

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 written in a cursive, stylized font and is underlined with a single horizontal stroke.

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	<u>\$ 69,811,584</u>	<u>\$ 48,215,140</u>

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 Nechako 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'aih 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 (Ti'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'aih 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 (Ti'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	(307,597)	-
	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	(1,673,341)	-
	(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	(681,027)	(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'aih Market Limited Partnership (100% owned)
- Nak'al Koh Logging Ltd. (100% owned)
- Nak'azdli Whut'en Trust (controlled)

Jointly controlled entities are included in the consolidated financial statements using the proportionate 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)
- Ti'oh Forest Products Inc. (100% owned)
- Uzta Holdings Ltd. (100% owned)
- Ranchery Holdings Ltd. (100% owned)

Government business partnerships

- N&T Lakes Contracting Ltd. (50% owned) (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'aih Market Limited Partnership	158,122	160,443
Nak'azdli Whut'en Trust	321,993	132,645
Nak'al Koh Logging Ltd.	116,537	-
	\$ 7,157,289	\$ 6,241,615
Bank indebtedness		
Nak'al Koh Logging Ltd.	\$ -	\$ (382,172)
	\$ -	\$ (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
	\$ 10,715,552	\$ 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
	\$ 651,606	\$ 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'aih 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'aih Market Limited Partnership - trade receivables	16,869	50,581
Tl'oh Forest Products Limited Partnership - trade receivables	950	2,546
	149,352	158,459
	\$ 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'aih Market General Partner Inc.	(1)	-	(1)	(1)
Ti'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)
Ti'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)
	\$ 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
	\$ 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
	\$ 1,815,529	\$ 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	-
	\$ 5,161,137	\$ 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
	\$	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
	<u>\$ 157,410</u>	<u>\$ 95,522</u>

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)
	<u>46,417,671</u>	<u>23,526,246</u>
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
	<u>\$ 69,811,584</u>	<u>\$ 48,215,140</u>



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
	\$ 24,381,133	\$ 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.



Year ended March 31, 2020

15. Segmented information (continued):

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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.