

DITIDAHT FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

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DITIDAHT FIRST NATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2018

The accompanying consolidated financial statements of Ditidaht First Nation and all the information in this annual report for the year ended March 31, 2018 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 Nation 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. in accordance with Canadian generally accepted auditing standards on behalf of their members. Reid Hurst Nagy Inc. has full access to Chief and Council. Reid Hurst Nagy Inc. have full and free access to the council for information purposes.

Dawnyl Tate elected councilor
for elected Chief Robert Joseph
DR July 30/18
Chief Date

Terry Edna for money manager
DR manager. July 30/18
Band Administrator Date

Independent Auditors' 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, 2018, and the consolidated statements of operations and accumulated surplus, change in net financial assets (debt), cash flows and the related schedules 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.

Auditor's 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.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Ditidaht First Nation as at March 31, 2018, 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.
CHARTERED PROFESSIONAL ACCOUNTANTS

RICHMOND, B.C.
July 30, 2018

DITIDAHT FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at March 31, 2018

	2018	2017
FINANCIAL ASSETS		
Cash	\$ 3,015,743	\$ 3,313,511
Restricted cash	2,162,725	2,114,091
Accounts receivable (Note 4)	299,952	228,935
Long-term investments (Note 5)	8,916,814	2,070,319
	14,395,234	7,726,856
LIABILITIES		
Accounts payable (Note 7)	698,249	639,366
Long-term debt (Note 8)	<u>12,221,512</u>	11,978,225
	12,919,761	12,617,591
NET FINANCIAL ASSETS (DEBT)	1,475,473	(4,890,735)
NON-FINANCIAL ASSETS		
Capital assets (Note 9)	2,146,985	2,440,689
Prepaid expenses	606	18,756
Deferred negotiation expenses	<u>10,632,340</u>	10,055,657
	12,779,931	12,515,102
ACCUMULATED SURPLUS	\$ 14,255,404	\$ 7,624,367
MEMBERS' EQUITY		
Equity in Operating Fund	\$ 5,693,475	\$ 6,658,595
Equity in Capital Fund	1,562,530	1,776,630
Equity in Ottawa Trust Funds	2,162,725	2,114,091
Equity in Enterprise Fund	<u>4,836,674</u>	(2,924,949)
ACCUMULATED SURPLUS	\$ 14,255,404	\$ 7,624,367

APPROVED ON BEHALF OF THE DITIDAHT FIRST NATION


 D. D. McPherson, elected council for

 T. McPherson, Chief
 T. McPherson, Band Administrator

 De. McPherson

DITIDAHT FIRST NATION

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT) For the year ended March 31, 2018

	2018 Budget	2018 Actual	2017
<u>EXCESS OF REVENUE OVER EXPENDITURES</u>	\$ (236,814)	\$ 6,631,037	\$ 2,026,574
Acquisition of tangible capital assets	-	(243,970)	(91,993)
Amortization of tangible capital assets	-	537,674	524,474
	-	293,704	432,481
Acquisition of prepaid asset	-	(606)	(18,756)
Use of prepaid asset	-	18,756	14,097
	-	18,150	(4,659)
Acquisition of deferred negotiation expenses	-	(10,632,340)	(10,055,657)
Use of deferred negotiation expenses	-	10,055,657	9,558,741
	-	(576,683)	(496,916)
INCREASE IN NET FINANCIAL ASSETS	(236,814)	6,366,208	1,957,480
NET DEBT AT BEGINNING OF YEAR	-	(4,890,735)	(6,848,215)
NET ASSETS (DEBT) AT END OF YEAR	\$ -	\$ 1,475,473	\$ (4,890,735)

DITIDAHT FIRST NATION

CONSOLIDATED SUMMARY STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31, 2018

	2018 Budget	2018 Actual	2017 Actual
REVENUE			
Nuu-Chah-Nulth Tribal Council	\$ 2,443,243	\$ 4,632,796	\$ 3,707,431
BCTC Contribution	160,829	160,829	214,274
First Nations Education Steering Committee	-	385,009	222,435
Interest income	-	48,634	41,361
Parks Canada	-	-	106,305
Aboriginal Head Start	133,782	141,140	133,782
Province of British Columbia	10,500	30,570	5,477
Rental Income	105,000	211,023	130,079
Revenue Sharing	41,958	201,618	2,220,000
Share of income of First Nation controlld entities	-	6,661,623	765,286
Other	1,088,635	1,271,456	1,034,356
	3,983,947	13,744,698	8,580,786
EXPENDITURES			
Band Programs	642,152	1,316,391	949,005
Community Services	138,672	392,645	205,503
Health	225,122	423,211	361,591
Social Development	-	237,783	164,305
Education	1,374,671	1,511,898	1,460,588
Job Creation	309,743	653,453	531,479
Capital Programs	670,222	1,111,340	1,067,897
Treaty Related Measures	87,500	664,995	711,918
Capital Fund	-	537,674	524,474
Treaty Negotiation Support Agreement	806,500	737,511	711,189
	4,254,582	7,586,901	6,687,949
EXCESS OF REVENUE OVER EXPENDITURES BEFORE PROCEEDS FROM LONG-TERM DEBT			
	(236,814)	6,157,795	1,892,837
PROCEEDS FROM LONG-TERM DEBT			
Tangible capital asset additions	-	243,970	91,992
Principal reduction of long-term debt	-	79,605	101,922
Proceeds from long-term debt	-	(427,016)	(557,093)
Deferred Treaty negotiation expenses	-	576,683	496,916
	-	473,242	133,737
EXCESS OF REVENUE OVER EXPENDITURES			
	(236,814)	6,631,037	2,026,574
EQUITY AT BEGINNING OF YEAR			
	-	7,624,367	5,597,793
EQUITY AT END OF YEAR			
	\$ (236,814)	\$ 14,255,404	\$ 7,624,367

DITIDAHT FIRST NATION

CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended March 31, 2018

	2018	2017
OPERATING ACTIVITIES		
EXCESS OF REVENUE OVER EXPENDITURES	\$ 6,631,037	\$ 2,026,574
Items not affecting cash		
Amortization	537,674	524,474
Share of income of First Nation controlled entities	<u>(6,661,623)</u>	<u>(765,286)</u>
	507,088	1,785,762
Change in non-cash operating working capital	<u>6,018</u>	<u>197,287</u>
	513,106	1,983,049
FINANCING ACTIVITIES		
Repayment of Capital and Enterprise Funds long-term debt	(79,605)	(101,922)
Repayment of Operating Fund long-term debt	(104,126)	(96,085)
Current year loan advances - Capital and Negotiation Support Agreement Funds	427,016	557,093
Current year loan advances - Operating Fund	<u>-</u>	<u>12,950</u>
	243,285	372,036
INVESTING ACTIVITIES		
Advances to First Nation controlled entities	(184,872)	(116,562)
Purchase of tangible capital assets	(243,970)	(91,992)
Increase in deferred negotiation expenses	<u>(576,683)</u>	<u>(496,916)</u>
	(1,005,525)	(705,470)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(249,134)	1,649,615
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,427,602	3,777,987
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 5,178,468	\$ 5,427,602
CASH AND CASH EQUIVALENTS ARE REPRESENTED BY:		
Cash	\$ 3,015,743	\$ 3,313,511
Cash - Replacement Reserve Fund	<u>2,162,725</u>	<u>2,114,091</u>
	\$ 5,178,468	\$ 5,427,602

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

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 Capital Fund
3. Ditidaht First Nation Trust Fund
4. Ditidaht First Nation Negotiation Support Agreement Fund

Organizations accounted for on a modified equity basis include:

5. Ditidaht Economic Development Limited Partnership
6. Ditidaht Economic Development General Partnership Inc.
7. Nuu-Chah-Nulth Seafood Limited Partnership
8. Nuu-Chah-Nulth Seafood Development Corporation

(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 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.

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

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, 2018

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, 2018

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 Services 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.

	2018	2017
Ottawa Trust Funds - restricted cash	<u>\$ 2,162,725</u>	<u>\$ 2,114,091</u>

4. ACCOUNTS RECEIVABLE

	2018	2017
Accounts receivable - general Nuu-Chah-Nulth Tribal Council	<u>\$ 233,466</u> <u>170,435</u>	<u>\$ 171,604</u> <u>57,331</u>
Allowance for doubtful accounts	<u>403,901</u> <u>(103,949)</u>	<u>228,935</u> <u>-</u>
	<u><u>\$ 299,952</u></u>	<u><u>\$ 228,935</u></u>

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

5. LONG-TERM INVESTMENTS

	2018	2017
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	414,391	274,981
	414,491	275,081
Investment in Ditidaht Cedar Salvage Ltd.		
Shares	-	(281,824)
Advances	(100)	281,924
Accumulated equity in earnings	-	(533,414)
	(100)	(533,314)
Investment in Ditidaht Development Corporation		
Shares	-	2
Advances	147,617	(42,712)
Contributed surplus	-	4,327,894
Accumulated equity in earnings	-	(128,391)
	147,617	4,156,793
Investment in Ts'a7ukw Holdings Ltd.		
Shares	-	(4,756,226)
Advances	1,034	4,757,265
Contributed surplus	-	1,926,000
Accumulated equity in earnings	-	(4,829,269)
	1,034	(2,902,230)
Investment in Ditidaht River Green General Partner Inc.		
Shares	-	100
Advances	(100)	(100)
Accumulated equity in earnings	-	(4,891)
	(100)	(4,891)
Investment in Ditidaht River Green Limited Partnership		
Capital contribution	-	10
Advances	(10)	(10)
Accumulated equity in earnings	-	(3,793)
	(10)	(3,793)
Investment in Ditidaht Economic Development General Partner Inc.		
Shares	100	100
Advances	(100)	(100)
Accumulated equity in earnings	(13,530)	(12,126)
	(13,530)	(12,126)
Investment in Ditidaht Economic Development Limited Partnership		
Capital contribution	5,502,522	1,000
Advances	(1,000)	(1,000)
Accumulated equity in earnings	2,865,889	1,094,798
	8,367,411	1,094,798
	\$ 8,916,814	\$ 2,070,319

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

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 Economic Development General Partner Inc.
- ◆ Ditidaht Economic Development Limited Partnership

During the year, Ditidaht First Nation transferred 100% of their interest in Ditidaht Cedar Salvage Ltd., Ditidaht Development Corporation, Ts'a7ukw Holdings Ltd., Ditidaht River Green General Partner Inc. and Ditidaht Economic Development Limited Partnership to Ditidaht Economic Development Limited Partnership.

	Ditidaht Economic Development General Partner Inc.	Ditidaht Economic Development Limited Partnership
Cash	\$ -	\$ 1,933,874
Accounts receivable	-	14,113
Investments	247	6,319,496
Other assets	-	117,379
Total assets	\$ 247	\$ 8,384,862

Accounts payable	\$ 1,000	\$ 10,166
Other liabilities	12,677	582
Total liabilities	13,677	10,748
Equity	(13,430)	8,374,114
Total liabilities and equity	\$ 247	\$ 8,384,862

	Ditidaht Economic Development General Partner Inc.	Ditidaht Economic Development Limited Partnership
Revenue		
Management fees	\$ -	\$ 1,159,252
Logging income	-	327,078
Income from limited partnerships	177	20,242
Income from investments	-	406,041
Interest income	-	10,267
	177	1,922,880
Expenses	1,582	155,915
	\$ (1,405)	\$ 1,766,965

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

7. ACCOUNTS PAYABLE

	2018	2017
Accounts payable - general	\$ 609,788	\$ 543,963
Receiver General - payroll deductions	55,370	35,886
Wages payable	33,091	59,517
	\$ 698,249	\$ 639,366

8. LONG-TERM DEBT

	2018	2017
Bank of Montreal - repayable in monthly installments of \$2,704 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.	\$ 1,089	\$ 11,796
Bank of Montreal - repayable in monthly installments of \$4,091 including interest at 3.92%, maturing Oct 31, 2019. Secured by a Ministerial Guarantee and a first mortgage on 5 housing units.	501,814	521,697
Royal Bank of Canada - repayable in monthly installments of \$385 including interest at 3.59% per annum, maturing November 27, 2019.	7,480	12,000
Nuu-Chan-Nulth Economic Development Corporation - monthly payments of \$4,967 including interest at 6% per annum, secured by a General Security Agreement.	214,455	260,202
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.	1,756	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.	1,744	4,943
Finance agreement - Ford Credit Canada Ltd. - monthly payments of \$587 including interest at 6.09% per annum maturing July 2018, secured by a 2013 Ford F350.	5,221	19,701
Finance agreement - Ford Credit Canada Ltd. - monthly payments of \$534 including interest at 6.09% per annum maturing July 2018, secured by a 2013 Ford Super Duty.	4,753	17,933

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2018

8. LONG-TERM DEBT, continued

	2018	2017
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.	10,697,335	10,270,319
Equipment lease agreement - Lease Link Canada Corp. - monthly lease payments of \$2,176 maturing September 2020, leased for the 2015 Ford Goshen Coach Tour Bus	64,098	80,932
GMC/Ally Credit loan, payment of \$554 per month including interest at 2.55% per annum, secured by a vehicle.	721,767	773,726
	\$ 12,221,512	\$ 11,978,225

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

2019	\$ 10,859,039
2020	154,184
2021	159,270
2022	143,023
2023 and thereafter	905,996
	\$ 12,221,512

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

9. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated amortization				2018 net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	
Buildings	\$ 8,971,426	\$ -	\$ -	\$ 8,971,426	\$ 6,861,469	\$ 427,601	\$ -	\$ 1,682,356
Automotive equipment	1,362,291	30,676	-	1,392,967	1,200,180	61,973	-	1,262,153
Community infrastructure	1,280,920	-	-	1,280,920	1,280,920	-	-	1,280,920
Capital water	330,264	14,135	-	344,399	329,802	1,876	-	331,678
Equipment and furniture	1,152,047	199,159	-	1,351,206	1,085,378	46,224	-	219,604
Land development	101,490	-	-	101,490	-	-	-	101,490
	\$ 13,198,438	\$ 243,970	\$ -	\$ 13,442,408	\$ 10,757,749	\$ 537,674	\$ -	\$ 2,146,985

	Cost			Accumulated amortization				2017 Net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated 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)	66,669
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)	\$ 2,440,689

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

10. ACCUMULATED SURPLUS

	2018	2017
Unrestricted		
Operating Fund	\$ 5,693,475	\$ 6,658,595
Capital Fund	1,562,530	1,776,630
	<hr/> 7,256,005	<hr/> 8,435,225
Restricted		
Ottawa Trust Funds	2,162,725	2,114,091
Enterprise Fund	4,836,674	(2,924,949)
	<hr/> 6,999,399	<hr/> (810,858)
	<hr/> \$ 14,255,404	<hr/> \$ 7,624,367

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.

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, 2018

11. SEGMENTED INFORMATION, continued

	Band Programs			Community Services			Health		
	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual
Revenues									
Nuu-Chah-Nulth Tribal Council	\$ 403,951	\$ 895,962	\$ 704,729	\$ 118,672	\$ 262,193	\$ 99,947	\$ 225,122	\$ 436,219	\$ 364,644
Province of British Columbia	10,500	30,570	5,477	-	-	-	-	-	-
Revenue Sharing	26,800	201,618	2,220,000	-	-	-	-	-	-
Rental Income	10,000	28,305	24,600	-	-	-	-	-	-
Other revenue	213,582	517,731	271,165	-	24,041	4,975	-	-	-
Total revenue	664,833	1,674,186	3,225,971	118,672	286,234	104,922	225,122	436,219	364,644
Expenses									
Contracted services	24,000	204,814	133,240	3,500	173,079	17,560	30,000	27,883	11,000
Materials and supplies	53,000	101,204	60,916	1,500	10,906	-	19,800	20,045	15,176
Professional fees	44,000	113,298	63,697	-	-	-	-	-	-
Travel	13,050	77,589	56,751	12,000	2,977	16,028	-	183,998	172,553
Utilities and telephone	30,950	48,531	42,413	-	-	-	15,000	18,055	16,705
Wages and benefits	375,603	335,737	348,234	30,500	101,547	113,293	148,322	159,369	129,349
Other expenses	101,549	435,218	243,755	91,172	104,136	58,622	12,000	13,861	16,808
Total expenses	642,152	1,316,391	949,005	138,672	392,645	205,503	225,122	423,211	361,591
Annual surplus (deficit)	\$ 22,681	\$ 357,795	\$ 2,276,967	\$ (20,000)	\$ (106,411)	\$ (100,581)	-	\$ 13,008	\$ 3,053

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

11. SEGMENTED INFORMATION, continued

	Social Development			Education			Job Creation		
	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual
Revenues									
Nuu-Chah-Nulth Tribal Council	\$ -	\$ 178,828	\$ 84,789	\$ 1,168,715	\$ 1,168,715	\$ 385,009	\$ 1,054,248	\$ 82,982	\$ 82,980
First Nations Education Steering Committee	-	-	-	-	-	222,435	-	-	-
Parks Canada	-	-	-	-	-	-	-	-	106,305
Other revenue	-	-	-	205,956	15,000	10,898	229,000	682,886	313,604
Total revenue	-	178,828	84,789	1,374,671	1,568,724	1,287,581	311,982	765,866	527,899
Expenses									
Contracted services	-	-	-	-	-	-	17,000	257,948	285,491
Materials and supplies	-	-	-	156,500	201,179	235,522	39,490	51,756	26,446
Professional fees	-	-	-	-	-	-	2,137	1,291	-
Travel	-	-	-	20,000	33,102	40,756	9,000	11,368	12,931
Utilities and telephone	-	-	-	34,000	45,767	43,710	1,200	2,348	1,525
Wages and benefits	-	-	-	696,061	743,866	730,107	176,076	121,221	134,001
Other expenses	-	237,783	164,305	468,110	487,984	410,493	64,840	207,521	71,085
Total expenses	-	237,783	164,305	1,374,671	1,511,898	1,460,588	309,743	653,453	531,479
Annual surplus (deficit)	\$ -	\$ (58,955)	\$ (79,516)	-	\$ 56,826	\$ (173,007)	\$ 2,239	\$ 112,413	\$ (3,580)

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

11. SEGMENTED INFORMATION, continued

	2018 Budget	Capital Programs		2017 Actual	Treaty Related Measures		
		2018 Actual	2018 Budget		2018 Actual	2018 Budget	2017 Actual
Revenues							
Nuu-Chah-Nulth Tribal Council	\$ 443,801	\$ 1,023,111	\$ 651,659	-	\$ 584,788	\$ 639,425	
Revenue Sharing	15,158	-	-	-	-	-	
Rental Income	95,000	182,718	105,479	-	-	-	
Other revenue	96,863	(291,578)	7,000	50,000	37,500	3,403	
Total revenue	650,822	914,251	764,138	50,000	622,288	642,828	
Expenses							
Contracted services	33,000	341,899	267,755	10,000	342,296	220,332	
Principal payments on loans	-	40,938	38,926	-	-	-	
Materials and supplies	51,400	102,766	113,592	8,470	16,028	23,453	
Professional fees	-	-	390	4,000	100,099	104,004	
Travel	13,600	27,080	18,921	6,000	31,577	26,571	
Utilities and telephone	31,500	44,287	44,448	1,530	3,694	3,614	
Wages and benefits	296,831	397,757	328,135	50,000	101,463	99,103	
Other expenses	243,891	156,613	255,730	7,500	69,838	234,841	
Total expenses	670,222	1,111,340	1,067,897	87,500	664,995	711,918	
Annual surplus (deficit)	\$ (19,400)	\$ (197,089)	\$ (303,759)	\$ (37,500)	\$ (42,707)	\$ (69,090)	

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

11. SEGMENTED INFORMATION, continued

	Capital Fund			Ottawa Trust Funds			Treaty Negotiation Support Agreement		
	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual
Revenues									
Other revenue	\$ -	\$ -	\$ -	\$ -	\$ 48,634	\$ 41,361	\$ 587,845	\$ 587,845	\$ 771,367
Total revenue	-	-	-	-	48,634	41,361	587,845	587,845	771,367
Expenses									
Amortization	-	537,674	524,474	-	-	-	-	-	-
Professional fees	-	-	-	-	-	-	70,800	54,645	105,343
Travel	-	-	-	-	-	-	36,000	10,163	12,423
Utilities and telephone	-	-	-	-	-	-	4,500	11,742	9,475
Other expenses	-	-	-	-	-	-	695,200	660,961	583,948
Total expenses	-	537,674	524,474	-	-	-	806,500	737,511	711,189
Other items	-	(537,674)	(524,474)	-	48,634	41,361	(218,655)	(149,666)	60,178
	-	323,574	193,915	-	-	-	-	149,666	(60,178)
Annual surplus (deficit)	\$ -	\$ (214,100)	\$ (330,559)	-	\$ 48,634	\$ 41,361	\$ (218,655)	-	\$ -

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

11. SEGMENTED INFORMATION, continued

	Enterprise Fund			Consolidated totals		
	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual
Revenues						
Nuu-Chah-Nulth Tribal Council	\$ -	\$ -	\$ -	\$ 2,443,243	\$ 4,632,796	\$ 3,707,431
First Nations Education Steering Committee	-	-	-	-	385,009	222,435
Parks Canada	-	-	-	-	-	106,305
Province of British Columbia	-	-	-	10,500	30,570	5,477
Revenue Sharing	-	-	-	41,958	201,618	2,220,000
Rental Income	-	-	-	105,000	211,023	130,079
Other revenue	-	6,661,623	765,286	1,383,246	8,283,682	2,189,059
Total revenue	-	6,661,623	765,286	3,983,947	13,744,698	8,580,786
Expenses						
Amortization	-	-	-	-	537,674	524,474
Contracted services	-	-	-	117,500	1,347,919	935,378
Principal payments on loans	-	-	-	-	40,938	38,926
Materials and supplies	-	-	-	330,160	503,884	475,105
Professional fees	-	-	-	120,937	269,333	273,434
Travel	-	-	-	109,650	377,854	356,934
Utilities and telephone	-	-	-	118,680	174,424	161,890
Wages and benefits	-	-	-	1,773,393	1,960,960	1,882,222
Other expenses	-	-	-	1,684,262	2,373,915	2,039,587
Total expenses	-	-	-	4,254,582	7,586,901	6,687,949
Other items	-	6,661,623	765,286	(270,635)	6,157,797	1,892,837
Annual surplus (deficit)	\$ -	\$ 6,661,623	\$ 765,286	\$ (270,635)	\$ 6,631,037	\$ 2,026,574

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

12. CONTINGENT LIABILITIES

a) Indigeneous Services Canada

Under the terms of the contribution agreements with Indigeneous Services 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 \$21,636.

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. SUBSEQUENT EVENTS

On July 7, 2018 a band council resolution was approved to authorize Ditidaht Development to purchase forestry land from Island Timberlands GP Ltd. for \$3,000,000. To fund the purchase Ditidaht First Nation will contribute \$2,000,000 from the Forestry Agreements fund.

14. PRIOR PERIOD RESTATEMENT

During the year, it was discovered the the amounts due to the related parties Ts'aa7ukw Holdings Ltd. and Ditidaht Cedar Salvage Ltd. were no longer considered collectible and as a result were written off in the year ended March 31, 2016.

As a result, the financial statements have been restated as follows:

	As previously stated	Adjustments Increase (Decrease)	As Restated
<hr/>			
Consolidated Statement of Financial Position			
Financial assets			
Long-term investments	\$ 7,108,574	\$ (5,038,255)	\$ 2,070,319
Net debt	147,520	(5,038,255)	(4,890,735)
Accumulated surplus	\$ 12,662,622	\$ (5,038,255)	\$ 7,624,367

15. COMPARATIVE AMOUNTS

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