

DITIDAHT FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

DITIDAHT FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS **MARCH 31, 2016**

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

MARCH 31, 2016

The accompanying consolidated financial statements of Ditidaht First Nation and all the information in this annual report for the year ended March 31, 2016 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 judgement. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Ditidaht First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Nation's assets are appropriately accounted for and adequately safeguarded.

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

The Council reviews the Nation's financial statements and recommends their approval. The 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 annual report, the consolidated financial statements and the external auditor's report. The Council approves the financial statements for issuance to the Members. The Council also considers, for review and approval by the Members, the engagement of the external auditors.

The consolidated financial statements have been audited by Reid Hurst Nagy Inc., Chartered Professional Accountants in accordance with Canadian generally accepted auditing standards on behalf of the Members. Reid Hurst Nagy Inc. has full access to the books and records of the Nation. Reid Hurst Nagy Inc. has full and free access to the Council for information purposes.

Chief

Band Manager

July 28, 2016

July 28, 2016

Independent Auditor's Report

To the Members of
Ditidaht First Nation

We have audited the accompanying consolidated financial statements of Ditidaht First Nation, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations and accumulated surplus, change in net debt, cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

Beginning April 1, 2009, generally accepted accounting principles for government entities required that the Band record the net value of tangible capital assets in its financial statements. The Band has not applied these new financial statement reporting standards. Because the Band did not provide us with a completed capital asset register reflecting the total cost of tangible capital assets owned by the Band and appropriate accumulated amortization and any impairment attributable to each of those assets, we were unable to determine the net value of the tangible capital assets that should have been recorded as an asset and the related amortization or impairment that should have been recorded as an expense in the current and prior year. Upon adoption of PS 1200 Financial Statement Presentation, the Band did not fully adopt all aspects of the standard as they relate to the aforementioned tangible capital assets as they have reported capital purchases and long-term debt payments as expenses and have failed to appropriately report depreciation as an expense.

Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Ditidaht First Nation as at March 31, 2016 and the results of its operations, the changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



REID HURST NAGY INC.
CHARTERED PROFESSIONAL ACCOUNTANTS

RICHMOND, B.C.
JULY 29, 2016

DITIDAHT FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2016

	2016	2015
FINANCIAL ASSETS		
Cash	\$ 1,705,257	\$ 1,219,994
Restricted cash (Note 3)	2,072,730	2,070,599
Accounts receivable (Note 4)	656,966	833,949
Rents receivable	-	103,585
<u>Long-term investments (Note 5)</u>	<u>6,226,725</u>	<u>1,835,809</u>
	<u>10,661,678</u>	<u>6,063,936</u>
LIABILITIES		
Accounts payable (Note 7)	865,448	401,478
<u>Long-term debt (Note 8)</u>	<u>11,606,190</u>	<u>11,192,218</u>
	<u>12,471,638</u>	<u>11,593,696</u>
NET DEBT	(1,809,960)	(5,529,760)
NON-FINANCIAL ASSETS		
Capital assets (Note 9)	2,873,170	3,223,507
Prepaid expenses	14,097	8,254
<u>Deferred negotiation expenses</u>	<u>9,558,741</u>	<u>9,058,763</u>
	<u>12,446,008</u>	<u>12,290,524</u>
ACCUMULATED SURPLUS (Note 10)	\$ 10,636,048	\$ 6,760,764
MEMBERS' EQUITY		
Equity in Operating Fund	\$ 5,108,109	\$ 5,206,458
Equity in Social Housing	-	458,643
Equity in Capital Fund	2,107,189	2,136,138
Equity in Ottawa Trust Funds	2,072,730	2,029,146
<u>Equity in Enterprise Fund</u>	<u>1,348,020</u>	<u>(3,069,621)</u>
ACCUMULATED SURPLUS	\$ 10,636,048	\$ 6,760,764

APPROVED ON BEHALF OF THE DITIDAHT FIRST NATION

 , Chief

 , Band Manager

DITIDAHT FIRST NATION

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT FOR THE YEAR ENDED MARCH 31, 2016

	2016 Budget	2016 Actual	2015
ANNUAL SURPLUS	\$ -	\$ 3,875,284	\$ 590,710
Acquisition of tangible capital assets	-	(189,279)	(45,926)
Amortization of tangible capital assets	-	539,616	591,588
	-	350,337	545,662
Acquisition of prepaid asset	-	(14,097)	(8,254)
Use of prepaid asset	-	8,254	11,171
	-	(5,843)	2,917
Acquisition of deferred negotiation expenses	-	(9,558,741)	(9,058,763)
Use of deferred negotiation expenses	-	9,058,763	8,426,893
	-	(499,978)	(631,870)
INCREASE IN NET FINANCIAL ASSETS	-	3,719,800	507,419
NET FINANCIAL DEBT, BEGINNING OF YEAR	-	(5,529,760)	(6,037,179)
NET DEBT, END OF YEAR	\$ -	\$ (1,809,960)	\$ (5,529,760)

DITIDAHT FIRST NATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS FOR THE YEAR ENDED MARCH 31, 2016

	2016 Budget	2016 Actual	2015 Actual
REVENUE			
Nuu-Chah-Nulth Tribal Council	\$ 2,700,201	\$ 3,429,058	\$ 3,501,720
BCTC Contribution	-	131,860	156,680
CMHC subsidies	-	1,886	22,629
First Nations Education Steering Committee	117,448	150,691	116,083
Interest income	-	43,607	49,857
Hotel rooms	-	-	7,400
Parks Canada	110,000	110,464	251,316
Aboriginal Head Start	113,850	126,808	120,197
Province of British Columbia	107,300	4,077,977	12,152
Kinder Morgan	-	-	525,000
Rental Income	95,000	163,680	187,393
Revenue Sharing	15,158	205,365	209,355
Other	476,181	5,358,569	1,106,847
	3,735,138	13,799,965	6,266,629
EXPENSES			
Band programs	680,283	924,917	1,048,730
Community Services	173,392	230,826	263,644
Health	348,785	356,902	317,119
Social Development	146,857	118,612	148,058
Education	1,212,183	1,102,993	982,724
Job Creation	443,818	494,366	610,662
Capital Program	813,705	925,054	778,169
Capital fund	-	4,778,637	310,412
Social Housing	-	15,365	114,584
Capital Fund	-	531,925	547,158
Treaty Negotiation Support Agreement	-	631,837	788,550
	3,819,023	10,111,434	5,909,810
ANNUAL SURPLUS BEFORE OTHER			
	-	3,688,531	356,819
OTHER			
Tangible capital asset additions	-	510,361	45,926
Principal reduction of long-term debt	-	307	136,615
Proceeds from long-term debt	-	(502,758)	(580,520)
Allocation to deferred negotiation expense	-	178,843	631,870
	-	186,753	233,891
ANNUAL SURPLUS			
	-	3,875,284	590,710
FUND BALANCE, BEGINNING OF YEAR			
	-	6,760,764	6,170,054
FUND BALANCE, END OF YEAR			
	\$ -	\$ 10,636,048	\$ 6,760,764

DITIDAHT FIRST NATION

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2016

	2016	2015
OPERATING ACTIVITIES		
ANNUAL SURPLUS	\$ 3,875,284	\$ 590,710
Items not affecting cash		
Amortization	539,616	591,588
Share of income of First Nation controlled entities	(88,645)	(63,409)
	4,326,255	1,118,889
Change in non-cash operating net assets	738,694	(627,572)
	5,064,949	491,317
FINANCING ACTIVITIES		
Repayment of Social Housing, Capital, and Enterprise Funds long-term debt	(116,224)	(136,615)
Repayment of Operating Fund long-term debt	(88,494)	(84,415)
Current year loan advances - Capital and Negotiation Support Agreement Funds	502,758	580,520
Current year loan advances - Operating Fund	115,932	-
	413,972	359,490
INVESTING ACTIVITIES		
Advances to First Nation controlled entities	25,714	-
Purchase of capital assets	(189,267)	(45,926)
Investment in First Nation controlled entities	(4,327,996)	4,320
Increase in deferred negotiation expenses	(499,977)	(631,870)
	(4,991,526)	(673,476)
CHANGES IN CASH DURING THE YEAR	487,395	177,331
CASH, BEGINNING OF YEAR	3,290,592	3,113,261
CASH, END OF YEAR	\$ 3,777,987	\$ 3,290,592
REPRESENTED BY:		
Cash	\$ 1,705,257	\$ 1,219,994
Cash - Replacement Reserve Fund	2,072,730	2,070,598
	\$ 3,777,987	\$ 3,290,592

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of CPA Canada.

(a) Reporting Entity

The Ditidaht First Nation reporting entity includes the Ditidaht First Nation government and all related entities that are controlled by the First Nation.

(b) Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Ditidaht First Nation's investment in the government 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 Ditidaht First Nation.

Organizations consolidated in Ditidaht First Nation's financial statements include:

1. Ditidaht First Nation Operating Fund
2. Ditidaht First Nation Social Housing Fund
3. Ditidaht First Nation Capital Fund
4. Ditidaht First Nation Trust Fund
5. Ditidaht First Nation Negotiation Support Agreement Fund
6. Ditidaht First Nation Enterprise Fund

Organizations accounted for on a modified equity basis include:

7. Ditidaht Cedar Salvage Limited
8. Ts'a7ukw Holdings Ltd.
9. Ditidaht Development Corporation
10. Nuu-Chah-Nulth Seafood Limited Partnership
11. Nuu-Chah-Nulth Seafood Development Corporation
12. Ditidaht Economic Development Limited Partnership
13. Ditidaht Economic Development General Partner Inc.
14. Ditidaht River Green Limited Partnership
15. Ditidaht River Green General Partner Inc.

(c) Fund Accounting

The Ditidaht First Nation maintains the following funds and reserves as part of its operations:

- The Operating Fund which reports the general activities of the First Nation administration.
- The Capital Fund which reports the tangible capital assets of the First Nation not included in other funds, together with their related activities.
- The Social Housing Fund which reports on the social housing assets of the First Nation together with their related activities.
- The Trust Fund which reports on trust funds owned by the First Nation and held by third parties.
- The First Nation Negotiation Support Agreement Fund which reports activity regarding the First Nation's Negotiation Support Agreement.
- The Enterprise Fund which reports the First Nation's investment in self-supporting commercial entities.

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS **MARCH 31, 2016**

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) 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 an 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 performed is deferred and recognized when the fee is earned or service performed.

(e) Segments

The First Nation conducts its business through reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, aid in resource allocation decisions, and to assess operational performance. For each reported segment, revenues and expenses represent both amounts that are directly attributed to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

(f) Cash

Cash and cash equivalents include cash on hand and short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

(g) Long-term Debt

Proceeds from long-term debt are recorded as program revenue. Payments of principal and interest are treated as program expenditures. Long-term debt is recorded as a liability on the balance sheet. Reductions of long-term debt are offset with an increase to Equity in Tangible Capital Assets.

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) 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.

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 Ditidaht First Nation's incremental cost of borrowing.

Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Buildings*	20years Straight line
Automotive equipment	5 years Straight line
Computer equipment	3years Straight line
Equipment	5 years Straight line
Capital water	20years Straight line
Infrastructure	20years Straight line
Land development	0years Straight line

*Social Housing assets acquired under C.M.H.C. sponsored housing programs are being depreciated at a rate equal to the principal reduction on the mortgage of the assets.

Tangible capital assets are written down when conditions indicate that they no longer contribute to Ditidaht First 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. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed tangible capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

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. Assets under construction are not amortized until the asset is available to be put into service.

(i) Replacement Reserve

The Replacement Reserve is funded by an annual charge against earnings as opposed to an appropriation of surplus.

(j) Budget

The budget reported in the financial statements was provided by management and is unaudited.

(k) Surplus Recoveries and Deficit Funding

Under the terms of funding arrangements, remaining surpluses of certain programs may be recovered by the funding agency, and remaining deficits may be funded by the funding agency.

(l) Internal charges and transfers

The central administration office provides services to other program areas. To recognize the cost of these services a corresponding revenue and expense is recorded and referred to as "Administration fees."

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Comparative Figures

Comparative figures have been reclassified, where applicable, to conform to current presentation.

2. ECONOMIC DEPENDENCE

Ditidaht First Nation receives a significant portion of its revenue pursuant to an agreement referred to as "The Comprehensive Funding Arrangement". This agreement has been entered into by the Nuu-Chah-Nulth Tribal Council, its member First Nations and Indigenous and Northern Affairs Canada. It is expected that the agreement will be renewed on an annual basis.

3. RESTRICTED CASH

Replacement Reserve Fund:

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage & Housing Corporation, the Housing Program must set aside funds annually for the non-annual expenditures of the Program for the repair, maintenance and replacement of worn-out assets. These funds are to be held in a separate bank account with any interest earned to be credited as revenue to the Replacement Reserve Fund.

As at the year end date, the Fund is fully-funded (2015 - \$96,056).

Ottawa Trust Funds:

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.

	2016	2015
Replacement Reserve Fund - restricted cash	\$ -	\$ 41,453
Ottawa Trust Funds - restricted cash	<u>2,072,730</u>	<u>2,029,146</u>
	\$ 2,072,730	\$ 2,070,599

4. ACCOUNTS RECEIVABLE

	2016	2015
Accounts receivable - general	\$ 166,605	\$ 127,184
Nuu-Chah-Nulth Tribal Council	<u>458,450</u>	<u>654,411</u>
First Nations Education Steering Committee	<u>31,911</u>	<u>13,478</u>
Canada Mortgage and Housing Corporation	-	13,200
Province of BC	-	5,167
First People's Heritage, Language and Culture Council	-	15,000
Vancouver Island Health Authority	-	5,509
	\$ 656,966	\$ 833,949

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

5. LONG-TERM INVESTMENTS

	2016	2015
Investment in Nuu-Chah-Nulth Seafood Development Corporation		
Shares	\$ 1	\$ 1
	1	1
Investment in Nuu-Chah-Nulth Seafood Limited Partnership		
Capital contribution	100	100
Accumulated equity in earnings	145,684	526,157
	145,784	526,257
Investment in Ditidaht Cedar Salvage Ltd.		
Shares	200	100
Advances	281,924	282,024
Accumulated equity in earnings	(538,182)	(603,922)
	(256,058)	(321,798)
Investment in Ditidaht Development Corporation		
Shares	2	2
Advances	(158,240)	(127,443)
Contributed surplus	4,327,894	256,894
Accumulated equity in earnings	(62,161)	(397,796)
	4,107,495	(268,343)
Investment in Ts'aa7ukw Holdings Ltd.		
Shares	5	5
Advances	4,756,231	4,750,949
Contributed surplus	1,926,000	1,926,000
Accumulated equity in earnings	(4,819,971)	(4,777,262)
	1,862,265	1,899,692
Investment in Ditidaht River Green General Partner Inc.		
Shares	100	-
Advances	(100)	-
Accumulated equity in earnings	(2,090)	-
	(2,090)	-
Investment in Ditidaht River Green Limited Partnership		
Capital contribution	10	-
Advances	(10)	-
Accumulated equity in earnings	(1,226)	-
	(1,226)	-
Investment in Ditidaht Economic Development General Partner Inc.		
Shares	100	-
Advances	(100)	-
Accumulated equity in earnings	(10,948)	-
	(10,948)	-
Investment in Ditidaht Economic Development Limited Partnership		
Capital contribution	1,000	-
Advances	(1,000)	-
Accumulated equity in earnings	381,502	-
	381,502	-
	<hr/>	<hr/>
	\$ 6,226,725	\$ 1,835,809

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

6. GOVERNMENT BUSINESS ENTERPRISES

Commercial enterprises are those organizations that meet the definition of government business enterprises as described by the Public Sector Accounting Board of CPA Canada. Government business enterprises have the power to contract in their own name, have the financial and operating authority to carry on a business, sell goods and services to customers outside the First Nation government as their principal activity, and that can, in the normal course of their operations, maintain operations and meet liabilities from revenues received from outside the First Nation government.

	Ditidaht Cedar Salvage Ltd.	Ditidaht Development Corporation	Ts'aa7ukw Holdings Ltd.	Ditidaht River Green Partner Inc.	Ditidaht River Green Limited Partner	Ditidaht Development General Partner Inc.	Ditidaht Economic Development General Partnership
Cash	\$ 22,988	\$ 85,601	\$ 4,534	\$ -	\$ -	\$ -	\$ -
Accounts receivable	25	8,837	-	-	-	-	-
Inventory	-	1,000	-	-	-	-	-
Investments	-	-	-	-	-	-	402,084
Tangible capital assets	-	4,081,844	1,177,811	-	-	-	-
Other assets	-	1,271,003	683,415	-	10	-	900
Total assets	\$ 23,013	\$ 5,448,285	\$ 1,865,760	\$ -	\$ 10	\$ -	\$ 402,984
Accounts payable	\$ -	\$ 7,007	\$ 3,500	\$ 750	\$ 1,250	\$ 750	\$ 1,249
Other liabilities	560,995	1,175,543	4,756,227	1,239	-	10,097	19,234
Total liabilities	560,995	1,182,550	4,759,727	1,989	1,250	10,847	20,483
Equity	(537,982)	4,265,735	(2,893,967)	(1,989)	(1,240)	(10,847)	382,501
Total liabilities and equity	\$ 23,013	\$ 5,448,285	\$ 1,865,760	\$ -	\$ 10	\$ -	\$ 402,984

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

6. GOVERNMENT BUSINESS ENTERPRISES, continued

	Ditidaht Cedar Salvage Ltd.	Ditidaht Development Corporation	Ts'aa7ukw Holdings Ltd.	Ditidaht River Green General Partner Inc.	Ditidaht River Green Limited Partner	Ditidaht Development General Partner Inc.	Ditidaht Economic Development Limited Partnership
Revenue							
Sales	\$ 43,279	\$ 423,246	\$ 4,534	\$ -	\$ -	\$ -	\$ -
Income (loss) from limited partnership	-	-	-	(24)	-	-	(2)
Debt forgiveness	82,223	-	-	-	-	-	-
	125,502	423,246	4,534	(24)	-	(2)	(2,148)
Expenses							
Cost of sales	36,359	-	-	-	-	-	-
Operating expenses	10,491	406,297	48,635	2,065	1,250	10,945	20,484
	46,850	406,297	48,635	2,065	1,250	10,945	20,484
	\$ 78,652	\$ 16,949	\$ (44,101)	\$ (2,089)	\$ (1,250)	\$ (10,947)	\$ (22,632)

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

7. ACCOUNTS PAYABLE

	2016	2015
Accounts payable - general	\$ 788,164	\$ 337,788
Receiver General - payroll deductions	2,611	-
Wages payable	74,673	63,690
	\$ 865,448	\$ 401,478

8. LONG-TERM DEBT

	2016	2015
Royal Bank of Canada - repayable in monthly installments of \$3,794.99 including interest at 3.87% per annum, maturing May 2, 2015, secured by by a Ministerial Guarantee from Indigeneous and Northern Affairs Canada and a first Mortgage on nine housing units.	\$ -	\$ 7,678
Bank of Montreal - repayable in monthly installments of \$2,704.07 interest at prime plus .5% per annum due upon demand, secured by a Ministerial Guarantee from Indigeneous and Northern Affairs Canada and a first mortgage on the property.	43,323	73,823
Bank of Montreal - repayable in monthly installments of \$4,090.92 including interest at 3.92%, maturing Oct 31, 2019. Secured by a Ministerial Guarantee and a first mortgage on 5 housing units.	541,090	559,429
Bank of Montreal - repayable in monthly installments of \$951.32 including interest at 3.38% per annum, maturing September 30, 2016.	5,927	16,936
Royal Bank of Canada - repayable in monthly installments of \$384.68 including interest at 3.59% per annum, maturing November 27, 2019.	16,201	20,255
Finance agreement - Ford Credit Canada Ltd. - monthly payments of \$346.10 including interest at 9.89% per annum, secured by a 2008 Ford F150. - retired during the year.	302,868	343,213
Finance agreement - Ford Credit Canada Ltd. - monthly payments of \$522.21 including interest at 9.89% per annum, secured by a 2008 Ford F350. - retired during the year.	824,114	872,262
Finance agreement - Ford Credit Canada Ltd. - monthly payments of \$586.94 including interest at 6.09% per annum maturing July 2018, secured by a 2013 Ford F350.	33,326	46,148
Finance agreement - Ford Credit Canada Ltd. - monthly payments of \$534.25 including interest at 6.09% per annum maturing July 2018, secured by a 2013 Ford Super Duty.	30,336	42,006

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

8. LONG-TERM DEBT, continued

Promissory notes and First Nation Negotiation Support Agreements representing advances made by Canada for negotiations. Repayment provisions for these loans are outlined in Section 13.0 and 14.0 of the Ditidaht First Nation's Negotiation Support Agreement. An extension Agreement dated March 3, 2006 outlines updated repayment provisions of the Ditidaht First Nation's Negotiation Support Agreement. Repayment was due and payable at the earlier of the date a treaty signed by the parties takes effect unless otherwise agreed to or the twelfth anniversary of the date of the first loan advance which was September 2, 1994. The Extension Agreement now extends the date that the Cumulative Liabilities are due and payable under section 13(b) or 13.1(c) of the First Nation Negotiation Support Agreement or section 4.6.1(a) or 4.6.1(b) of the First Nation Loan Agreement to September 2, 2016.

	2016	2015
	\$	\$
Promissory notes and First Nation Negotiation Support Agreements representing advances made by Canada for negotiations. Repayment provisions for these loans are outlined in Section 13.0 and 14.0 of the Ditidaht First Nation's Negotiation Support Agreement. An extension Agreement dated March 3, 2006 outlines updated repayment provisions of the Ditidaht First Nation's Negotiation Support Agreement. Repayment was due and payable at the earlier of the date a treaty signed by the parties takes effect unless otherwise agreed to or the twelfth anniversary of the date of the first loan advance which was September 2, 1994. The Extension Agreement now extends the date that the Cumulative Liabilities are due and payable under section 13(b) or 13.1(c) of the First Nation Negotiation Support Agreement or section 4.6.1(a) or 4.6.1(b) of the First Nation Loan Agreement to September 2, 2016.	9,713,226	9,210,468
Equipment lease agreement - Lease Link Canada Corp. - monthly lease payments of \$2,175.81 maturing September 2020, leased for the 2015 Ford Goshen Coach Tour Bus	95,779	-
	-	-
	\$ 11,606,190	\$ 11,192,218

As collateral for the long-term debt to Nuu-Chah-Nulth Economic Development Corporation, the band has provided the following:

- a) Promissory Note in the amount of \$501,000 on the obligation of Ditidaht First Nation and 0906971 B.C. Ltd.
- b) Assignment of book debt.
- c) Assignment of funds in the amount of \$501,000 due to the Ditidaht First Nation from the alternate funding agreement, and successor agreements, between the Nuu-Chah-Nulth Tribal Council and Aboriginal Affairs and Northern Development Canada.

Principal portion of long-term debt due within the next five years:

2017	\$ 187,090
2018	9,882,337
2019	144,042
2020	137,822
2021 and thereafter	1,254,899
	-
	\$ 11,606,190

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

9. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated amortization				2016 net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	
Buildings	\$ 8,197,953	\$ 761,348	\$ -	\$ 8,959,301	\$ 5,584,758	\$ 447,964	\$ 6,433,869	\$ 2,525,432
Automotive equipment	1,210,073	123,672	-	1,333,745	1,105,549	45,180	1,150,729	183,016
Community infrastructure	1,280,920	-	-	1,280,920	1,280,920	-	1,280,920	-
Social Housing	722,226	-	(722,226)	-	393,454	7,692	-	-
Capital water	330,264	-	-	330,264	303,027	16,513	319,540	10,724
Equipment and furniture	1,111,268	26,486	-	1,137,754	1,062,979	22,267	1,085,246	52,508
Land development	101,490	-	-	101,490	-	-	-	101,490
	\$ 12,954,194	\$ 911,506	\$ (722,226)	\$ 13,143,474	\$ 9,730,687	\$ 539,616	\$ 10,270,304	\$ 2,873,170

	Cost			Accumulated amortization				2015 Net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	
Buildings	\$ 8,197,953	\$ -	\$ -	\$ 8,197,953	\$ 5,174,860	\$ 409,898	\$ 5,584,758	\$ 2,613,195
Automotive equipment	1,202,793	7,280	-	1,210,073	1,056,463	49,086	1,105,549	104,524
Community infrastructure	1,280,920	-	-	1,280,920	126,970	11,350	1,280,920	-
Social Housing	722,226	-	-	722,226	349,026	44,428	393,454	328,772
Capital water	330,264	-	-	330,264	286,514	16,513	303,027	27,237
Equipment and furniture	1,072,622	38,646	-	1,111,268	1,002,669	60,310	1,062,979	48,289
Land development	101,490	-	-	101,490	-	-	-	101,490
	\$ 12,908,268	\$ 45,926	\$ -	\$ 12,954,194	\$ 7,996,502	\$ 591,585	\$ 9,730,687	\$ 3,223,507

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

10. ACCUMULATED SURPLUS

	2016	2015
Unrestricted		
Operating Fund	\$ 5,108,109	\$ 5,206,458
Capital Fund	2,107,189	2,136,138
	<hr/> 7,215,298	<hr/> 7,342,596
Restricted		
Social Housing	-	458,643
Ottawa Trust Funds	2,072,730	2,029,146
Enterprise Fund	1,348,020	(3,069,621)
	<hr/> 3,420,750	<hr/> (581,832)
	<hr/> \$ 10,636,048	<hr/> \$ 6,760,764

11. SEGMENTED INFORMATION

As previously discussed in note 1 (e) the First Nation conducts its business through reportable segments as follows:

The Band Programs department is responsible for administering projects the Band is involved in annually and on an on-going basis relating to the overall objectives of the First Nation and the development of stable, legitimate and accountable community governments. It also provides overall support of the First Nation including advisory services relating to financial management, band government, economic development, community services and technical services.

Education supports the members in expressing, preserving, developing and promoting its cultural heritage through the establishment and operation of First Nation education centres and programs, it also provides services for students at the elementary/secondary and post secondary level, including; instructional services both on and off reserve as well as support services such as transportation, accommodation, guidance and counselling.

Social Development provides assistance to community members unable to provide for themselves and their dependents. The services provided by this department include, but are not limited to, income assistance, child and family services, assisted living and early childhood development.

The Health department oversees the delivery of health programs and initiatives for the betterment of the lives of the members of the First Nation.

Job Creation supports the development of employment opportunities for members of the First Nation.

Capital Projects manages capital projects within the community undertaken to support the growth and/or maintenance of the First Nation's infrastructure.

Social Housing is responsible for the administration and management of Social Housing units.

Other operations include Capital Fund, Ottawa Trust Fund, First Nation Negotiation Support Agreement Fund and Enterprise Fund transactions.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

11. SEGMENTED INFORMATION, continued

	Band Programs		Community Services		Health		2016 Budget	2016 Actual	2015 Actual
	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual			
Revenues									
Nuu-Chah-Nulth Tribal Council	\$ 387,883	\$ 895,223	\$ 592,247	\$ 81,060	\$ 96,122	\$ 134,127	\$ 346,561	\$ 329,635	\$ 338,408
Province of British Columbia	107,300	6,977	12,152	-	-	-	-	-	-
Revenue Sharing	-	205,365	209,355	-	-	-	-	-	-
Rental Income	-	24,726	23,288	-	-	-	-	-	-
Other revenue	188,100	300,861	756,282	92,799	64,343	53,556	-	-	-
Total revenue	683,283	1,433,152	1,593,324	173,859	160,465	187,683	346,561	329,635	338,408
Expenses									
Contracted services	10,000	85,620	191,320	48,000	39,412	6,321	35,000	22,432	23,407
Materials and supplies	49,731	79,067	75,768	5,820	185	1,010	13,000	11,871	9,222
Professional fees	43,901	101,226	132,195	-	-	-	-	-	-
Travel	48,000	56,028	46,119	11,500	14,204	16,330	115,174	150,099	125,445
Utilities and telephone	24,550	41,549	50,123	550	-	550	15,000	16,108	15,774
Wages and benefits	369,215	338,595	365,526	52,180	96,971	128,772	156,611	149,965	133,764
Other expenses	137,886	222,832	187,679	55,342	80,054	110,661	14,000	6,427	9,507
Total expenses	683,283	924,917	1,048,730	173,392	230,826	263,644	348,785	356,902	317,119
Annual surplus (deficit)	\$ -	\$ 508,235	\$ 544,594	\$ 467	\$ (70,361)	\$ (75,961)	\$ (2,224)	\$ (27,267)	\$ 21,289

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

11. SEGMENTED INFORMATION, continued

	Social Development			Education			Job Creation		
	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual
Revenues									
Nuu-Chah-Nulth Tribal Council	\$ 146,857	\$ 62,152	\$ 196,045	\$ 1,013,881	\$ 1,013,881	\$ 996,525	\$ 85,037	\$ 109,308	\$ 85,022
First Nations Education Steering Committee	-	-	-	117,448	150,691	116,083	-	-	-
Parks Canada	-	-	-	-	-	-	110,000	110,464	251,316
Other revenue	-	-	-	-	10,584	1,752	242,750	210,726	276,799
Total revenue	146,857	62,152	196,045	1,131,329	1,175,156	1,114,360	437,787	430,498	613,137
Expenses									
Contracted services	-	-	-	-	158	8,105	27,467	208,129	203,863
Principal payments on loans	-	-	-	-	-	-	7,200	-	-
Materials and supplies	-	-	-	111,000	96,746	90,218	57,375	27,196	69,106
Professional fees	-	-	-	-	-	-	-	-	2,415
Travel	-	-	-	5,000	7,121	5,000	9,000	14,659	14,646
Utilities and telephone	-	-	-	60,000	31,241	32,797	1,200	1,498	2,273
Wages and benefits	-	-	-	715,000	628,559	582,870	290,245	157,525	268,827
Other expenses	146,857	118,612	148,058	240,329	339,168	263,734	45,300	85,359	49,532
Total expenses	146,857	118,612	148,058	1,131,329	1,102,993	982,724	437,787	494,366	610,662
Annual surplus (deficit)	\$ -	\$ (56,460)	\$ 47,987	\$ -	\$ 72,163	\$ 131,636	\$ -	\$ (63,868)	\$ 2,475

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

11. SEGMENTED INFORMATION, continued

	Capital Programs			Treaty Related Measures			Social Housing		
	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual
Revenues									
Nuu-Chah-Nulth Tribal Council	\$ 637,165	\$ 601,267	\$ 664,141	-	\$ 321,469	\$ 495,205	-	\$ -	\$ -
CMHC subsidies	-	-	-	-	-	-	-	1,886	22,629
Province of British Columbia	-	-	-	-	4,071,000	-	-	-	-
Revenue Sharing	15,158	-	-	-	-	-	-	-	-
Rental Income	95,000	135,834	126,668	-	-	-	-	3,120	37,437
Other revenue	66,382	(25,000)	1	-	-	-	-	3,488	27,470
Total revenue	813,705	712,101	790,810	-	4,392,469	495,205	-	8,494	87,536
Expenses									
Amortization	-	-	-	-	-	-	-	7,692	44,428
Contracted services	213,216	164,848	43,740	-	85,701	22,629	-	-	-
Principal payments on loans	24,000	38,601	38,029	-	-	-	-	7,667	44,428
Materials and supplies	57,000	100,052	68,216	-	11,053	4,523	-	-	-
Professional fees	-	4,963	-	-	433,815	39,768	-	-	4,890
Travel	13,635	19,914	15,835	-	4,751	8,337	-	-	-
Utilities and telephone	31,600	45,581	40,742	-	3,132	5,376	-	-	-
Wages and benefits	316,663	333,524	326,255	-	112,078	130,094	-	-	-
Other expenses	157,591	217,571	245,352	-	4,128,107	99,685	-	6	20,838
Total expenses	813,705	925,054	778,169	-	4,778,637	310,412	-	15,365	114,584
Other items	-	(212,953)	12,641	-	(386,168)	184,793	-	(6,871)	(27,048)
Annual surplus (deficit)	\$ -	\$ (212,953)	\$ 12,641	-	\$ (386,168)	\$ 184,793	-	\$ (320,313)	17,380

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

11. SEGMENTED INFORMATION, continued

	Capital Fund			Ottawa Trust Funds			Treaty Negotiation Support Agreement		
	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual
Revenues									
Other revenue	\$ -	\$ -	\$ -	\$ -	\$ 43,584	\$ 49,516	\$ -	\$ 634,618	\$ 737,200
Total revenue	-	-	-	-	43,584	49,516	-	634,618	737,200
Expenses									
Amortization	-	531,925	547,157	-	-	-	-	-	-
Professional fees	-	-	-	-	-	-	-	31,518	97,872
Travel	-	-	-	-	-	-	-	6,302	9,245
Utilities and telephone	-	-	-	-	-	-	-	7,986	6,710
Other expenses	-	-	1	-	-	-	-	586,031	674,723
Total expenses	-	531,925	547,158	-	-	-	-	631,837	788,550
Other items	-	(531,925)	(547,158)	-	43,584	49,516	-	2,781	(51,350)
502,976	502,976	138,113		-	-	-	-	(2,781)	51,350
Annual surplus (deficit)	\$ -	\$ (28,949)	\$ (409,045)	-	\$ 43,584	\$ 49,516	-	\$ -	\$ -

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

11. SEGMENTED INFORMATION, continued

	Enterprise Fund			Consolidated totals		
	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual
Revenues						
Nuu-Chah-Nulth Tribal Council	\$	-	\$	-	\$	2,698,444
First Nations Education Steering Committee		-		-	117,448	150,691
CMHC subsidies		-		-	-	1,886
Parks Canada		-		-	110,000	110,464
Province of British Columbia		-		-	107,300	4,077,977
Revenue Sharing		-		-	15,158	205,365
Rental Income		-		-	95,000	163,680
Other revenue		-		4,417,641	63,409	5,660,845
Total revenue	-		4,417,641	63,409	3,733,381	13,799,965
Expenses						
Amortization		-		-	-	539,617
Contracted services		-		-	333,683	606,300
Principal payments on loans		-		-	31,200	46,268
Materials and supplies		-		-	293,926	326,170
Professional fees		-		-	43,901	571,522
Travel		-		-	202,309	273,078
Utilities and telephone		-		-	132,900	147,095
Wages and benefits		-		-	1,899,914	1,817,217
Other expenses		-		-	797,305	5,784,167
Total expenses	-	-	-	-	3,735,138	10,111,434
Other items						
Annual surplus (deficit)	\$	-	\$ 4,417,641	\$ 63,409	(1,757)	3,688,531
					-	356,823
					186,753	233,891
					(1,757)\$	3,875,284 \$
						590,714

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

12. CONTINGENT LIABILITIES

a) Indigeneous and Northern Affairs Canada

Under the terms of the contribution agreements with Indigeneous and Northern Affairs Canada and other governmental departments, certain surpluses may be repayable to the government and certain deficits may be reimbursable to the Band.

b) Loan Guarantee

A Government of Canada Ministerial Guarantee has been obtained for loans to certain band members. If these loans default, the Minister may recover the outstanding amounts from the Ditidaht Indian Band.

The band has guaranteed loans totalling \$30,062.

c) On-Reserve Housing Loan

The Ditidaht First Nation is contingently liable for up to \$2,000,000 available to qualified borrowers for the construction, renovation, refinance or purchase of a single family home on Ditidaht First Nation Reserve to a maximum of \$175,000 per borrower.

d) On-Reserve Housing Renovation Loan

The Ditidaht First Nation is contingently liable for up to \$250,000 available to members of Ditidaht First Nation with access to Personal Loan Plan to make minor renovations to existing homes on-reserve to a maximum of \$25,000 per borrower.

e) Visa Account Loan

The Ditidaht First Nation is contingently liable for a Royal Bank Visa account equalling \$10,000. These accounts are in the names of the Chief and Band Manager.

13. COMPARATIVE AMOUNTS

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current period.