

EHATTESAHT/CHINEHKINT TRIBE
Consolidated Financial Statements
March 31, 2018



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, 2018, 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, 2018, and its financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chan Nowosad Boates Inc.

Chartered Professional Accountants
Campbell River, BC

July 30, 2018

EHATTESAHT/CHINEHKINT TRIBE

Consolidated Statement of Financial Position

March 31, 2018

2018

2017

(Note 19)

\$

\$

FINANCIAL ASSETS

Cash and Cash Equivalents (Note 2)	3,245,441	2,448,487
Trust Funds Held by Federal Government (Note 3)	81,599	77,878
Accounts Receivable (Note 4)	171,598	351,515
Due from Government and Other Government Organizations (Note 5)	138,004	158,970
Investments in First Nation Affiliated Entities (Note 6)	6,794,241	5,670,167
Due from Related Entities (Note 7)	632,466	616,851
	<u>11,063,349</u>	<u>9,323,868</u>

LIABILITIES

Accounts Payable and Accrued Liabilities (Note 8)	257,664	179,419
Due to Government and Other Government Organizations (Note 9)	15,928	17,435
Deferred Revenue (Note 10)	8,768	27,340
Replacement Reserve (Note 11)	5,057	3,577
Operating Reserve (Note 11)	9,042	8,480
Long Term Debt (Note 12)	2,054,445	2,088,777
	<u>2,350,904</u>	<u>2,325,028</u>

NET FINANCIAL ASSETS

8,712,445 6,998,840

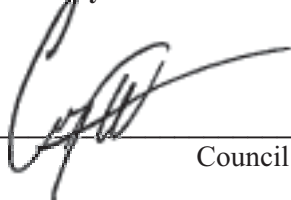
NON-FINANCIAL ASSETS

Prepaid Expenses	-	4,757
Tangible Capital Assets (Note 13)	3,246,209	3,232,617
	<u>3,246,209</u>	<u>3,237,374</u>

ACCUMULATED SURPLUS (Note 14)

11,958,654 10,236,214

Approved by:



Council



Council

EHATTESAHT/CHINEHKINT TRIBE

Consolidated Statement of Operations and Accumulated Surplus

Year Ended March 31, 2018

	2018		2017
	Actual	Budget	
	\$	\$	\$
			(Note 19)
Revenue			
Federal Government Transfers for Operating	1,830,146	1,606,094	1,724,277
Federal Government Transfers for Capital	172,073	197,357	169,180
Provincial Government Transfers for Operating	118,228	118,228	248,628
Rent	124,440	134,640	142,655
Road Use	51,918	159,000	38,209
Fishing	41,255	44,153	82,288
Other Investment Income	1,637,987	423,966	1,150,341
Other	<u>216,432</u>	<u>64,536</u>	<u>210,154</u>
	4,192,479	2,747,974	3,765,732
Total Expenditures	<u>2,470,039</u>	<u>2,787,918</u>	<u>2,641,574</u>
Annual Surplus (Deficit)	<u>1,722,440</u>	<u>(39,944)</u>	<u>1,124,158</u>
Accumulated Surplus - Beginning of Year as Previously Stated	10,299,123		9,176,104
Prior Period Adjustment (Note 19)	<u>(62,909)</u>		<u>(64,048)</u>
Accumulated Surplus - Beginning of Year as Restated	<u>10,236,214</u>		<u>9,112,056</u>
Accumulated Surplus - End of Year	<u>11,958,654</u>		<u>10,236,214</u>

EHATTESAHT/CHINEHKINT TRIBE

Consolidation Statement of Expenditures

Year Ended March 31, 2018

	2018		2017
	Actual \$	Budget \$	
			(Note 19)
Expenditures			
Band Management	419,859	549,550	431,513
Operation and Maintenance	42,265	61,400	29,015
Education	79,925	86,698	58,985
CHR and Youth Recreation	284,074	377,773	269,928
Social Housing	18,880	15,334	57,148
Governance	233,056	313,013	284,394
Emergency Preparedness	21,821	-	21,012
First Voices Language Content	57,573	-	250
BC Language Initiative	23,678	-	-
Band Housing	230,111	128,040	236,999
Capital Residential	24,529	70,935	-
Capital Infrastructure	79,662	326,422	180,783
Addition to Reserves	7,558	9,500	8,144
Aboriginal Health Program	11,935	12,936	-
First Nations and Inuit Youth Employment Strategy	550	-	61,518
Professional and Institutional Development	6,200	-	30,705
Social Development	202,328	201,084	216,170
Language Initiative	52,612	105,000	60,392
BC Capacity Initiative	77,951	-	-
Nuu-chah-nulth Employment and Training Program	17,128	-	17,643
Aquaculture	-	-	49,691
Job Creation and Development	6,962	6,500	9,834
Enterprise - Fishing	36,532	61,153	25,079
Ehattesaht Fishing Corporation	112,913	-	13,925
T'aaq-wiihak	29,515	37,340	27,180
Comprehensive Community Plan	18,572	-	32,350
Fisheries	27,600	61,453	98,337
Treaty	13,125	30,645	17,955
Forestry Strategy	14,187	70,000	3,806
Band Revenue	237,030	246,942	314,070
Economic Development	-	3,350	-
Enterprise - Zeballos Lake Hydro	-	300	-
Community Garden	3,158	12,550	5,998
Enterprise - Queen's Cove	78,750	-	78,750
	<u>2,470,039</u>	<u>2,787,918</u>	<u>2,641,574</u>

EHATTESAHT/CHINEHKINT TRIBE

Consolidated Statement of Changes in Net Financial Assets

Year Ended March 31, 2018

2018

2017

(Note 19)

	\$	\$
Annual Surplus	<u>1,722,440</u>	<u>1,124,158</u>
Purchase of Tangible Capital Assets	(381,543)	(273,403)
Amortization of Tangible Capital Assets	346,333	361,370
Proceeds on Sale of Tangible Capital Assets	17,986	-
Loss on Disposal of Tangible Capital Asset	<u>3,632</u>	<u>12,886</u>
	<u>(13,592)</u>	<u>100,853</u>
Acquisition of Prepaid Asset	-	(20,560)
Use of Prepaid Asset	<u>4,757</u>	<u>91,216</u>
	<u>4,757</u>	<u>70,656</u>
Increase in Net Financial Assets	1,713,605	1,295,667
Net Financial Assets - Beginning of Year	<u>6,998,840</u>	<u>5,703,173</u>
Net Financial Assets - End of Year	<u><u>8,712,445</u></u>	<u><u>6,998,840</u></u>

EHATTESAHT/CHINEHKINT TRIBE

Consolidated Statement of Cash Flows

Year Ended March 31, 2018

	2018	2017
	\$	\$
Cash Flows From Operating Activities:		
Cash Flows from Government and Other Sources	4,371,069	3,680,973
Cash Paid to Suppliers and Employees	<u>(2,036,536)</u>	<u>(2,269,681)</u>
	<u>2,334,533</u>	<u>1,411,292</u>
Cash Flows From Capital Activities:		
Purchase of Tangible Capital Assets	(381,543)	(273,403)
Proceeds on Sale of Tangible Capital Assets	<u>17,986</u>	<u>-</u>
	<u>(363,557)</u>	<u>(273,403)</u>
Cash Flows From Investing Activities:		
Loans from Related Entities	(15,615)	14,775
Investment from First Nation Entities	<u>(1,124,074)</u>	<u>(653,461)</u>
	<u>(1,139,689)</u>	<u>(638,686)</u>
Cash Flows From Financing Activities:		
Repayment of Long Term Debt	<u>(34,333)</u>	<u>(58,660)</u>
Increase in Cash and Cash Equivalents	796,954	440,543
Cash and Cash Equivalents - Beginning of Year	<u>2,448,487</u>	<u>2,007,944</u>
Cash and Cash Equivalents - End of Year	<u>3,245,441</u>	<u>2,448,487</u>

EHATTESAHT/CHINEHKINT TRIBE

Notes to Consolidated Financial Statements

March 31, 2018

1. Significant Accounting Policies:

a) Basis of Accounting:

These consolidated financial statements are the representations of management and have been prepared in accordance with Canadian public sector accounting standards.

b) Basis of Consolidation:

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

EHATTESAHT/CHINEHKINT TRIBE

Notes to Consolidated Financial Statements

March 31, 2018

1. Significant Accounting Policies (continued):

e) 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.

f) 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.

g) 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. Significant estimates include the allowance for doubtful accounts and the estimated useful lives of tangible capital assets. 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 the 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 program under the agreement, known as the operating reserve.

EHATTESAHT/CHINEHKINT TRIBE

Notes to Consolidated Financial Statements

March 31, 2018

3. Trust Funds Held by Federal Government:

	2017 \$	Additions \$	Withdrawals \$	2018 \$
Revenue	70,552	3,721	-	74,273
Capital	7,326	-	-	7,326
	<u>77,878</u>	<u>3,721</u>	<u>-</u>	<u>81,599</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:

	2018 \$	2017 \$
Trade Receivables	47,703	79,208
Band Members	237,934	227,809
Aat'uu Forestry Limited Partnership	80,100	259,300
Social Housing Rents	304	3,665
	<u>366,041</u>	<u>569,982</u>
Less: Allowance for Doubtful Accounts	<u>(194,443)</u>	<u>(218,467)</u>
	<u>171,598</u>	<u>351,515</u>

5. Due from Government and Other Government Organizations:

	2018 \$	2017 \$
Federal Government		
Nuu-chah-nulth Tribal Council	116,916	141,653
Sales Taxes Recoverable	20,360	14,389
Canada Mortgage and Housing Corporation	728	2,928
	<u>138,004</u>	<u>158,970</u>

EHATTESAHT/CHINEHKINT TRIBE

Notes to Consolidated Financial Statements

March 31, 2018

6. Investments in First Nation Affiliated Entities:

	<u>2018</u> \$	<u>2017</u> \$
Zeballos Lake Hydro Limited Partnership		
2 Units (2%)	1	1
Ehattesaht 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	(48,914)	(28,914)
Accumulated share of Earnings	<u>863,708</u>	<u>624,491</u>
	<u>814,795</u>	<u>595,578</u>
Aat'uu Forestry Limited Partnership		
999 Units (99%)	99	99
Advances	(3,611,487)	(3,194,083)
Accumulated share of Earnings	<u>9,590,740</u>	<u>8,268,479</u>
	<u>5,979,352</u>	<u>5,074,495</u>
Total		
Shares	194	194
Advances	(3,660,401)	(3,222,997)
Accumulated share of Earnings	<u>10,454,448</u>	<u>8,892,970</u>
	<u>6,794,241</u>	<u>5,670,167</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, 2018

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, 2018 with comparative figures for the year ending March 31, 2017. These financial statements were unaudited.

Financial information for Barr Creek Hydro Ltd. is from financial statements prepared for the year ending June 30, 2017 with comparative figures for the year ending June 30, 2016. 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, 2017 with comparative figures for the year ending December 31, 2016. 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, 2017 with comparative figures for the year ending December 31, 2016. 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	
	\$	\$	\$	\$	\$	\$	\$	\$	2018	2017
Cash	44,377	-	-	2,302,280	15,887	-	738,491	298,000	3,399,035	2,275,650
Funds Held in Escrow	-	-	-	-	-	-	-	3,078,000	3,078,000	2,949,000
Accounts Receivable	-	-	-	507,975	840	-	702,057	885,000	2,095,872	1,597,147
Prepays and Deposits	-	-	-	84,750	-	-	-	-	84,750	373,348
Inventory	-	-	-	943,546	-	-	-	-	943,546	891,101
Due from Related Parties	-	-	-	11,287	-	-	5,732	-	17,019	14,749
Tangible Capital Assets	-	-	-	256,693	-	-	75,692	51,182,000	51,514,385	53,212,444
Investments	559,610	9,599	1	-	-	348	-	-	569,558	644,863
Intangible Assets	-	-	-	3,372,404	-	-	1,768,540	-	5,140,944	4,641,944
Other Assets	-	-	-	-	-	-	-	90,000	90,000	93,000
Total Assets	603,987	9,599	1	7,478,935	16,727	348	3,290,512	55,533,000	66,933,109	66,693,246
Accounts Payable	-	-	-	191,437	1,297	1,000	24,926	1,360,000	1,578,660	1,797,995
Deferred Revenue	-	-	-	689,222	-	-	5,744	-	694,966	29,895
Long-term Debt	-	-	-	-	15,000	-	-	25,654,000	25,669,000	27,152,000
Silviculture Payable	-	-	-	608,138	-	-	-	-	608,138	515,436
Due to Related Parties	628,834	11,521	-	-	-	5,732	-	-	646,087	624,818
Total Liabilities	628,834	11,521	-	1,488,797	16,297	6,732	30,670	27,014,000	29,196,851	30,120,144
Equity	(24,847)	(1,922)	1	5,990,138	430	(6,384)	3,259,842	28,519,000	37,736,258	36,573,102
Total Liabilities and Equity	603,987	9,599	1	7,478,935	16,727	348	3,290,512	55,533,000	66,933,109	66,693,246
Revenues	(52,674)	1,324	-	8,017,400	-	96	1,155,200	4,123,000	13,244,346	14,645,291
Expenses	1,421	800	-	6,693,815	-	1,520	198,237	4,688,000	11,583,793	12,946,744
Net Income (Loss)	(54,095)	524	-	1,323,585	-	(1,424)	956,963	(565,000)	1,660,553	1,698,547

EHATTESAHT/CHINEHKINT TRIBE

Notes to Consolidated Financial Statements

March 31, 2018

7. Due from (to) Related Entities:

	<u>2018</u>	<u>2017</u>
	\$	\$
Aat'uun Forestry Limited Partnership	-	-
Aat'uun Forestry Ltd.	293	293
Zeballos Lake Hydro Limited Partnership	3,340	6,725
0754140 BC Ltd.	(1)	(1)
0881643 BC Ltd.	<u>628,834</u>	<u>609,834</u>
	<u>632,466</u>	<u>616,851</u>

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

8. Accounts Payable and Accrued Liabilities:

	<u>2018</u>	<u>2017</u>
	\$	\$
Trade Payables	217,813	149,887
Accrued Salaries and Benefits Payable	<u>39,851</u>	<u>29,532</u>
	<u>257,664</u>	<u>179,419</u>

9. Due to Government and Other Government Organizations:

	<u>2018</u>	<u>2017</u>
	\$	\$
Federal Government	15,141	15,676
Other Government Organizations	<u>787</u>	<u>1,759</u>
	<u>15,928</u>	<u>17,435</u>

10. Deferred Revenue:

	<u>2018</u>	<u>2017</u>
	\$	\$
Federal Government		
Other	6,518	25,090
Provincial Government		
Aquaculture Grant	<u>2,250</u>	<u>2,250</u>
Total	<u>8,768</u>	<u>27,340</u>

EHATTESAHT/CHINEHKINT TRIBE

Notes to Consolidated Financial Statements

March 31, 2018

11. Reserves:

Under the terms of agreement with CMHC, the Replacement Reserve account is to be credited in the amount of \$1,480 (2017 - \$1,480) and the Operating Reserve is to be credited in the amount of \$562 (2017 - \$3,484). 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 Operating Reserve can be drawn on in the event of future deficits. The funds in the Replacement Reserve account may only be used for CMHC approved expenditures. During the year, \$0 (2017 - \$0) 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.

12. Long Term Debt:

	<u>2018</u> \$	<u>2017</u> \$
CMHC:		
Repayable at \$605 per month including interest at 1.77% per annum; due Nov 30, 2019; secured by the Tribe	130,723	134,637
Bank of Montreal - 6Plex Mortgage: Repayable at \$1,986 per month including interest at 4.26%; due August 31, 2022; secured by band council resolutions to \$400,000	316,174	333,997
Bank of Montreal - 4Plex Mortgage: Repayable at \$2,840 per month including interest at prime plus 1.5%; due on demand; secured by the Tribe	463,879	476,474
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>2,054,445</u>	<u>2,088,777</u>

Interest expense on long term debt for the year ended March 31, 2018 is \$38,447 (2017 - \$33,308). Scheduled principal repayments for the next five years is estimated as follows:

	\$
2019	1,173,858
2020	31,415
2021	32,694
2022	34,028
2023	35,420
Thereafter	747,030

EHATTESAHT/CHINEHKINT TRIBE

Notes to Consolidated Financial Statements

March 31, 2018

13. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening	Additions	Disposals	Closing	Opening	Amort	Disposals	Closing	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Capital:										
Subdivision	990,347	-	-	990,347	798,287	11,640	-	809,927	180,420	192,060
Infrastructure	2,124,202	-	-	2,124,202	1,011,747	135,623	-	1,147,370	976,832	1,112,455
Band Housing	3,177,461	301,337	108,347	3,370,451	1,677,940	108,816	108,347	1,678,409	1,692,042	1,499,521
Office Equip	100,357	-	-	100,357	83,866	6,600	-	90,466	9,891	16,491
General Equip	83,631	13,618	-	97,249	52,693	8,911	-	61,604	35,645	30,938
Fisheries Equip	68,964	19,988	23,371	65,581	35,382	4,793	1,753	38,422	27,159	33,582
Vehicles	379,479	46,600	-	426,079	217,712	62,510	-	280,222	145,857	161,767
	<u>6,924,441</u>	<u>381,543</u>	<u>131,718</u>	<u>7,174,266</u>	<u>3,877,627</u>	<u>338,893</u>	<u>110,100</u>	<u>4,106,420</u>	<u>3,067,846</u>	<u>3,046,814</u>
Social Housing:										
Land	21,990	-	-	21,990	-	-	-	-	21,990	21,990
Housing	186,123	-	-	186,123	22,310	7,440	-	29,750	156,373	163,813
	<u>208,113</u>	<u>-</u>	<u>-</u>	<u>208,113</u>	<u>22,310</u>	<u>7,440</u>	<u>-</u>	<u>29,750</u>	<u>178,363</u>	<u>185,803</u>
Total	<u>7,132,554</u>	<u>381,543</u>	<u>131,718</u>	<u>7,382,379</u>	<u>3,899,937</u>	<u>346,333</u>	<u>110,100</u>	<u>4,136,170</u>	<u>3,246,209</u>	<u>3,232,617</u>

14. Accumulated Surplus:

	2018	2017
	\$	\$
Internally Restricted		
Equity in Tangible Capital Assets	2,139,474	2,194,208
Externally Restricted		
Equity in Ottawa Trust	81,599	77,878
Investment in Treaty	(1,457,584)	(1,444,459)
Unrestricted		
Operating Surplus (Note 19)	<u>11,195,165</u>	<u>9,408,587</u>
Total Surplus	<u>11,958,654</u>	<u>10,236,214</u>

15. 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.

16. 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 2018 was \$8,734 (2017 - \$12,984).

EHATTESAHT/CHINEHKINT TRIBE

Notes to Consolidated Financial Statements

March 31, 2018

17. 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.

18. 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 \$4,071 (2017 - \$4,452).

19. Prior Period Adjustment:

In prior years, management included the net book value of fishing licences on the consolidated statement of financial position. The fishing licences are by substance, intangible assets. Under Canadian Public Sector Accounting Standards, intangible assets are not recognized as assets in government financial statements and must be recognized in accumulated surplus. An adjustment to the prior period was made to bring other assets of \$64,048 into accumulated surplus.

The Tribe also recognized \$1,139 in additional expenses on the separate audited statements for the Social Housing department in the prior year. The result of this adjustment was a decrease to the Operating Reserve on the Consolidated Statement of Financial Position (\$9,619 to \$8,480). The effect on the Consolidated Statement of Expenditures was a decrease to net expenses for the Social Housing department (\$58,287 to \$57,148) due to the decrease in the Operating Reserve allocation.

The net effect of these adjustments was a decrease to prior year accumulated surplus from \$10,299,123 to \$10,236,214 (\$64,048 adjustment for the fishing licences less \$1,139 adjustment for Social Housing expenses).

20. Subsequent Event:

On April 30, 2018, Ehattesaht Fishing Corporation ("EFC") signed a share purchase agreement to purchase the shares of 637974 B.C. Ltd., which is the shareholder of Mid Island Ice & Packing Ltd. ("Mid Island").

The total purchase price was \$900,000. To finance this purchase the Tribe utilized \$680,000 of its own funds and received loans totalling \$195,000 from Nuu-Chah-Nulth Economic Development Corporation ("NEDC") as well as an equity match from NEDC for \$25,000.

Due to the shares being purchased by EFC, the Tribe signed a loan agreement with EFC on May 14, 2018 for the \$900,000 borrowed by EFC from the Tribe for the share purchase. The loan has a stated interest rate of 10% per annum. EFC also signed a promissory note for the \$900,000 due on demand to the Tribe.

21. Comparative Figures:

The comparative figures have been restated, where necessary, to conform with the current year's presentation.