

**NAZKO FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021**

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YEAR ENDED MARCH 31, 2021**

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MANAGEMENT'S RESPONSIBILITY

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 fulfills 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 auditor's report.

The external auditor, 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 financial management of Nazko First Nation and meet when required.

On behalf of Nazko First Nation:

Leah Stump
Chief

Deionas Alec
Councillor

Anthony
Councillor

INDEPENDENT AUDITOR'S REPORT

To the Members of Nazko First Nation:

Opinion

We have audited the consolidated financial statements of Nazko First Nation, which comprise the consolidated statement of financial position as at March 31, 2021, the consolidated statements of operations, changes in net financial debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Nazko First Nation as at March 31, 2021, and the consolidated results of operations, changes in consolidated net financial debt and consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Nazko First Nation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

Other Matter

The prior year's comparative figures were audited by another firm of Chartered Professional Accountants and have been reclassified to conform to the current year's presentation for comparative purposes.



Chartered Professional Accountants

October 26, 2022
Prince George, BC

NAZKO FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021

| | 2021 | 2020 |
|---|----------------------------|----------------------------|
| FINANCIAL ASSETS | | |
| Cash | \$ 3,346,907 | \$ 1,612,197 |
| Accounts receivable (Note 2) | 430,023 | 1,266,019 |
| Restricted cash (Note 3) | 483,954 | 132,880 |
| Inventory (Note 4) | 4,200 | - |
| Investments (Note 5) | 58,336 | 104,655 |
| Ottawa trust funds (Note 6) | <u>22,076</u> | <u>20,923</u> |
| | <u>4,345,496</u> | <u>3,136,674</u> |
| LIABILITIES | | |
| Bank indebtedness (Note 7) | 3,784,151 | 2,004,615 |
| Accounts payable and accrued liabilities (Note 8) | 1,169,767 | 1,908,994 |
| Deferred revenue (Note 9) | 11,966 | - |
| Long-term debt (Note 10) | 492,961 | 3,824,202 |
| Obligation under capital lease (Note 11) | 474,340 | 474,340 |
| Accrued silviculture liabilities (Note 12) | <u>330,725</u> | <u>268,315</u> |
| | <u>6,263,910</u> | <u>8,480,466</u> |
| NET FINANCIAL DEBT | <u>(1,918,414)</u> | <u>(5,343,792)</u> |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Note 13) | 10,724,479 | 11,629,489 |
| Prepaid expenditures | <u>10,075</u> | <u>58,612</u> |
| | <u>10,734,554</u> | <u>11,688,101</u> |
| ACCUMULATED SURPLUS | <u>\$ 8,816,140</u> | <u>\$ 6,344,309</u> |
| CONTINGENT LIABILITIES (Note 14) | | |

Approved on behalf of Nazko First Nation:

Joah Stump Chief

Dolores Alex Councillor

Anthony Councillor

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

NAZKO FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2021

| | Budget | 2021 | 2020 |
|--|---------------------|---------------------|-------------------|
| REVENUE | | | |
| Indigenous Services Canada | \$ 2,730,957 | \$ 2,744,840 | \$ 1,324,148 |
| First Nations Health Authority | 1,218,016 | 1,218,742 | 1,126,886 |
| Canada Mortgage and Housing Corporation | - | 30,300 | 30,300 |
| Province of British Columbia | 1,222,289 | 1,055,267 | 736,295 |
| BC First Nations Gaming | 354,191 | 354,191 | 330,742 |
| Cariboo Chilcotin Aboriginal Training Employment Centre | 11,436 | 11,436 | 25,538 |
| First Nations Education Steering Committee | 3,028 | 28,979 | 3,596 |
| Own Source | 1,700,577 | 1,620,227 | 341,573 |
| Administration fee | 265,283 | 267,878 | 169,373 |
| Interest, rent and other | 198,003 | 1,037,933 | 309,572 |
| Forgiveness of Treaty loan | - | - | 6,295,884 |
| Ottawa trust funds | - | 1,153 | 1,233 |
| Gain on disposal of tangible capital assets | - | 25,064 | 542,081 |
| (Increase) decrease in deferred revenue | - | (11,966) | 1,297,249 |
| | <u>7,703,780</u> | <u>8,384,044</u> | <u>12,534,470</u> |
| EXPENDITURE | | | |
| Economic development | 3,159,437 | 291,873 | 253,103 |
| Education | 258,572 | 265,063 | 177,041 |
| Employment and training | 14,464 | 25,339 | 29,134 |
| Government development and administration | 733,135 | 1,041,754 | 668,288 |
| Health services | 1,344,082 | 1,214,393 | 1,296,082 |
| Housing | - | 28,511 | 74,700 |
| Lands and resource management | 898,718 | 539,984 | - |
| Public works operations and maintenance | 522,843 | 333,909 | 277,526 |
| Social and community services | 698,536 | 728,274 | 552,668 |
| Treaty claim and negotiations | - | - | (4,992) |
| Loss from investments in government business entities - Appendix A | - | 708,588 | 751,254 |
| Interest | 32,617 | 16,076 | - |
| Amortization | - | 713,654 | 802,747 |
| | <u>7,662,404</u> | <u>5,907,418</u> | <u>4,877,551</u> |
| SURPLUS BEFORE (RECOVERY) REIMBURSEMENT | | | |
| | <u>\$ 41,376</u> | <u>2,476,626</u> | <u>7,656,919</u> |
| (RECOVERY) REIMBURSEMENT BY: | | | |
| Indigenous Services Canada | | (4,795) | - |
| ANNUAL SURPLUS | | | |
| | <u>2,471,831</u> | <u>7,656,919</u> | |
| ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR | | | |
| | <u>6,344,309</u> | <u>(1,312,610)</u> | |
| ACCUMULATED SURPLUS, END OF YEAR | | | |
| | <u>\$ 8,816,140</u> | <u>\$ 6,344,309</u> | |

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

NAZKO FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL DEBT
YEAR ENDED MARCH 31, 2021

| | Budget | 2021 | 2020 |
|--|------------------|-----------------------|-----------------------|
| Annual surplus | \$ 41,376 | \$ 2,471,831 | \$ 7,656,919 |
| Acquisition of tangible capital assets | - | (94,845) | (1,692,844) |
| Amortization | - | 713,654 | 802,747 |
| Gain on disposal of tangible capital assets | - | (25,064) | (542,081) |
| Proceeds on disposal of tangible capital assets | - | 311,265 | 954,048 |
| Transfer of work-in-progress assets | - | - | 184,344 |
| Write down of tangible capital assets | - | - | 281,215 |
| | | <u>905,010</u> | <u>(12,571)</u> |
| Use (acquisition) of prepaid expenditures | - | 48,537 | (3,353) |
| DECREASE IN NET FINANCIAL DEBT | \$ 41,376 | 3,425,378 | 7,640,995 |
| NET FINANCIAL DEBT, BEGINNING OF YEAR | | <u>(5,343,792)</u> | <u>(12,984,787)</u> |
| NET FINANCIAL DEBT, END OF YEAR | | <u>\$ (1,918,414)</u> | <u>\$ (5,343,792)</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, 2021

| | 2021 | 2020 |
|--|--------------------|---------------------|
| OPERATING ACTIVITIES | | |
| Annual surplus | \$ 2,471,831 | \$ 7,656,919 |
| Items not involving cash | | |
| Amortization | 713,654 | 802,747 |
| Bad debts | - | 81,500 |
| Forgiveness of treaty loan | - | (6,295,884) |
| Gain on disposal of tangible capital assets | (25,064) | (542,081) |
| Impairment on leased equipment | - | 281,215 |
| Transfer of work-in-progress assets | - | 184,344 |
| (Income) loss from investments in government business entities | <u>(87,243)</u> | - |
| | 3,073,178 | 2,168,760 |
| Cash provided by (used in) operating activities | | |
| Accounts receivable | 835,996 | (579,200) |
| Inventory | (4,200) | 35,453 |
| Ottawa trust funds | (1,153) | (1,233) |
| Prepaid expenditures | 48,537 | (3,353) |
| Accounts payable and accrued liabilities | (739,227) | (8,748) |
| Deferred revenue | 11,966 | (1,306,217) |
| Accrued silviculture liabilities | <u>62,410</u> | <u>(64,151)</u> |
| | <u>3,287,507</u> | <u>241,311</u> |
| CAPITAL ACTIVITIES | | |
| Acquisition of tangible capital assets | (94,845) | (1,692,844) |
| Proceeds on disposal of tangible capital assets | <u>311,265</u> | <u>954,048</u> |
| | <u>216,420</u> | <u>(738,796)</u> |
| FINANCING ACTIVITIES | | |
| Repayment of long-term debt | (3,331,241) | (901,233) |
| Repayment under obligation under capital lease | - | (226,727) |
| | <u>(3,331,241)</u> | <u>(1,127,960)</u> |
| INVESTING ACTIVITIES | | |
| Advances to government business entities | 87,244 | 49,634 |
| Patronage equity | <u>46,318</u> | <u>(673)</u> |
| | <u>133,562</u> | <u>48,961</u> |
| INCREASE (DECREASE) DURING YEAR | <u>306,248</u> | <u>(1,576,484)</u> |
| (INDEBTEDNESS) CASH, BEGINNING OF YEAR | <u>(259,538)</u> | <u>1,316,946</u> |
| CASH (INDEBTEDNESS), END OF YEAR | <u>\$ 46,710</u> | <u>\$ (259,538)</u> |
| Cash (indebtedness) consists of: | | |
| Cash | \$ 3,346,907 | \$ 1,612,197 |
| Bank indebtedness | (3,784,151) | (2,004,615) |
| Restricted cash | <u>483,954</u> | <u>132,880</u> |
| | <u>\$ 46,710</u> | <u>\$ (259,538)</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, 2021

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 reporting entity, Nazko First Nation, includes Nazko First Nation Government and all owned or controlled related entities.

All controlled entities are fully consolidated on a line-by-line basis. All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

No adjustments are made for accounting policies of the entity that are different from those of Nazko First Nation.

The Nation has consolidated the following entities and departments at 100% of assets, liabilities, revenue and expenses:

- Besikoh Fuel Limited Partnership
- Nazko First Nation CMHC Social Housing Program
- Nazko Economic Development Corp.
- Nazko Logging Limited Partnership
- Nazko Silviculture LLP
- Ndazkhot'en Forest Management Ltd.
- Ndazkhot'en Holdings Ltd.
- Ndazkhot'en Properties Ltd.
- Three Nations Store and Lodge Limited Liability Partnership

The Nation has consolidated the following entities at 51% of assets, liabilities, revenue and expenses:

- Nazbec Limited Partnership
- Nazbec Wood Processing Ltd.

NAZKO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Asset Classification

Nazko First Nation classifies assets as either financial or non-financial. Financial assets consist of assets that could be used to pay existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to pay existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenditures.

Funds Held in Trust

Funds held in trust on behalf of Nazko First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated surplus. Trust monies consist of:

- Capital trust monies derived from non-renewable resource transactions on the sale of land or other Nation tangible capital assets; and
- Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

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.

Net Financial Debt

Nazko First Nation's consolidated financial statements are presented to highlight net financial debt as the measurement of financial position. The net financial debt is determined by Nazko First Nation's financial assets less its liabilities.

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.

NAZKO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Tangible Capital Assets, continued

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:

| | |
|-----------------------------------|-------|
| Computer equipment | 30% |
| Infrastructure | 4-20% |
| Logging equipment | 30% |
| Mobile and construction equipment | 30% |
| Mobile homes | 4-10% |
| Office equipment | 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.

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.

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.

All intangible assets and items inherited by the right of Nazko First Nation, such as reserve land, forests, water, and mineral reserves, are not recognized in the consolidated financial statements.

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.

NAZKO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Revenue and Expenditure, continued

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.

Capital and revenue from trust funds is recognized at the time funds are contributed from the accounts held in Ottawa. Interest revenue is recognized when earned.

Investment income is recognized when the investment income is earned.

Logging revenue is earned on timber sale licenses and is recognized when wood fibre is delivered and the customer takes ownership and assumes the risk of loss, persuasive evidence of an arrangement exists, and collection is reasonably assured.

Silviculture revenue is earned on the provision of silviculture services and is recognized when the service is provided, and collection is reasonably assured.

Revenue earned from the sale of lumber, fuel, tobacco and confectionary items is recognized when the goods are delivered to the customer, persuasive evidence of an arrangement exists, and collection is reasonably assured.

Interest income, rental income and other revenue are recognized when earned and/or when the service is provided, and collection is reasonably assured.

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 reimburse over expenditures upon determining adherence to the terms and conditions of payments for a specified purpose. Recoveries and reimbursements are accounted for when they are paid or payable or received or receivable.

NAZKO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Measurement Uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported 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.

Accounts receivable and amounts due from related entities and department are stated, after evaluation, as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets. Liabilities for contaminated sites are based on the best information available regarding potentially contaminated sites that Nazko First Nation is responsible for. Silviculture liabilities are based on the best information available regarding the potential liability that Nazko First Nation is responsible for.

Actual results could differ from these estimates. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, are reported in income in the years in which they become known.

Liability for Contaminated Site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, Nazko First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation actives and is reduced by expected net recoveries based on information available at March 31, 2021.

Nazko First Nation reviews the carrying amount of the liability annually. Any revisions required previously recognized amounts are accounted for in the period revisions are made. Nazko First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. No liability for contaminated site exists as at March 31, 2021.

NAZKO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

2. ACCOUNTS RECEIVABLE

| | 2021 | 2020 |
|---|--------------------------|----------------------------|
| Government | | |
| Receiver General - Goods and services tax | \$ 11,941 | \$ 8,852 |
| Indigenous Services Canada | <u>13,883</u> | - |
| | 25,824 | 8,852 |
| Trade receivables | | |
| Nazko First Nation members | 413,774 | 1,238,825 |
| Other | <u>99,957</u> | 112,673 |
| | - | <u>61,679</u> |
| Less: allowance for doubtful accounts | <u>539,555</u> | 1,422,029 |
| | <u>(109,532)</u> | <u>(156,010)</u> |
| | <u>\$ 430,023</u> | <u>\$ 1,266,019</u> |

3. RESTRICTED CASH

| | 2021 | 2020 |
|------------------------------|--------------------------|--------------------------|
| Restricted cash consists of: | | |
| Replacement Reserve | \$ 85,944 | \$ 76,814 |
| Operations Reserve | 66,910 | 54,585 |
| Treaty Negotiations | 1,412 | 1,481 |
| Ministry of Forests | <u>329,688</u> | - |
| | <u>\$ 483,954</u> | <u>\$ 132,880</u> |

Replacement Reserve

Under terms of the agreement with CMHC, the Replacement Reserve account is to be credited \$6,000 (2020 - \$6,000) for Phase II and \$2,000 (2020 - \$2,000) for Phase III. 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. The funds in the account may only be used as approved by CMHC. Withdrawals are credited to interest first and then principal. At year end, the replacement reserve has unfunded reserves of \$8,046 (2020 - \$9,047) and is in technical default with the CMHC agreement.

NAZKO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

3. RESTRICTED CASH, continued

Operations Reserve

Under terms of the agreement with CMHC, after the payment of all costs and expenditures, including the allocation to the Replacement Reserve, any surplus revenue from Phase II and/or Phase III will be retained by the Program within an Operations Reserve Fund. The Program's Operations Reserve Fund may only be used for the on-going operating costs of Phase II and Phase III as committed under the Post 1996 On-Reserve Program. Accordingly, future years' deficits may be recovered from the Operations 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 by Nazko First Nation and CMHC. At year end, the program has unfunded reserves of \$10,075 (2020 - \$12,370) and is in technical default with the CMHC agreement.

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.

Ministry of Forests

Restricted cash consists of amounts in safekeeping agreements held jointly between Ndazkhot'en Forest Management Ltd. and the Ministry of Forests for security on future silviculture costs.

4. INVENTORY

2021 2020

| | | |
|---|----------|------|
| Three Nations Store and Lodge Limited Liability Partnership | | |
| Groceries, hardware and household items | \$ 4,200 | \$ - |

5. INVESTMENTS

2021 2020

| | | |
|---|------------------|-------------------|
| Four Rivers Co-operative, equity | \$ 3,108 | \$ 104,655 |
| Advance receivable - Nazbec Limited Partnership | <u>55,227</u> | <u>-</u> |
| | <u>\$ 58,336</u> | <u>\$ 104,655</u> |

NAZKO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

6. OTTAWA TRUST FUNDS

| | Revenue | Capital | Total 2021 | Total 2020 |
|----------------------------|------------------|-----------------|------------------|------------------|
| Balance, beginning of year | \$ 17,176 | \$ 3,747 | \$ 20,923 | \$ 19,690 |
| Interest | 250 | - | 250 | 324 |
| BC Special | 903 | - | 903 | 909 |
| Balance, end of year | <u>\$ 18,329</u> | <u>\$ 3,747</u> | <u>\$ 22,076</u> | <u>\$ 20,923</u> |

The Ottawa Trust Accounts arise from monies from capital or revenue sources 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

| | 2021 | 2020 |
|---------------------------------------|---------------------|---------------------|
| Bank of Montreal | | |
| Nazko First Nation | \$ 131 | \$ 292,317 |
| Besikoh Fuel Limited Partnership | - | 150,487 |
| Nazko Economic Development Corp. | <u>3,784,020</u> | - |
| Nazko Logging Limited Partnership | - | 1,361,945 |
| Ndazkhot'en Holdings Ltd. | - | 98,719 |
| Three Nations Store and Lodge Limited | | |
| Liability Partnership | <u>-</u> | <u>101,147</u> |
| | <u>\$ 3,784,151</u> | <u>\$ 2,004,615</u> |

Nazko First Nation credit facility includes a revolving line of credit authorized to \$300,000, bearing interest at prime plus 0.5% (March 31, 2021 - 2.95%), secured by an assignment of fire insurance and a general security agreement.

Nazko Economic Development Corp. credit facility includes an operating line of credit available to a maximum of \$3,929,000 bearing interest at prime plus 1.25% (March 31, 2021 - 3.70%), secured by a general security agreement, registered mortgage over property and guarantees from Nazko First Nation and Nation-owned entities.

NAZKO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | 2021 | 2020 |
|--------------------------------|----------------------------|----------------------------|
| Trade payables | \$ 804,484 | \$ 1,771,815 |
| Government remittances payable | 31,324 | 26,354 |
| Wages and benefits payable | 20,295 | 16,050 |
| Accrued liabilities | <u>313,664</u> | <u>94,775</u> |
| | <u>\$ 1,169,767</u> | <u>\$ 1,908,994</u> |

9. DEFERRED REVENUE

| | 2021 | 2020 |
|-------|------------------|-------------|
| Other | <u>\$ 11,966</u> | <u>\$ -</u> |

The Nation has recorded deferred revenue to be used for delivery and completion of future programs and projects.

10. LONG-TERM DEBT

| | 2021 | 2020 |
|---|-------------------|-------------------|
| All Nations Trust Company | | |
| 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 | \$ 345,593 | \$ 375,354 |
| Mortgage repayable in monthly instalments of \$952 including interest at 2.14% per annum, secured by a Government of Canada ministerial guarantee, due to renew March 2024 | 128,151 | 136,749 |
| Visa Truck Rentals (1991) Ltd. | | |
| Conditional sales agreement payable in monthly instalments of \$1,911 including interest at 5.50% secured by specific equipment with a net book value of \$91,404, due to mature January 2022 | <u>19,217</u> | <u>40,658</u> |
| Balance forward | <u>\$ 492,961</u> | <u>\$ 552,761</u> |

NAZKO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

10. LONG-TERM DEBT, continued

| | 2021 | 2020 |
|--------------------------------|-------------------|---------------------|
| Balance forward | \$ 492,961 | \$ 552,761 |
| Bank of Montreal | | |
| Demand loan | - | 2,406,909 |
| Demand loan | - | 339,614 |
| Demand loan | - | 78,922 |
| Loan | - | 43,179 |
| Finning Canada | | |
| Loan | - | 342,266 |
| Four Rivers Co-operative | | |
| Loan | - | 48,699 |
| Visa Truck Rentals (1991) Ltd. | | |
| Loan | <u>-</u> | <u>11,852</u> |
| | <u>\$ 492,961</u> | <u>\$ 3,824,202</u> |

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

| | |
|------------|-------------------|
| 2022 | \$ 59,894 |
| 2023 | 39,160 |
| 2024 | 39,814 |
| 2025 | 132,420 |
| 2026 | 31,645 |
| Subsequent | <u>190,028</u> |
| | <u>\$ 492,961</u> |

11. OBLIGATION UNDER CAPITAL LEASE

| | 2021 | 2020 |
|---|-------------------|-------------------|
| Pacific Basin Economic Council Lease payable in monthly instalments of \$60,000 including interest at 4.50% per annum, secured by specific equipment with a net book value of \$765,000 maturing December 2020. | <u>\$ 474,340</u> | <u>\$ 474,340</u> |

NAZKO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

11. OBLIGATION UNDER CAPITAL LEASE, continued

Capital lease payments were deferred due to a lack of cash flow by Nazbec Limited Partnership as at December 31, 2020.

12. ACCRUED SILVICULTURE LIABILITIES

Accrued silviculture liabilities are recorded at the estimated cost to reforest forest licences held by Ndazkhot'en Forest Management Ltd.

13. TANGIBLE CAPITAL ASSETS (Appendix B)

| | | | 2021 | 2020 |
|-----------------------------------|-----------------------------|---------------------------------|-----------------------------|-----------------------------|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Computer equipment | \$ 222,201 | \$ 185,411 | \$ 36,790 | \$ 40,710 |
| Infrastructure | 14,127,760 | 5,144,465 | 8,983,295 | 9,399,719 |
| Logging equipment | 1,264,154 | 1,170,991 | 93,163 | 411,954 |
| Mobile and construction equipment | 2,659,463 | 1,549,905 | 1,109,558 | 1,251,213 |
| Mobile homes | 624,528 | 474,043 | 150,485 | 160,090 |
| Office equipment | 351,533 | 351,533 | - | 106 |
| Recreational infrastructure | 302,623 | 234,515 | 68,108 | 75,676 |
| Site improvements | 189,936 | 162,171 | 27,765 | 34,706 |
| | 19,742,198 | 9,273,034 | 10,469,164 | 11,374,174 |
| Land | 255,315 | - | 255,315 | 255,315 |
| | <u>\$ 19,997,513</u> | <u>\$ 9,273,034</u> | <u>\$ 10,724,479</u> | <u>\$ 11,629,489</u> |

14. 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.

NAZKO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

14. CONTINGENT LIABILITIES, continued

The Nation has guaranteed an operating line of credit advanced to Nazko Economic Development Corp.

In addition, in the normal course of 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 consolidated financial statements.

15. RECONCILIATION OF ISC FUNDING AGREEMENT REVENUE

Pursuant to the Indigenous Services Canada Financial Reporting Requirements for the fiscal period 2020 - 2021, the following reconciliation has been prepared:

| | |
|--|---------------------|
| Recipient total, as per 2020/2021 ISC funding confirmation | \$ 2,744,840 |
| Variance | _____ - |
| ISC revenue, as per consolidated statement of operations | <u>\$ 2,744,840</u> |

16. GOVERNMENT TRANSFERS

| | 2021 | | | 2020 | | |
|---|---------------------|------------------|---------------------|---------------------|-----------------|---------------------|
| | <u>Operating</u> | <u>Capital</u> | <u>Total</u> | Operating | Capital | Total |
| Federal government transfers: | | | | | | |
| Indigenous Services Canada | \$ 2,726,591 | \$ 18,249 | \$ 2,744,840 | \$ 1,321,073 | \$ 3,075 | \$ 1,324,148 |
| Canada Mortgage And Housing Corporation | <u>30,300</u> | - | <u>30,300</u> | 30,300 | - | <u>30,300</u> |
| | 2,756,891 | 18,249 | 2,775,140 | 1,351,373 | 3,075 | 1,354,448 |
| Provincial government transfers | 1,055,267 | - | 1,055,267 | 736,295 | - | 736,295 |
| First Nations Health Authority | <u>1,218,742</u> | - | <u>1,218,742</u> | 1,126,886 | - | <u>1,126,886</u> |
| | <u>\$ 5,030,900</u> | <u>\$ 18,249</u> | <u>\$ 5,049,149</u> | <u>\$ 3,214,554</u> | <u>\$ 3,075</u> | <u>\$ 3,217,629</u> |

**NAZKO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021**

17. RELATED PARTY TRANSACTIONS

In the normal course of operations, the Nation participated in transactions with related parties measured at the exchange amount as determined and agreed between the related parties.

The Nation received snow removal services of \$16,420 (2020 - \$23,000) from Nazko Logging Limited Partnership in the normal course of operations. The amount is measured at the exchange amount which is determined and agreed between the related party.

18. ECONOMIC DEPENDENCE

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

19. 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.

The Nation maintains its cash and deposits with a federally regulated Canadian financial institution and a Credit Union, 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 majority of 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 Nation has two mortgages and maintains an operating line of credit subject to floating rates of interest, a change in the variable rate can impact cash flow to service these debts when such debts are outstanding. There has been no change to the risk exposure from 2020 and there is expected to be no substantive change in the next fiscal period.

NAZKO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

20. 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;

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;

Lands and Resource Management - manages the development of economic opportunities from the land and natural resources for the Nation and its entities;

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.

NAZKO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

21. BUDGETED FIGURES

Budgets were not prepared for all segments and all departments in 2021. As such, the budget figures in the Consolidated Statement of Operations are not presented for the same scope of activities as the actual results. The disclosed budget information has been approved by Chief and Council of Nazko First Nation.

NAZKO FIRST NATION
SEGMENT DISCLOSURE
YEAR ENDED MARCH 31, 2021

| | ECONOMIC DEVELOPMENT | | | | | | EDUCATION | | | EMPLOYMENT AND TRAINING | | | | | | GOVERNMENT DEVELOPMENT AND ADMINISTRATION | | | | HEALTH SERVICES | | |
|---|----------------------|---------------------|---------------------|------------------|------------------|------------------|---------------|------------------|---------------|-------------------------|---------------------|---------------------|------------------|-------------------|--------------------|---|--------------|--------|---------|-----------------|--------|---|
| | Budget | 2021 | 2020 | Budget | 2021 | 2020 | Budget | 2021 | 2020 | Budget | 2021 | 2020 | Budget | 2021 | 2020 | Budget | 2021 | 2020 | Budget | 2021 | 2020 | |
| | REVENUE | | | | | | | | | | | | | | | | | | | | | |
| Indigenous Services Canada | \$ 19,074 | \$ 19,074 | \$ 39,074 | \$ 275,901 | \$ 289,784 | \$ 191,297 | \$ - | \$ - | \$ - | \$ 543,572 | \$ 543,572 | \$ 434,171 | \$ - | \$ - | \$ 1,218,016 | \$ 1,218,742 | \$ 1,126,886 | | | | | |
| First Nations Health Authority | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Canada Mortgage and Housing Corporation | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Province of British Columbia | 941,201 | 941,201 | 654,165 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 114,066 | 114,066 | 82,130 | |
| BC First Nations Gaming | 354,191 | 354,191 | 330,742 | - | - | - | - | - | - | 11,436 | 11,436 | 25,538 | - | - | - | - | - | - | - | - | - | |
| Cariboo Chilcotin Aboriginal Training Employment Centre | - | - | - | - | - | - | - | - | - | 3,028 | 28,979 | 3,596 | - | - | - | - | - | - | - | - | - | |
| First Nations Education Steering Committee | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Own Source | 1,700,577 | 1,620,227 | 341,573 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Administration fee | 76,695 | 76,695 | 73,443 | - | - | - | - | - | - | - | - | - | 188,588 | 191,183 | 95,930 | - | - | - | - | - | - | - |
| Interest, rent and other | 67,699 | 67,199 | 132,737 | 17,329 | 17,329 | - | - | - | - | - | - | - | 975 | 974 | 3,396 | 12,000 | 12,200 | 69,039 | - | - | - | |
| Ottawa trust funds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Income from investments in government business entities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Increase in deferred revenue | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| TOTAL REVENUE | 3,159,437 | 3,078,587 | 1,571,734 | 293,230 | 307,113 | 191,297 | 14,464 | 40,415 | 29,134 | 733,135 | 735,729 | 533,497 | 1,344,082 | 1,345,008 | 1,278,055 | | | | | | | |
| EXPENDITURE | | | | | | | | | | | | | | | | | | | | | | |
| Administration | 1,700 | 1,700 | 2,610 | 25,314 | 25,314 | 15,180 | - | 3,167 | 2,645 | - | 24,417 | 5,000 | 107,180 | 93,680 | 107,783 | - | - | - | - | - | - | |
| Advertising | - | - | - | - | - | - | - | - | - | - | - | - | - | 4,566 | - | - | - | - | - | - | - | |
| Amortization and interest | - | - | - | - | - | - | - | - | - | - | 32,617 | 8,246 | 16,581 | - | - | - | - | - | - | - | - | |
| Consulting and contract services | 27,641 | 42,551 | 7,930 | (17,216) | 113 | - | - | - | - | - | - | - | 40,496 | 104,742 | 71,761 | 72,987 | - | - | - | - | - | |
| Equipment purchase | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Honoraria, allowances and donations | (7,809) | (6,809) | 1,710 | 120,208 | 132,435 | 16,789 | - | - | - | - | - | - | - | 6,000 | 5,132 | 833 | - | - | - | - | - | |
| Insurance, licences and fees | 325 | 36,282 | 90,101 | - | - | - | - | - | - | - | 410 | 410 | 1,310 | 20,340 | 19,880 | 19,791 | - | - | - | - | - | |
| Materials and supplies | 2,959,698 | 79,964 | 59,284 | 116,554 | 79,365 | 135,136 | 575 | 3,811 | 1,311 | 227,056 | 198,786 | 10,458 | 230,215 | 221,066 | 201,138 | - | - | - | - | - | - | |
| Office | 101,530 | 1,530 | - | - | - | - | - | - | - | - | 2,385 | 2,842 | - | 14,050 | 4,640 | 2,363 | - | - | - | - | - | |
| Professional fees | 13,450 | 30,943 | 24,481 | - | - | - | - | - | - | - | 35,000 | 34,989 | 43,531 | 23,900 | 24,127 | 34,146 | - | - | - | - | - | |
| Repairs and maintenance | 19,113 | 23,518 | 3,911 | - | - | - | - | - | - | - | - | - | - | 27,295 | 35,617 | 17,233 | - | - | - | - | - | |
| Telephone and utilities | - | 7,649 | 3,639 | - | - | - | - | - | - | - | 6,000 | 5,982 | 4,966 | 31,909 | 32,231 | 32,172 | - | - | - | - | - | |
| Travel and accommodations | 219 | (963) | 29,349 | - | 1,143 | 2,241 | - | - | 2,426 | 15,555 | 15,553 | 43,046 | 73,651 | 85,336 | 90,995 | - | - | - | - | - | - | |
| Wages and benefits | 43,210 | 65,594 | 23,038 | 5,197 | 5,194 | - | 13,889 | 18,361 | 21,027 | 394,572 | 541,947 | 337,806 | 559,537 | 510,547 | 572,119 | - | - | - | - | - | - | |
| Workshops, meetings and training | - | 149 | 4,350 | - | - | 360 | - | - | - | 100 | - | 6,709 | 106,500 | 71,359 | 55,606 | - | - | - | - | - | - | |
| Loss from investments in government business entities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Other | 360 | 9,765 | 2,700 | 8,515 | 21,499 | 7,335 | - | - | 1,725 | 19,440 | 216,828 | 170,400 | 38,763 | 39,017 | 88,916 | - | - | - | - | - | - | |
| TOTAL EXPENDITURE | 3,159,437 | 291,873 | 253,103 | 258,572 | 265,063 | 177,041 | 14,464 | 25,339 | 29,134 | 733,135 | 1,050,000 | 684,869 | 1,344,082 | 1,214,393 | 1,296,082 | | | | | | | |
| ANNUAL (DEFICIT) SURPLUS | \$ - | \$ 2,786,714 | \$ 1,318,631 | \$ 34,658 | \$ 42,050 | \$ 14,256 | \$ - | \$ 15,076 | \$ - | \$ - | \$ (314,271) | \$ (151,372) | \$ - | \$ 130,615 | \$ (18,027) | | | | | | | |

NAZKO FIRST NATION
SEGMENT DISCLOSURE
YEAR ENDED MARCH 31, 2021

| | HOUSING | | | PUBLIC WORKS | | | LANDS AND RESOURCE MANAGEMENT | | | SOCIAL AND COMMUNITY SERVICES | | | OTHER | | |
|---|---------|--------|---------|--------------|-------------|------------|-------------------------------|------------|-----------|-------------------------------|-------------|------------|--------------|--------------|-----------|
| | Budget | 2021 | 2020 | Budget | 2021 | 2020 | Budget | 2021 | 2020 | Budget | 2021 | 2020 | Budget | 2021 | 2020 |
| | | | | | | | | | | | | | | | |
| REVENUE | | | | | | | | | | | | | | | |
| Indigenous Services Canada | \$ - | \$ - | \$ - | \$ 355,821 | \$ 355,821 | \$ 202,223 | \$ 798,718 | \$ 798,718 | \$ - | \$ 719,622 | \$ 719,622 | \$ 454,308 | \$ - | \$ - | \$ - |
| First Nations Health Authority | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Canada Mortgage and Housing Corporation | - | 30,300 | 30,300 | - | - | - | - | - | - | - | - | - | - | - | - |
| Province of British Columbia | - | - | - | - | 167,022 | - | - | - | - | - | - | - | - | - | - |
| BC First Nations Gaming | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Cariboo Chilcotin Aboriginal Training Employment Centre | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| First Nations Education Steering Committee | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Own Source | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Administration fee | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest, rent and other | - | 44,400 | 44,400 | - | - | 60,000 | 100,000 | 100,000 | - | - | - | - | - | - | 6,295,884 |
| Ottawa trust funds | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,153 | 1,233 |
| Income from investments in government business entities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Increase in deferred revenue | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL REVENUE | - | 74,700 | 74,700 | 522,843 | 355,821 | 262,223 | 898,718 | 898,718 | - | 719,622 | 719,622 | 454,308 | - | 1,153 | 6,297,117 |
| EXPENDITURE | | | | | | | | | | | | | | | |
| Administration | - | - | 46,204 | 30,027 | 30,027 | 3,396 | 77,000 | 77,000 | - | 17,916 | 17,916 | 13,580 | - | - | - |
| Advertising | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Amortization and interest | - | 46,189 | - | - | - | - | - | - | - | - | - | - | - | - | 8 |
| Consulting and contract services | - | - | - | 63,885 | 99,031 | 128,212 | 616,228 | 357,471 | - | 35,050 | 35,051 | 7,000 | - | - | - |
| Equipment purchase | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Honoraria, allowances and donations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Insurance, licences and fees | - | 4,611 | 4,430 | 11,475 | 11,468 | 9,284 | 685 | 684 | - | - | - | - | - | - | - |
| Materials and supplies | - | - | - | 21,333 | 47,868 | 82,897 | 37,700 | 34,734 | - | 102,603 | 83,265 | 130,789 | - | - | - |
| Office | - | - | - | 150 | 150 | - | - | - | - | - | - | - | - | - | - |
| Professional fees | - | 6,000 | 6,000 | - | - | - | - | - | - | - | - | - | - | - | (5,000) |
| Repairs and maintenance | - | - | 192,475 | 2,957 | 4,943 | 33,500 | 33,492 | - | 2,900 | 2,819 | 1,218 | - | - | - | - |
| Telephone and utilities | - | - | - | 23,482 | 22,542 | 21,581 | 550 | 551 | - | 7,686 | 11,965 | 450 | - | - | - |
| Travel and accommodations | - | - | - | 1,110 | 1,415 | 195 | 3,132 | - | - | 2,600 | 2,601 | 6,854 | - | - | - |
| Wages and benefits | - | - | - | 178,906 | 118,451 | 26,684 | 117,923 | 36,052 | - | 147,318 | 147,321 | 119,957 | - | - | - |
| Workshops, meetings and training | - | - | - | - | - | 334 | - | - | - | 1,700 | 1,700 | 42,235 | - | - | - |
| Loss from investments in government business entities | - | - | - | - | - | - | - | - | - | - | - | - | - | 683,524 | 537,376 |
| Other | - | 17,900 | 18,066 | - | - | - | 12,000 | - | - | 380,763 | 425,636 | 230,585 | - | - | - |
| TOTAL EXPENDITURE | - | 74,700 | 74,700 | 522,843 | 333,909 | 277,526 | 898,718 | 539,984 | - | 698,536 | 728,274 | 552,668 | - | 683,524 | 532,384 |
| ANNUAL (DEFICIT) SURPLUS | \$ - | \$ - | \$ - | \$ 21,912 | \$ (15,303) | \$ - | \$ 358,734 | \$ - | \$ 21,086 | \$ (8,652) | \$ (98,360) | \$ - | \$ (682,371) | \$ 5,764,733 | |

NAZKO FIRST NATION

SEGMENT DISCLOSURE

YEAR ENDED MARCH 31, 2021

| | TANGIBLE CAPITAL ASSETS | | | TOTAL BEFORE ADJUSTMENTS | | | CONSOLIDATION ADJUSTMENTS | | | CONSOLIDATED TOTALS | | |
|---|-------------------------|-------------------|-----------------------|--------------------------|---------------------|---------------------|---------------------------|-------------------|-------------------|---------------------|---------------------|---------------------|
| | Budget | 2021 | 2020 | Budget | 2021 | 2020 | Budget | 2021 | 2020 | Budget | 2021 | 2020 |
| REVENUE | | | | | | | | | | | | |
| Indigenous Services Canada | \$ 18,249 | \$ 18,249 | \$ 3,075 | \$ 2,730,957 | \$ 2,744,840 | \$ 1,324,148 | \$ - | \$ - | \$ - | \$ 2,730,957 | \$ 2,744,840 | \$ 1,324,148 |
| First Nations Health Authority | - | - | - | 1,218,016 | 1,218,742 | 1,126,886 | - | - | - | 1,218,016 | 1,218,742 | 1,126,886 |
| Canada Mortgage and Housing Corporation | - | - | - | - | 30,300 | 30,300 | - | - | - | - | 30,300 | 30,300 |
| Province of British Columbia | - | - | - | 1,222,289 | 1,055,267 | 736,295 | - | - | - | 1,222,289 | 1,055,267 | 736,295 |
| BC First Nations Gaming | - | - | - | 354,191 | 354,191 | 330,742 | - | - | - | 354,191 | 354,191 | 330,742 |
| Cariboo Chilcotin Aboriginal Training Employment Centre | - | - | - | 11,436 | 11,436 | 25,538 | - | - | - | 11,436 | 11,436 | 25,538 |
| First Nations Education Steering Committee | - | - | - | 3,028 | 28,979 | 3,596 | - | - | - | 3,028 | 28,979 | 3,596 |
| Own Source | - | - | - | 1,700,577 | 1,620,227 | 341,573 | - | - | - | 1,700,577 | 1,620,227 | 341,573 |
| Administration fee | - | - | - | 265,283 | 267,878 | 169,373 | - | - | - | 265,283 | 267,878 | 169,373 |
| Interest, rent and other | - | - | - | 198,003 | 242,102 | 6,605,456 | - | 820,895 | 542,081 | 198,003 | 1,062,997 | 7,147,537 |
| Ottawa trust funds | - | - | - | - | 1,153 | 1,233 | - | - | - | - | 1,153 | 1,233 |
| Income from investments in government business entities | - | - | - | - | - | - | - | - | - | - | - | - |
| Increase in deferred revenue | - | - | - | - | - | - | - | (11,966) | 1,297,249 | - | (11,966) | 1,297,249 |
| TOTAL REVENUE | 18,249 | 18,249 | 3,075 | 7,703,780 | 7,575,115 | 10,695,140 | - | 808,929 | - | 7,703,780 | 8,384,044 | 12,534,470 |
| EXPENDITURE | | | | | | | | | | | | |
| Administration | - | - | 86,695 | 259,137 | 273,221 | 283,093 | - | - | (86,695) | 259,137 | 273,221 | 196,398 |
| Advertising | - | - | - | - | - | 4,566 | - | - | - | - | - | 4,566 |
| Amortization and interest | - | - | - | 32,617 | 54,435 | 16,589 | - | 675,295 | 786,158 | 32,617 | 729,730 | 802,747 |
| Consulting and contract services | - | - | 1,128,669 | 830,330 | 605,978 | 1,385,294 | - | - | (1,128,669) | 830,330 | 605,978 | 256,625 |
| Equipment purchase | - | - | - | - | - | - | - | - | - | - | - | - |
| Honoraria, allowances and donations | - | - | - | 118,399 | 130,758 | 19,332 | - | - | - | 118,399 | 130,758 | 19,332 |
| Insurance, licences and fees | - | - | - | 33,235 | 73,335 | 124,916 | - | - | - | 33,235 | 73,335 | 124,916 |
| Materials and supplies | 18,249 | 18,814 | 72,333 | 3,713,983 | 767,673 | 693,346 | (18,249) | (18,814) | (7,233) | 3,695,734 | 748,859 | 686,113 |
| Office | - | - | - | 118,115 | 9,162 | 2,363 | - | - | - | 118,115 | 9,162 | 2,363 |
| Professional fees | - | - | - | 72,350 | 96,059 | 103,158 | - | - | - | 72,350 | 96,059 | 103,158 |
| Repairs and maintenance | - | 2,463 | - | 275,283 | 100,866 | 27,305 | (2,463) | - | - | 275,283 | 98,403 | 27,305 |
| Telephone and utilities | - | - | 5,614 | 69,627 | 80,920 | 68,422 | - | - | (5,614) | 69,627 | 80,920 | 62,808 |
| Travel and accommodations | - | - | 644 | 96,267 | 105,085 | 175,750 | - | - | (644) | 96,267 | 105,085 | 175,106 |
| Wages and benefits | - | 47 | 55 | 1,460,552 | 1,443,514 | 1,100,686 | (47) | (55) | (47) | 1,460,552 | 1,443,467 | 1,100,631 |
| Workshops, meetings and training | - | - | 955 | 108,300 | 73,208 | 110,549 | - | - | (955) | 108,300 | 73,208 | 109,594 |
| Loss from investments in government business entities | - | - | - | - | 683,524 | 537,376 | - | 25,064 | 213,878 | - | 708,588 | 751,254 |
| Other | - | - | - | 459,841 | 730,645 | 519,727 | - | - | (65,092) | 459,841 | 730,645 | 454,635 |
| TOTAL EXPENDITURE | 18,249 | 21,324 | 1,294,965 | 7,648,036 | 5,228,383 | 5,172,472 | (18,249) | 679,035 | (294,921) | 7,629,787 | 5,907,418 | 4,877,551 |
| ANNUAL (DEFICIT) SURPLUS | \$ - | \$ (3,075) | \$ (1,291,890) | \$ 55,744 | \$ 2,346,732 | \$ 5,522,668 | \$ 18,249 | \$ 129,894 | \$ 294,921 | \$ 73,993 | \$ 2,476,626 | \$ 7,656,919 |

| | Besikoh Fuel Limited Partnership | Nazko Economic Development Corp. | Nazko Logging Limited Partnership | Nazko Silviculture LLP | Ndazkhot'en Forest Management Ltd. | Ndazkhot'en Holdings Ltd. | Ndazkhot'en Properties Ltd. | Three Nations Store and Lodge Limited Liability Partnership | Total 2021 |
|---|--|--|---|------------------------------|--|---------------------------------|-----------------------------------|---|---------------------|
| Assets | | | | | | | | | |
| Financial assets | \$ 589 | \$ 4,842 | \$ 4,357 | \$ 62,432 | \$ 338,813 | \$ 16,068 | \$ - | \$ 33,572 | \$ 460,673 |
| Tangible capital assets | - | 1,959 | 190,915 | 141,955 | - | 336,161 | 147,763 | 445,360 | 1,264,113 |
| Other assets | - | 787,085 | - | 928 | - | - | - | 3,085 | 791,098 |
| Total Assets | \$ 589 | \$ 793,886 | \$ 195,272 | \$ 205,315 | \$ 338,813 | \$ 352,229 | \$ 147,763 | \$ 482,017 | \$ 2,515,884 |
| Liabilities | | | | | | | | | |
| Debt | \$ 3,971 | \$ 3,815,671 | \$ 132,793 | \$ 13,421 | \$ 5,301 | \$ 17,720 | \$ 1,623 | \$ 26,035 | \$ 4,016,535 |
| Contributed surplus | - | - | - | - | 330,725 | - | - | - | 330,725 |
| (Deficit) Equity | (3,382) | (3,345,340) | 62,479 | 247,121 | (1,613) | (47,142) | (40,803) | 455,982 | (2,672,698) |
| Total liabilities and equity | \$ 589 | \$ 470,331 | \$ 195,272 | \$ 260,542 | \$ 334,413 | \$ (29,422) | \$ 73,233 | \$ 482,017 | \$ 1,786,975 |
| External related party loans | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Inter-entity loans | - | (323,555) | - | 55,227 | - | 24,069 | - | - | (244,259) |
| Nazko First Nation advances | - | - | - | - | (4,400) | (405,720) | (74,530) | - | (484,650) |
| Related party loans | \$ - | \$ (323,555) | \$ - | \$ 55,227 | \$ (4,400) | \$ (381,651) | \$ (74,530) | \$ - | \$ (728,909) |
| Revenue | \$ 85,970 | \$ (1,952,329) | \$ 1,197,331 | \$ 374,253 | \$ 6,074 | \$ 360,661 | \$ 1,278 | \$ 433,976 | \$ 507,214 |
| Expenses | | | | | | | | | |
| Amortization | 10,454 | 789 | - | 60,591 | - | 10,975 | - | 26,738 | 109,547 |
| Interest and bank charges | 3,442 | 17,567 | 73,469 | 251 | 72 | 1,844 | - | 3,920 | 100,565 |
| Other expenses | 5,512 | 135,385 | 371,187 | 228,392 | 6,920 | 89,932 | 6,926 | 161,024 | 1,005,278 |
| Corporate income tax (recovery) | - | - | - | - | - | - | - | - | - |
| Total expenses | 19,408 | 153,741 | 444,656 | 289,234 | 6,992 | 102,751 | 6,926 | 191,682 | 1,215,390 |
| Net (loss) income | \$ 66,562 | \$ (2,106,070) | \$ 752,675 | \$ 85,019 | \$ (918) | \$ 257,910 | \$ (5,648) | \$ 242,294 | \$ (708,176) |
| Nazko Economic Development Corp., General partner | \$ 8 | \$ - | \$ 75 | \$ 85 | \$ - | \$ - | \$ - | \$ 241 | \$ 409 |
| Gain on disposal of tangible capital assets | - | - | 25,064 | - | - | - | - | - | 25,064 |
| Nazko First Nation, Limited partner | 66,554 | (2,106,070) | 752,600 | 84,934 | (918) | 257,910 | (5,648) | 242,053 | (708,585) |
| \$ 66,562 | \$ (2,106,070) | \$ 777,739 | \$ 85,019 | \$ (918) | \$ 257,910 | \$ (5,648) | \$ 242,294 | \$ (683,112) | |

**NAZKO FIRST NATION
TANGIBLE CAPITAL ASSETS
YEAR ENDED MARCH 31, 2021**

APPENDIX B

| | COST | | | | ACCUMULATED AMORTIZATION | | | | NET BOOK VALUE | |
|-----------------------------------|------------------------|------------------|-------------------|----------------------------|--------------------------|---------------------|-------------------|----------------------------|----------------------|--|
| | <u>Opening Balance</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balance End of Year</u> | <u>Opening Balance</u> | <u>Amortization</u> | <u>Disposals</u> | <u>Balance End of Year</u> | <u>2021</u> | |
| Computer equipment | \$ 222,201 | \$ - | \$ - | \$ 222,201 | \$ 181,491 | \$ 3,920 | \$ - | \$ 185,411 | \$ 36,790 | |
| Infrastructure | 14,034,772 | 94,845 | 1,857 | 14,127,760 | 4,635,053 | 510,918 | 1,506 | 5,144,465 | 8,983,295 | |
| Logging equipment | 1,661,105 | - | 396,951 | 1,264,154 | 1,249,151 | 41,306 | 119,466 | 1,170,991 | 93,163 | |
| Mobile and construction equipment | 2,720,063 | - | 60,600 | 2,659,463 | 1,468,850 | 133,290 | 52,235 | 1,549,905 | 1,109,558 | |
| Mobile homes | 624,528 | - | - | 624,528 | 464,438 | 9,605 | - | 474,043 | 150,485 | |
| Office equipment | 351,533 | - | - | 351,533 | 351,427 | 106 | - | 351,533 | - | |
| Recreational infrastructure | 302,623 | - | - | 302,623 | 226,947 | 7,568 | - | 234,515 | 68,108 | |
| Site improvements | 189,936 | - | - | 189,936 | 155,230 | 6,941 | - | 162,171 | 27,765 | |
| Land | 255,315 | - | - | 255,315 | - | - | - | - | 255,315 | |
| | \$ 20,362,076 | \$ 94,845 | \$ 459,408 | \$ 19,997,513 | \$ 8,732,587 | \$ 713,654 | \$ 173,207 | \$ 9,273,034 | \$ 10,724,479 | |

| | COST | | | | ACCUMULATED AMORTIZATION | | | | NET BOOK VALUE | |
|-----------------------------------|------------------------|---------------------|---------------------|----------------------------|--------------------------|---------------------|---------------------|----------------------------|----------------------|--|
| | <u>Opening Balance</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balance End of Year</u> | <u>Opening Balance</u> | <u>Amortization</u> | <u>Disposals</u> | <u>Balance End of Year</u> | <u>2020</u> | |
| Computer equipment | \$ 222,201 | \$ - | \$ - | \$ 222,201 | \$ 176,344 | \$ 5,147 | \$ - | \$ 181,491 | \$ 40,710 | |
| Infrastructure | 12,833,715 | 1,385,402 | 184,345 | 14,034,772 | 4,223,818 | 411,235 | - | 4,635,053 | 9,399,719 | |
| Logging equipment | 3,925,471 | - | 2,264,366 | 1,661,105 | 2,925,046 | 176,505 | 1,852,400 | 1,249,151 | 411,954 | |
| Mobile and construction equipment | 2,693,836 | 307,442 | 281,215 | 2,720,063 | 1,319,234 | 149,616 | - | 1,468,850 | 1,251,213 | |
| Mobile homes | 624,528 | - | - | 624,528 | 454,219 | 10,219 | - | 464,438 | 160,090 | |
| Office equipment | 351,533 | - | - | 351,533 | 318,487 | 32,940 | - | 351,427 | 106 | |
| Recreational infrastructure | 302,623 | - | - | 302,623 | 218,538 | 8,409 | - | 226,947 | 75,676 | |
| Site improvements | 189,936 | - | - | 189,936 | 146,554 | 8,676 | - | 155,230 | 34,706 | |
| Land | 255,315 | - | - | 255,315 | - | - | - | - | 255,315 | |
| | \$ 21,399,158 | \$ 1,692,844 | \$ 2,729,926 | \$ 20,362,076 | \$ 9,782,240 | \$ 802,747 | \$ 1,852,400 | \$ 8,732,587 | \$ 11,629,489 | |