

DITIDAHT FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

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Ditidaht First Nation



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DITIDAHT FIRST NATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2020

The accompanying consolidated financial statements of Ditidaht First Nation and all the information in this annual report for the year ended March 31, 2020 are the responsibility of management and have been approved by the Chief and Council.

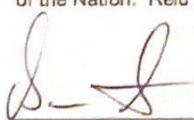
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgement. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

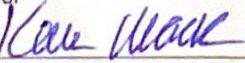
The Ditidaht First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Nation's assets are appropriately 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 the books and records of the Nation. Reid Hurst Nagy Inc. have full and free access to the council for information purposes.



Chief


Acting Band Administrator

Oct 27/2020
Date
Oct. 27, 2020
Date

Independent Auditors' Report

To the Members of
Ditidaht First Nation

Opinion

We have audited the consolidated financial statements of Ditidaht First Nation, which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2020, and the results of its consolidated operations, its changes in its consolidated net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAB, 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.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit 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.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



REID HURST NAGY INC.
CHARTERED PROFESSIONAL ACCOUNTANTS

RICHMOND, B.C.
OCTOBER 27, 2020

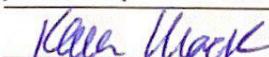
DITIDAHT FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at March 31, 2020

	2020	2019
FINANCIAL ASSETS		
Cash	\$ 5,480,178	\$ 1,192,022
Restricted cash (Note 3)	3,101,134	
Accounts receivable (Note 4)	696,924	200,832
Long-term investments (Note 5)	17,430,510	14,145,731
Investment in Treaty	-	10,635,437
	<u>23,607,612</u>	<u>29,275,156</u>
LIABILITIES		
Accounts payable (Note 7)	399,242	453,886
Deferred revenue (Note 8)	635,258	-
Long-term debt (Note 9)	<u>1,176,014</u>	<u>12,134,077</u>
	<u>2,210,514</u>	<u>12,587,963</u>
NET FINANCIAL ASSETS	21,397,098	16,687,193
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 10)	3,559,567	3,415,158
Prepaid expenses	606	606
	<u>3,560,173</u>	<u>3,415,764</u>
ACCUMULATED SURPLUS (Note 11)	\$ 24,957,271	\$ 20,102,957
MEMBERS' EQUITY		
Equity in Band Programs	\$ 8,209,226	\$ 3,970,682
Equity in Capital Fund	2,998,338	2,811,846
Equity in Ottawa Trust Funds	-	3,101,134
Equity in Treaty Negotiation Support Agreement	237,275	-
Equity in Enterprise Fund	<u>13,512,432</u>	<u>10,219,295</u>
ACCUMULATED SURPLUS	\$ 24,957,271	\$ 20,102,957

APPROVED ON BEHALF OF THE DITIDAHT FIRST NATION

 , Chief

 , Acting Band Administrator

DITIDAHT FIRST NATION

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the year ended March 31, 2020

	2020 Budget	2020 Actual	2019
<u>EXCESS OF REVENUE OVER EXPENDITURES</u>	\$ (531,217)	\$ 4,854,314	\$ 4,584,702
Acquisition of tangible capital assets	-	(682,999)	(531,003)
Amortization of tangible capital assets	-	538,590	525,681
	-	(144,409)	(5,322)
Acquisition of prepaid asset	-	(606)	(606)
Use of prepaid asset	-	606	606
	-	-	-
<u>(DECREASE) INCREASE IN NET FINANCIAL ASSETS</u>	(531,217)	4,709,905	4,579,380
<u>NET FINANCIAL ASSETS AT BEGINNING OF YEAR</u>	-	16,687,193	12,107,813
<u>NET FINANCIAL ASSETS AT END OF YEAR</u>	\$ -	\$ 21,397,098	\$ 16,687,193

DITIDAHT FIRST NATION

CONSOLIDATED SUMMARY STATEMENT OF OPERATIONS AND ACCUMULATED

SURPLUS

For the year ended March 31, 2020

	2020 Budget	2020 Actual	2019 Actual
REVENUE			
Nuu-Chah-Nulth Tribal Council	\$ 2,905,218	\$ 4,273,467	\$ 4,348,250
BCTC Contribution	-	841,500	720,075
First Nations Education Steering Committee	280,000	460,515	285,247
Ottawa Trust Fund contribution	-	3,042,230	-
Interest income	-	26,096	68,070
Aboriginal Head Start	105,855	143,963	141,140
Province of British Columbia	80,000	75,530	30,226
Rental Income	25,000	145,222	98,162
Revenue Sharing	-	323,296	323,296
Share of income of First Nation controlld entities	-	3,293,137	3,382,621
Other	698,342	2,492,685	2,057,694
Transfer to deferred revenue	-	(635,258)	-
	4,094,415	14,482,383	11,454,781
EXPENDITURES			
Band Programs	927,430	975,434	1,030,245
Community Services	623,564	952,883	1,003,842
Health	19,172	369,271	226,867
Social Development	-	172,534	178,149
Education	1,595,787	1,474,025	1,445,357
Job Creation	399,215	352,475	400,011
Capital Programs	887,520	682,361	990,420
Treaty Related Measures	146,526	317,142	290,934
Capital Fund	-	538,591	525,682
Ottawa Trust Funds	-	3,127,230	55,400
Treaty Negotiation Support Agreement	-	666,123	723,172
	4,599,214	9,628,069	6,870,079
EXCESS OF REVENUE OVER EXPENDITURES	(531,217)	4,854,314	4,584,702
EQUITY AT BEGINNING OF YEAR	-	20,102,957	15,518,255
EQUITY AT END OF YEAR	\$ (531,217)	\$ 24,957,271	\$ 20,102,957

DITIDAHT FIRST NATION

CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended March 31, 2020

	2020	2019
OPERATING ACTIVITIES		
EXCESS OF REVENUE OVER EXPENDITURES	\$ 4,854,314	\$ 4,584,702
Items not affecting cash		
Amortization	538,591	525,682
Share of income of First Nation controlled entities	(3,293,137)	(3,382,621)
Decrease in investment in treaty	<u>10,635,437</u>	-
	<u>12,735,205</u>	1,727,763
Change in non-cash operating working capital	<u>84,521</u>	(145,245)
	<u>12,819,726</u>	1,582,518
FINANCING ACTIVITIES		
Repayment of Capital and Enterprise Funds long-term debt	(42,082)	(58,198)
Repayment of Operating Fund long-term debt	(218,646)	(106,291)
Current year loan forgiven - Negotiation Support Agreement Funds	<u>(10,697,335)</u>	-
Current year loan advances - Operating Fund	-	77,055
	<u>(10,958,063)</u>	(87,434)
INVESTING ACTIVITIES		
Advances to First Nation controlled entities	8,359	153,704
Purchase of tangible capital assets	(683,000)	(531,003)
Increase in investment in Treaty	-	(3,097)
Contribution to Ditidaht Economic Development Limited Partnership	-	(2,000,000)
	<u>(674,641)</u>	(2,380,396)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>1,187,022</u>	(885,312)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,293,156</u>	5,178,468
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 5,480,178</u>	\$ 4,293,156
CASH AND CASH EQUIVALENTS ARE REPRESENTED BY:		
Cash	\$ 5,480,178	\$ 1,192,022
Restricted cash	-	3,101,134
	<u>\$ 5,480,178</u>	\$ 4,293,156

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

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.
- 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, 2020

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, 2020

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) Liability for contaminated sites

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) Ditidaht First Nation is directly responsible or accepts responsibility
- (iv) it is expected that future economic benefits will be given up; and
- (v) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

As at March 31, 2019 and 2020, no liability for contaminated sites has been recorded.

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

(j) Financial Instruments

(i) Measurement of Financial instruments

The First Nation initially measures its financial assets and liabilities at fair value.

The First Nation subsequently measures all its financial assets and financial liabilities at cost or amortized cost. Changes in fair value are not recognized in the statement of operations in the period incurred in accordance with PSAS.

Financial assets measured at amortized cost include cash, accounts receivables, funds held in trust.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The First Nation has not designated any financial asset or financial liability to be measured at fair value.

(ii) Impairment

For financial assets measured at cost or amortized cost, the First Nation Corporation determines whether there are indications of possible impairment. When there is an indication of impairment, and the First Nation determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in the statement of operations. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

(k) Budget

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by Council.

(l) 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.

(m) 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."

(n) Measurement Uncertainty

In preparing the consolidated financial statements for the First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Items requiring the use of significant estimates include collectability of accounts receivable, useful life of tangible assets and accounts payable and accruals. Actual results could differ from these estimates.

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.

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

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.

During the year, the full amount of the Ottawa Trust Funds were transferred to Ditidaht First Nation.

	2020	2019
Ottawa Trust Funds - restricted cash	\$ -	\$ 3,101,134

4. ACCOUNTS RECEIVABLE

	2020	2019
Accounts receivable - general		
Nuu-Chah-Nulth Tribal Council	\$ 281,746	\$ 244,210
	563,851	113,805
Allowance for doubtful accounts		
	845,597	358,015
	(148,673)	(157,183)
	<hr/> \$ 696,924	<hr/> \$ 200,832

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

5. LONG-TERM INVESTMENTS

	2020	2019
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	657,750	503,177
	657,850	503,277
Investment in Ditidaht Cedar Salvage Ltd.		
Advances	(2,320)	(2,320)
	(2,320)	(2,320)
Investment in Ditidaht Development Corporation		
Advances	(16,540)	(8,182)
	(16,540)	(8,182)
Investment in Ts'aa7ukw Holdings Ltd.		
Advances	1,034	1,034
	1,034	1,034
Investment in Ditidaht River Green General Partner Inc.		
Advances	(100)	(100)
	(100)	(100)
Investment in Ditidaht River Green Limited Partnership		
Advances	(10)	(10)
	(10)	(10)
Investment in Ditidaht Economic Development General Partner Inc.		
Shares	100	100
Advances	(100)	(100)
Accumulated equity in earnings	(16,305)	(14,837)
	(16,305)	(14,837)
Investment in Ditidaht Economic Development Limited Partnership		
Capital contribution	7,501,522	7,501,522
Advances	26,859	(2,141)
Accumulated equity in earnings	9,278,519	6,167,487
	16,806,900	13,666,868
	\$ 17,430,510	\$ 14,145,731

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

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

	Ditidaht Economic Development General Partner Inc.	Ditidaht Economic Development Limited Partnership
Cash	\$ -	\$ 6,020,254
Accounts receivable	-	849,432
Investments	903	8,058,491
Other assets	-	2,083,166
Total assets	\$ 903	\$ 17,011,343

Accounts payable	\$ 1,000	\$ 151,238
Other liabilities	16,108	79,161
Total liabilities	17,108	230,399
Equity	(16,205)	16,780,944
Total liabilities and equity	\$ 903	\$ 17,011,343

	Ditidaht Economic Development General Partner Inc.	Ditidaht Economic Development Limited Partnership
Revenue		
Logging income	\$ -	\$ 5,166,094
Income (loss) from limited partnerships	326	(8,328)
Loss from investments	-	(97,776)
Interest income	-	73,721
	326	5,133,711
Expenses		
Other operating expenses	1,794	106,631
Subcontract	-	1,762,154
	1,794	1,868,785
	\$ (1,468)	\$ 3,264,926

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

7. ACCOUNTS PAYABLE

	2020	2019
Accounts payable - general	\$ 320,800	\$ 355,213
Receiver General - payroll deductions	26,795	62,443
Wages payable	51,647	36,230
	<hr/> \$ 399,242	<hr/> \$ 453,886

8. DEFERRED REVENUE

	March 31, 2019	Funding received, 2020	Revenue recognized, 2020	March 31, 2020
Nuu-Chah-Nulth Tribal Council	\$ -	\$ 105,735	\$ (36,720)	\$ 69,015
Ministry of Fisheries, Oceans and the				
Canadian Coast Guard	- -	100,000	(4,409)	95,591
Province of BC	- -	471,255	(603)	470,652
	<hr/> \$ - -	<hr/> \$ 676,990	<hr/> \$ (41,732)	<hr/> \$ 635,258

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2020

9. LONG-TERM DEBT

	2020	2019
Bank of Montreal - repayable in monthly installments of \$3,507 including interest at 3.92%, maturing July 1, 2020. Secured by a Ministerial Guarantee and a first mortgage on 5 housing units.	\$ 466,115	\$ 480,699
Royal Bank of Canada - repaid in full during the year.	-	2,966
Nuu-Chan-Nulth Economic Development Corporation - Assumed by Ditidaht Development Corporation during the year.	-	166,119
Government of Canada - promissory notes and First Nation Negotiation Support Agreements representing advances made by Canada for treaty negotiations. Repayment provisions for these loans were outlined in Sections 13.0 and 14.0 of the First Nation Negotiation Support Agreement. The debt has been forgiven by the Province of BC effective March 31, 2020	-	10,697,335
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	23,360	45,008
Bank of Montreal - repayable in monthly installments of \$6,795 including interest at 4.30%, maturing Feb 28, 2024. Secured by a Ministerial Guarantee and a general security agreement.	614,785	667,312
Bank of Montreal - repayable in monthly installments of \$578 including interest at BMO prime rate plus 0.50%, maturing December 2032. The interest rate in effect at March 31, 2020 is 3.45%. Secured by a 2018 Outdoors RV Glacier Peak.	71,754	74,638
	<hr/> \$ 1,176,014	<hr/> \$ 12,134,077

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

2021	\$ 108,169
2022	85,171
2023	88,635
2024	92,241
<u>2025 and thereafter</u>	<hr/> 801,798
	<hr/> \$ 1,176,014

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

10. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated amortization			2020 net book value
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	
Buildings	\$ 8,620,698	\$ -	\$ 8,620,698	\$ 5,978,076	\$ 349,613	\$ 6,327,689	\$ 2,293,009
Automotive equipment	1,332,444	-	1,332,444	878,676	121,956	1,000,632	331,812
Community infrastructure	1,280,920	-	1,280,920	1,280,920	-	1,280,920	-
Capital water	344,399	-	344,399	333,092	2,827	335,919	8,480
Equipment and furniture	763,326	-	763,326	557,355	64,195	621,550	141,776
Land development	101,490	-	101,490	-	-	-	101,490
Assets under construction	-	683,000	683,000	-	-	-	683,000
	\$ 12,443,277	\$ 683,000	\$ 13,126,277	\$ 9,028,119	\$ 538,591	\$ 9,566,710	\$ 3,559,567

	Cost			Accumulated amortization			2019 Net book value
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	
Buildings	\$ 8,552,015	\$ 68,683	\$ 8,620,698	\$ 5,606,808	\$ 371,268	\$ 5,978,076	\$ 2,642,622
Automotive equipment	918,695	413,749	1,332,444	787,881	90,795	878,676	453,768
Community infrastructure	1,280,920	-	1,280,920	1,280,920	-	1,280,920	-
Capital water	344,399	-	344,399	331,678	1,414	333,092	11,307
Equipment and furniture	714,754	48,572	763,326	495,150	62,205	557,355	205,971
Land development	101,490	-	101,490	-	-	-	101,490
	\$ 11,912,273	\$ 531,004	\$ 12,443,277	\$ 8,502,437	\$ 525,682	\$ 9,028,119	\$ 3,415,158

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

11. ACCUMULATED SURPLUS

	2020	2019
Unrestricted		
Operating Fund	\$ 8,209,226	\$ 3,970,682
Capital Fund	2,998,338	2,811,846
	<hr/> 11,207,564	<hr/> 6,782,528
Restricted		
Ottawa Trust Funds	-	3,101,134
Treaty Negotiation Support Agreement	237,275	-
Enterprise Fund	13,512,432	10,219,295
	<hr/> 13,749,707	<hr/> 13,320,429
	<hr/> \$ 24,957,271	<hr/> \$ 20,102,957

12. 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, 2020

12. SEGMENTED INFORMATION, continued

	Band Programs		2019 Actual	2020 Budget	Community Services		2019 Actual	2020 Budget	Health	
	2020 Budget	2020 Actual			2020 Budget	2020 Actual			2020 Actual	2019 Actual
Revenues										
Nuu-Chah-Nulth Tribal Council	\$ 543,119	\$ 798,149	\$ 700,259	\$ 392,509	\$ 609,938	\$ 935,485	\$ 19,172	\$ 263,910	\$ 216,242	
First Nations Education Steering Committee	-	-	-	-	\$ 154,166	-	-	-	-	-
Ottawa Trust Funds	25,000	140,055	91,447	-	-	-	-	-	-	-
Province of British Columbia	-	30,000	30,226	-	-	-	-	-	-	-
Revenue Sharing	-	323,296	323,296	-	-	-	-	-	-	-
Rental Income	10,000	24,276	21,055	-	-	-	-	-	-	-
Other revenue	130,855	3,547,572	177,366	108,700	341,315	340,095	-	155,000	-	-
Total revenue	708,974	4,863,348	1,343,649	501,209	1,105,419	1,275,580	19,172	418,910	216,242	
Expenses										
Contracted services	119,050	116,276	156,576	115,885	286,374	267,491	9,172	9,172	16,384	
Materials and supplies	68,229	70,944	78,791	55,447	41,989	77,738	-	4,004	12,131	
Professional fees	97,800	81,131	79,876	46,690	39,286	4,950	-	142,370	-	
Travel	94,290	101,556	87,786	-	57,391	64,519	-	203,833	170,108	
Utilities and telephone	41,989	42,180	37,609	-	-	911	-	-	2,483	
Wages and benefits	363,315	391,041	319,405	306,793	427,620	402,073	-	79	11,355	
Other expenses	160,560	172,307	270,202	106,159	100,223	186,160	10,000	9,813	14,406	
Total expenses	945,233	975,435	1,030,245	630,974	952,883	1,003,842	19,172	369,271	226,867	
Annual surplus (deficit)	\$ (236,259)	\$ 3,887,913	\$ 313,404	\$ (129,765)	\$ 152,536	\$ 271,738	-	\$ 49,639	\$ (10,625)	

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

12. SEGMENTED INFORMATION, continued

	2020 Budget	Social Development		2020 Budget	Education		2020 Budget	Job Creation	
		2020 Actual	2019 Actual		2020 Actual	2019 Actual		2020 Actual	2019 Actual
Revenues									
Nuu-Chah-Nulth Tribal Council	\$ -	\$ 337,783	\$ 152,861	\$ 1,332,915	\$ 1,327,726	\$ 1,151,185	\$ 82,417	\$ 121,764	\$ 82,417
First Nations Education Steering Committee	-	-	-	280,000	306,349	285,247	-	-	-
Other revenue	-	-	-	-	504	-	-	-	-
Other revenue	-	-	-	85,000	263,344	82,760	228,011	206,654	326,103
Total revenue	-	337,783	152,861	1,697,915	1,897,923	1,519,192	310,428	328,418	408,520
Expenses									
Contracted services	-	-	-	-	-	-	206,210	126,977	205,898
Materials and supplies	-	-	-	190,800	89,659	191,044	13,839	26,317	54,112
Professional fees	-	-	-	-	-	-	1,572	-	578
Travel	-	-	-	20,109	10,349	25,776	11,500	11,787	12,335
Utilities and telephone	-	-	-	44,300	46,983	43,327	4,000	3,017	3,975
Wages and benefits	-	-	-	757,190	746,956	732,032	122,788	129,343	101,905
Other expenses	-	172,534	178,149	583,389	580,078	453,178	39,306	55,034	21,208
Total expenses	-	172,534	178,149	1,595,788	1,474,025	1,445,357	399,215	352,475	400,011
Annual surplus (deficit)	\$ -	\$ 165,249	\$ (25,288)	\$ 102,127	\$ 423,898	\$ 73,835	\$ (88,787)	\$ (24,057)	\$ 8,509

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

12. SEGMENTED INFORMATION, continued

	2020 Budget	Capital Programs		2019 Actual	Treaty Related Measures		
		2020 Actual	2020 Budget		2020 Budget	2020 Actual	2019 Actual
Revenues							
Nuu-Chah-Nulth Tribal Council	\$ 535,086	\$ 541,802	\$ 977,968	-	\$ 272,395	\$ 131,833	
Other revenue	-	71,366	-	-	100,000	-	
Province of British Columbia	-	-	-	80,000	45,530	-	
Rental Income	15,000	120,946	77,107	-	-	-	
Other revenue	194,631	143,098	156,772	32,000	12,815	95,455	
Total revenue	744,717	877,212	1,211,847	112,000	430,740	227,288	
Expenses							
Contracted services	29,024	128,279	277,679	10,711	77,185	36,007	
Principal payments on loans	10,982	32,184	29,834	-	-	-	
Materials and supplies	37,000	57,295	6,572	6,000	22,027	11,122	
Professional fees	-	3,550	52,735	27,715	62,848	70,397	
Travel	11,500	10,710	36,124	27,500	16,241	15,773	
Utilities and telephone	53,409	75,254	61,447	5,100	5,670	5,227	
Wages and benefits	334,134	183,711	344,693	55,840	37,831	82,413	
Other expenses	412,675	191,378	181,336	13,660	95,340	69,995	
Total expenses	888,724	682,361	990,420	146,526	317,142	290,934	
Annual surplus (deficit)	\$ (144,007)	\$ 194,851	\$ 221,427	\$ (34,526)	\$ 113,598	\$ (63,646)	
		Capital Fund		Ottawa Trust Funds		Treaty Negotiation Support Agreement	
2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual
Revenues							
Other revenue	\$ -	\$ -	\$ -	\$ 26,096	\$ 993,809	\$ -	\$ 903,398
Total revenue	-	-	-	26,096	993,809	-	903,398
Expenses							
Amortization	-	538,591	525,682	-	-	-	-
Professional fees	-	-	-	-	-	42,562	47,680
Travel	-	-	-	-	-	7,593	10,095
Utilities and telephone	-	-	-	-	-	8,868	10,368
Other expenses	-	-	-	3,127,230	55,400	-	607,100
Total expenses	-	538,591	525,682	3,127,230	55,400	-	666,123
Annual surplus (deficit)	\$ -	\$ (538,591)	\$ (525,682)	\$ (3,101,134)	\$ 938,409	\$ -	\$ 237,275

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

12. SEGMENTED INFORMATION, continued

	Enterprise Fund		2019 Actual	Consolidated totals		
	2020 Budget	2020 Actual		2020 Budget	2020 Actual	2019 Actual
Revenues						
Nuu-Chah-Nulth Tribal Council	\$ -	\$ -	\$ 2,905,218	\$ 4,273,467	\$ 4,348,250	
First Nations Education Steering Committee	-	-	280,000	460,515	285,247	
Other revenue	-	-	25,000	311,925	91,447	
Province of British Columbia	-	-	80,000	75,530	30,226	
Revenue Sharing	-	-	-	323,296	323,296	
Rental Income	-	-	25,000	145,222	98,162	
Other revenue	-	3,293,137	3,382,621	779,197	8,892,429	6,278,153
Total revenue	-	3,293,137	3,382,621	4,094,415	14,482,384	11,454,781
Expenses						
Amortization	-	-	-	-	538,591	525,682
Contracted services	-	-	-	490,052	744,263	960,035
Principal payments on loans	-	-	10,982	32,184	29,834	
Materials and supplies	-	-	371,315	312,235	431,510	
Professional fees	-	-	173,777	371,747	256,216	
Travel	-	-	164,899	419,460	422,516	
Utilities and telephone	-	-	148,798	181,972	165,347	
Wages and benefits	-	-	1,940,060	1,916,581	1,993,876	
Other expenses	-	-	1,325,749	5,111,037	2,085,063	
Total expenses	-	-	-	4,625,632	9,628,070	6,870,079
Annual surplus (deficit)	\$ -	\$ 3,293,137	\$ 3,382,621	\$ (531,217)	\$ 4,854,314	\$ 4,584,702

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

13. CONTINGENT LIABILITIES

a) Indigenous Services Canada

Under the terms of the contribution agreements with Indigenous 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 \$11,656 (2019 - \$20,456).

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 \$35,000. These accounts are in the names of the Chief and Band Manager.

14. PRIOR PERIOD RESTATEMENT

During the year, it was discovered the amortization on the tangible capital assets had been overstated in prior years due to a calculation error. As a result, the financial statements have been restated as follows:

	As previously stated in 2019 Budget	Adjustments Increase (Decrease) Actual	Restated 2020 Actual
Consolidated Statement of Financial Position			
Tangible capital assets	\$ 2,092,540	\$ 1,322,618	\$ 3,415,158
Consolidated Statement of Operations			
Current year surplus (deficit)	4,524,936	59,766	4,584,702
Consolidated Statement of Accumulated surplus			
Accumulated surplus at beginning of year	14,255,404	1,262,851	15,518,255
Accumulated surplus at end of year	\$ 18,780,340	\$ 1,322,617	\$ 20,102,957

15. COMPARATIVE AMOUNTS

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

DITIDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

16. SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential effects on Ditidaht First Nation due to the possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on Ditidaht First Nation's operations.

The extent of the impact of this outbreak and related containment measures on Ditidaht First Nation's operations cannot be reliably estimated at this time.