

**NAZKO FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017**

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MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Nazko First Nation are the responsibility of management and have been approved by the Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal control to provide reasonable assurance that reliable financial information is produced.

The Chief and Council are responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and are ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditors' report.

The external auditors, Brent Bursey & Company Inc., Chartered Professional Accountants, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to the financial management of Nazko First Nation and meet when required.

On behalf of Nazko First Nation:

Stuart Alec
Chief

Delores Alec
Councillor

Phyllis
Councillor

INDEPENDENT AUDITORS' REPORT

To the Members of Nazko First Nation:

We have audited the accompanying consolidated financial statements of Nazko First Nation, which comprise the consolidated statement of financial position as at March 31, 2017 and the consolidated statements of operations, changes in net debt, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Nazko First Nation as at March 31, 2017 and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Brent Bursey, CPA Inc.
Chartered Professional Accountants
February 23, 2018
Prince George, British Columbia

NAZKO FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2017

	(Note 25)	
	2017	2016
FINANCIAL ASSETS		
Cash	\$ 267,644	\$ 73,458
Accounts receivable (Note 2)	209,822	394,639
Restricted cash (Note 3)	95,548	89,061
Loan receivable (Note 4)	100,410	100,350
Investments in government business entities (Note 5)	515,283	915,644
Ottawa trust assets (Note 6)	<u>17,087</u>	15,883
	<u>1,205,794</u>	1,589,035

LIABILITIES		
Bank indebtedness (Note 7)	273,242	280,468
Term demand loans (Note 8)	1,460,099	1,682,380
Accounts payable and accrued liabilities (Note 9)	863,822	556,761
Deferred revenue (Note 10)	11,966	11,910
Long-term debt (Note 11)	648,128	691,879
Treaty loan (Note 12)	6,295,884	6,295,884
Obligations under capital leases (Note 13)	7,235	10,361
Restricted fund reserves (Note 3)	<u>106,514</u>	96,800
	<u>9,666,890</u>	9,626,443
NET DEBT	<u>(8,461,096)</u>	(8,037,408)

NON-FINANCIAL ASSETS		
Tangible capital assets (Note 14)	8,111,961	8,338,337
Prepaid expenditure	<u>69,840</u>	57,618
	<u>8,181,801</u>	8,395,955
ACCUMULATED (DEFICIT) SURPLUS	<u>\$ (279,295)</u>	<u>\$ 358,547</u>

CONTINGENT LIABILITIES (Note 15)

Approved on behalf of Nazko First Nation:

Stuart Zala
Chief

DeLores Alice
Councillor

Dorothyman
Councillor

NAZKO FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2017

	Budget	2017	(Note 25) 2016
REVENUE			
Indigenous and Northern Affairs Canada	\$ 1,352,002	\$ 1,352,002	\$ 1,366,067
First Nations Health Authority	776,928	724,411	720,736
Canada Mortgage and Housing Corporation	-	83,925	31,050
Other federal government	4,653	4,653	5,000
Province of British Columbia	549,742	549,258	607,442
Interest, rent and other	237,605	373,473	508,989
Ottawa trust funds	-	1,204	1,193
Income from investments in government business entities	-	165,005	239,394
Increase in deferred revenue	-	(56)	-
	<u>2,920,930</u>	<u>3,253,875</u>	<u>3,479,871</u>
EXPENDITURE			
Economic development	502,885	292,116	133,546
Education	256,562	225,405	270,734
Employment and training	47,862	51,390	33,055
Government development and administration	411,630	712,048	524,890
Health services	842,513	828,790	810,680
Housing	2,503	129,968	85,443
Public works operations and maintenance	161,019	213,278	298,579
Social and community services	362,844	373,350	417,195
Treaty claims and negotiations	142,376	141,147	147,272
Loss from investments in government business entities	-	268,135	350,856
Interest on debt	20,400	70,765	34,805
Amortization	-	416,068	443,820
	<u>2,750,594</u>	<u>3,722,460</u>	<u>3,550,875</u>
ANNUAL DEFICIT BEFORE RECOVERIES	<u>\$ 170,336</u>	<u>(468,585)</u>	<u>(71,004)</u>
RECOVERIES BY GOVERNMENT OF CANADA (Note 16)		<u>(169,257)</u>	<u>(12,276)</u>
ANNUAL DEFICIT		<u>(637,842)</u>	<u>(83,280)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>358,547</u>	<u>441,827</u>
ACCUMULATED (DEFICIT) SURPLUS, END OF YEAR	<u>\$ (279,295)</u>	<u>\$ 358,547</u>	

The accompanying notes are an integral part of these consolidated financial statements.

NAZKO FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
YEAR ENDED MARCH 31, 2017

	Budget	2017	(Note 25) 2016
Annual deficit	\$ 170,336	\$ (637,842)	\$ (83,280)
Acquisition of tangible capital assets	(189,063)	(189,692)	(70,345)
Amortization	-	416,068	443,820
	(189,063)	226,376	373,475
Net change in prepaid expenditure	-	(12,222)	27,532
(INCREASE) DECREASE IN NET DEBT	(18,727)	(423,688)	317,727
NET DEBT, BEGINNING OF YEAR	(8,037,408)	(8,037,408)	(8,355,135)
NET DEBT, END OF YEAR	<u>\$ (8,056,135)</u>	<u>\$ (8,461,096)</u>	<u>\$ (8,037,408)</u>

The accompanying notes are an integral part of these consolidated financial statements.

NAZKO FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2017

	(Note 25)	
	2017	2016
OPERATING ACTIVITIES		
Annual deficit	\$ (637,842)	\$ (83,280)
Items not involving cash		
Amortization	416,068	443,820
Allocation to (from) operations reserve	1,386	(3,199)
Allocation to replacement reserve	8,000	8,000
Income from government business entities	(165,005)	(239,394)
Loss from government business entities	268,135	350,856
	<u>(109,258)</u>	476,803
Cash provided by (used in) operating activities		
Accounts receivable	184,817	(280,834)
Ottawa trust assets	(1,204)	(1,193)
Prepaid expenditure	(12,222)	27,532
Accounts payable and accrued liabilities	307,061	38,905
Deferred revenue	56	(13,170)
	<u>369,250</u>	248,043
CAPITAL ACTIVITY		
Purchase and construction of tangible capital assets	<u>(189,692)</u>	(70,345)
INVESTING ACTIVITIES		
Purchase of partnership units	(1,998)	-
Advances to related entities	(55,256)	(212,228)
Contributions to partnership equity	-	(1,275,000)
Withdrawals from partnership equity	354,425	313,057
	<u>297,171</u>	(1,174,171)
FINANCING ACTIVITIES		
Proceeds of term demand loans	-	1,275,000
Repayment of term demand loans	(222,281)	(234,884)
Repayment of long-term debt	(43,751)	(42,922)
Repayment of obligations under capital leases	(3,126)	(2,796)
Deposits to restricted fund reserves	328	-
Withdrawals from restricted fund reserves	<u>-</u>	(3,357)
	<u>(268,830)</u>	991,041
INCREASE (DECREASE) DURING YEAR	207,899	(5,432)
CASH, BEGINNING OF YEAR	<u>(117,949)</u>	(112,517)
CASH, END OF YEAR	<u>\$ 89,950</u>	\$ (117,949)
Cash consists of:		
Cash	\$ 267,644	\$ 73,458
Restricted cash	95,548	89,061
Bank indebtedness	<u>(273,242)</u>	(280,468)
	<u>\$ 89,950</u>	<u>\$ (117,949)</u>

The accompanying notes are an integral part of these consolidated financial statements.

NAZKO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Reporting Entity and Principles of Financial Reporting

The Nazko First Nation reporting entity includes the Nazko First Nation government and all related entities which are either owned or controlled by the Nazko First Nation.

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

Under the modified equity method of accounting, only Nazko First Nation's investment in the government business enterprises or government business partnerships and their share of the entities' net income and other changes in equity are recorded. No adjustments are made for accounting policies of the entity that are different from those of Nazko First Nation.

Nazko First Nation CMHC Social Housing Program and Nazko First Nation Negotiation Support Agreement are consolidated in Nazko First Nation's consolidated financial statements.

Government business enterprises, which are wholly-owned by Nazko First Nation and which are not dependent on the Nation for their continuing operations, included in the consolidated financial statements using the modified equity method are as follows:

- Nazko Economic Development Corp.
- Nazko Resource Management Ltd.
- Ndazkhot'en Forest Management Ltd.
- Ndazkhot'en Holdings Ltd.
- Ndazkhot'en Properties Ltd.

Government business partnerships of which Nazko First Nation holds a limited partnership interest and which are not dependent on the Nation for their continuing operations, included in the consolidated financial statements using the modified equity method, are as follows:

- Besikoh Fuel Limited Partnership (99.99% interest)
- Nazko Logging Limited Partnership (99.99% interest)
- Nazko Silviculture LLP (99.90% interest)
- Three Nations Store and Lodge LLP (99.90% interest)

NAZKO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Cash

Cash includes cash on hand, cash on deposit net of cheques issued and outstanding at the reporting date, and short-term deposits with maturity dates of less than 90 days.

Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset. Transfers of tangible capital assets from related parties are recorded at carrying value.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and the Nation's incremental cost of borrowing.

Tangible capital assets are amortized using the declining balance method at rates calculated to amortize the cost less salvage value as follows:

Automotive and mobile equipment	30%
Buildings	4-10%
Computer equipment	30%
Computer equipment under capital leases	30%
Furniture and office equipment	20%
Housing	4-10%
Infrastructure	4-20%
Recreational infrastructure	10%
Site improvements	20%

Social Housing assets acquired under CMHC sponsored housing programs are amortized at a rate equivalent to the annual principal reduction in related long-term debt, as required for CMHC reporting purposes.

In the year of acquisition, 50% of the annual amortization is expensed. Assets under construction are not amortized until the asset is available to be put into service.

**NAZKO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017**

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Tangible Capital Assets, continued

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. Net write-downs are accounted in the consolidated statement of operations when they occur.

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.

Revenue and Expenditure

Revenue and expenditure are recorded using the accrual basis of accounting. Revenue is recognized in the period in which the transactions or events occurred that gave rise to the revenue. Gains are recognized when realized. Items not practically measurable until cash is received are accounted for at that time.

Government transfers are recognized as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability and recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Funding Recoveries and Reimbursements

Funding received from federal 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 specified purpose. Recoveries and reimbursements are accounted for when they are paid or payable or received or receivable.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount 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 expenditure during the reporting period. Significant areas requiring the use of management estimates relate to the impairment of assets, rates for amortization and the collectability of accounts receivable. Actual results could differ from these estimates.

NAZKO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

2. ACCOUNTS RECEIVABLE

	2017	2016
Government:		
Indigenous and Northern Affairs Canada	\$ 20,160	\$ 161,310
Canada Mortgage and Housing Corporation	2,518	2,587
Canada Revenue Agency - GST	18,762	2,801
Province of British Columbia	-	<u>147,997</u>
	<u>41,440</u>	314,695
Nazko First Nation members	45,503	28,375
Other	<u>122,879</u>	51,569
	<u><u>\$ 209,822</u></u>	<u><u>\$ 394,639</u></u>

3. RESTRICTED CASH AND RESTRICTED FUND RESERVES

	2017	2016
Restricted cash consists of:		
Replacement Reserve	\$ 47,880	\$ 47,723
Operations Reserve	40,008	39,901
Treaty Negotiations	<u>7,660</u>	<u>1,437</u>
	<u><u>\$ 95,548</u></u>	<u><u>\$ 89,061</u></u>
Restricted fund reserves consist of:		
Replacement Reserve - funded	\$ 47,880	\$ 47,723
Replacement Reserve - unfunded	12,769	4,762
Operations Reserve - funded	40,008	39,901
Operations Reserve - unfunded	<u>5,857</u>	<u>4,414</u>
	<u><u>\$ 106,514</u></u>	<u><u>\$ 96,800</u></u>

Replacement Reserve

Under the terms of agreement # 22-217-384 with Canada Mortgage and Housing Corporation, the Nation must set aside funds in the amount of \$8,000 (2016 - \$8,000) annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation, or as may otherwise be approved by CMHC from time to time. At year end the replacement reserve has unfunded reserves of \$12,769 (2016 - \$4,762) and is in technical default with their agreement with CMHC.

**NAZKO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017**

3. RESTRICTED CASH AND RESTRICTED FUND RESERVES, continued

Operations Reserve

Under the terms of agreement # 22-217-384 with Canada Mortgage and Housing Corporation, after the payment of all costs and expenditures including the allocation to the Replacement Reserve, any surplus revenue from operations will be retained by the Program within an Operating Reserve Fund. The Program's Operating Reserve Fund may only be used for the ongoing operating costs of Phases committed under the 1997 On-Reserve Program. Accordingly, future years' deficits may be recovered from the Operating Reserve Fund. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation, or as may otherwise be mutually agreed to by Nazko First Nation and CMHC. At year end the program has unfunded reserves of \$5,857 (2016 - \$4,414) and is in technical default with their agreement with CMHC.

Treaty Negotiations

Treaty Negotiations cash is restricted for expenditures as related to Nazko First Nation Negotiations Support Agreement for carrying out treaty negotiations with Canada and British Columbia.

4. LOAN RECEIVABLE

Loan receivable from Blackwater Camp Services Ltd., a company wholly-owned by government business enterprise Nazko Economic Development Corp., is non-interest bearing, unsecured with no specific terms of repayment.

5. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES (APPENDIX A)

(Note 25)

2017

2016

Nazko Economic Development Corp.

Advances	\$ 227,675	\$ 210,149
Retained earnings	12,084	65,492
Share	1	1
Balance forward	\$ 239,760	\$ 275,642

NAZKO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

5. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES (APPENDIX A), continued

	(Note 25)	2017	2016
Balance forward	\$ 239,760	\$ 275,642	
Nazko Logging Limited Partnership			
Advances	1,839,900	1,823,824	
Contributions	383,740	738,165	
Deficit	(2,270,618)	(2,310,644)	
Partnership units	<u>10,000</u>	<u>10,000</u>	
	<u>(36,978)</u>	<u>261,345</u>	
Besikoh Fuel Limited Partnership			
Advances	(23,274)	(3,406)	
Contributions	60,000	60,000	
Equity	358,511	233,533	
Partnership units	<u>10,000</u>	<u>10,000</u>	
	<u>405,237</u>	<u>300,127</u>	
Nazko Resource Management Ltd.			
Deficit	(3)	(3)	
Shares	3	3	
	-	-	
Ndazkhot'en Forest Management Ltd.			
Share	1	1	
Ndazkhot'en Holdings Ltd.			
Advances	103,470	64,651	
Deficit	(96,515)	(19,114)	
Shares	<u>100</u>	<u>100</u>	
	<u>7,055</u>	<u>45,637</u>	
Ndazkhot'en Properties Ltd.			
Advances	75,181	70,540	
Deficit	(43,603)	(37,650)	
Shares	<u>2</u>	<u>2</u>	
	<u>31,580</u>	<u>32,892</u>	
Balance forward	<u>\$ 646,655</u>	<u>\$ 915,644</u>	

NAZKO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

5. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES (APPENDIX A), continued

	(Note 25)	2017	2016
Balance forward		\$ 646,655	\$ 915,644
 Nazko Silviculture LLP			
Advances		(999)	-
Deficit		(17,543)	-
Partnership units		999	-
		<u>(17,543)</u>	<u>-</u>
 Three Nations Store and Lodge LLP			
Advances		(999)	-
Deficit		(113,829)	-
Partnership units		999	-
		<u>(113,829)</u>	<u>-</u>
		<u><u>\$ 515,283</u></u>	<u><u>\$ 915,644</u></u>

Shares and partnership units of the government business entities above are held by Nazko First Nation, as represented by Chief and Council, on behalf of and for the benefit of the Nazko First Nation membership.

Advances due from (to) Nazko Economic Development Corp., Besikoh Fuel Limited Partnership, Ndazkhōt'en Holdings Ltd., Ndazkhōt'en Properties Ltd., Nazko Silviculture LLP and Three Nations Store and Lodge LLP are unsecured, non-interest bearing with no specific terms of repayment. Advances due from Nazko Logging Limited Partnership are receivable on demand without interest in 180 days following notice of demand, or in the event a material adverse change is deemed to occur by the Nation, in 15 days of demand, secured by a general security agreement over the assets of the Limited Partnership. If payment is not received when due, interest at prime plus 1% (March 31, 2017 - 3.7%) is receivable from the date demanded until actual payment is received. The Nazko First Nation has agreed to a postponement of claim in favour of the Bank of Montreal.

Nazko Economic Development Corp. is the general partner in Besikoh Fuel Limited Partnership and Nazko Logging Limited Partnership and holds one partnership unit in each. Nazko Economic Development Corp. is the managing partner of Nazko Silviculture LLP and Three Nations Store and Lodge LLP and holds one partnership unit in each.

NAZKO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

5. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES (APPENDIX A), continued

Nazko Logging Limited Partnership is actively involved in logging operations in the central interior of British Columbia and employs 6 to 10 members of the First Nation on a regular basis.

Besikoh Fuel Limited Partnership is operating a cardlock fuel depot in the central interior region of British Columbia and has no employees in the current year.

Nazko Resource Management Ltd. is currently inactive.

Ndazkhon' Forest Management Ltd. holds forest licences with annual cuts provided to Nazko Logging Limited Partnership for no consideration. All assets, liabilities, revenues, expenses and contingencies relating to the use of these licences are recognized in Nazko Logging Limited Partnership financial statements.

Ndazkhon' Holdings Ltd. acts as a bare trustee on behalf of Nazko First Nation and its membership to hold title and related financing of the First Nation administrative building.

Ndazkhon' Properties Ltd. acts as a bare trustee on behalf of Nazko First Nation and its membership to hold title to incremental treaty lands for economic development. Besikoh Fuel Limited Partnership and Blackwater Camp Services Ltd. are located on these lands. Nazko Economic Development Corp. is a 100% shareholder in Blackwater Camp Services Ltd.

Nazko Silviculture LLP provides silviculture and related contracting services and employed 15 band members throughout the fiscal year.

Three Nations Store and Lodge LLP operates a fuelling station, convenience store, laundromat, rental cabins and storage and employed 12 band members part-time during the fiscal year.

Condensed financial information for the government business entities is presented in Appendix A to the financial statements.

6. OTTAWA TRUST ASSETS

	Revenue	Capital	Total	Total
			2017	2016
Balance, beginning of year	\$ 12,136	\$ 3,747	\$ 15,883	\$ 14,690
Interest	320	-	320	320
BC Special	884	-	884	873
Balance, end of year	<u>\$ 13,340</u>	<u>\$ 3,747</u>	<u>\$ 17,087</u>	<u>\$ 15,883</u>

NAZKO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

6. OTTAWA TRUST ASSETS, continued

The Ottawa Trust Accounts arise from monies from capital or revenue sources as outlined in Section 62 of the “Indian Act”. These funds are held in trust in the consolidated revenue fund of the Government of Canada and are subject to audit by the office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the “Indian Act”.

7. BANK INDEBTEDNESS

	2017	2016
Cheques issued in excess of funds on deposit	\$ 244,959	\$ 269,201
Cheques issued and outstanding	<u>28,283</u>	<u>11,267</u>
	<u>\$ 273,242</u>	<u>\$ 280,468</u>

Bank indebtedness consists of cheques issued in excess of funds on deposit on a revolving line of credit authorized to \$300,000, bearing interest at prime plus 0.5% (March 31, 2017 - 3.2%), secured by an assignment of fire insurance and a general security agreement. During the year the First Nation paid interest of \$5,113 (2016 - \$7,494) related to this credit facility which is included in government development and administration expenditure.

8. TERM DEMAND LOANS

	2017	2016
Term demand loan, repayable in monthly instalments of \$3,373 including interest at prime plus 0.75% (March 31, 2017 - 3.45%), secured by an assignment of fire insurance and a general security agreement, matures March 2038	\$ 604,690	\$ 623,986
Term demand loan repayable in monthly instalments of \$23,252 including interest, with interest only payments in April, May and June, at prime plus 0.75% (March 31, 2017 - 3.45%), secured by an assignment of fire insurance and a general security agreement, matures September 2021	<u>855,409</u>	<u>1,058,394</u>
	<u>\$ 1,460,099</u>	<u>\$ 1,682,380</u>

NAZKO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

8. TERM DEMAND LOANS, continued

Provided the lender does not demand repayment of the term demand loans in full, principal repayments due in each of the next five years are scheduled as follows:

2018	\$ 204,078
2019	206,973
2020	213,760
2021	220,771
2022	<u>96,249</u>
	<u>\$ 941,831</u>

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
Trade payables and accrued liabilities	\$ 565,069	\$ 384,123
INAC recoveries payable	253,244	156,215
Accrued wages and payroll deductions payable	42,265	14,616
Pension payable	<u>3,244</u>	<u>1,807</u>
	 <u>\$ 863,822</u>	 <u>\$ 556,761</u>

The Nation has a defined contribution pension plan for eligible members of its staff. Members are required to contribute a minimum of 5% of their salary and the Nation contributes 5% of their basic salary, which contributions are directed to the member's contribution account. The amount of retirement benefit to be received by the members will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan. During the year Nazko First Nation contributed \$25,635 (2016 - \$38,693) for retirement benefits.

10. DEFERRED REVENUE

	2017	2016
ACRS 2007 - Project #8808	\$ -	\$ 492
Municipal Phone Services - Project #4465	11,418	11,418
Renovations and Additions ICMS 9-00126264	<u>548</u>	<u>-</u>
	 <u>\$ 11,966</u>	 <u>\$ 11,910</u>

The Nation has recorded the above surpluses as deferred revenue to be used in the completion of projects.

NAZKO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

11. LONG-TERM DEBT

	2017	2016
Mortgage, repayable in monthly instalments of \$2,873 including interest at 1.31% per annum, secured by a Government of Canada ministerial guarantee, due to renew December 2021	\$ 462,299	\$ 489,991
Mortgage, repayable in monthly instalments of \$945 including interest at 2.04% per annum, secured by a Government of Canada ministerial guarantee, due to renew March 2019	161,588	169,566
Loan, non-interest bearing, repayable in monthly instalments of \$673 non-interest bearing, secured by equipment with a net book value of \$41,992, due to mature March 2020	<u>24,241</u>	<u>32,322</u>
	<u><u>\$ 648,128</u></u>	<u><u>\$ 691,879</u></u>

Principal repayments due in each of the next five years are scheduled as follows:

2018	\$ 44,794
2019	45,339
2020	45,890
2021	38,371
2022	<u>38,941</u>
	<u><u>\$ 213,335</u></u>

12. TREATY LOAN

Treaty loan is an Indigenous and Northern Affairs Canada promissory note representing advances for negotiations with the British Columbia Treaty Commission. Repayment provisions for these loans are outlined in the Negotiation Support Agreement. The loan is non-interest bearing and will be repayable over a 10 year period after the signing of the Final Agreement between Nazko First Nation, the Government of Canada and the Government of British Columbia.

NAZKO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

13. OBLIGATIONS UNDER CAPITAL LEASES

	2017	2016
Lease payable in monthly instalments of \$219 including interest at 13.08%, secured by equipment with a net book value of \$4,903, with a purchase option of \$1 on September 2018	\$ 3,943	\$ 6,571
Lease payable in monthly instalments of \$121 including interest at 7.99%, secured by equipment with a net book value of \$3,666, with a purchase option at fair market value on January 2020	<u>4,116</u>	<u>5,569</u>
Interest included in future minimum lease payments	<u>8,059</u>	<u>12,140</u>
	<u>(824)</u>	<u>(1,779)</u>
	<u><u>\$ 7,235</u></u>	<u><u>\$ 10,361</u></u>

Future minimum lease payments under capital leases due in each of the next three years are scheduled as follows:

2018	\$ 4,081
2019	2,768
2020	<u>1,210</u>
	<u><u>\$ 8,059</u></u>

NAZKO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

14. TANGIBLE CAPITAL ASSETS (APPENDIX B)

			2017	2016
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Automotive and mobile equipment	\$ 265,451	\$ 228,491	\$ 36,960	\$ 52,709
Buildings	3,332,624	823,941	2,508,683	2,620,113
Computer equipment	184,810	161,425	23,385	33,669
Computer equipment under capital leases	14,401	8,403	5,998	8,569
Furniture and office equipment	93,048	83,462	9,586	12,547
Housing	2,454,931	1,213,067	1,241,864	1,131,169
Infrastructure	5,756,098	1,658,885	4,097,213	4,261,511
Recreational infrastructure	325,755	210,268	115,487	128,319
Site improvements	189,936	122,151	67,785	84,731
Land	5,000	-	5,000	5,000
	\$ 12,622,054	\$ 4,510,093	\$ 8,111,961	\$ 8,338,337

Included in amortization is \$2,571 (2016 - \$3,672) relating to tangible capital assets under capital leases.

15. CONTINGENT LIABILITIES

Nazko First Nation has entered into contribution agreements with various government agencies. Funding received under these contribution agreements is subject to repayment if the Nation fails to comply with the terms and conditions of the agreements. The amount of the liability related to current year funding, if any, of the Nation is not determinable at this time.

The Nation may have future silviculture commitments on government business entity owned forest licences if future costs exceed current estimates. The amount of the liability, if any, is not determinable at this time.

The Nation has guaranteed loans advanced to Nazko Logging Limited Partnership and its general partner, Nazko Economic Development Corp., to a maximum amount of \$5,800,000, and provided guarantees for capital leases in the amount of \$157,000.

The Nation has guaranteed loans advanced to Ndazkhot'en Holdings Ltd. to a maximum of \$300,000.

**NAZKO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017**

15. CONTINGENT LIABILITIES, continued

In addition, in the normal course of its operations, Nazko First Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events 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 financial statements.

16. RECOVERIES BY GOVERNMENT OF CANADA

	2017	2016
Indigenous and Northern Affairs Canada	\$ 169,257	\$ 11,753
Department of Fisheries and Oceans	-	523
	<u>\$ 169,257</u>	<u>\$ 12,276</u>

17. RECONCILIATION OF INAC FUNDING AGREEMENT REVENUE

Pursuant to the Indigenous and Northern Affairs Canada Financial Reporting Requirements for the fiscal period 2016-2017, the following reconciliation has been prepared:

Recipient total as per 2016/2017 INAC funding confirmation	\$ 1,512,812
Variance - NTFG Water systems retroactive funding reported in prior year	<u>(160,810)</u>
Recipient total as per consolidated statement of operations	<u>\$ 1,352,002</u>

18. ECONOMIC DEPENDENCE

The Nation receives a major portion of its revenue pursuant to a funding arrangement with Indigenous and Northern Affairs Canada and First Nations Health Authority. Any disruption in this funding would have a negative effect on the Nation's operations.

19. RELATED PARTY TRANSACTIONS

During the year, the Nation paid rent in the amount of \$44,963 (2016 - \$63,372) to Ndazkhot'en Holdings Ltd., at fair market value in the normal course of operations.

NAZKO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

19. RELATED PARTY TRANSACTIONS, continued

The Nation purchased fuel during the year from Besikoh Fuel Limited Partnership in the amount of \$10,525 (2016 - \$12,840) at fair market value in the normal course of operations.

The Nation received consulting fees of NIL (2016 - \$200,000) and security fees of \$27,525 (2016 - NIL) from Nazko Economic Development Corp. in the normal course of operations. The amount is measured at the exchange amount which is determined and agreed to by the related party.

20. GOVERNMENT TRANSFERS

	2017			2016		
	<u>Operating</u>	<u>Capital</u>	<u>Total</u>	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
Federal government transfers:						
Indigenous and Northern Affairs						
Canada	\$ 1,172,200	\$ 179,802	\$ 1,352,002	\$ 1,290,930	\$ 75,137	\$ 1,366,067
First Nations Health Authority	725,911	-	725,911	720,736	-	720,736
Canada Mortgage and Housing Corporation	80,413	-	80,413	31,050	-	31,050
Other	4,653	-	4,653	5,000	-	5,000
	1,983,177	179,802	2,162,979	2,047,716	75,137	2,122,853
Provincial government transfers	549,258	-	549,258	607,442	-	607,442
	<u>\$ 2,532,435</u>	<u>\$ 179,802</u>	<u>\$ 2,712,237</u>	<u>\$ 2,655,158</u>	<u>\$ 75,137</u>	<u>\$ 2,730,295</u>

21. RISK MANAGEMENT

The Nation has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include the following:

Credit Risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Nation has a history of dealing with its funding agencies and customer base and does not believe it is exposed to an unusual level of credit risk with respect to its accounts receivable.

NAZKO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

21. RISK MANAGEMENT, continued

Credit Risk, continued

The Nation maintains its cash and deposits with a single federally regulated Canadian financial institution, and thus has not experienced any change in risk exposure.

Interest Rate Risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Nation's long-term debt is at fixed rates of interest therefore, a change in market interest rates has no impact to cash flows required to service this debt. The term demand loan and operating line of credit are subject to floating rates of interest, a change in the variable rate can impact cash flow to service the debt when such debt is outstanding. There has been no change to the risk exposure from 2016 and there is expected to be no substantive change in the next fiscal period.

22. MANAGEMENT ACTION PLAN

Based on the financial position of the Nation for fiscal year ended March 31, 2015, Indigenous and Northern Affairs Canada (INAC) initiated intervention requiring the Nation to implement a Management Action Plan (MAP). The MAP has been implemented by the Nation and covers the five year period ending March 31, 2020.

23. SEGMENT DISCLOSURE

Nazko First Nation 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:

Economic Development - manages the development of economic opportunities from the land and natural resources for the Nation and its entities;

Education - provides elementary and secondary education instructional services and provides financial support to post secondary students;

Employment and Training - provides training and work opportunities for Nation members to improve their job skills and participate effectively in the labour market;

**NAZKO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017**

23. SEGMENT DISCLOSURE, continued

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

Health Services - provides a variety of health care programs, services and support to Nation members;

Housing - provides housing and services to Nation members;

Public Works Operations and Maintenance - manages community and facilities operations and maintenance including capital projects, municipal services, water and waste water operations, roads, fire protection, and maintenance of community buildings;

Social and Community Services - provides programs and services for the social benefit and welfare of Nation members;

Treaty Claims and Negotiations - manages the land claim and negotiation process with Canada and the Province of British Columbia;

Other - Ottawa trust assets and government business entities provide programs and services for the social, economic and capital needs of Nation members;

Tangible Capital Assets - provides for capital infrastructure development for Nation members.

24. BUDGETED FIGURES

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

25. PRIOR PERIOD ADJUSTMENTS

The comparative figures have been restated due to increases in income applicable to government business enterprise, Nazko Economic Development Corp., in 2015 (\$104,791) and 2016 (\$135,302) fiscal years. The following outlines the impact of the changes to the prior year figures:

NAZKO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

25. PRIOR PERIOD ADJUSTMENTS, continued

Assets

Investments in government business entities, end of 2016, as previously stated	\$ 675,551
Increase in equity in investments, 2015	104,791
Increase in equity in investments, 2016	<u>135,302</u>
Investments in government business entities, end of 2016, as restated	<u>\$ 915,644</u>

Accumulated Surplus (Deficit)

Accumulated surplus, end of 2015, as previously stated	\$ 337,036
Reduction in annual deficit, 2015	<u>104,791</u>
Accumulated surplus, end of 2015, as restated	441,827
Annual deficit, end of 2016, as previously stated	(206,306)
Recoveries by Government of Canada, as previously stated	(12,276)
Reduction in annual deficit, 2016	<u>135,302</u>
Accumulated surplus, end of 2016, as restated	<u>\$ 358,547</u>

Revenue

Income from investments in government business enterprises, 2016, as previously stated	\$ 104,092
Increase in income from investments, 2016	<u>135,302</u>
Income from investments in government business enterprises, 2016, as restated	<u>\$ 239,394</u>

26. SUBSEQUENT EVENT

Subsequent to the year end, major forest fires in the central interior region of British Columbia resulted in the evacuation of the Nazko community, disruption of normal government and business operations in order to provide for the safety and care of Nazko residents, and reallocation of Nation-owned government business entities' equipment from commercial activities to fire-fighting activities.

The impact of the disruptions to the community and the substantial loss of fibre supply for the government business entities will affect future operations of the Nation and the government business entities, however, the extent of the impact on the Nation cannot be quantified at this time, but may be material.

NAZKO FIRST NATION
SEGMENT DISCLOSURE
YEAR ENDED MARCH 31, 2017

	ECONOMIC DEVELOPMENT			EDUCATION			EMPLOYMENT AND TRAINING			GOVERNMENT DEVELOPMENT AND ADMINISTRATION			HEALTH SERVICES			
	Budget	2017	2016	Budget	2017	2016	Budget	2017	2016	Budget	2017	2016	Budget	2017	2016	
REVENUE																
Indigenous & Northern Affairs Canada	\$ 19,660	\$ 19,660	\$ -	\$ 256,562	\$ 256,562	\$ 242,973	\$ -	\$ -	\$ -	\$ 390,380	\$ 390,380	\$ 227,062	\$ -	\$ 776,928	\$ 724,411	\$ 720,736
First Nations Health Authority	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other federal government	4,653	4,653	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Province of British Columbia	399,707	399,264	453,485	-	-	-	-	-	-	-	-	-	-	48,264	48,264	52,292
Interest, rent and other	78,865	161,947	83,917	-	-	-	47,862	51,612	35,610	41,650	84,392	304,022	1,097	3,597	6,025	
Ottawa trust funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income from investment in government business entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase in deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUE	502,885	585,524	542,402	256,562	256,562	242,973	47,862	51,612	35,610	432,030	474,772	531,084	826,289	776,272	779,053	
EXPENDITURE																
Administration	4,350	4,350	-	-	-	-	2,650	2,650	1,291	5,000	6,586	-	8,240	1,742	53,620	
Advertising	2,200	1,970	-	-	-	-	-	-	-	150	150	-	-	-	-	-
Consulting and contract services	22,800	58,452	29,065	1,950	1,960	-	-	2,775	-	65,500	65,167	14,392	46,806	37,007	87,658	
Honoraria and donations	-	-	-	-	-	-	-	-	-	-	212,469	123,982	1,200	1,700	-	-
Insurance, licences and fees	-	-	-	-	-	-	-	-	-	2,060	2,067	2,032	22,537	22,542	20,161	
Materials and supplies	300,813	14,099	12,061	90,232	64,486	71,883	15,276	15,276	2,296	15,534	12,794	4,596	118,342	127,331	76,402	
Professional fees	34,120	68,949	20,967	-	-	-	-	-	-	59,915	73,868	78,782	10,400	10,332	5,828	
Rent	500	500	3,750	5,300	5,325	7,800	1,700	1,700	600	750	750	-	28,318	27,843	43,797	
Telephone and utilities	-	-	-	-	-	-	-	-	-	2,500	3,518	1,853	2,644	7,021	12,134	
Travel and accommodations	21,130	21,166	3,805	28,414	28,403	21,537	1,978	1,978	2,610	27,450	36,725	20,575	70,343	73,260	86,958	
Wages and benefits	93,847	107,569	61,279	29,326	30,507	26,739	26,258	27,011	25,994	180,883	239,439	253,546	431,841	452,512	398,306	
Workshops, meetings and training	7,375	5,870	2,619	5,500	4,948	3,445	-	-	-	24,088	23,410	5,905	72,532	47,735	19,354	
Loss from investment in government business entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	15,750	9,191	-	95,840	89,776	139,330	-	-	264	27,800	35,105	19,227	29,310	19,765	6,462	
Amortization	502,885	292,116	133,546	256,562	225,405	270,734	47,862	51,390	33,055	411,630	712,048	524,890	842,513	828,790	810,680	
Equipment and debt repayment	-	-	-	-	-	-	-	-	-	-	2,016	1,770	(8,080)	9,189	8,080	
Interest	-	-	-	-	-	-	-	-	-	20,400	60,171	23,051	-	-	-	
TOTAL EXPENDITURE	502,885	292,116	133,546	256,562	225,405	270,734	47,862	51,390	33,055	432,030	774,235	549,711	834,433	837,979	818,760	
ANNUAL (DEFICIT) SURPLUS	\$ -	\$ 293,408	\$ 408,856	\$ -	\$ 31,157	\$ (27,761)	\$ -	\$ 222	\$ 2,555	\$ -	\$ (299,463)	\$ (18,627)	\$ (8,144)	\$ (61,707)	\$ (39,707)	

NAZKO FIRST NATION
SEGMENT DISCLOSURE
YEAR ENDED MARCH 31, 2017

	2017-2018 Financial Statement												2017-2018 Financial Statement											
	HOUSING			PUBLIC WORKS			SOCIAL AND COMMUNITY SERVICES			TREATY CLAIMS AND NEGOTIATIONS			OTHER											
	Budget	2017	2016	Budget	2017	2016	Budget	2017	2016	Budget	2017	2016	Budget	2017	2016									
REVENUE																								
Indigenous & Northern Affairs Canada	\$ -	\$ -	\$ -	\$ 161,019	\$ 161,019	\$ 251,982	\$ 335,318	\$ 335,318	\$ 568,913	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -									
First Nations Health Authority	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-								
Canada Mortgage and Housing Corporation	-	83,925	31,050	-	-	-	-	-	-	-	-	-	-	-	-	-								
Other federal government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-								
Province of British Columbia	-	-	-	-	-	-	-	-	-	101,771	101,730	101,665	-	-	-	-								
Interest, rent and other	-	44,400	44,415	-	-	-	27,526	27,525	-	40,605	-	-	-	-	-	-								
Ottawa trust funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,204	1,193								
Income from investment in government business entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	165,005	239,394								
Increase in deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-								
TOTAL REVENUE	-	128,325	75,465	161,019	161,019	251,982	362,844	362,843	568,913	142,376	101,730	101,665	-	166,209	240,587									
EXPENDITURE																								
Administration	-	4,107	-	-	-	-	4,619	5,419	-	-	-	-	-	-	-	-								
Advertising	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-								
Consulting and contract services	-	906	1,604	23,800	24,616	113,500	15,101	18,139	18,813	60,000	59,238	14,570	-	-	-	-								
Honoraria and donations	-	-	-	-	-	1,200	-	-	-	1,500	-	6,300	-	-	-	-								
Insurance, licences and fees	-	43,431	38,165	13,124	13,480	12,036	1,286	1,286	-	-	-	-	-	-	-	-								
Materials and supplies	58	2,518	907	58,560	103,879	113,771	24,886	34,394	11,649	1,396	1,402	3,905	-	-	-	-								
Professional fees	-	4,500	4,500	-	-	-	5,690	4,734	-	77,600	77,030	26,961	-	-	-	-								
Rent	-	-	-	-	-	-	8,100	8,100	7,800	-	-	-	-	-	-	-								
Telephone and utilities	-	-	-	24,521	24,680	23,479	-	-	-	-	-	-	-	-	-	-								
Travel and accommodations	-	-	86	730	729	1,347	7,260	15,150	13,094	-	1,793	1,905	-	-	-	-								
Wages and benefits	1,323	4,997	4,784	18,855	23,598	26,315	76,318	75,890	103,666	-	-	77,139	-	-	-	-								
Workshops, meetings and training	-	614	-	3,249	4,112	2,411	19,030	5,927	16,217	1,760	1,604	16,172	-	-	-	-								
Loss from investment in government business entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	268,135	350,856								
Other	-	1,122	68,895	35,397	18,180	18,184	4,520	200,554	204,311	245,956	120	80	320	-	-	-								
Amortization	-	2,503	129,968	85,443	161,019	213,278	298,579	362,844	373,350	417,195	142,376	141,147	147,272	-	268,135	350,856								
Equipment and debt repayment	-	-	35,670	34,842	-	-	-	-	-	-	-	1,370	1,308	-	-	-								
Interest	-	-	10,594	11,754	-	-	-	-	-	-	-	-	-	-	-	-								
TOTAL EXPENDITURE	-	2,503	176,232	132,039	161,019	213,278	298,579	362,844	373,350	417,195	142,376	142,517	148,580	-	268,135	350,856								
ANNUAL (DEFICIT) SURPLUS	\$	(2,503)	\$	(47,907)	\$	(56,574)	\$	-	\$	(52,259)	\$	(46,597)	\$	-	\$	(40,787)	\$	(46,915)	\$	-	\$	(101,926)	\$	(110,269)

NAZKO FIRST NATION
SEGMENT DISCLOSURE
YEAR ENDED MARCH 31, 2017

	TANGIBLE CAPITAL ASSETS			TOTAL BEFORE ADJUSTMENTS			CONSOLIDATION ADJUSTMENTS			CONSOLIDATED TOTALS		
	Budget	2017	2016	Budget	2017	2016	Budget	2017	2016	Budget	2017	2016
REVENUE												
Indigenous & Northern Affairs Canada	\$ 189,063	\$ 189,063	\$ 75,137	\$ 1,352,002	\$ 1,352,002	\$ 1,366,067	\$ -	\$ -	\$ -	\$ 1,352,002	\$ 1,352,002	\$ 1,366,067
First Nations Health Authority	-	-	-	776,928	724,411	720,736	-	-	-	776,928	724,411	720,736
Canada Mortgage and Housing Corporation	-	-	-	-	83,925	31,050	-	-	-	-	83,925	31,050
Other federal government	-	-	-	4,653	4,653	5,000	-	-	-	4,653	4,653	5,000
Province of British Columbia	-	-	-	549,742	549,258	607,442	-	-	-	549,742	549,258	607,442
Interest, rent and other	-	-	35,000	237,605	373,473	508,989	-	-	-	237,605	373,473	508,989
Ottawa trust funds	-	-	-	-	1,204	1,193	-	-	-	-	1,204	1,193
Income from investment in government business entities	-	-	-	-	165,005	239,394	-	-	-	-	165,005	239,394
Increase in deferred revenue	-	(56)	-	-	(56)	-	-	-	-	-	(56)	-
TOTAL REVENUE	189,063	189,007	110,137	2,920,930	3,253,875	3,479,871	-	-	-	2,920,930	3,253,875	3,479,871
EXPENDITURE												
Administration	-	-	-	24,859	24,854	54,911	-	-	-	24,859	24,854	54,911
Advertising	-	-	-	2,350	2,120	-	-	-	-	2,350	2,120	-
Consulting and contract services	9,390	9,444	42,650	245,347	277,704	322,252	(9,390)	(9,444)	(42,650)	235,957	268,260	279,602
Honoraria and donations	-	-	-	2,700	214,169	131,482	-	-	-	2,700	214,169	131,482
Insurance, licences and fees	-	-	3,966	39,007	82,806	76,360	-	-	(3,966)	39,007	82,806	72,394
Materials and supplies	123	195	20,921	625,220	376,374	318,391	(123)	(195)	(20,921)	625,097	376,179	297,470
Professional fees	-	-	-	187,725	239,413	137,038	-	-	-	187,725	239,413	137,038
Rent	-	-	-	44,668	44,218	63,747	-	-	-	44,668	44,218	63,747
Telephone and utilities	-	-	2,176	29,665	35,219	39,642	-	-	(2,176)	29,665	35,219	37,466
Travel and accommodations	-	-	500	157,305	179,204	152,417	-	-	(500)	157,305	179,204	151,917
Wages and benefits	-	-	132	858,651	961,523	977,900	-	-	(132)	858,651	961,523	977,768
Workshops, meetings and training	-	-	-	133,534	94,220	66,123	-	-	-	133,534	94,220	66,123
Loss from investment in government business entities	-	-	-	-	268,135	350,856	-	-	-	-	268,135	350,856
Other	179,550	180,053	-	568,226	625,360	451,476	(179,550)	(180,053)	-	388,676	445,307	451,476
Amortization	189,063	189,692	70,345	2,919,257	3,425,319	3,142,595	(189,063)	(189,692)	(70,345)	2,730,194	3,235,627	3,072,250
Equipment and debt repayment	-	-	-	-	37,040	36,150	-	379,028	407,670	-	416,068	443,820
Interest	-	-	-	(8,080)	11,205	9,850	8,080	(11,205)	(9,850)	-	-	-
TOTAL EXPENDITURE	189,063	189,692	70,345	2,931,577	3,544,329	3,223,400	(180,983)	178,131	327,475	2,750,594	3,722,460	3,550,875
ANNUAL (DEFICIT) SURPLUS	\$ -	\$ (685)	\$ 39,792	\$ (10,647)	\$ (290,454)	\$ 256,471	\$ 180,983	\$ (178,131)	\$ (327,475)	\$ 170,336	\$ (468,585)	\$ (71,004)

NAZKO FIRST NATION
GOVERNMENT BUSINESS ENTITIES
CONDENSED FINANCIAL INFORMATION
YEAR ENDED MARCH 31, 2017

APPENDIX A

	Besikoh Fuel Limited Partnership	Nazko Economic Development Corp.	Nazko Logging Limited Partnership	Nazko Resource Management Ltd.	Nazko Silviculture LLP	Ndazkhot'en Forest Management Ltd.	Ndazkhot'en Holdings Ltd.	Ndazkhot'en Properties Ltd.	Three Nations Store and Lodge LLP	Total 2017	(Note 25) Total 2016
Assets											
Financial assets	\$ 324,307	\$ 717,093	\$ 1,139,662	\$ -	\$ 75,366	\$ 554,449	\$ -	\$ -	\$ 40,480	\$ 2,851,357	\$ 1,704,069
Tangible capital assets	261,777	11,531	1,618,768	-	-	-	308,413	147,763	469,660	2,817,912	2,546,984
Other assets	2,267	1,867	59,685	-	5,940	-	309	1,280	3,587	74,935	65,970
Total Assets	<u>\$ 588,351</u>	<u>\$ 730,491</u>	<u>\$ 2,818,115</u>	<u>\$ -</u>	<u>\$ 81,306</u>	<u>\$ 554,449</u>	<u>\$ 308,722</u>	<u>\$ 149,043</u>	<u>\$ 513,727</u>	<u>\$ 5,744,204</u>	<u>\$ 4,317,023</u>
Liabilities											
Debt	\$ 312,510	\$ 604,847	\$ 1,343,809	\$ -	\$ 31,465	\$ -	\$ 30,761	\$ 3,772	\$ 37,094	\$ 2,364,258	\$ 1,265,650
Contributed surplus	82,760	-	2,529,833	-	-	-	151,938	-	518,312	3,282,843	2,374,864
(Deficit) Equity	428,546	12,085	(2,254,743)	-	(29,864)	1	(96,415)	(43,601)	(86,680)	(2,070,671)	(1,250,287)
Total liabilities and equity	<u>\$ 823,816</u>	<u>\$ 616,932</u>	<u>\$ 1,618,899</u>	<u>\$ -</u>	<u>\$ 1,601</u>	<u>\$ 1</u>	<u>\$ 86,284</u>	<u>\$ 72,584</u>	<u>\$ 468,726</u>	<u>\$ 3,688,843</u>	<u>\$ 2,502,640</u>
External related party loans	\$ 16,766	\$ 158,994	\$ (8,169)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 167,591	\$ 351,375
Inter-entity loans	195,425	(44,878)	648,853	-	(79,705)	(554,448)	(118,968)	(1,278)	(45,001)	-	-
Nazko First Nation advances	23,274	(227,675)	(1,839,900)	-	-	-	(103,470)	(75,181)	-	(2,222,952)	(2,165,758)
Related party loans	<u>\$ 235,465</u>	<u>\$ (113,559)</u>	<u>\$ (1,199,216)</u>	<u>\$ -</u>	<u>\$ (79,705)</u>	<u>\$ (554,448)</u>	<u>\$ (222,438)</u>	<u>\$ (76,459)</u>	<u>\$ (45,001)</u>	<u>\$ (2,055,361)</u>	<u>\$ (1,814,383)</u>
Revenue	<u>\$ 1,333,042</u>	<u>\$ 397,569</u>	<u>\$ 11,252,567</u>	<u>\$ -</u>	<u>\$ 378,217</u>	<u>\$ -</u>	<u>\$ 78,731</u>	<u>\$ -</u>	<u>\$ 110,880</u>	<u>\$ 13,551,006</u>	<u>\$ 13,722,412</u>
Expenses	1,182,061	450,023	10,490,076	-	395,778	-	138,947	5,954	194,958	12,857,797	12,927,345
Amortization	13,111	10,175	574,260	-	-	-	11,533	-	14,711	623,790	775,449
Interest and bank charges	12,880	6,989	148,200	-	-	-	5,652	-	15,154	188,875	136,109
Corporate income tax (recovery)	-	(16,210)	-	-	-	-	-	-	-	(16,210)	(5,017)
Total expenses	<u>1,208,052</u>	<u>450,977</u>	<u>11,212,536</u>	<u>-</u>	<u>395,778</u>	<u>-</u>	<u>156,132</u>	<u>5,954</u>	<u>224,823</u>	<u>13,654,252</u>	<u>13,833,886</u>
Net (loss) income	<u>\$ 124,990</u>	<u>\$ (53,408)</u>	<u>\$ 40,031</u>	<u>\$ -</u>	<u>\$ (17,561)</u>	<u>\$ -</u>	<u>\$ (77,401)</u>	<u>\$ (5,954)</u>	<u>\$ (113,943)</u>	<u>\$ (103,246)</u>	<u>\$ (111,474)</u>
Nazko Economic Development Corp., General partner	\$ 12	\$ -	4	\$ -	\$ (18)	\$ -	\$ -	\$ -	\$ (114)	\$ (116)	\$ (12)
Nazko First Nation, Limited partner	124,978	(53,408)	40,027	-	(17,543)	-	(77,401)	(5,954)	(113,829)	(103,130)	(111,462)
	<u>\$ 124,990</u>	<u>\$ (53,408)</u>	<u>\$ 40,031</u>	<u>\$ -</u>	<u>\$ (17,561)</u>	<u>\$ -</u>	<u>\$ (77,401)</u>	<u>\$ (5,954)</u>	<u>\$ (113,943)</u>	<u>\$ (103,246)</u>	<u>\$ (111,474)</u>

NAZKO FIRST NATION
TANGIBLE CAPITAL ASSETS
YEAR ENDED MARCH 31, 2017

	COST			ACCUMULATED AMORTIZATION			NET BOOK VALUE		
	Opening Balance	Additions	Disposals	Balance End of Year	Opening Balance	Amortization	Disposals	Balance End of Year	2017
Automotive and mobile equipment	\$ 265,451	\$ -	\$ -	\$ 265,451	\$ 212,742	\$ 15,749	\$ -	\$ 228,491	\$ 36,960
Buildings	3,332,624	-	-	3,332,624	712,511	111,430	-	823,941	2,508,683
Computer equipment	184,810	-	-	184,810	151,141	10,284	-	161,425	23,385
Computer equipment under capital leases	14,401	-	-	14,401	5,832	2,571	-	8,403	5,998
Furniture and office equipment	93,048	-	-	93,048	80,501	2,961	-	83,462	9,586
Housing	2,275,129	179,802	-	2,454,931	1,143,960	69,107	-	1,213,067	1,241,864
Infrastructure	5,746,208	9,890	-	5,756,098	1,484,697	174,188	-	1,658,885	4,097,213
Recreational infrastructure	325,755	-	-	325,755	197,436	12,832	-	210,268	115,487
Site improvements	189,936	-	-	189,936	105,205	16,946	-	122,151	67,785
Land	5,000	-	-	5,000	-	-	-	-	5,000
	\$ 12,432,362	\$ 189,692	\$ -	\$ 12,622,054	\$ 4,094,025	\$ 416,068	\$ -	\$ 4,510,093	\$ 8,111,961

	COST			ACCUMULATED AMORTIZATION			NET BOOK VALUE		
	Opening Balance	Additions	Disposals	Balance End of Year	Opening Balance	Amortization	Disposals	Balance End of Year	2016
Automotive and mobile equipment	\$ 265,451	\$ -	\$ -	\$ 265,451	\$ 190,267	\$ 22,475	\$ -	\$ 212,742	\$ 52,709
Buildings	3,287,328	45,296	-	3,332,624	596,782	115,729	-	712,511	2,620,113
Computer equipment	184,810	-	-	184,810	136,348	14,793	-	151,141	33,669
Computer equipment under capital leases	14,401	-	-	14,401	2,160	3,672	-	5,832	8,569
Furniture and office equipment	93,048	-	-	93,048	77,364	3,137	-	80,501	12,547
Housing	2,275,129	-	-	2,275,129	1,076,964	66,996	-	1,143,960	1,131,169
Infrastructure	5,721,159	25,049	-	5,746,208	1,303,120	181,577	-	1,484,697	4,261,511
Recreational infrastructure	325,755	-	-	325,755	183,178	14,258	-	197,436	128,319
Site improvements	189,936	-	-	189,936	84,022	21,183	-	105,205	84,731
Land	5,000	-	-	5,000	-	-	-	-	5,000
	\$ 12,362,017	\$ 70,345	\$ -	\$ 12,432,362	\$ 3,650,205	\$ 443,820	\$ -	\$ 4,094,025	\$ 8,338,337