

EHATTESAHT/CHINEHKINT TRIBE

Consolidated Financial Statements

March 31, 2017

EHATTESAHT/CHINEHKINT TRIBE

March 31, 2017

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the Ehlettesah/Chinehkint Tribe and all the information in this report 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. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects, including the consolidated financial position of the Ehlettesah/Chinehkint Tribe and the results of its consolidated operations and its consolidated cash flows.

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

The Ehlettesah/Chinehkint Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Ehlettesah/Chinehkint Council meets 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. Chief and Council takes this information into consideration when approving the financial statements for issuance to the Members. In addition, Chief and Council also consider the engagement of the Ehlettesah/Chinehkint Tribe's external auditor.

The consolidated financial statements have been audited by Chan Nowosad Boates, Chartered Professional Accountants, in accordance with Canadian generally accepted auditing standards on behalf of the Members. Chan Nowosad Boates, Chartered Professional Accountants have full access to Chief and Council.

On behalf of Ehlettesah/Chinehkint Tribe:



Chief



Council

July 22, 2017



INDEPENDENT AUDITORS' REPORT

To: The Members of the
Ehattesaht/Chinehkint Tribe

We have audited the accompanying consolidated financial statements of Ehattesaht/Chinehkint Tribe which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations and accumulated surplus, expenditures, changes in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks 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.

Basis for Qualified Opinion

An audit has not been performed in all the Tribe's affiliated and consolidated entities. Accordingly, we were not able to determine any adjustments if necessary which might be required to the Investment in First Nation Affiliated Entities and the related Share of Earnings.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Ehattesaht/Chinehkint Tribe as at March 31, 2017, and its financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads "Chan Nowosad Boates". The signature is fluid and cursive, with "Chan Nowosad" on the first line and "Boates" on the second line, with a horizontal line extending from the end of "Boates".

Chartered Professional Accountants
Campbell River, BC

July 27, 2017

EHATTESAHT/CHINEHKINT TRIBE

Consolidated Statement of Financial Position

March 31, 2017

2017

2016

FINANCIAL ASSETS

	\$	\$
Cash and Cash Equivalents (Note 2)	2,448,487	2,007,944
Trust Funds Held by Federal Government (Note 3)	77,878	76,112
Accounts Receivable (Note 4)	351,515	296,641
Due from Government and Other Government		
Organizations (Note 5)	158,970	112,279
Investments in First Nation Affiliated Entities (Note 6)	5,670,167	5,016,706
Due from Related Entities (Note 7)	<u>616,851</u>	<u>631,626</u>
	<u>9,323,868</u>	<u>8,141,308</u>

LIABILITIES

Accounts Payable and Accrued Liabilities (Note 8)	179,419	258,625
Due to Government and Other Government		
Organizations (Note 9)	17,435	16,631
Deferred Revenue (Note 10)	27,340	8,768
Replacement Reserve (Note 11)	3,577	6,674
Operating Reserve (Note 11)	9,619	-
Long Term Debt (Note 12)	<u>2,088,777</u>	<u>2,147,437</u>
	<u>2,326,167</u>	<u>2,438,135</u>
NET FINANCIAL ASSETS	<u>6,997,701</u>	<u>5,703,173</u>

NON-FINANCIAL ASSETS

Prepaid Expenses	4,757	75,414
Tangible Capital Assets (Note 13)	3,232,617	3,333,469
Other Assets (Note 14)	64,048	64,048
	<u>3,301,422</u>	<u>3,472,931</u>

ACCUMULATED SURPLUS (**Note 15**)

10,299,123

Approved by:



Chief



Council

EHATTESAHT/CHINEHKINT TRIBE

Consolidated Statement of Operations and Accumulated Surplus

Year Ended March 31, 2017

	2017		2016
	Actual \$	Budget \$	\$
Revenue			
Federal Government Transfers for Operating	1,724,277	1,327,619	1,713,913
Federal Government Transfers for Capital	169,180	194,054	166,575
Provincial Government Transfers for Operating	248,628	100,000	125,984
Rent	142,655	156,720	155,345
Road Use	38,209	126,025	49,281
Fishing	82,288	44,153	81,518
Other Investment Income	1,150,341	424,079	214,648
Other	<u>210,154</u>	<u>42,000</u>	<u>175,511</u>
	3,765,732	2,414,650	2,682,775
Total Expenditures	<u>2,642,713</u>	<u>2,377,361</u>	<u>2,414,743</u>
Annual Surplus	1,123,019	<u>37,289</u>	268,032
Accumulated Surplus - Beginning of Year	<u>9,176,104</u>		<u>8,908,072</u>
Accumulated Surplus - End of Year	<u>10,299,123</u>		<u>9,176,104</u>

EHATTESAHT/CHINEHKINT TRIBE

Consolidation Statement of Expenditures

Year Ended March 31, 2017

Expenditures

	2017	2016
	Actual \$	Budget \$
Band Management	431,513	434,099
Operation and Maintenance	29,015	29,997
Education	58,985	65,962
CHR and Youth Recreation	269,928	303,326
Social Housing	58,287	125,960
Governance	284,394	281,363
Indian Residential School Project	-	202,000
Emergency Preparedness	21,012	-
First Voices Language Content	250	250
Language Nest	-	12,272
BC Language Initiative	-	24,003
Professional and Institutional Development	30,705	-
Band Housing	236,999	154,680
Capital Residential	-	45,000
Capital Infrastructure	180,783	107,797
Addition to Reserves	8,144	10,641
Reclaiming Our Gifts	-	28,708
Comprehensive Community Plan	32,350	-
Social Development	216,170	201,524
Language Initiative	60,392	65,748
Aquaculture	49,691	310
Job Creation and Development	9,834	6,074
Enterprise - Fishing	39,004	7,550
T'aaq-wiihak	27,180	21,791
Nuu-chah-nulth Employment and Training Program	17,643	-
Fisheries	98,337	72,765
Treaty	17,955	14,803
Forestry Strategy	3,806	7,383
Band Revenue	314,070	129,578
First Nations and Inuit Youth Employment Strategy	61,518	-
Economic Development	-	3,350
Ehlettesah Fishing Corporation	-	10,979
Enterprise - Barr Creek Hydro	-	232
Community Garden	5,998	2,843
Enterprise - Queen's Cove	<u>78,750</u>	<u>-</u>
	<u>2,642,713</u>	<u>2,377,361</u>
	<u>2,642,713</u>	<u>2,414,743</u>

EHATTESAHT/CHINEHKINT TRIBE

Consolidated Statement of Changes in Net Financial Assets

Year Ended March 31, 2017

2017

2016

	\$	\$
Annual Surplus	<u>1,123,019</u>	<u>268,032</u>
Tangible Capital Assets Purchased	(273,403)	(170,522)
Amortization of Tangible Capital Assets	361,370	375,085
Loss on Disposal of Tangible Capital Asset	<u>12,886</u>	<u>-</u>
	<u>100,853</u>	<u>204,563</u>
Acquisition of Prepaid Asset	(20,560)	(164,530)
Use of Prepaid Asset	<u>91,216</u>	<u>123,855</u>
	<u>70,656</u>	<u>(40,675)</u>
Increase (Decrease) in Net Financial Assets	1,294,528	431,920
Net Financial Assets - Beginning of Year	<u>5,703,173</u>	<u>5,271,253</u>
Net Financial Assets - End of Year	<u>6,997,701</u>	<u>5,703,173</u>

EHATTESAHT/CHINEHKINT TRIBE

Consolidated Statement of Cash Flows

Year Ended March 31, 2017

2017

2016

	\$	\$
Cash Flows From Operating Activities:		
Cash Flows from Government and Other Sources	3,680,973	2,728,328
Cash Paid to Suppliers and Employees	<u>(2,269,681)</u>	<u>(1,933,411)</u>
	<u>1,411,292</u>	<u>794,917</u>
Cash Flows From Capital Activities:		
Purchase of Tangible Capital Assets	<u>(273,403)</u>	<u>(170,522)</u>
Cash Flows From Investing Activities:		
Loans from Related Entities	14,775	480
Investment from First Nation Entities	<u>(653,461)</u>	<u>243,524</u>
	<u>(638,686)</u>	<u>244,004</u>
Cash Flows From Financing Activities:		
Repayment of Long Term Debt	<u>(58,660)</u>	<u>(103,539)</u>
Increase in Cash and Cash Equivalents	440,543	764,860
Cash and Cash Equivalents - Beginning of Year	2,007,944	1,243,084
Cash and Cash Equivalents - End of Year	2,448,487	2,007,944
Cash is Represented by:		
Cash on Hand and Held in Banks	<u>2,448,487</u>	<u>2,007,944</u>

EHATTESAHT/CHINEHKINT TRIBE

Notes to Consolidated Financial Statements

March 31, 2017

1. Significant Accounting Policies:

a) Basis of Accounting:

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 Canadian Institute of Chartered Accountants.

b) Basis of Consolidation:

The Ehlettesah/Chinehkint Tribe (the "Tribe") reporting entity includes the Ehlettesah/Chinehkint Tribe government and an organization that is controlled by the Tribe, Ehlettesah Fishing Corporation.

All controlled entities are consolidated on a line-by-line basis except for a commercial enterprise which meets the definition of a Government Business Enterprise, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Investments in the following entities are accounted for by the modified equity method and, as such, the accounting policies of these entities are not adjusted to conform with those of the Tribe:

Hayu Fishing Limited Partnership
Hayu Fishing Ltd.
Aat'uu Forestry Limited Partnership
Aat'uu Forestry Ltd.
0754140 BC Ltd.
Bar Creek Ltd.
0881643 BC Ltd.
Zeballos Lake Hydro Limited Partnership

c) Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services and may be consumed in normal operations. Non-financial assets include tangible capital assets, property under development, and prepaid expenses. Intangible assets, and items inherited by right of the First Nation, are not recognized in the consolidated financial statements.

d) 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. Amortization is provided for using the following rates and methods:

Subdivision Costs	20yr	straight line
Infrastructure	10yr	straight line
Capital Housing	20yr	straight line
Equipment	5yr	straight line
Vehicles	30%	declining balance
Fishing Equipment	15-20%	declining balance and straight line
Social Housing Houses	25yr	straight line

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Tribe's ability to provide goods and services, or when the value of future economic benefits associated with the assets are less than their net book value. The net writedowns are accounted for as expenses in the consolidated statement of operations.

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Notes to Consolidated Financial Statements

March 31, 2017

1. Significant Accounting Policies (continued):

e) Other Assets:

Other assets consist of fishing licences which are no longer being amortized as the licences are considered to have an unlimited useful life.

f) Revenue Recognition:

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to any obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is 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.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

g) Investment in Government Business Enterprise:

The Tribe accounts for their investment in a controlled government business enterprise using the modified equity method.

Under the modified equity method of accounting, only the Tribe's investment in the business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of the Tribe, except that any other comprehensive income of the business enterprise is accounted for as an adjustment to the accumulated surplus or deficit. Inter-organizational transactions and balances are not eliminated.

h) Measurement Uncertainty:

In preparing the consolidated financial statements for the Tribe, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent liabilities, at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

2. Cash and Cash Equivalents:

Under the terms of an agreement with Canada Mortgage and Housing Corporation (CMHC), the Tribe must set aside funds annually for the repair, maintenance and replacement of worn out assets.

These funds, along with accumulated interest, must be held in separate bank accounts, with each agreement with CMHC requiring its own bank account. The funds are to be 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 for CMHC approved expenditures.

The Tribe is also required to maintain a separate bank account for the operating surplus resulting from the operation of the programs under the agreement, known as the operating reserve.

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Notes to Consolidated Financial Statements

March 31, 2017

3. Trust Funds Held by Federal Government:

	2016 \$	Additions \$	Withdrawals \$	2017 \$
Revenue	68,786	1,766	-	70,552
Capital	<u>7,326</u>	<u>-</u>	<u>-</u>	<u>7,326</u>
	<u>76,112</u>	<u>1,766</u>	<u>-</u>	<u>77,878</u>

The trust funds arise from monies derived 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. The management of these funds is primarily governed by Sections 63 to 69 of the *Indian Act*.

4. Accounts Receivable:

	2017 \$	2016 \$
Miscellaneous	79,208	135,371
Band Members	487,109	305,862
Social Housing Rents	<u>3,665</u>	<u>93,448</u>
	<u>569,982</u>	<u>534,681</u>
Less: Allowance for Doubtful Accounts	<u>(218,467)</u>	<u>(238,040)</u>
	<u>351,515</u>	<u>296,641</u>

5. Due from Government and Other Government Organizations:

	2017 \$	2016 \$
Federal Government		
Nuu-chah-nulth Tribal Council	141,653	97,156
Sales Taxes Recoverable	14,389	12,270
Canada Mortgage and Housing Corporation	<u>2,928</u>	<u>2,853</u>
	<u>158,970</u>	<u>112,279</u>

EHATTESAHT/CHINEHKINT TRIBE

Notes to Consolidated Financial Statements

March 31, 2017

6. Investments in First Nation Affiliated Entities:

	<u>2017</u> \$	<u>2016</u> \$
Zeballos Lake Hydro Limited Partnership		
2 Units (2%)	1	1
Ehlettesah Fishing Corporation		
Shares (100%)	1	1
0881643 BC Ltd.		
Shares (100%)	1	1
Aat'uu Forestry Ltd.		
Shares (100%)	1	1
0754140 BC Ltd.		
Shares (100%)	1	1
Barr Creek Hydro Ltd.		
Shares (20%)	88	88
Hayu Fishing Ltd.		
Shares (25%)	1	1
Hayu Fishing Limited Partnership		
2,500 Units (25%)	1	1
Advances	(28,914)	(12,764)
Accumulated share of Earnings	<u>624,491</u>	<u>276,610</u>
	<u>595,578</u>	<u>263,847</u>
Aat'uu Forestry Limited Partnership		
999 Units (99%)	99	99
Advances	(3,194,083)	(2,778,100)
Accumulated share of Earnings	<u>8,268,479</u>	<u>7,530,766</u>
	<u>5,074,495</u>	<u>4,752,765</u>
Total		
Shares	194	194
Advances	(3,222,997)	(2,790,864)
Accumulated share of Earnings	<u>8,892,970</u>	<u>7,807,376</u>
	<u>5,670,167</u>	<u>5,016,706</u>

The company shares are held in trust for the Tribe members by Trustees appointed by the Council. The units of Aat'uu Forestry Limited Partnership are held in trust for the Tribe by 0754140 BC Ltd. The units of Hayu Fishing Limited Partnership and Zeballos Lake Hydro Limited Partnership are owned directly by the Tribe.

The advances made are without interest or specific repayment terms.

EHATTESAHT/CHINEHKINT TRIBE

Notes to Consolidated Financial Statements

March 31, 2017

6. Investments in First Nation Affiliated Entities (continued):

Financial information for the First Nation Affiliated Entities is presented in the following table. 0881643 BC Ltd., Aat'uu Forestry Ltd., 0754140 BC Ltd. and Aat'uu Forestry Limited Partnership financial information is from financial statements prepared for the year ending March 31, 2017 with comparative figures for the year ending March 31, 2016. These financial statements were unaudited.

Financial information for Barr Creek Hydro Ltd. is from financial statements prepared for the year ending June 30, 2016 with comparative figures for the year ending June 30, 2015. These financial statements were unaudited.

Financial information for Hayu Fishing Ltd., and Hayu Fishing Limited Partnership is from financial statements prepared for the year ending December 31, 2016 with comparative figures for the year ending December 31, 2015. The financial statements for Hayu Fishing Ltd. were unaudited and the financial statements for Hayu Fishing Limited Partnership were audited.

Financial information for Zeballos Lake Hydro Limited Partnership is from financial statements prepared for the year ending December 31, 2016 with comparative figures for the 15 months ending December 31, 2015. These financial statements were audited.

	0881643 BC Ltd.	Aat'uu Forestry Ltd.	0754140 BC Ltd.	Aat'uu Forestry LP	Barr Creek Hydro Ltd.	Hayu Fishing Ltd.	Hayu Fishing LP	Zeballos Lake Hydro LP	TOTAL 2017	TOTAL 2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash	2,798	-	-	1,034,805	15,895	-	439,989	755,000	2,248,487	650,059
Accounts Receivable	-	-	-	298,142	45	-	573,960	725,000	1,597,147	1,057,710
Inventory	-	-	-	891,101	-	-	-	-	891,101	1,156,887
Tangible Capital Assets	-	-	-	291,033	-	-	110,411	52,811,000	53,212,444	54,882,192
Other Assets	636,284	8,275	1	3,753,689	-	303	1,303,515	3,042,000	8,744,067	8,094,607
Total Assets	639,082	8,275	1	6,268,770	15,940	303	2,427,875	57,333,000	66,693,246	65,841,455
Accounts Payable	-	-	-	669,381	510	1,001	15,103	1,112,000	1,797,995	744,419
Long-term Debt	-	-	-	-	15,000	-	-	27,137,000	27,152,000	28,568,000
Other Liabilities	609,834	10,722	-	515,436	-	4,262	29,895	-	1,170,149	1,173,080
Total Liabilities	609,834	10,722	-	1,184,817	15,510	5,263	44,998	28,249,000	30,120,144	30,485,499
Equity	29,248	(2,447)	1	5,083,953	430	(4,960)	2,382,877	29,084,000	36,573,102	35,355,956
Total Liabilities and Equity	639,082	8,275	1	6,268,770	15,940	303	2,427,875	57,333,000	66,693,246	65,841,455
Revenues	(8,075)	738	-	8,667,576	-	142	1,554,910	4,430,000	14,645,291	14,918,105
Expenses	1,935	1,440	-	7,929,125	-	999	163,245	4,850,000	12,946,744	15,260,043
Net Income (Loss)	(10,010)	(702)	-	738,451	-	(857)	1,391,665	(420,000)	1,698,547	(341,938)

7. Due from (to) Related Entities:

	2017	2016
	\$	\$
Aat'uu Forestry Limited Partnership	-	-
Aat'uu Forestry Ltd.	293	293
Zeballos Lake Hydro Limited Partnership	6,725	-
0754140 BC Ltd.	(1)	(1)
0881643 BC Ltd.	609,834	631,334
	616,851	631,626

Amounts due from (to) related entities have no set terms of repayment or stated interest rate.

EHATTESAHT/CHINEHKINT TRIBE

Notes to Consolidated Financial Statements

March 31, 2017

8. Accounts Payable and Accrued Liabilities:

	<u>2017</u> \$	<u>2016</u> \$
Trade Payables	149,887	233,801
Accrued Salaries and Benefits Payable	29,532	24,824
	<u>179,419</u>	<u>258,625</u>

9. Due to Government and Other Government Organizations:

	<u>2017</u> \$	<u>2016</u> \$
Federal Government	15,676	15,768
Other Government Organizations	1,759	863
	<u>17,435</u>	<u>16,631</u>

10. Deferred Revenue:

	<u>2016</u> \$	<u>Funding Received</u> \$	<u>Revenue Recognized</u> \$	<u>2017</u> \$
Federal Government				
Capital Projects	-	169,180	169,180	-
Other	6,518	1,761,421	1,724,277	25,090
	<u>6,518</u>	<u>1,930,601</u>	<u>1,893,457</u>	<u>25,090</u>
Provincial Government				
Other	2,250	248,628	248,628	2,250
Other				
Unearned fees	-	1,623,647	1,623,647	-
Total	8,768	3,802,876	3,765,732	27,340

11. Reserves:

Under the terms of agreement with CMHC, the Replacement Reserve account is to be credited in the amount of \$1,480 (2016 - \$6,860) and the Operating Reserve is to be credited in the amount of \$9,619. These funds, along with accumulated interest, must be held in separate bank accounts for each type of reserve. The funds are to be 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 Replacement Reserve account may only be used for CMHC approved expenditures. During the year, \$0 (2016 - \$3,327) in expenditures were paid from the Replacement Reserve. The funds in the Replacement Reserve account may only be used to fund future deficits. Withdrawals are credited to interest first and then principal.

EHATTESAHT/CHINEHKINT TRIBE

Notes to Consolidated Financial Statements

March 31, 2017

12. Long Term Debt:

	<u>2017</u>	<u>2016</u>
	\$	\$
Royal Bank of Canada: Repayable at \$5,567 per month including interest at 3.1% per annum; due July 1, 2016; secured by the Tribe	-	22,175
CMHC: Repayable at \$605 per month including interest at 1.77% per annum; due Nov 30, 2019; secured by the Tribe	134,637	140,465
Bank of Montreal - 6Plex Mortgage: Repayable at \$1,986 per month including interest at 3.5%; due August 31, 2017; secured by band council resolutions to \$400,000	333,997	346,239
Bank of Montreal - 4Plex Mortgage: Repayable at \$2,840 per month including interest at 4.35%; due on demand; secured by the Tribe	476,474	490,272
Bank of Montreal - Photocopier Loan: Repayable at \$786 per month including interest at 4.35%; due on demand; guaranteed by the Tribe	-	4,617
Nuu-chah-nulth Tribal Council (BC Treaty Commission): Interest free loan until it becomes due and payable. Once the loan is due and payable, interest will be charged at a rate equal to that charged by the Consolidated Revenue Fund to provincial crown corporations.		
Loan becomes due and payable on the earlier of: a) Seven years from date of signing of an Agreement-in-Principle b) The date of signing a Treaty c) The date the loan agreement is terminated	<u>1,143,669</u>	<u>1,143,669</u>
Total Long Term Debt	<u>2,088,777</u>	<u>2,147,437</u>

Interest expense on long term debt for the year ended March 31, 2017 is \$33,308 (2016 - \$37,897).

Scheduled principal repayments for the next five years is estimated as follows:

	\$
2018	1,175,571
2019	33,042
2020	153,834
2021	30,263
2022	31,444
Thereafter	664,624

EHATTESAHT/CHINEHKINT TRIBE

Notes to Consolidated Financial Statements

March 31, 2017

13. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening	Additions	Disposals	Closing	Opening	Amort	Disposals	Closing	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Capital:										
Subdivision	990,347	-	-	990,347	786,477	11,810	-	798,287	192,060	203,870
Infrastructure	2,035,892	94,706	6,396	2,124,202	880,588	131,159	-	1,011,747	1,112,455	1,155,304
Band Housing	1,965,983	1,211,479	-	3,177,461	500,289	94,182	(1,083,469)	1,677,940	1,499,521	1,465,694
Office Equip	88,802	11,555	-	100,357	75,806	8,060	-	83,866	16,491	12,996
General Equip	44,959	38,672	-	83,631	44,959	7,734	-	52,693	30,938	-
Fisheries Equip	64,542	23,369	18,948	68,964	37,581	3,865	6,064	35,382	33,582	26,961
Vehicles	267,984	111,495	-	379,479	120,593	97,119	-	217,712	161,767	147,391
	<u>5,458,509</u>	<u>1,491,276</u>	<u>25,344</u>	<u>6,924,441</u>	<u>2,446,293</u>	<u>353,929</u>	<u>(1,077,405)</u>	<u>3,877,627</u>	<u>3,046,814</u>	<u>3,012,216</u>
Social Housing:										
Land	150,000	-	128,010	21,990	-	-	-	-	21,990	150,000
Housing	1,269,592	<u>-</u>	1,083,469	186,123	1,098,339	7,440	1,083,469	22,310	163,813	171,253
	<u>1,419,592</u>	<u>-</u>	<u>1,211,479</u>	<u>208,113</u>	<u>1,098,339</u>	<u>7,440</u>	<u>1,083,469</u>	<u>22,310</u>	<u>185,803</u>	<u>321,253</u>
Total	<u>6,878,101</u>	<u>1,491,276</u>	<u>1,236,823</u>	<u>7,132,554</u>	<u>3,544,632</u>	<u>361,369</u>	<u>6,064</u>	<u>3,899,937</u>	<u>3,232,617</u>	<u>3,333,469</u>

Note that during the year the loan associated with Units 1-10 for Social Housing was paid off and the CMHC subsidy ceased; accordingly, the land and building for Units 1-10 were reallocated from Social Housing to Band Housing. This resulted in a disposal of \$128,010 in land and \$1,083,469 in buildings of Social Housings that was added to the Band Housing tangible capital assets. This also resulted \$1,083,469 in accumulated amortization on the building to be reallocated from Social Housing to Band Housing during the year.

14. Other Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening	Additions	Disposals	Closing	Opening	Amort	Disposals	Closing	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fishing Licences	507,163	<u>-</u>	<u>-</u>	<u>507,163</u>	443,115	<u>-</u>	<u>-</u>	<u>443,115</u>	64,048	<u>64,048</u>

15. Accumulated Surplus:

		2017	2016
		\$	\$
Internally Restricted			
Equity in Tangible Capital Assets		2,194,208	2,254,454
Externally Restricted			
Equity in Ottawa Trust		77,878	76,112
Investment in Treaty		(1,444,459)	(1,426,494)
Unrestricted			
Operating Surplus		<u>9,471,496</u>	<u>8,272,032</u>
Total Surplus		<u>10,299,123</u>	<u>9,176,104</u>

EHATTESAHT/CHINEHKINT TRIBE

Notes to Consolidated Financial Statements

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16. Commitments:

The Tribe holds six foreshore licences for the oyster project with terms of twenty years each beginning in 2001. Under the foreshore licence agreements, licence fees charged on the oyster leases can increase from year to year. Future minimum payment for the next five years is \$4,455 each year.

17. Federal Assistance Payments:

The Ehattesaht/Chinehkint Tribe Social Housing Project has received federal assistance through CMHC pursuant to Section 56.1 of the National Housing Act to enable the project to provide housing to low income individuals. The amount of assistance received in 2017 was \$12,984 (2016 - \$34,233).

18. Budget Figures:

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Tribe and have not been audited.

19. Employee Future Benefits:

The Tribe matches employee contributions to a defined contribution plan, which is administered by London Life. The total pension expense, representing employer contributions to the plan for the year was \$4,452 (2016 - \$3,388).