

**NAZKO FIRST NATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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FOR THE YEAR ENDED MARCH 31, 2018**

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<b><u>INDEX</u></b>	<b><u>Page</u></b>
Management's Responsibility for the Consolidated Financial Statements	3
Independent Auditor's Report	4
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations	6
Consolidated Statement of Changes in Net Debt	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9-26
Segment Disclosure	27-29
Appendix A - Government Business Entities - Condensed Financial Information	30
Appendix B - Tangible Capital Assets	31



## 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 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 Z Allen  
Chief

Delores Allen  
Councillor

Evan Chis  
Councillor



## **INDEPENDENT AUDITOR'S 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, 2018 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.

### **Auditor's Responsibility**


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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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, 2018 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.

  
Chartered Professional Accountants

March 19, 2019

Prince George, British Columbia

**NAZKO FIRST NATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2018**

	2018	2017
<b>FINANCIAL ASSETS</b>		
Cash	\$ 759,882	\$ 267,644
Accounts receivable (Note 2)	186,299	209,822
Restricted cash (Note 3)	146,285	95,548
Loan receivable (Note 4)	100,350	100,410
Investments in government business entities (Note 5)	-	515,283
Ottawa trust funds (Note 6)	18,363	17,087
	<u>1,211,179</u>	<u>1,205,794</u>
<b>LIABILITIES</b>		
Bank indebtedness (Note 7)	84,686	273,242
Term demand loans (Note 8)	1,397,055	1,460,099
Accounts payable and accrued liabilities (Note 9)	926,516	863,822
Deferred revenue (Note 10)	213,900	11,966
Long-term debt (Note 11)	603,306	648,128
Treaty loan (Note 12)	6,295,884	6,295,884
Obligations under capital leases (Note 13)	3,736	7,235
Deficiency in investments in government business entities (Note 5)	754,895	-
Restricted fund reserves (Note 3)	121,464	106,514
	<u>10,401,442</u>	<u>9,666,890</u>
<b>NET DEBT</b>	<u>(9,190,263)</u>	<u>(8,461,096)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 14)	8,042,276	8,111,961
Prepaid expenditure	64,219	69,840
	<u>8,106,495</u>	<u>8,181,801</u>
<b>ACCUMULATED DEFICIT</b>	<u>\$ (1,083,768)</u>	<u>\$ (279,295)</u>

**CONTINGENT LIABILITIES (Note 15)**

Approved on behalf of Nazko First Nation:

Stuart J. Allen  
 Chief

Deborah Allen  
 Councillor

Evan Chis  
 Councillor

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



**NAZKO FIRST NATION  
CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED MARCH 31, 2018**

	Budget	2018	2017
<b>REVENUE</b>			
Indigenous and Northern Affairs Canada	\$ 1,574,010	\$ 1,574,010	\$ 1,352,002
First Nations Health Authority	790,123	793,123	724,411
Canada Mortgage and Housing Corporation	129,280	169,950	83,925
Other federal government	2,500	2,500	4,653
Province of British Columbia	591,985	705,397	549,258
Interest, rent and other	212,557	477,199	373,473
Ottawa trust funds	-	1,276	1,204
Income from investments in government business entities	-	74,075	165,005
Increase in deferred revenue	-	(201,934)	(56)
	<u>3,300,455</u>	<u>3,595,596</u>	<u>3,253,875</u>
<b>EXPENDITURE</b>			
Economic development	521,243	210,248	292,116
Education	247,960	247,581	225,405
Employment and training	52,865	57,865	51,390
Government development and administration	307,775	445,905	712,048
Health services	898,095	674,529	828,790
Housing	129,280	238,790	129,968
Public works operations and maintenance	198,125	192,915	213,278
Social and community services	359,624	382,110	373,350
Treaty claims and negotiations	101,108	103,570	141,147
Loss from investments in government business entities	-	1,381,521	268,135
Interest on debt	23,000	32,787	70,765
Amortization	-	405,072	416,068
	<u>2,839,075</u>	<u>4,372,893</u>	<u>3,722,460</u>
<b>ANNUAL DEFICIT BEFORE RECOVERIES</b>	<u>\$ 461,380</u>	(777,297)	(468,585)
<b>RECOVERIES BY GOVERNMENT OF CANADA</b> (Note 16)		<u>(27,176)</u>	<u>(169,257)</u>
<b>ANNUAL DEFICIT</b>		(804,473)	(637,842)
<b>ACCUMULATED (DEFICIT) SURPLUS BEGINNING OF YEAR</b>		<u>(279,295)</u>	<u>358,547</u>
<b>ACCUMULATED DEFICIT, END OF YEAR</b>		<u>\$ (1,083,768)</u>	<u>\$ (279,295)</u>

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

**NAZKO FIRST NATION**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	Budget	2018	2017
Annual deficit	\$ 461,380	\$ (804,473)	\$ (637,842)
Acquisition of tangible capital assets	(457,321)	(335,387)	(189,692)
Amortization	-	405,072	416,068
	(457,321)	69,685	226,376
Use (acquisition) of prepaid expenditure	-	5,621	(12,222)
<b>INCREASE IN NET DEBT</b>	4,059	(729,167)	(423,688)
<b>NET DEBT, BEGINNING OF YEAR</b>	(8,461,096)	(8,461,096)	(8,037,408)
<b>NET DEBT, END OF YEAR</b>	<u>\$ (8,457,037)</u>	<u>\$ (9,190,263)</u>	<u>\$ (8,461,096)</u>

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

**NAZKO FIRST NATION  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2018**

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Annual deficit	\$ (804,473)	\$ (637,842)
Items not involving cash		
Amortization	405,072	416,068
Allocation to operations reserve	6,298	1,386
Allocation to replacement reserve	8,000	8,000
Ottawa trust funds	(1,276)	(1,204)
Income from government business entities	(74,075)	(165,005)
Loss from government business entities	<u>1,381,521</u>	<u>268,135</u>
	921,067	(110,462)
Cash provided by (used in) operating activities		
Accounts receivable	23,523	184,817
Prepaid expenditure	5,621	(12,222)
Accounts payable and accrued liabilities	62,694	307,061
Deferred revenue	<u>201,934</u>	<u>56</u>
	<u>1,214,839</u>	<u>369,250</u>
<b>CAPITAL ACTIVITY</b>		
Purchase and construction of tangible capital assets	<u>(335,387)</u>	<u>(189,692)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of partnership units	-	(1,998)
Advances to related entities	(109,734)	(55,256)
Withdrawals from partnership equity	<u>72,526</u>	<u>354,425</u>
	<u>(37,208)</u>	<u>297,171</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of term demand loans	(63,044)	(222,281)
Repayment of long-term debt	(44,822)	(43,751)
Repayment of obligations under capital leases	(3,499)	(3,126)
Deposits to restricted fund reserves	<u>652</u>	<u>328</u>
	<u>(110,713)</u>	<u>(268,830)</u>
<b>INCREASE DURING YEAR</b>	<b>731,531</b>	<b>207,899</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>89,950</b>	<b>(117,949)</b>
<b>CASH, END OF YEAR</b>	<b>\$ 821,481</b>	<b>\$ 89,950</b>
Cash consists of:		
Cash	\$ 759,882	\$ 267,644
Restricted cash	146,285	95,548
Bank indebtedness	<u>(84,686)</u>	<u>(273,242)</u>
	<u>\$ 821,481</u>	<u>\$ 89,950</u>

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



**NAZKO FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

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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**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued**

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Cash and Bank Indebtedness

Cash and bank indebtedness include 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.

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.

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.



**NAZKO FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued**

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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 for in the consolidated statement of operations and consolidated statement of changes in net debt when they occur.

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**  
**FOR THE YEAR ENDED MARCH 31, 2018**

**2. ACCOUNTS RECEIVABLE**

	2018	2017
Government:		
Indigenous and Northern Affairs Canada	\$ 6,143	\$ 20,160
Canada Mortgage and Housing Corporation	2,518	2,518
Canada Revenue Agency - GST	13,779	18,762
	22,440	41,440
Nazko First Nation members	45,630	45,503
Other	118,229	122,879
	<u>\$ 186,299</u>	<u>\$ 209,822</u>

**3. RESTRICTED CASH AND RESTRICTED FUND RESERVES**

	2018	2017
Restricted cash consists of:		
Replacement Reserve	\$ 54,518	\$ 47,880
Operations Reserve	52,489	40,008
Treaty Negotiations	39,278	7,660
	<u>\$ 146,285</u>	<u>\$ 95,548</u>
Restricted fund reserves consist of:		
Replacement Reserve - funded	\$ 54,518	\$ 47,880
Replacement Reserve - unfunded	14,457	12,769
Operations Reserve - funded	52,489	40,008
Operations Reserve - unfunded	-	5,857
	<u>\$ 121,464</u>	<u>\$ 106,514</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 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 \$14,457 (2017 - \$12,769) and is in technical default with their agreement with CMHC.

**NAZKO FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

**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 no unfunded reserves (2017 - \$5,857) and is in compliance 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)**

	2018	2017
Nazko Economic Development Corp.		
Advances	\$ 246,447	\$ 227,675
(Deficit) retained earnings	(356,233)	12,084
Share	<u>1</u>	<u>1</u>
Balance forward	\$ (109,785)	\$ 239,760

**NAZKO FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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

	2018	2017
Balance forward	\$ (109,785)	\$ 239,760
Nazko Logging Limited Partnership		
Advances	1,839,900	1,839,900
Contributions	359,970	383,740
Deficit	(3,016,346)	(2,270,618)
Partnership units	10,000	10,000
	<u>(806,476)</u>	<u>(36,978)</u>
Besikoh Fuel Limited Partnership		
Advances	(18,581)	(23,274)
Contributions	60,000	60,000
Equity	432,586	358,511
Partnership units	10,000	10,000
	<u>484,005</u>	<u>405,237</u>
Nazko Resource Management Ltd.		
Deficit	(3)	(3)
Shares	3	3
	<u>-</u>	<u>-</u>
Ndazkhot'en Forest Management Ltd.		
Share	1	1
Ndazkhot'en Holdings Ltd.		
Advances	148,197	103,470
Deficit	(134,352)	(96,515)
Shares	100	100
	<u>13,945</u>	<u>7,055</u>
Ndazkhot'en Properties Ltd.		
Advances	66,379	75,181
Deficit	(50,516)	(43,603)
Shares	2	2
	<u>15,865</u>	<u>31,580</u>
Balance forward	\$ (402,445)	\$ 646,655



**NAZKO FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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

	2018	2017
Balance forward	<u>\$ (402,445)</u>	<u>\$ 646,655</u>
Nazko Silviculture LLP		
Advances	(999)	(999)
Deficit	(59,071)	(17,543)
Partnership units	<u>999</u>	<u>999</u>
	<u>(59,071)</u>	<u>(17,543)</u>
Three Nations Store and Lodge LLP		
Advances	649	(999)
Deficit	(295,027)	(113,829)
Partnership units	<u>999</u>	<u>999</u>
	<u>(293,379)</u>	<u>(113,829)</u>
	<u><u>\$ (754,895)</u></u>	<u><u>\$ 515,283</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, Ndazkhot'en Holdings Ltd., Ndazkhot'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, 2018 - 4.45%) 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 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.

**NAZKO FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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

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.

Ndazkhot'en 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.

Ndazkhot'en 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.

Ndazkhot'en 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 FUNDS**

	Revenue		Capital		Total 2018	Total 2017
Balance, beginning of year	\$	13,340	\$	3,747	\$ 17,087	\$ 15,883
Interest		398		-	398	320
BC Special		878		-	878	884
Balance, end of year	\$	14,616	\$	3,747	\$ 18,363	\$ 17,087



**NAZKO FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

**6. OTTAWA TRUST FUNDS, 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**

	2018	2017
Cheques issued in excess of funds on deposit	\$ 55,531	\$ 244,959
Cheques issued and outstanding	<u>29,155</u>	<u>28,283</u>
	<u>\$ 84,686</u>	<u>\$ 273,242</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, 2018 - 3.95%), secured by an assignment of fire insurance and a general security agreement. During the year the First Nation paid interest of \$5,916 (2017 - \$5,187) related to this credit facility which is included in government development and administration expenditure.

**8. TERM DEMAND LOANS**

	2018	2017
Term demand loan, repayable in monthly instalments of \$3,373 including interest at prime plus 0.75% (March 31, 2018 - 4.2%), secured by an assignment of fire insurance and a general security agreement, matures March 2038	\$ 586,868	\$ 604,690
Term demand loan, interest only payments at prime plus 0.75% (March 31, 2018 - 4.2%), secured by an assignment of fire insurance and a general security agreement, matures September 2021	<u>810,187</u>	<u>855,409</u>
	<u>\$ 1,397,055</u>	<u>\$ 1,460,099</u>



**NAZKO FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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**8. TERM DEMAND LOANS, continued**

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

2019	\$ 15,584
2020	13,919
2021	824,775
2022	15,288
2023	16,023
Subsequent	<u>511,466</u>
	<u>\$ 1,397,055</u>

**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

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	2018	2017
Trade payables and accrued liabilities	\$ 661,430	\$ 565,069
INAC recoveries payable	214,331	253,244
Accrued wages and payroll deductions payable	46,836	42,265
Pension payable	<u>3,919</u>	<u>3,244</u>
	<u>\$ 926,516</u>	<u>\$ 863,822</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 \$20,798 (2017 - \$25,635) for retirement benefits.

**NAZKO FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

**10. DEFERRED REVENUE**

	2018	2017
Province of British Columbia - Rural Dividend	\$ 80,000	\$ -
Indigenous and Northern Affairs Canada		
Municipal Phone Services - Project #4465	11,418	11,418
Renovations and Additions ICMS 9-00126264	-	548
911 Mapping and Signs Update ICMS 9-00126664	60,745	-
Sweat Lodge Subdivision ICMS 9-00123407	61,737	-
	<u>\$ 213,900</u>	<u>\$ 11,966</u>

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

**11. LONG-TERM DEBT**

	2018	2017
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	\$ 433,691	\$ 462,299
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	153,454	161,588
Loan, repayable in monthly instalments of \$673 non-interest bearing, secured by equipment with a net book value of \$14,403, due to mature March 2020	16,161	24,241
	<u>\$ 603,306</u>	<u>\$ 648,128</u>

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

2019	\$ 45,339
2020	45,890
2021	38,371
2022	38,941
2023	39,520
Subsequent	<u>395,245</u>
	<u>\$ 603,306</u>

**NAZKO FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

**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 ten year period after the signing of the Final Agreement between Nazko First Nation, the Government of Canada and the Province of British Columbia.

**13. OBLIGATIONS UNDER CAPITAL LEASES**

	2018	2017
Lease payable in monthly instalments of \$219 including interest at 13.08%, secured by equipment with a net book value of \$2,402, with a purchase option of \$1 in September 2018	\$ 1,315	\$ 3,943
Lease payable in monthly instalments of \$121 including interest at 7.99%, secured by equipment with a net book value of \$1,796, with a purchase option at fair market value in January 2020	2,664	4,116
	3,979	8,059
Interest included in future minimum lease payments	(243)	(824)
	<u>\$ 3,736</u>	<u>\$ 7,235</u>

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

2019	\$ 2,768
2020	<u>1,211</u>
	<u>\$ 3,979</u>



**NAZKO FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

**14. TANGIBLE CAPITAL ASSETS (APPENDIX B)**

			2018	2017
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Automotive and mobile equipment	\$ 265,451	\$ 239,528	\$ 25,923	\$ 36,960
Buildings	3,558,865	939,433	2,619,432	2,508,683
Computer equipment	184,810	168,491	16,319	23,385
Computer equipment under capital leases	14,401	10,202	4,199	5,998
Furniture and office equipment	93,048	85,379	7,669	9,586
Housing	2,496,534	1,286,224	1,210,310	1,241,864
Infrastructure	5,823,641	1,828,383	3,995,258	4,097,213
Recreational infrastructure	325,755	221,817	103,938	115,487
Site improvements	189,936	135,708	54,228	67,785
Land	5,000	-	5,000	5,000
	<u>\$ 12,957,441</u>	<u>\$ 4,915,165</u>	<u>\$ 8,042,276</u>	<u>\$ 8,111,961</u>

Included in amortization is \$1,799 (2017 - \$2,571) 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 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**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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**15. CONTINGENT LIABILITIES, continued**

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In addition, in the normal course of its operations, Nazko First Nation may become 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**

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	2018	2017
Indigenous and Northern Affairs Canada	<u>\$ 27,176</u>	<u>\$ 169,257</u>

**17. RECONCILIATION OF INAC FUNDING AGREEMENT REVENUE**

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Pursuant to the Indigenous and Northern Affairs Canada Financial Reporting Requirements for the fiscal period 2017-2018, the following reconciliation has been prepared:

Recipient total as per 2017/2018 INAC funding confirmation	\$ 1,574,010
Variance	<u>-</u>
Recipient total as per consolidated statement of operations	<u>\$ 1,574,010</u>

**18. ECONOMIC DEPENDENCE**

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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**

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During the year, the Nation paid rent in the amount of \$44,342 (2017 - \$44,963) to Ndazkhot'en Holdings Ltd., at fair market value in the normal course of operations.



**NAZKO FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

**19. RELATED PARTY TRANSACTIONS, continued**

The Nation purchased fuel during the year from Besikoh Fuel Limited Partnership in the amount of \$6,440 (2017 - \$10,525) at fair market value in the normal course of operations.

The Nation received security fees of NIL (2017 - \$27,525) 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**

	2018			2017		
	<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	\$ 1,116,689	\$ 457,321	\$ 1,574,010	\$ 1,172,200	\$ 179,802	\$ 1,352,002
Canada Mortgage and Housing Corporation	169,950	-	169,950	80,413	-	80,413
Other	2,500	-	2,500	4,653	-	4,653
	1,289,139	457,321	1,746,460	1,257,266	179,802	1,437,068
Provincial government transfers	705,397	-	705,397	549,258	-	549,258
First Nations Health Authority	793,123	-	793,123	725,911	-	725,911
	<u>\$ 2,787,659</u>	<u>\$ 457,321</u>	<u>\$ 3,244,980</u>	<u>\$ 2,532,435</u>	<u>\$ 179,802</u>	<u>\$ 2,712,237</u>

**21. 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.



**NAZKO FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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**22. RISK MANAGEMENT**

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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.

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 2017 and there is expected to be no substantive change in the next fiscal period.

**23. SEGMENT DISCLOSURE**

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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;

**NAZKO FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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**23. SEGMENT DISCLOSURE, continued**

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

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 funds 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**

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

**25. SUBSEQUENT EVENTS**

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On October 29, 2018 the unfunded Replacement Reserve Fund was funded by a transfer of \$14,457 to the Replacement Reserve bank account.

**NAZKO FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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**25. SUBSEQUENT EVENTS, continued**

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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**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	HOUSING			PUBLIC WORKS OPERATIONS AND MAINTENANCE			SOCIAL AND COMMUNITY SERVICES			TREATY CLAIMS AND NEGOTIATIONS			OTHER	
	2018			2017			2018			2018			2018	
	Budget	2018	2017	Budget	2018	2017	Budget	2018	2017	Budget	2018	2017	Budget	2017
<b>REVENUE</b>														
Indigenous & Northern Affairs Canada	\$ -	\$ -	\$ -	\$ -	\$ 176,635	\$ 161,019	\$ 289,686	\$ 289,686	\$ 335,318	\$ -	\$ -	\$ -	\$ -	\$ -
First Nations Health Authority	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Canada Mortgage and Housing Corporation	129,280	169,950	83,925	-	-	-	-	-	-	-	-	-	-	-
Other federal government	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Province of British Columbia	-	-	-	21,490	21,490	-	-	-	-	101,108	99,920	101,730	-	-
Interest, rent and other	-	148,496	44,400	-	-	-	73,997	118,859	27,525	-	-	-	-	-
Ottawa trust funds	-	-	-	-	-	-	-	-	-	-	-	-	1,276	1,204
Income from investments in government business entities	-	-	-	-	-	-	-	-	-	-	-	-	74,075	165,005
Increase in deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL REVENUE</b>	<b>129,280</b>	<b>318,446</b>	<b>128,325</b>	<b>198,125</b>	<b>198,125</b>	<b>161,019</b>	<b>363,683</b>	<b>408,545</b>	<b>362,843</b>	<b>101,108</b>	<b>99,920</b>	<b>101,730</b>	<b>75,351</b>	<b>166,209</b>
<b>EXPENDITURE</b>														
Administration	-	4,439	4,107	-	-	-	2,283	2,283	5,419	-	-	-	-	-
Advertising	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Consulting and contract services	129,280	115,082	906	31,150	31,150	24,616	37,368	13,865	18,139	-	11,087	59,238	-	-
Honoraria, allowances and donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance, licences and fees	-	30,810	43,431	12,930	12,792	13,480	-	-	1,286	-	-	-	-	-
Materials and supplies	-	47,104	2,518	67,665	67,409	103,879	41,041	69,322	34,394	4,200	2,380	1,402	-	-
Professional fees	-	4,500	4,500	-	-	-	2,262	2,217	4,734	34,988	33,634	77,030	-	-
Rent	-	-	-	-	-	-	4,500	4,500	8,100	-	-	-	-	-
Telephone and utilities	-	-	-	24,253	24,198	24,680	-	-	-	-	-	-	-	-
Travel and accommodations	-	699	-	2,866	2,841	729	948	948	15,150	1,800	1,800	1,793	-	-
Wages and benefits	-	12,092	4,997	34,908	33,185	23,598	79,571	67,571	75,890	60,000	54,669	-	-	-
Workshops, meetings and training	-	50	614	2,117	2,117	4,112	3,874	3,875	5,927	-	-	1,604	-	-
Loss from investments in government business entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	24,014	68,895	22,199	19,223	15,184	187,777	217,529	204,311	120	-	80	1,381,521	268,135
<b>TOTAL EXPENDITURE</b>	<b>129,280</b>	<b>238,790</b>	<b>129,968</b>	<b>198,125</b>	<b>192,915</b>	<b>213,278</b>	<b>358,654</b>	<b>382,110</b>	<b>373,350</b>	<b>101,108</b>	<b>103,570</b>	<b>141,147</b>	<b>1,381,521</b>	<b>268,135</b>
Amortization	-	36,742	35,670	-	-	-	-	-	-	-	475	1,370	-	-
Equipment and debt repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	9,032	10,594	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE</b>	<b>129,280</b>	<b>284,564</b>	<b>176,232</b>	<b>198,125</b>	<b>192,915</b>	<b>213,278</b>	<b>358,654</b>	<b>382,110</b>	<b>373,350</b>	<b>101,108</b>	<b>104,045</b>	<b>142,517</b>	<b>1,381,521</b>	<b>268,135</b>
<b>ANNUAL (DEFICIT) SURPLUS</b>	<b>\$ -</b>	<b>\$ 33,882</b>	<b>\$ (47,907)</b>	<b>\$ -</b>	<b>\$ 5,210</b>	<b>\$ (52,259)</b>	<b>\$ 4,059</b>	<b>\$ 26,435</b>	<b>\$ (10,507)</b>	<b>\$ -</b>	<b>\$ (4,125)</b>	<b>\$ (40,787)</b>	<b>\$ -</b>	<b>\$ (101,926)</b>

**NAZKO FIRST NATION**  
SEGMENT DISCLOSURE  
FOR THE YEAR ENDED MARCH 31, 2018

	TANGIBLE CAPITAL ASSETS			TOTAL BEFORE ADJUSTMENTS			CONSOLIDATION ADJUSTMENTS			CONSOLIDATED TOTALS		
	Budget	2018	2017	Budget	2018	2017	Budget	2018	2017	Budget	2018	2017
<b>REVENUE</b>												
Indigenous & Northern Affairs Canada	\$ 457,321	\$ 457,321	\$ 189,063	\$ 1,574,010	\$ 1,574,010	\$ 1,352,002	\$ -	\$ -	\$ -	\$ 1,574,010	\$ 1,574,010	\$ 1,352,002
First Nations Health Authority	-	-	-	790,123	793,123	724,411	-	-	-	790,123	793,123	724,411
Canada Mortgage and Housing Corporation	-	-	-	129,280	169,950	83,925	-	-	-	129,280	169,950	83,925
Other federal government	-	-	-	2,500	2,500	4,653	-	-	-	2,500	2,500	4,653
Province of British Columbia	-	-	-	591,985	705,397	549,258	-	-	-	591,985	705,397	549,258
Interest, rent and other	-	-	-	373,473	477,199	373,473	-	-	-	373,473	477,199	373,473
Ottawa trust funds	-	-	-	212,557	1,276	1,204	-	-	-	212,557	1,276	1,204
Income from investments in government business entities	-	-	-	-	74,075	165,005	-	-	-	-	74,075	165,005
Increase in deferred revenue	-	(121,934)	(56)	-	(201,934)	(56)	-	-	-	-	(201,934)	(56)
<b>TOTAL REVENUE</b>	<b>457,321</b>	<b>335,387</b>	<b>189,007</b>	<b>3,300,455</b>	<b>3,595,596</b>	<b>3,253,875</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,300,455</b>	<b>3,595,596</b>	<b>3,253,875</b>
<b>EXPENDITURE</b>												
Administration	-	-	-	10,955	9,721	24,854	-	-	-	10,955	9,721	24,854
Advertising	-	-	-	1,750	1,724	2,120	-	-	-	1,750	1,724	2,120
Consulting and contract services	-	-	-	783,518	639,141	277,704	-	-	-	783,518	639,141	277,704
Honoraria, allowances and donations	-	321,282	9,444	97,579	217,176	303,845	(443,764)	(321,282)	(9,444)	339,754	397,859	268,260
Insurance, licences and fees	-	-	-	40,017	70,506	82,806	-	-	-	40,017	70,506	82,806
Materials and supplies	13,257	13,257	195	654,222	401,519	376,374	(13,257)	(13,257)	(195)	641,365	388,262	376,179
Professional fees	-	-	-	98,594	116,925	239,413	-	-	-	98,594	116,925	239,413
Rent	-	-	-	46,520	46,652	44,218	-	-	-	46,520	46,652	44,218
Telephone and utilities	-	-	-	43,613	48,750	35,219	-	-	-	43,613	48,750	35,219
Travel and accommodations	-	-	-	167,441	142,942	179,204	-	-	-	167,441	142,942	179,204
Wages and benefits	300	300	-	937,050	859,396	961,523	(300)	(300)	-	936,750	859,096	961,523
Workshops, meetings and training	-	-	-	111,686	36,402	94,220	-	-	-	111,686	36,402	94,220
Loss from investments in government business entities	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	548	180,053	279,651	308,046	535,584	-	(548)	(180,053)	279,651	307,498	268,135
<b>TOTAL EXPENDITURE</b>	<b>457,321</b>	<b>335,387</b>	<b>189,692</b>	<b>3,273,396</b>	<b>4,270,421</b>	<b>3,425,319</b>	<b>(457,321)</b>	<b>(335,387)</b>	<b>(189,692)</b>	<b>2,816,075</b>	<b>3,935,034</b>	<b>3,235,627</b>
Amortization	-	-	-	-	37,217	37,040	-	-	-	-	-	-
Equipment and debt repayment	-	-	-	-	11,580	11,205	-	-	-	-	-	-
Interest	-	-	-	23,000	32,787	70,765	-	-	-	23,000	32,787	70,765
<b>TOTAL EXPENDITURE</b>	<b>457,321</b>	<b>335,387</b>	<b>189,692</b>	<b>3,296,396</b>	<b>4,352,005</b>	<b>3,544,329</b>	<b>(457,321)</b>	<b>(335,387)</b>	<b>(189,692)</b>	<b>2,839,075</b>	<b>4,372,893</b>	<b>3,722,460</b>
<b>ANNUAL (DEFICIT) SURPLUS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (685)</b>	<b>\$ 4,059</b>	<b>\$ (756,409)</b>	<b>\$ (290,454)</b>	<b>\$ 457,321</b>	<b>\$ (20,888)</b>	<b>\$ (178,131)</b>	<b>\$ 461,380</b>	<b>\$ (777,297)</b>	<b>\$ (468,585)</b>



**NAZKO FIRST NATION  
GOVERNMENT BUSINESS ENTITIES  
CONDENSED FINANCIAL INFORMATION  
FOR THE YEAR ENDED MARCH 31, 2018**

APPENDIX A

	Besltoh Fuel Limited Partnership	Nazko Economic Development Corp.	Nazko Logging Limited Partnership	Nazko Resource Management Ltd.	Nazko Shiviculture LLP	Nazko/ho/en Forest Management Ltd.	Nazko/ho/en Holdings Ltd.	Nazko/ho/en Properties Ltd.	Three Nations Store and Lodge LLP	Total 2018	Total 2017
<b>Assets</b>											
Financial assets	\$ 286,069	\$ 8,138	\$ 799,939	\$ -	\$ 2,329	\$ 330,840	\$ -	\$ 865	\$ 29,467	\$ 1,457,647	\$ 2,851,357
Tangible capital assets	249,402	6,600	1,157,159	-	2,699	-	297,454	147,763	456,510	2,317,587	2,817,912
Other assets	1,362	2,773	62,827	-	-	-	310	1,280	1,037	69,589	74,935
<b>Total Assets</b>	<b>\$ 536,833</b>	<b>\$ 17,511</b>	<b>\$ 2,019,925</b>	<b>\$ -</b>	<b>\$ 5,028</b>	<b>\$ 330,840</b>	<b>\$ 297,764</b>	<b>\$ 149,908</b>	<b>\$ 487,014</b>	<b>\$ 3,844,823</b>	<b>\$ 5,744,204</b>
<b>Liabilities</b>											
Debt	\$ 320,448	\$ 206,677	\$ 1,219,123	\$ -	\$ 49,609	\$ -	\$ 28,449	\$ 1,578	\$ 51,866	\$ 1,877,750	\$ 2,364,258
Contributed surplus	208,847	50,150	2,538,347	-	-	-	149,204	-	579,207	3,525,755	3,282,843
(Deficit) Equity	485,183	(356,232)	(3,251,554)	-	(84,284)	1	(134,232)	112,413	-	112,413	112,413
<b>Total liabilities and equity</b>	<b>\$ 1,014,478</b>	<b>\$ (99,405)</b>	<b>\$ 505,916</b>	<b>\$ -</b>	<b>\$ (34,675)</b>	<b>\$ 1</b>	<b>\$ 43,401</b>	<b>\$ 63,477</b>	<b>\$ 316,286</b>	<b>\$ 1,809,479</b>	<b>\$ 3,688,843</b>
<b>External related party loans</b>											
Inter-entity loans	\$ 31,136	\$ 158,873	\$ 54,177	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 246,186	\$ 167,391
Nazko First Nation advances	425,938	(29,342)	271,714	-	(40,515)	(330,839)	(106,166)	(20,052)	(170,728)	(2,383,342)	(2,212,952)
	18,581	(246,447)	(1,839,900)	-	-	-	(148,197)	(66,379)	-	-	-
<b>Related party loans</b>	<b>\$ 477,645</b>	<b>\$ (116,916)</b>	<b>\$ (1,514,009)</b>	<b>\$ -</b>	<b>\$ (40,515)</b>	<b>\$ (330,839)</b>	<b>\$ (254,363)</b>	<b>\$ (86,431)</b>	<b>\$ (170,728)</b>	<b>\$ (2,036,156)</b>	<b>\$ (2,055,561)</b>
<b>Revenue</b>											
Expenses	\$ 876,212	\$ (76,481)	\$ 6,326,085	\$ -	\$ 375,606	\$ -	\$ 81,553	\$ -	\$ 338,266	\$ 7,921,241	\$ 13,551,006
Amortization	777,013	275,390	6,463,147	-	416,876	-	101,646	6,913	459,046	8,500,031	12,857,797
Interest and bank charges	12,741	4,931	461,234	-	300	-	10,959	-	27,586	517,385	623,790
Corporate income tax (recovery)	-	12,783	147,507	-	-	-	6,785	-	33,014	212,830	188,875
	-	(1,268)	-	-	-	-	-	-	-	(1,268)	(16,210)
<b>Total expenses</b>	<b>\$ 802,129</b>	<b>\$ 291,836</b>	<b>\$ 7,071,888</b>	<b>\$ -</b>	<b>\$ 417,176</b>	<b>\$ -</b>	<b>\$ 119,390</b>	<b>\$ 6,913</b>	<b>\$ 519,646</b>	<b>\$ 9,228,978</b>	<b>\$ 13,654,252</b>
<b>Net (loss) income</b>	<b>\$ 74,083</b>	<b>\$ (368,317)</b>	<b>\$ (745,803)</b>	<b>\$ -</b>	<b>\$ (41,570)</b>	<b>\$ -</b>	<b>\$ (37,837)</b>	<b>\$ (6,913)</b>	<b>\$ (181,380)</b>	<b>\$ (1,307,737)</b>	<b>\$ (103,246)</b>
<b>Nazko Economic Development Corp., General partner</b>	<b>\$ 8</b>	<b>\$ -</b>	<b>\$ (75)</b>	<b>\$ -</b>	<b>\$ (42)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (182)</b>	<b>\$ (291)</b>	<b>\$ (116)</b>
<b>Nazko First Nation, Limited partner</b>	<b>\$ 74,075</b>	<b>\$ (368,317)</b>	<b>\$ (745,728)</b>	<b>\$ -</b>	<b>\$ (41,528)</b>	<b>\$ -</b>	<b>\$ (37,837)</b>	<b>\$ (6,913)</b>	<b>\$ (181,198)</b>	<b>\$ (1,307,446)</b>	<b>\$ (103,130)</b>
	<b>\$ 74,083</b>	<b>\$ (368,317)</b>	<b>\$ (745,803)</b>	<b>\$ -</b>	<b>\$ (41,570)</b>	<b>\$ -</b>	<b>\$ (37,837)</b>	<b>\$ (6,913)</b>	<b>\$ (181,380)</b>	<b>\$ (1,307,737)</b>	<b>\$ (103,246)</b>

**NAZKO FIRST NATION**  
**TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	COST				ACCUMULATED AMORTIZATION				NET BOOK VALUE
	Opening Balance	Additions	Disposals	Balance End of Year	Opening Balance	Amortization	Disposals	Balance End of Year	
Automotive and mobile equipment	\$ 265,451	\$ -	\$ -	\$ 265,451	\$ 228,491	\$ 11,037	\$ -	\$ 239,528	\$ 25,923
Buildings	3,332,624	226,241	-	3,558,865	823,941	115,492	-	939,433	2,619,432
Computer equipment	184,810	-	-	184,810	161,425	7,066	-	168,491	16,319
Computer equipment under capital leases	14,401	-	-	14,401	8,403	1,799	-	10,202	4,199
Furniture and office equipment	93,048	-	-	93,048	83,462	1,917	-	85,379	7,669
Housing	2,454,931	41,603	-	2,496,534	1,213,067	73,157	-	1,286,224	1,210,310
Infrastructure	5,756,098	67,543	-	5,823,641	1,658,885	169,498	-	1,828,383	3,995,258
Recreational infrastructure	325,755	-	-	325,755	210,268	11,549	-	221,817	103,938
Site improvements	189,936	-	-	189,936	122,151	13,557	-	135,708	54,228
Land	5,000	-	-	5,000	-	-	-	-	5,000
	\$ 12,622,054	\$ 335,387	\$ -	\$ 12,957,441	\$ 4,510,093	\$ 405,072	\$ -	\$ 4,915,165	\$ 8,042,276

	COST				ACCUMULATED AMORTIZATION				NET BOOK VALUE
	Opening Balance	Additions	Disposals	Balance End of Year	Opening Balance	Amortization	Disposals	Balance End of Year	
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