

DITIDAHT FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

DITIDAHT FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS **MARCH 31, 2017**

Page

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS

Consolidated Statement of Financial Position	1
Consolidated Statement of Change in Net Financial Assets (Debt)	2
Consolidated Statement of Operations and Accumulated Surplus	3
Consolidated Statement of Cash Flows	4
Notes to Consolidated Financial Statements	5

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

MARCH 31, 2017

The accompanying consolidated financial statements of Ditidaht First Nation and all the information in this annual report for the year ended March 31, 2017 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 Administrator

Date

Date

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, 2017, and the consolidated statements of operations and accumulated surplus, change in net financial assets (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, 2017 and the results of its operations, the changes in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Reid Hurst Nagy Inc.

REID HURST NAGY INC.
CHARTERED PROFESSIONAL ACCOUNTANTS

RICHMOND, B.C.
JULY 31, 2017

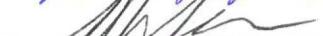
DITIDAHT FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2017

	2017	2016
FINANCIAL ASSETS		
Cash	\$ 3,313,511	\$ 1,705,257
Restricted cash (Note 3)	2,114,091	2,072,730
Accounts receivable (Note 4)	228,935	656,966
<u>Long-term investments (Note 5)</u>	<u>7,108,574</u>	<u>6,226,725</u>
	12,765,111	10,661,678
LIABILITIES		
Accounts payable (Note 7)	639,366	865,448
<u>Long-term debt (Note 8)</u>	<u>11,978,225</u>	<u>11,606,190</u>
	12,617,591	12,471,638
NET FINANCIAL ASSETS (DEBT)	147,520	(1,809,960)
NON-FINANCIAL ASSETS		
Capital assets (Note 9)	2,440,689	2,873,170
Prepaid expenses	18,756	14,097
<u>Deferred negotiation expenses</u>	<u>10,055,657</u>	<u>9,558,741</u>
	12,515,102	12,446,008
ACCUMULATED SURPLUS (Note 10)	\$ 12,662,622	\$ 10,636,048
MEMBERS' EQUITY		
Equity in Operating Fund	\$ 6,658,595	\$ 5,108,109
Equity in Capital Fund	1,776,630	2,107,189
Equity in Ottawa Trust Funds	2,114,091	2,072,730
Equity in Enterprise Fund	2,113,306	1,348,020
ACCUMULATED SURPLUS	\$ 12,662,622	\$ 10,636,048

APPROVED ON BEHALF OF THE DITIDAHT FIRST NATION

 , Chief

 , Band Administrator

DITIDAHT FIRST NATION

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT) FOR THE YEAR ENDED MARCH 31, 2017

	2017 Budget	2017 Actual	2016
ANNUAL SURPLUS	\$ -	\$ 2,026,574	\$ 3,875,284
Acquisition of tangible capital assets	-	(91,993)	(189,279)
Amortization of tangible capital assets	-	524,474	539,616
	-	432,481	350,337
Acquisition of prepaid asset	-	(18,756)	(14,097)
Use of prepaid asset	-	14,097	8,254
	-	(4,659)	(5,843)
Acquisition of deferred negotiation expenses	-	(10,055,657)	(9,558,741)
Use of deferred negotiation expenses	-	9,558,741	9,058,763
	-	(496,916)	(499,978)
INCREASE IN NET FINANCIAL ASSETS	-	1,957,480	3,719,800
NET FINANCIAL DEBT, BEGINNING OF YEAR	-	(1,809,960)	(5,529,760)
NET DEBT, END OF YEAR	\$ -	\$ 147,520	\$ (1,809,960)

DITIDAHT FIRST NATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS FOR THE YEAR ENDED MARCH 31, 2017

	2017 Budget	2017 Actual	2016 Actual
REVENUE			
Nuu-Chah-Nulth Tribal Council	\$ 2,782,172	\$ 3,707,431	\$ 3,429,058
BCTC Contribution	-	214,274	131,860
CMHC subsidies	-	-	1,886
First Nations Education Steering Committee	91,770	222,435	150,691
Interest income	-	41,361	43,607
Parks Canada	110,000	106,305	110,464
Aboriginal Head Start	133,782	133,782	126,808
Province of British Columbia	107,300	5,477	4,077,977
Rental Income	95,000	130,079	163,680
Revenue Sharing	15,158	2,220,000	205,365
Other	590,956	1,799,642	5,358,569
	3,926,138	8,580,786	13,799,965
EXPENSES			
Band programs	745,102	949,005	924,917
Community Services	168,287	205,503	230,826
Health	355,023	361,591	356,902
Social Development	115,478	164,305	118,612
Education	1,233,462	1,460,588	1,102,993
Job Creation	452,855	531,479	494,366
Capital Program	851,045	1,067,897	925,054
Capital fund	-	711,918	4,778,637
Social Housing	-	-	15,365
Capital Fund	-	524,474	531,925
Treaty Negotiation Support Agreement	-	711,189	631,837
	3,921,252	6,687,949	10,111,434
ANNUAL SURPLUS BEFORE OTHER			
	-	1,892,837	3,688,531
OTHER			
Tangible capital asset additions	-	91,992	510,361
Principal reduction of long-term debt	-	101,922	307
Proceeds from long-term debt	-	(557,093)	(502,758)
Allocation to deferred negotiation expense	-	496,916	178,843
	-	133,737	186,753
ANNUAL SURPLUS			
	-	2,026,574	3,875,284
FUND BALANCE, BEGINNING OF YEAR			
	-	10,636,048	6,760,764
FUND BALANCE, END OF YEAR			
	\$ -	\$ 12,662,622	\$ 10,636,048

DITIDAHT FIRST NATION

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
OPERATING ACTIVITIES		
ANNUAL SURPLUS	\$ 2,026,574	\$ 3,875,284
Items not affecting cash		
Amortization	524,474	539,616
Share of income of First Nation controlled entities	<u>(765,286)</u>	<u>(88,645)</u>
	1,785,762	4,326,255
Change in non-cash operating net assets	<u>197,287</u>	<u>738,694</u>
	<u>1,983,049</u>	<u>5,064,949</u>
FINANCING ACTIVITIES		
Repayment of Social Housing, Capital, and Enterprise Funds long-term debt	(101,922)	(116,224)
Repayment of Operating Fund long-term debt	(96,085)	(88,494)
Current year loan advances - Capital and Negotiation Support Agreement Funds	557,093	502,758
Current year loan advances - Operating Fund	<u>12,950</u>	<u>115,932</u>
	372,036	413,972
INVESTING ACTIVITIES		
Advances to First Nation controlled entities	(116,562)	25,714
Purchase of capital assets	(91,992)	(189,267)
Investment in First Nation controlled entities	-	(4,327,996)
Increase in deferred negotiation expenses	<u>(496,916)</u>	<u>(499,977)</u>
	<u>(705,470)</u>	<u>(4,991,526)</u>
CHANGES IN CASH DURING THE YEAR	1,649,615	487,395
CASH, BEGINNING OF YEAR	3,777,987	3,290,592
CASH, END OF YEAR	\$ 5,427,602	\$ 3,777,987
REPRESENTED BY:		
Cash	\$ 3,313,511	\$ 1,705,257
Cash - Replacement Reserve Fund	<u>2,114,091</u>	<u>2,072,730</u>
	<u>\$ 5,427,602</u>	<u>\$ 3,777,987</u>

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

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, 2017**

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, 2017

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

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) Budget

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

(j) 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.

(k) 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."

(l) Comparative Figures

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

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

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

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.

	2017	2016
Ottawa Trust Funds - restricted cash	<u>\$ 2,114,091</u>	<u>\$ 2,072,730</u>

4. ACCOUNTS RECEIVABLE

	2017	2016
Accounts receivable - general	\$ 171,604	\$ 166,605
Nuu-Chah-Nulth Tribal Council	57,331	458,450
First Nations Education Steering Committee	-	31,911
	<u>\$ 228,935</u>	<u>\$ 656,966</u>

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

5. LONG-TERM INVESTMENTS

	2017	2016
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	274,981	145,684
	275,081	145,784
Investment in Ditidaht Cedar Salvage Ltd.		
Shares	200	200
Advances	281,924	281,924
Accumulated equity in earnings	(533,414)	(538,182)
	(251,290)	(256,058)
Investment in Ditidaht Development Corporation		
Shares	2	2
Advances	(42,712)	(158,240)
Contributed surplus	4,327,894	4,327,894
Accumulated equity in earnings	(128,391)	(62,161)
	4,156,793	4,107,495
Investment in Ts'aa7ukw Holdings Ltd.		
Shares	5	5
Advances	4,757,265	4,756,231
Contributed surplus	1,926,000	1,926,000
Accumulated equity in earnings	(4,829,269)	(4,819,971)
	1,854,001	1,862,265
Investment in Ditidaht River Green General Partner Inc.		
Shares	100	100
Advances	(100)	(100)
Accumulated equity in earnings	(4,891)	(2,090)
	(4,891)	(2,090)
Investment in Ditidaht River Green Limited Partnership		
Capital contribution	10	10
Advances	(10)	(10)
Accumulated equity in earnings	(3,793)	(1,226)
	(3,793)	(1,226)
Investment in Ditidaht Economic Development General Partner Inc.		
Shares	100	100
Advances	(100)	(100)
Accumulated equity in earnings	(12,126)	(10,948)
	(12,126)	(10,948)
Investment in Ditidaht Economic Development Limited Partnership		
Capital contribution	1,000	1,000
Advances	(1,000)	(1,000)
Accumulated equity in earnings	1,094,798	381,502
	1,094,798	381,502
	\$ 7,108,574	\$ 6,226,725

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

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 General Partner Inc.	Ditidaht River Green Limited Partner	Ditidaht Development General Partner Inc.	Ditidaht Economic Development General Partner Inc.	Ditidaht Economic Development Limited Partnership
Cash	\$ 27,609	\$ 213,007	\$ 914	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	7,040	-	-	-	-	-	-
Inventory	-	5,612	-	-	-	-	-	-
Investments	-	-	-	-	-	-	69	381,930
Tangible capital assets	-	4,155,736	1,175,666	-	-	-	-	-
Other assets	172	1,036,864	679,167	-	2,464	-	-	736,686
Total assets	\$ 27,781	\$ 5,418,259	\$ 1,855,747	\$ -	\$ 2,464	\$ 69	\$ 1,118,616	
Accounts payable	\$ -	\$ 38,346	\$ 1,750	\$ 1,750	\$ 1,750	\$ 1,000	\$ 1,750	
Long-term debt	-	26,134	-	-	-	-	-	-
Other liabilities	560,995	1,154,274	4,757,262	3,041	4,572	11,095	20,999	
Total liabilities	560,995	1,218,754	4,759,012	4,791	6,322	12,095	22,749	
Equity	(533,214)	4,199,505	(2,903,265)	(4,791)	(3,858)	(12,026)	(1,095,867)	
Total liabilities and equity	\$ 27,781	\$ 5,418,259	\$ 1,855,747	\$ -	\$ 2,464	\$ 69	\$ 1,118,616	

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

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 General Partner Inc.	Ditidaht Economic Development Limited Partnership
Revenue								
Sales	\$ 9,327	\$ 575,451	\$ -	\$ 6	\$ -	\$ -	\$ -	\$ -
Income (loss) from limited partnership	\$ -	\$ -	\$ -	\$ (51)	\$ -	\$ -	\$ 71	\$ 980,832
	9,327	575,451	6	(51)	-	-	71	980,832
Expenses	4,559	641,681	9,304	2,750	2,618	1,250	267,465	
	\$ 4,768	\$ (66,230)	\$ (9,298)	\$ (2,801)	\$ (2,618)	\$ (1,179)	\$ 713,367	

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

7. ACCOUNTS PAYABLE

	2017	2016
Accounts payable - general	\$ 543,963	\$ 788,164
Receiver General - payroll deductions	35,886	2,611
Wages payable	59,517	74,673
	\$ 639,366	\$ 865,448

8. LONG-TERM DEBT

	2017	2016
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 Indigenous and Northern Affairs Canada and a first mortgage on the property.	\$ 11,796	\$ 43,323
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.	521,697	541,090
Bank of Montreal - repayable in monthly installments of \$951.32 including interest at 3.38% per annum - retired during the year.	-	5,927
Royal Bank of Canada - repayable in monthly installments of \$384.68 including interest at 3.59% per annum, maturing November 27, 2019.	12,000	16,201
Nuu-Chan-Nulth Economic Development Corporation - monthly payments of \$4,967 including interest at 6% per annum, secured by a General Security Agreement.	260,202	302,868
Nuu-Chan-Nulth Economic Development Corporation - Loan #2 with monthly payments of \$290 including interest at 8% per annum, secured by a General Security Agreement.	4,976	-
Nuu-Chan-Nulth Economic Development Corporation - Loan #1 with no interest and forgiven one dollar for every one dollar of principal repaid on Loan #2, secured by a General Security Agreement.	4,943	-
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.	19,701	33,326
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.	17,933	30,336

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

8. LONG-TERM DEBT, continued

	2017 \$	2016 \$	
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 March 31, 2018.	10,270,319	9,713,226	
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	80,932	95,779	
GMC/Ally Credit loan, payment of \$554 per month including interest at 2.55% per annum, secured by a vehicle.	773,726	824,114	
<hr/>		<hr/>	
	\$ 11,978,225	\$ 11,606,190	

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

2018	\$ 10,454,882
2019	158,674
2020	149,564
2021	152,786
2022 and thereafter	1,062,319
<hr/>	
	\$ 11,978,225

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

9. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated amortization				2017 net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	on disposals	
Buildings	\$ 8,959,301	\$ 12,125	\$ -	\$ 8,971,426	\$ 6,433,869	\$ 427,600	\$ -	\$ 2,109,957
Automotive equipment	1,333,745	38,046	(9,500)	1,362,291	1,150,729	58,951	(9,500)	1,200,180
Community infrastructure	1,280,920	-	-	1,280,920	1,280,920	-	-	1,280,920
Capital water	330,264	-	-	330,264	319,540	10,262	-	329,802
Equipment and furniture	1,137,754	41,821	(27,528)	1,152,047	1,085,246	27,660	(27,528)	1,085,378
Land development	101,490	-	-	101,490	-	-	-	101,490
	\$ 13,143,474	\$ 91,992	\$ (37,028)	\$ 13,198,438	\$ 10,270,304	\$ 524,473	\$ (37,028)	\$ 10,757,749
								\$ 2,440,689

	Cost			Accumulated amortization				2016 Net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	on disposals	
Buildings	\$ 8,197,953	\$ 761,348	\$ -	\$ 8,959,301	\$ 5,584,758	\$ 447,964	\$ -	\$ 2,525,432
Automotive equipment	1,210,073	123,672	-	1,333,745	1,105,549	45,180	-	1,150,729
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
Equipment and furniture	1,111,268	26,486	-	1,137,754	1,062,979	22,267	-	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

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

10. ACCUMULATED SURPLUS

	2017	2016
Unrestricted		
Operating Fund	\$ 6,658,595	\$ 5,108,109
Capital Fund	1,776,630	2,107,189
	<hr/> 8,435,225	<hr/> 7,215,298
Restricted		
Ottawa Trust Funds	2,114,091	2,072,730
Enterprise Fund	2,113,306	1,348,020
	<hr/> 4,227,397	<hr/> 3,420,750
	<hr/> <hr/> \$ 12,662,622	<hr/> <hr/> \$ 10,636,048

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, 2017

11. SEGMENTED INFORMATION, continued

	Band Programs		Community Services			Health			
	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual
Revenues									
Nuu-Chah-Nulth Tribal Council	\$ 439,656	\$ 704,729	\$ 920,222	\$ 75,488	\$ 99,947	\$ 96,122	\$ 355,023	\$ 364,644	\$ 329,635
Province of British Columbia	107,300	5,477	6,977	-	-	-	-	-	-
Revenue Sharing	-	2,220,000	205,365	-	-	-	-	-	-
Rental Income	-	24,600	24,726	-	-	-	-	-	-
Other revenue	198,146	271,165	275,862	92,799	4,975	64,343	-	-	-
Total revenue	745,102	3,225,971	1,433,152	168,287	104,922	160,465	355,023	364,644	329,635
Expenses									
Contracted services	25,000	133,240	85,620	48,000	17,560	39,412	35,000	11,000	22,432
Materials and supplies	72,000	62,288	79,067	5,866	-	185	34,000	15,176	11,871
Professional fees	44,000	60,960	101,226	-	-	-	-	-	-
Travel	53,500	56,751	56,028	12,000	16,028	14,204	111,365	172,553	150,099
Utilities and telephone	32,750	42,413	43,349	550	-	-	15,000	16,705	16,108
Wages and benefits	385,803	348,234	338,595	52,180	113,293	96,971	149,177	129,349	149,965
Other expenses	132,049	245,119	221,032	49,691	58,622	80,054	10,481	16,808	6,427
Total expenses	745,102	949,005	924,917	168,287	205,503	230,826	355,023	361,591	356,902
Annual surplus (deficit)	\$ -	\$ 2,276,966	\$ 508,235	-	\$ (100,581)	\$ (70,361)	-	\$ 3,053	\$ (27,267)

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

11. SEGMENTED INFORMATION, continued

	Social Development		Education		Job Creation				
	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual
Revenues									
Nuu-Chah-Nulth Tribal Council	\$ 115,478	\$ 84,789	\$ 62,152	\$ 1,054,248	\$ 1,054,248	\$ 1,013,881	\$ 108,255	\$ 107,990	\$ 109,308
First Nations Education Steering Committee	-	-	-	91,770	222,435	150,691	-	-	-
Parks Canada	-	-	-	-	-	-	110,000	106,305	110,464
Other revenue	-	-	-	87,444	10,898	10,584	234,600	313,604	210,726
Total revenue	115,478	84,789	62,152	1,233,462	1,287,581	1,175,156	452,855	527,899	430,498
Expenses									
Contracted services	-	-	-	30,854	-	158	31,467	285,491	208,129
Materials and supplies	-	-	-	101,500	235,522	96,746	56,816	26,446	27,196
Travel	-	-	-	5,000	40,756	7,121	8,404	12,931	14,659
Utilities and telephone	-	-	-	38,000	43,710	31,241	900	1,525	1,498
Wages and benefits	-	-	-	690,798	730,107	628,559	293,945	134,001	157,525
Other expenses	115,478	164,305	118,612	367,310	410,493	339,168	61,323	71,085	85,359
Total expenses	115,478	164,305	118,612	1,233,462	1,460,588	1,102,993	452,855	531,479	494,366
Annual surplus (deficit)	\$ -	\$ (79,516)	\$ (56,460)	-	\$ (173,007)	\$ 72,163	-	\$ (3,580)	\$ (63,868)

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

11. SEGMENTED INFORMATION, continued

	Capital Programs			Treaty Related Measures			Social Housing		
	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual
Revenues									
Nuu-Chah-Nulth Tribal Council	\$ 634,024	\$ 651,659	\$ 576,268	-	\$ 639,425	\$ 321,469	-	\$ -	\$ -
CMHC subsidies	-	-	-	-	-	-	-	-	1,886
Province of British Columbia	-	-	-	-	-	4,071,000	-	-	-
Revenue Sharing	15,158	-	-	-	-	-	-	-	-
Rental Income	95,000	105,479	135,834	-	-	-	-	-	3,120
Other revenue	106,863	7,000	(1)	-	3,403	-	-	-	3,488
Total revenue	851,045	764,138	712,101	-	642,828	4,392,469	-	-	8,494
Expenses									
Amortization	-	-	-	-	-	-	-	-	7,692
Contracted services	216,823	245,526	164,848	-	220,332	85,701	-	-	-
Principal payments on loans	24,000	38,926	38,601	-	-	-	-	-	7,667
Materials and supplies	47,000	108,772	100,052	-	23,453	11,053	-	-	-
Professional fees	-	390	4,963	-	104,004	433,815	-	-	-
Travel	14,500	18,921	19,914	-	26,571	4,751	-	-	-
Utilities and telephone	30,000	44,448	43,781	-	3,614	3,132	-	-	-
Wages and benefits	296,831	312,770	333,524	-	99,103	112,078	-	-	-
Other expenses	221,891	298,144	219,371	-	234,841	4,128,107	-	-	6
Total expenses	851,045	1,067,897	925,054	-	711,918	4,778,637	-	-	15,365
Other items	-	(303,759)	(212,953)	-	(69,090)	(386,168)	-	-	(6,871)
Annual surplus (deficit)	\$ -	\$ (303,759)	\$ (212,953)	-	\$ (69,090)	\$ (386,168)	-	\$ -	\$ (320,313)

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

11. SEGMENTED INFORMATION, continued

	Capital Fund			Ottawa Trust Funds			Treaty Negotiation Support Agreement		
	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual
Revenues									
Other revenue	\$ -	\$ -	\$ -	\$ -	\$ 41,361	\$ 43,584	\$ -	\$ 771,367	\$ 634,618
Total revenue	-	-	-	-	41,361	43,584	-	771,367	634,618
Expenses									
Amortization	-	524,474	531,925	-	-	-	-	-	-
Professional fees	-	-	-	-	-	-	-	76,026	31,518
Travel	-	-	-	-	-	-	-	12,423	6,302
Utilities and telephone	-	-	-	-	-	-	-	9,475	7,986
Other expenses	-	-	-	-	-	-	-	613,265	586,031
Total expenses	-	524,474	531,925	-	-	-	-	711,189	631,837
Other items	-	(524,474)	(531,925)	-	41,361	43,584	-	60,178	2,781
	-	193,915	502,976	-	-	-	-	(60,178)	(2,781)
Annual surplus (deficit)	\$ -	\$ (330,559)	\$ (28,949)	-	\$ 41,361	\$ 43,584	-	\$ -	\$ -

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

11. SEGMENTED INFORMATION, continued

	Enterprise Fund			Consolidated totals		
	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual
Revenues						
Nuu-Chah-Nulth Tribal Council	\$	-	\$	-	\$ 2,782,172	\$ 3,707,431
First Nations Education Steering Committee		-		-	91,770	222,435
CMHC subsidies		-		-	-	1,886
Parks Canada		-		-	110,000	106,305
Province of British Columbia		-		-	107,300	5,477
Revenue Sharing		-		-	15,158	2,220,000
Rental Income		-		-	95,000	130,079
Other revenue		-	765,286	4,417,641	719,852	2,189,059
Total revenue	-	765,286	4,417,641	3,921,252	8,580,786	13,799,965
Expenses						
Amortization		-	-	-	-	524,474
Contracted services		-	-	-	387,144	913,149
Principal payments on loans		-	-	-	24,000	38,926
Materials and supplies		-	-	-	317,182	46,268
Professional fees		-	-	-	44,000	471,657
Travel		-	-	-	204,769	241,380
Utilities and telephone		-	-	-	117,200	273,078
Wages and benefits		-	-	-	1,868,734	161,890
Other expenses		-	-	-	958,223	147,095
Total expenses	-	-	-	3,921,252	1,866,857	2,112,682
Other items	-	765,286	4,417,641	-	1,892,837	1,817,217
Annual surplus (deficit)	\$	-	\$ 765,286	\$ 4,417,641	\$ 2,026,574	\$ 3,875,284

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS **MARCH 31, 2017**

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 \$26,226.

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) 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.