | 2019 |
|---|---------------------|---------------------|
| Cash provided by (used in): | | |
| Operations: | | |
| Annual surplus | \$ 21,596,444 | \$ 4,325,345 |
| Items not involving cash: | | |
| Amortization of tangible capital assets | 2,851,370 | 2,632,291 |
| Allocation to replacement reserve | - | (56,236) |
| Impairment of investment | 857,364 | - |
| Equity income of incorporated entities and limited partnerships | <u>(307,597)</u> | - |
| | 24,997,581 | 6,901,400 |
| Changes in non-cash operating working capital: | | |
| Accounts receivable | (16,502,729) | (135,656) |
| Inventories | 53,076 | 14,434 |
| Timber sale deposits | 1 | (1) |
| Prepaid expenses | 7,073 | (34,118) |
| Accounts payable and accrued liabilities | (417,767) | 410,255 |
| Deferred revenue | 621,051 | (183,228) |
| Damage deposit payable | 4,721 | 3,135 |
| | 8,763,007 | 6,976,221 |
| Financing: | | |
| Bank indebtedness | (382,172) | (533,813) |
| Repayment of long term debt | (688,399) | (5,534,663) |
| Proceeds of long term debt | - | 2,508,111 |
| Repayment of capital lease obligation | (41,935) | (39,867) |
| Drawings | - | (160,000) |
| Treaty loan forgiveness | <u>(1,673,341)</u> | - |
| | (2,785,847) | (3,760,232) |
| Investing: | | |
| Change in net investments, loans and advances | 25,467 | 599,561 |
| Loans receivable | 111,192 | 55,300 |
| Proceeds on disposal of marketable securities | 8,133,182 | 6,677,348 |
| Acquisition of marketable securities | (12,287,722) | (1,591,510) |
| Restricted cash | (362,578) | 61,363 |
| Proceeds on disposal of Ottawa trust | - | 516,264 |
| Acquisition of tangible capital assets | <u>(681,027)</u> | (5,690,487) |
| | (5,061,486) | 627,839 |
| Increase in cash | 915,674 | 3,843,828 |
| Cash, beginning of year | 6,241,615 | 2,397,787 |
| Cash, end of year | \$ 7,157,289 | \$ 6,241,615 |

See accompanying notes to consolidated financial statements.



Notes to Consolidated Financial Statements

Year ended March 31, 2020

Nature of operations:

Nak'azdli Whut'en ("Nak'azdli") provides local government, education and training, health services and social development services to its members and was established under the Indian Act (Canada).

The COVID-19 outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of virus. Subsequent to March 31, 2020, the situation continues to be dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect of Nak'azdli is not known at this time. The current challenging economic climate may lead to adverse changes in cash flows and working capital levels, which may also have a direct impact on the operating results and financial position of Nak'azdli in the future.

1. Significant accounting policies:

These consolidated financial statements include the assets, liabilities, and results of operations of Nak'azdli and all related entities and organizations subject to control by or responsibility of Chief and Council. No inclusion has been made of assets, liabilities, revenues or expenses of Nak'azdli members, individually or collectively, incorporated or unincorporated, that are not controlled by or the responsibility of Chief and Council.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government, as established by the Public Sector Accounting Board ("PSAB"). Nak'azdli's significant accounting policies are as follows:

(a) Reporting entity and principles of consolidation:

Nak'azdli's reporting entity includes the Nak'azdli Whut'en government and all related entities which are either owned or controlled by the Nak'azdli.

All controlled entities are fully consolidated except for the commercial enterprises which meet the definition of a government business enterprise or government business partnership, which are included in these consolidated financial statements on a modified equity basis. Inter-entity balances and transactions are eliminated upon consolidation.



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

1. Significant accounting policies (continued):

(a) Reporting entity and principles of consolidation (continued):

Under the modified equity method of accounting, only Nak'azdli's investment in the government business enterprise or government business partnership and their share of the entities net income and other changes in equity are recorded. No adjustments are made for accounting policies of the entities that are different from those of the Nak'azdli.

Incorporated business entities, limited partnerships and other government organizations, which are controlled by Nak'azdli, 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 consolidated method when they do not meet the definition of a government business partnership.

Government partnerships proportionality consolidated in the financial statements include:

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

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.



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

1. Significant accounting policies (continued):

(a) Reporting entity and principles of consolidation (continued):

Certain incorporated business entities and limited partnerships, which are controlled or jointly controlled by Nak'azdli, 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 Environment Services Ltd. (100% owned)
- Dhuli Holdings Ltd. (100% owned) (dissolved)
- Nak'al Koh Timber Ltd. ("NKTL") (100% owned)
- Sana'aih 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) (dissolved)
- NTT Holdings Ltd. (33.3% owned) (dissolved)
- 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) (dissolved)
- T'ugus Timber Ltd. (49% owned) (dissolved)
- Sustut Holdings Ltd. (33% owned) (dissolved)



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

1. Significant accounting policies (continued):

(b) Cash:

Cash and cash equivalents consist of cash, bank overdrafts and investments in money market or other short-term instruments or investments with a maturity of less than 90 days.

(c) Investments:

Investments are recorded at cost, adjusted for amortization of premiums or discounts. Provisions for losses are recorded when they are considered to be other than temporary.

(d) 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.

(e) Tangible capital assets:

Tangible capital assets are stated at cost, less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation with a corresponding amount recorded as revenue. Tangible capital assets under construction are not amortized until the asset is available for use.

Amortization is provided using the straight-line method:

| Asset | Years |
|--------------------------------|---------|
| Land improvements | 50 |
| Buildings and improvements | 25 - 40 |
| Housing | 25 - 40 |
| Vehicles | 5 - 10 |
| Machinery and equipment | 5 - 20 |
| Sewer and water infrastructure | 25 - 50 |
| Road Infrastructure | 15 - 20 |



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

1. Significant accounting policies (continued):

(e) Tangible capital assets (continued):

When management determines that a tangible capital asset no longer contributes to Nak'azdli's ability to provide goods and services or that the value of the future benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is written down.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets.

(f) Revenue recognition:

Government transfers and grant revenue are recognized as Nak'azdli becomes entitled to the funding under the terms of applicable funding agreements and are recorded in the period in which the resources are used for the purpose specified in the agreements. Restricted funding received which relates to a subsequent fiscal period or which stipulations that give rise to an obligation are reported as deferred revenue until the resources are used for the purpose or purposes specified and/or the stipulations giving rise to an obligation have been met.

Other revenue, including interest, rent and own source are recognized in the period the services are provided and the related proceeds are received or receivable.

(g) Funding recoveries and reimbursements:

Funding received from government sources in the form of conditional transfer payments are subject to recovery, by the Crown, of unexpended balances or unallowable expenses. The Crown may also reimburse over expenditures upon determining adherence to the terms and conditions of payment for a specific purpose. Recoveries and reimbursements are accounted for when they are paid or payable or received or receivable.



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

1. Significant accounting policies (continued):

(h) Allocation of expenses:

Management records a number of its expenses by program. The cost of each program includes the personnel, premises and other expenses that are directly related to providing the program.

Management allocates certain of its general support expenses by identifying the appropriate basis of allocating each expenses.

(i) Contaminated sites:

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- (a) an environmental standard exists,
- (b) contamination exceeds the environmental standard,
- (c) the organization is directly responsible or accepts responsibility for the liability,
- (d) future economic benefits will be given up, and
- (e) a reasonable estimate of the liability can be made.

(j) Use of estimates:

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Items subject to such estimates and assumptions include the carrying amounts of tangible capital assets and inventories; provisions for impairment of accounts receivable and marketable securities; and accrued liabilities. Actual results could differ from those estimates.



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

2. Cash (bank indebtedness):

| | 2020 | 2019 |
|---|--------------------|--------------------|
| Cash | | |
| Nak'azdli Whut'en | \$ 3,522,795 | \$ 1,582,668 |
| Nak'azdli Whut'en marketable securities brokerage account | 1,164,995 | 3,850,901 |
| Nahounli Creek Gas Bar Ltd. | 41,541 | 77,946 |
| Nak'azdli Development Corporation | 1,453,271 | 87,445 |
| Tl'oh Forest Products Limited Partnership | 342,156 | 315,828 |
| Ta Da Chun Timber Limited Partnership | 35,879 | 33,739 |
| Sana'ah Market Limited Partnership | 158,122 | 160,443 |
| Nak'azdli Whut'en Trust | 321,993 | 132,645 |
| Nak'al Koh Logging Ltd. | 116,537 | - |
| | <hr/> \$ 7,157,289 | <hr/> \$ 6,241,615 |
| Bank indebtedness | | |
| Nak'al Koh Logging Ltd. | \$ - | \$ (382,172) |
| | <hr/> \$ - | <hr/> \$ (382,172) |

Nak'azdli Whut'en has established a revolving demand line of credit with BMO bearing interest at prime plus 0.75% per annum (3.20% per annum at March 31, 2020) in the amount of \$1,500,000 of which \$3,529 (2019 - \$6,396) was drawn on this line of credit at year end and is netted with cash. The line of credit is secured by a hypothecation of the marketable securities portfolio held with BMO.



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

3. Marketable securities:

| | 2020 | 2019 |
|--|---------------------|--------------------|
| Operating Fund - BC First Nations Leadership Council deposit | \$ 15,000 | \$ 15,000 |
| Operating Fund - Bank of Montreal portfolio investments | 9,660,569 | 5,477,244 |
| Nak'azdli Whut'en Trust - investment portfolio | 697,483 | 726,268 |
| Investment in Conifex Timber Inc. | 342,500 | 1,199,864 |
| | <hr/> \$ 10,715,552 | <hr/> \$ 7,418,376 |

Portfolio investments with a cost of \$1,895,428 (2019 - \$1,895,428) have been placed in hypothecation as security for debt (note 2 and note 10).

The marketable securities noted above are measured at amortized cost less an allowance for other than temporary impairment. In the current year, Nak'azdli recorded an impairment of \$857,364 (2019 - nil) on their Conifex Timber Inc. shares. The fair value of the securities above was \$8,916,766 as at March 31, 2020 (2019 - \$7,413,887).



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

4. Restricted cash:

| | 2020 | 2019 |
|---|------------------|------------------|
| Operating fund | | |
| Ministry of Forests woodlot license deposit (a) | \$ 5,046 | \$ 5,046 |
| Term deposits (b) | 300,000 | - |
| Ottawa Trust Fund | | |
| Ottawa Trust Funds (c) | 4,452 | 4,452 |
| CMHC Social Housing Fund | | |
| Social Housing Replacement Reserve (d) | 264,651 | 243,651 |
| Ta Da Chun Timber Limited Partnership | | |
| Ministry of Forest woodlot license deposit (a) | 77,457 | 35,879 |
| | <hr/> \$ 651,606 | <hr/> \$ 289,028 |

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) A term deposit held with Royal Bank of Canada securing the operating lines for Sana'ah Market Limited Partnership, Nahounli Creek Gas Bar, and Nak'azdli Development Corporation for \$100,000 each.
- c) 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.
- d) Social Housing Replacement Reserve funds can only be utilized under the terms of the respective Canada Mortgage and Housing Corporation agreements.



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

5. Accounts receivable:

| | 2020 | 2019 |
|--|---------------|--------------|
| Indigenous Services Canada | \$ 2,164,142 | \$ 40,690 |
| Prince George Nechako Aboriginal Employment and Training Association | 431,401 | 424,504 |
| Carrier Sekani Treaty Council | 17,003,804 | - |
| Canada Mortgage and Housing Corporation | - | 72,452 |
| Other | 34,167 | 2,547,570 |
| Nak'azdli Whut'en owned rental housing | 589,510 | 616,789 |
| Less: allowance for doubtful accounts | (478,262) | (462,360) |
| | 19,744,762 | 3,239,645 |
| Member Housing | 147,767 | 141,047 |
| Less: allowance for doubtful accounts | (73,482) | (73,481) |
| | 74,285 | 67,566 |
| Nak'azdli Development Corporation - trade receivables | 117,627 | 8,618 |
| Nahounli Creek Gas Bar Ltd. - trade receivables | 13,906 | 13,776 |
| Nak'al Koh Logging Ltd. - trade receivables | - | 82,938 |
| Sana'ah Market Limited Partnership - trade receivables | 16,869 | 50,581 |
| Tl'oh Forest Products Limited Partnership - trade receivables | 950 | 2,546 |
| | 149,352 | 158,459 |
| | <hr/> | <hr/> |
| | \$ 19,968,399 | \$ 3,465,670 |



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

6. Investments, loans and advances:

| | Investments | Advances | 2020 | 2019 |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Carrier Food and Fuel Ltd. | \$ 1,488,773 | \$ (211,987) | \$ 1,276,786 | \$ 1,499,400 |
| Nus De Environmental Services Ltd. | 167,082 | (152,864) | 14,218 | (26,699) |
| Uzta Holdings Ltd. | (6,552) | - | (6,552) | 1,049 |
| Nak'al Koh Timber Ltd. | 661,155 | (169,118) | 492,037 | (2,619) |
| Ranchery Holdings Ltd. | (7,459) | 15,023 | 7,564 | 5,442 |
| Ta Da Chun Timber Inc. | (4,665) | - | (4,665) | (4,469) |
| Sana'ah Market General Partner Inc. | (1) | - | (1) | (1) |
| Tl'oh Forest Products Inc. | (4,455) | - | (4,455) | (3,482) |
| Shas Resources Limited Partnership | (22,491) | - | (22,491) | (10,168) |
| Others | (13,712) | - | (13,712) | (1,854) |
| | \$ 2,257,675 | \$ (518,946) | \$ 1,738,729 | \$ 1,456,599 |

Nak'azdli's share of the gain (loss) in its equity accounted investees for the year was:

| | 2020 |
|------------------------------------|-------------------|
| Carrier Food and Fuel Ltd. | \$ (219,559) |
| Nus De Environmental Services Ltd. | 39,092 |
| Nak'al Koh Timber Ltd. | 523,578 |
| Ranchery Holdings Ltd. | (1,214) |
| Ta Da Chun Timber Inc. | (197) |
| Tl'oh Forest Products Inc. | (963) |
| Shas Resources Limited Partnership | (21,837) |
| Uzta Holdings Ltd. | (11,303) |
| | \$ 307,597 |



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

6. Investments, loans and advances (continued):

2020

Government business enterprises owned 100% by Nak'azdli Whut'en:

Carrier Food & Fuel Ltd.:

Financial position:

| | |
|-------------|--------------|
| Assets | \$ 1,849,793 |
| Liabilities | (361,020) |
| Equity | 1,488,773 |

Results of operations:

| | |
|---------------------------------|-------------|
| Revenues | 8,828,555 |
| Expenses | (9,048,740) |
| Profit and comprehensive income | (220,185) |

Nus De Environmental Services Ltd.:

Financial position:

| | |
|-------------|------------|
| Assets | \$ 247,107 |
| Liabilities | (8,625) |
| Equity | 238,482 |

Results of operation:

| | |
|---------------------------------|---------|
| Expenses | (1,000) |
| Profit and comprehensive income | (1,000) |

Nak'al Koh Timber Ltd.:

Financial position:

| | |
|-------------|------------|
| Assets | \$ 713,885 |
| Liabilities | (52,730) |
| Equity | 661,155 |

Results of operations:

| | |
|---------------------------------|---------|
| Revenues | 532,919 |
| Expenses | (2,500) |
| Profit and comprehensive income | 530,419 |



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

6. Investments, loans and advances (continued):

| | 2020 |
|---------------------------------|---------|
| Ranchery Holdings Inc.: | |
| Financial position: | |
| Assets | \$ 1 |
| Liabilities | (7,460) |
| Equity | (7,459) |
| Results of operations: | |
| Revenues | - |
| Expenses | (1,419) |
| Profit and comprehensive income | (1,419) |
| Ta Da Chun Timber Inc.: | |
| Financial position: | |
| Assets | \$ - |
| Liabilities | (4,666) |
| Equity | (4,666) |
| Results of operations: | |
| Revenues | 703 |
| Expenses | (1,000) |
| Profit and comprehensive income | (297) |
| Tl'oh Forest Products Inc.: | |
| Financial position: | |
| Assets | \$ - |
| Liabilities | (4,455) |
| Equity | (4,455) |
| Results of operation: | |
| Revenues | 25 |
| Expenses | (1,000) |
| Profit and comprehensive income | (975) |



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

6. Investments, loans and advances (continued):

2020

Shas Resources Limited Partnership:

Financial position:

| | |
|-------------|-----------|
| Assets | \$ 20,213 |
| Liabilities | (42,704) |
| Equity | 22,491 |

Results of operation:

| | |
|---------------------------------|---------|
| Expenses | (1,650) |
| Profit and comprehensive income | (1,650) |

Uzta Holdings Ltd.:

Financial position:

| | |
|-------------|------------|
| Liabilities | \$ (6,552) |
| Equity | 6,552 |

Results of operation:

| | |
|---------------------------------|-------|
| Expenses | (950) |
| Profit and comprehensive income | (950) |

Shares and partnership units are held by Nak'azdli, as represented by Chief and Council, on behalf of and for the benefit of the Nak'azdli Whut'en membership.



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

7. Loans receivable:

| | 2020 | 2019 |
|--|-------------|-------------|
| Nak'azdli Whut'en members | \$ 10,108 | \$ 51,799 |
| Nak'azdli Whut'en member housing loans | 1,288,821 | 1,356,059 |
| | 1,298,929 | 1,407,858 |
| Less: allowance for doubtful accounts | (1,054,444) | (1,052,181) |
| | <hr/> | <hr/> |
| | \$ 244,485 | \$ 355,677 |

Nak'azdli Whut'en member housing loans are repayable by Nak'azdli members over the same term and at the same interest rate as incurred by Nak'azdli 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 the member. Other Nak'azdli Whut'en member loans are interest free and have no set terms of repayment.

8. Accounts payable and accrued liabilities:

| | 2020 | 2019 |
|----------------------------|--------------|--------------|
| Trade payables | \$ 761,458 | \$ 1,179,262 |
| Accrued liabilities | 119,416 | 192,539 |
| Accrued wages and benefits | 440,135 | 294,766 |
| Holdbacks payable | 463,185 | 515,100 |
| Sales tax payable | 772 | 21,049 |
| Other accrued liabilities | 141 | 158 |
| | <hr/> | <hr/> |
| | \$ 1,785,107 | \$ 2,202,874 |

Nak'azdli has a defined contribution pension plan for eligible members of its staff. Members can contribute up to a maximum of 5.5% of their salary and Nak'azdli matches the member's contributions. The amount of retirement benefits to be received by the members will be the amount of retirement annuity that could be purchased base on the member's share of the pension plan at the time of the member's withdrawal from the plan. During the year, Nak'azdli contributed \$62,366 (2019 - \$42,739) for retirement benefits.



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

9. Deferred revenue:

Deferred revenue is comprised of funding received prior to expenditures being made in respect of the following projects or program:

| | 2020 | 2019 |
|--|--------------------|--------------------|
| Indigenous Services Canada - negotiation preparedness | \$ 63,332 | \$ 53,429 |
| Indigenous Services Canada - language and culture | 131,395 | 55,065 |
| Indigenous Services Canada - FNLM operational funding | 38,975 | 99,768 |
| Indigenous Services Canada - planning, design and construction | 115,396 | 115,396 |
| Indigenous Services Canada - post secondary student support | 69,601 | - |
| First Nation Health Authority - aboriginal headstart | 171,364 | - |
| First Nation Health Authority - primary healthcare | 122,403 | - |
| First Nation Health Authority - red road project | 165,439 | - |
| Other - general TRM | 1,058 | - |
| Recovery - wildfire food replacement reimbursement | 8,387 | - |
| Government of BC - SWEP | 11,684 | - |
| Ministry of Family | 45,675 | - |
| Carrier Sekani Tribal Council Forest Opportunity Fund Initiative | 856,820 | 856,820 |
| Prepaid rent | 14,000 | 14,000 |
| | <hr/> \$ 1,815,529 | <hr/> \$ 1,194,478 |



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

10. Long-term debt:

| | 2020 | 2019 |
|--|-----------|-----------|
| Nak'azdli Whut'en: | | |
| Ford Credit - vehicle loan repaid during the year. | \$ - | \$ 325 |
| Bank of Montreal - demand loan repayable at \$1,103 per month including interest at prime rate plus 0.5% per annum, due January 2022. | 21,408 | 33,668 |
| Bank of Montreal - demand loan repayable at \$3,756 per month including interest at prime rate plus 0.5% per annum, due March 2042. | 690,942 | 711,048 |
| Bank of Montreal - demand loan repayable at \$1,541 per month including interest at prime rate plus 0.5% per annum, due February 2023. | 49,408 | 65,752 |
| Bank of Montreal - demand loan repayable at \$5,194 per month including interest at prime rate plus 0.5% per annum, due January 2035. | 716,820 | 752,659 |
| Bank of Montreal - term loan repaid during the year. | - 9,815 | |
| Bank of Montreal - demand loan repayable at \$965 per month including interest at prime rate plus 0.5% per annum, due March 2023. | 31,234 | 41,512 |
| Bank of Montreal - demand loan repayable at \$2,504 per month including interest at prime rate plus 0.5% per annum, due June 2035. | 353,039 | 370,056 |
| All Nations Trust - mortgage repayable at \$1,836 per month including interest at 1.86% per annum, due February 2024. | 83,312 | 103,631 |
| Carried forward | 1,946,163 | 2,088,466 |



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

10. Long-term debt (continued):

| | 2020 | 2019 |
|--|-----------|-----------|
| Carried forward | 1,946,163 | 2,088,466 |
| All Nations Trust - mortgage repayable at \$3,111 per month including interest at 1.73% per annum, due January 2026. | 207,358 | 241,388 |
| All Nations Trust - mortgage repayable at \$1,380 per month including interest at 2.39% per annum, due March 2033. | 185,444 | 197,465 |
| All Nations Trust - mortgage repayable at \$1,825 per month including interest at 2.21% per annum, due February 2044. | 353,709 | 367,739 |
| Carrier Sekani Tribal Council treaty negotiation loans, forgiven during the year. | - | 1,673,341 |
| Indigenous Services Canada - specific claim treaty negotiation loan, non-interest bearing, unsecured until loan becomes repayable at the date at which the claim is settled. | 21,474 | 21,474 |
| Sana'aih Market Limited Partnership: | | |
| Hub International - financed insurance premium - unsecured, including interest at 10.95% per annum, repayable in monthly payments of \$2,457, due October 2020. | 16,498 | 12,542 |
| Wiz-Tec Computing Technologies Inc. - financed computer hardware including interest at 6% per annum repayable in monthly payments of \$158, due November 2020. | 1,260 | 2,996 |
| Carried forward | 2,731,906 | 4,605,411 |



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

10. Long-term debt (continued):

| | 2020 | 2019 |
|---|--------------------|--------------------|
| Carried forward | 2,731,906 | 4,605,411 |
| The Driving Force Inc. - financed vehicle including interest at 6.99% per annum, repayable in monthly payments of \$643, due November 2023. | 22,926 | 30,638 |
| Nak'al Koh Logging Ltd.: | | |
| Bank of Montreal - non-revolving demand instalment loan at prime rate plus 0.75% per annum, with monthly payments of \$56,665 principal plus interest, due on demand. | 2,326,305 | 2,886,828 |
| Nahounli Creek Gas Bar | | |
| Parkland Fuel Corporation - demand loan with no specific terms of repayment or interest rate. Secured by mortgage of the following lands: Lot 2 District Lots 100 and 11 Range 5 Coast District Plan 10985. | 80,000 | - |
| | <hr/> \$ 5,161,137 | <hr/> \$ 7,522,877 |



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

10. Long-term debt (continued):

Bank of Montreal demand loans are secured by a hypothecation of the Bank of Montreal marketable securities portfolio (note 3). As at March 31, 2020, Bank of Montreal prime rate was 2.45%. Security for the non-revolving demand instalment loan with Bank of Montreal comprises a first security interest on all property owned by Nak'al Koh Logging Ltd. and an unlimited guarantee by Nak'azdli.

All Nations Trust mortgages are secured by their respective property and ministerial guarantee.

All vehicle and equipment loans are secured by the specific asset.

Provided the lenders do not demand repayment of the loans in full, principal repayments are due as follows:

| | |
|------------|--------------|
| 2021 | \$ 903,593 |
| 2022 | 841,270 |
| 2023 | 851,301 |
| 2024 | 635,675 |
| 2025 | 163,052 |
| Thereafter | 1,766,246 |
| | <hr/> |
| | \$ 5,161,137 |



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

11. Tangible capital assets:

| | 2020 | | | | | | | | |
|----------------------------------|--------------|-------------------|----------------------------|--------------|------------|-------------------------|--------------------------------|---------------------|---------------|
| | Land | Land Improvements | Buildings and Improvements | Housing | Vehicles | Machinery and Equipment | Sewer and Water Infrastructure | Road Infrastructure | Total |
| Cost: | | | | | | | | | |
| Balance, beginning of year | 1,667,085 | 976,965 | 40,253,856 | 10,444,682 | 3,298,785 | 4,437,525 | 2,177,446 | 5,388,895 | 68,645,239 |
| Additions | - | - | 617,097 | - | - | 63,930 | - | - | 681,027 |
| Balance, end of year | 1,667,085 | 976,965 | 40,870,953 | 10,444,682 | 3,298,785 | 4,501,455 | 2,177,446 | 5,388,895 | 69,326,266 |
| Accumulated amortization: | | | | | | | | | |
| Balance, beginning of year | - | 746,878 | 12,618,834 | 7,418,286 | 2,008,353 | 3,108,558 | 1,148,307 | 1,716,335 | 28,765,551 |
| Amortization expenses | - | 19,151 | 1,485,803 | 282,945 | 396,055 | 276,202 | 55,789 | 335,425 | 2,851,370 |
| Balance, end of year | - | 766,029 | 14,104,637 | 7,701,231 | 2,404,408 | 3,384,760 | 1,204,096 | 2,051,760 | 31,616,921 |
| Net book value, end of year | \$ 1,667,085 | \$ 210,936 | \$ 26,766,316 | \$ 2,743,451 | \$ 894,377 | \$ 1,116,695 | \$ 973,350 | \$ 3,337,135 | \$ 37,709,345 |



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

11. Tangible capital assets (continued):

| | 2019 | | | | | | | | |
|----------------------------------|--------------|-------------------|----------------------------|--------------|--------------|-------------------------|--------------------------------|---------------------|---------------|
| | Land | Land Improvements | Buildings and improvements | Housing | Vehicles | Machinery and Equipment | Sewer and Water Infrastructure | Road Infrastructure | Total |
| Cost: | | | | | | | | | |
| Balance, beginning of year | 1,667,085 | 976,965 | 35,401,715 | 9,862,803 | 3,232,307 | 4,283,036 | 2,177,446 | 5,353,395 | 62,954,752 |
| Additions | - | - | 4,852,141 | 581,879 | 66,478 | 154,509 | - | 35,480 | 5,690,487 |
| Balance, end of year | 1,667,085 | 976,965 | 40,253,856 | 10,444,682 | 3,298,785 | 4,437,545 | 2,177,446 | 5,388,875 | 68,645,239 |
| Accumulated amortization: | | | | | | | | | |
| Balance, beginning of year | - | 727,727 | 11,657,793 | 7,088,261 | 1,465,692 | 2,721,017 | 1,092,519 | 1,380,251 | 26,133,260 |
| Amortization expenses | - | 19,151 | 961,041 | 330,025 | 542,661 | 387,541 | 55,788 | 336,084 | 2,632,291 |
| Balance, end of year | - | 746,878 | 12,618,834 | 7,418,286 | 2,008,353 | 3,108,558 | 1,148,307 | 1,716,335 | 28,765,551 |
| Net book value, end of year | \$ 1,667,085 | \$ 230,087 | \$ 27,635,022 | \$ 3,026,396 | \$ 1,290,432 | \$ 1,328,987 | \$ 1,029,139 | \$ 3,672,540 | \$ 39,879,688 |



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

12. Related party transactions:

During the year, Nak'azdli had the following transactions with Carrier Food & Fuel Ltd., a related party:

| | 2020 | 2019 |
|--------------------------------|-------------------|------------------|
| Goods and services purchased | \$ 157,410 | \$ 36,095 |
| Administration and bookkeeping | - | 59,427 |
| | \$ 157,410 | \$ 95,522 |

These transactions are in the normal course of operations and are measured at the exchange amount as determined and agreed to by the related parties.

At March 31, 2020 there is nil (2019 - \$23,717) included in accounts receivable and \$13,629 (2019 - \$10,784) included in accounts payable owing to Carrier Food & Fuel Ltd.

13. Accumulated surplus:

| | 2020 | 2019 |
|--|--------------------------|--------------------------|
| Operating fund | \$ 52,974,122 | \$ 33,794,174 |
| CMHC social housing fund | (57,519) | (92,808) |
| Treaty fund | (76,711) | (2,106,361) |
| Enterprise fund | (6,422,221) | (8,068,759) |
| | 46,417,671 | 23,526,246 |
| Nak'azdli Whut'en Trust | 1,192,940 | 1,032,777 |
| Ottawa Trust Fund | 4,452 | 4,452 |
| Invested in tangible capital assets | 21,889,714 | 23,329,454 |
| Tiny house replacement reserve | 1,430 | 1,430 |
| CMHC social housing replacement reserve | 205,098 | 204,931 |
| CMHC social housing fund - tangible capital assets | 100,279 | 115,850 |
| | \$ 69,811,584 | \$ 48,215,140 |



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

14. Other income:

| | 2020 | 2019 |
|--|---------------------|--------------------|
| Carrier Sekani Tribal Council - Pathway Forward 2.0 | \$ 18,446,490 | \$ - |
| Carrier Sekani Tribal Council treaty negotiation loan forgiveness | 1,673,340 | - |
| Canada Mortgage and Housing Corporation | 80,139 | 117,534 |
| British Columbia Gaming | 720,216 | 47,634 |
| Daycare fees | 30,284 | 32,626 |
| Equity income of incorporated entities and limited partnerships | 307,597 | - |
| First Nations Education Steering Committee | - | 15,900 |
| Garbage and snow removal | 75,382 | 78,505 |
| Investment income | 389,777 | 286,969 |
| Miscellaneous | 651,897 | 1,484,402 |
| Natural resource contracts | 686,621 | 646,803 |
| Other government | 92,630 | 174,569 |
| Realized gain on disposal of marketable securities | 1,226,760 | 56,236 |
| | <hr/> \$ 24,381,133 | <hr/> \$ 2,941,178 |



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

15. Segmented information:

Nak'azdli provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by function and department. For each segment separately reported, the segment revenue and expenditure represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies in note 1. The segments and services provided are as follows:

Band government - provides governance initiatives and training through the activities of Chief and Council and administration of other activities relating to program delivery, membership and finance;

Capital services - provides the maintenance costs of various Nak'azdli owned buildings and infrastructure;

Community services - manages funding and costs associated with the maintenance and provision of community infrastructure, recreation facilities and related services;

Economic development - manages the development of economic opportunities from the land and natural resources for Nak'azdli and its entities;

Education - provides elementary and secondary education instructional services and provides financial support to post secondary students as well provides training and work opportunities for Nak'azdli members to improve their job skills and participate effectively in the labour market;

Health - provides a variety of health care programs, services and support to Nak'azdli members;

Housing - provides programs and services associated with the operation and maintenance of Nak'azdli owned housing occupied by Nak'azdli members;

Social services - provides programs and services for the social benefit and welfare of Nak'azdli members.



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

15. Segmented information (continued):

| | 2020 | | | | | | | | |
|--|-----------------|------------------|--------------------|----------------------|--------------|-----------|---------|-----------------|--------------|
| | Band government | Capital services | Community services | Economic development | Education | Health | Housing | Social services | Total |
| Revenue: | | | | | | | | | |
| Indigenous Service Canada | \$ 897,711 | \$ 3,030,760 | \$ 591,203 | \$ 138,070 | \$ 3,385,146 | \$ - | \$ - | \$ 1,579,889 | \$ 9,622,779 |
| Province of British Columbia | 2,620 | - | 155,532 | 452,416 | 179,667 | 37,694 | - | 54,032 | 881,961 |
| First Nations Health Authority | - | - | - | - | 285,148 | 1,920,069 | - | - | 2,205,217 |
| Canada Mortgage and Housing Corporation | - | - | - | - | - | - | 80,139 | - | 80,139 |
| Prince George Nechako Aboriginal Employment & Training Association | - | - | - | - | 861,470 | - | - | - | 861,470 |
| Investment income | 389,777 | - | - | - | - | - | - | - | 389,777 |
| Rental income | - | - | 77,335 | 30,000 | - | - | 365,245 | - | 472,580 |
| Gain on sale of marketable securities | 1,226,760 | - | - | - | - | - | - | - | 1,226,760 |
| Other income | 21,883,535 | 5,700 | 228,228 | 162,346 | 40,167 | 30,483 | 2,051 | 24,350 | 22,376,860 |
| Equity income of incorporated entities and limited partnerships | - | - | - | - | - | - | - | - | 307,597 |
| Government business enterprises | - | - | - | - | - | - | - | - | - |
| Total revenue | 24,400,403 | 3,036,460 | 1,052,298 | 10,490,123 | 4,751,598 | 1,988,246 | 447,435 | 1,658,271 | 47,824,834 |
| | | | | | | | | | 9,399,694 |



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

15. Segmented information (continued):

| | 2020 | | | | | | | | |
|---|----------------------|-------------------|--------------------|-----------------------|-------------------|---------------------|---------------------|-------------------|----------------------|
| | Band government | Capital services | Community services | Economic development | Education | Health | Housing | Social services | Total |
| Expenses: | | | | | | | | | |
| Administration | 105,925 | - | 52 | 3,000 | 35,623 | 28,900 | 12,408 | 2,432 | 188,340 |
| Amortization | - | 1,984,764 | - | 242,847 | - | - | 95,971 | - | 2,323,582 |
| Consulting and contracts | 523,574 | 57,562 | 15,956 | - | 39,836 | 152,688 | 98,867 | 18,079 | 906,562 |
| Donations | 154,439 | - | - | 210,645 | 969 | - | - | 2,408 | 368,461 |
| Honoraria | 275,765 | - | 1,350 | 44,500 | 9,793 | 5,850 | 3,750 | 16,360 | 357,368 |
| Materials and supplies | 102,313 | - | 202,150 | 12,689 | 186,376 | 244,796 | 20,903 | 41,899 | 811,126 |
| Other | 223,931 | 8,899 | 26,091 | 85,480 | 32,039 | 55,059 | 95,201 | 47,887 | 574,587 |
| Professional fees | 378,744 | - | 2,000 | 46,193 | 6,475 | 127,306 | 10,000 | 22,500 | 593,218 |
| Government business enterprises | - | - | - | 9,742,861 | - | - | - | - | 9,742,861 |
| Repairs and maintenance | 25,672 | 57,085 | 129,023 | 20,583 | 97,568 | 143,184 | 108,844 | 10,104 | 592,063 |
| Social assistance and education program | 5,164 | - | - | - | 2,741,007 | - | - | 640,140 | 3,386,311 |
| Telephone and utilities | 63,738 | - | 68,544 | 28,806 | 25,619 | 52,993 | 27,124 | 28,183 | 295,007 |
| Travel and transportation | 190,161 | - | 12,600 | 7,376 | 94,213 | 322,119 | 3,148 | 3,445 | 633,062 |
| Wages and benefits | 1,377,519 | - | 417,337 | 348,202 | 893,726 | 1,081,016 | 156,629 | 324,049 | 4,598,478 |
| Impairment on investment | - | - | - | 857,364 | - | - | - | - | 857,364 |
| Total expenses | 3,426,945 | 2,108,310 | 875,103 | 11,650,546 | 4,163,244 | 2,213,911 | 632,845 | 1,157,486 | 26,228,390 |
| Surplus (deficit) | \$ 20,973,458 | \$ 928,150 | \$ 177,195 | \$ (1,160,423) | \$ 588,354 | \$ (225,665) | \$ (185,410) | \$ 500,785 | \$ 21,596,444 |



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

16. Commitment:

Nak'azdli is party to an agreement which requires the sale of timber to Apollo Forest Products Ltd. at fair market value.

17. Contingent liabilities:

Nak'azdli has entered into contribution agreements with various government agencies. Funding received under these contribution agreements is subject to repayment if Nak'azdli fails to comply with the terms and conditions of the agreements.

Nak'azdli is contingently liable for a Nak'azdli member mortgages secured by a Government of Canada Ministerial guarantee. As at March 31, 2020, the maximum liability would be \$863,121 (2019 - \$973,048).

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

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 the liability, if any, is not determinable and has not been recognized in the consolidated financial statements.

In the normal course of operations, Nak'azdli may become involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future event occur or fail to occur. To the extent that the future event is likely to occur and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded in the consolidated financial statements.

18. Comparative information:

The consolidated financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year annual surplus.