

Day Star First Nation
Consolidated Financial Statements
March 31, 2014

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Management's Responsibility

To the Members of Day Star First Nation

The accompanying consolidated financial statements of Day Star First Nation are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Day Star First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

September 17, 2014

"Original signed by"

Lorraine Demarais

Independent Auditors' Report

To the Members of Day Star First Nation:

We have audited the accompanying consolidated financial statements of Day Star First Nation, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of operations and accumulated surplus (deficit), changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Day Star First Nation as at March 31, 2014 and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Regina, Saskatchewan

September 17, 2014


Chartered Accountants

Day Star First Nation
Consolidated Statement of Financial Position
As at March 31, 2014

	2014	2013
Financial assets		
Current		
Cash (Note 3)	380,061	357,534
Accounts receivable (Note 4)	371,303	244,588
	751,364	602,122
Funds held in trust (Note 6)	43,992	32,600
	795,356	634,722
Liabilities		
Current		
Bank indebtedness (Note 7)	9,864	33,244
Accounts payable and accruals	236,648	266,865
Deferred revenue (Note 8)	486,096	354,556
Current portion of long-term debt (Note 10)	123,952	116,982
	856,560	771,647
Long-term debt (Note 10)	1,114,868	1,241,112
Liabilities of controlled business entities (Note 11)	27,744	16,707
	1,999,172	2,029,466
Net debt	(1,203,816)	(1,394,744)
Contingencies (Note 12)		
Non-financial assets		
Tangible capital assets (Note 13)	3,642,546	3,867,367
Prepaid expenses	24,365	72,314
	3,666,911	3,939,681
Accumulated surplus (Note 14)	2,463,095	2,544,937

Approved by:

“Original signed by”

Councilor

David Crow Buffalo

“Original signed by”

Councilor

Janell Wright

Day Star First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2014

	2014 <i>Budget</i> <i>(Note 20)</i>	2014	2013
Revenue			
Aboriginal Affairs and Northern Development Canada <i>(Note 15)</i>	1,035,531	1,090,532	1,127,818
Health Canada <i>(Note 16)</i>	232,687	217,803	227,510
Canada Mortgage and Housing Corporation	-	53,083	70,515
Additional government funding			
Sask Lotteries Grant	-	-	1,255
PDAP	-	-	50,234
Commissions	-	312,436	204,262
Touchwood Agency Tribal Council	207,410	225,242	205,826
First Nations Trust	172,623	180,150	200,589
Community Development Corporation	141,744	160,164	169,383
Rental income	3,300	63,240	64,440
Earnings (loss) from investment in Nation business entities	-	(11,037)	39,692
Other revenue	141,347	277,836	30,043
Lease income	-	10,230	10,230
Daycare subsidization	1,788	1,788	1,788
Interest income	-	1,530	953
Gain (loss) on sale of tangible capital assets	-	(12,905)	700
	1,936,430	2,570,092	2,405,238
Program expenses			
Reserves and Trusts	2 5,000	5,023	4,794
Education	3 292,059	303,480	300,029
Economic Development	4 30,000	268,196	44,486
Band Government	5 251,197	319,614	361,355
Operation and Maintenance	6 361,460	685,471	643,495
Capital	7 194,386	154,258	117,787
Social Development	8 280,636	312,163	300,964
Other	9 517,373	603,729	630,722
Total expenditures <i>(Schedule 1)</i>	1,932,111	2,651,934	2,403,632
Surplus (deficit)	4,319	(81,842)	1,606
Accumulated surplus, beginning of year	2,544,937	2,544,937	2,543,331
Accumulated surplus, end of year <i>(Note 14)</i>	2,549,256	2,463,095	2,544,937

The accompanying notes are an integral part of these financial statements

Day Star First Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2014

	2014 Budget (Note 20)	2014	2013
Surplus (deficit)	4,319	(81,842)	1,606
Purchases of tangible capital assets	-	(241,526)	(71,861)
Amortization of tangible capital assets	-	448,748	459,887
(Gain) loss on disposal of capital assets	-	12,905	(700)
Proceeds of disposal of tangible capital assets	-	4,690	700
	-	224,817	388,026
Acquisition of prepaid expenses	-	(24,366)	(72,318)
Use of prepaid expenses	-	72,319	24,311
	-	47,953	(48,007)
Increase in net debt	4,319	190,928	341,625
Net debt, beginning of year	(1,394,744)	(1,394,744)	(1,736,369)
Net debt, end of year	(1,390,425)	(1,203,816)	(1,394,744)

The accompanying notes are an integral part of these financial statements

Day Star First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2014

	2014	2013
Cash provided by (used for) the following activities		
Operating activities		
Surplus (deficit)	(81,842)	1,606
Non-cash items		
Amortization	448,748	459,887
Bad debts	9,281	89,702
Loss (gain) on disposal of tangible capital assets	12,905	(700)
	389,092	550,495
Changes in working capital accounts		
Accounts receivable	(135,992)	(97,922)
Prepaid expenses	47,953	(48,007)
Accounts payable and accruals	(30,221)	(143,847)
Deferred revenue	131,540	12,216
	402,372	272,935
Financing activities		
Repayment of long-term debt	(119,274)	(111,674)
Decrease in bank indebtedness	(23,380)	(42,839)
Increase (decrease) in liabilities of controlled business entities	11,037	(39,692)
	(131,617)	(194,205)
Capital activities		
Purchases of tangible capital assets	(241,526)	(71,861)
Proceeds of disposal of tangible capital assets	4,690	700
	(236,836)	(71,161)
Investing activities		
Increase in funds held in trust	(11,392)	(10,921)
Advances to Day Star Gas Bar & Confectionary Inc.	-	(60,000)
	(11,392)	(70,921)
Increase (decrease) in cash resources	22,527	(63,352)
Cash resources, beginning of year	357,534	420,886
Cash resources, end of year	380,061	357,534
Supplementary cash flow information		
Interest paid	51,878	56,891

The accompanying notes are an integral part of these financial statements

1. Operations

The Day Star First Nation (the "Nation") is located in the province of Saskatchewan, and provides various services to its members. Day Star First Nation includes the Nation's members, government and all related entities that are accountable to the Nation and are either owned or controlled by the Nation.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Basis of presentation

Sources of financing and expenditures are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Reporting entity

The consolidated financial statements consolidate the financial activities of all entities and departments comprising the Nation reporting entity, except for Nation business entities.

The Nation has consolidated the assets, liabilities, revenues and expenses of the following entities and departments:

- Day Star First Nation
- Day Star First Nation CMHC Housing Projects

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Day Star First Nation business entities, owned or controlled by the Nation's Council but not dependent on the Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the Nation. Thus, the Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Day Star Gas Bar & Confectionary Inc.

A separate report is issued on the above entity's financial statement.

This entity is related by common ownership.

Other Economic Interests

Day Star First Nation is a member of the Touchwood Child and Family Services Incorporated. The Touchwood Child and Family Services Incorporated is an organization of five member First Nations, whose purpose is to provide Child and Family Services to the five member Nations.

Day Star First Nation is a member of the Touchwood Agency Tribal Council. The Touchwood Agency Tribal Council is an organization of five Nations. The Tribal Council purpose is to enhance the services provided to member Nations.

The First Nation does not have a share in the profits or loss of the above entities. As a result, the financial statements of Touchwood Child and Family Services Incorporated and Touchwood Agency Tribal Council have not been consolidated with the consolidated financial statements of Day Star First Nation.

Cash resources

Cash resources include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash. Restricted cash is disclosed in Note 3.

2. Significant accounting policies *(Continued from previous page)*

Funds held in Ottawa Trust Fund

Funds are held in trust on behalf of Nation members by the Government of Canada in the Ottawa Trust Fund. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other Nation capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Revenues from trust fund moneys are recognized when measurable, earned and collection is reasonably assured. These moneys are reported on by the Government of Canada.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible capital assets are recorded at their fair value at the date of contribution.

Amortization

Amortization for tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives.

	Method	Rate
Buildings	straight-line	20 years
Equipment	straight-line	10 years
Roads	straight-line	20 years
Utility systems	straight-line	10 years
Land and land improvements	straight-line	30 years
Computers	straight-line	4 years
Vehicles	straight-line	5 years
Housing	straight-line	20 - 25 years

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the assets' carrying amount. Impairment is measured as the amount by which the assets' carrying value exceeds its fair value. Any impairment is included in surplus for the year.

Prices for similar items are used to measure fair value of long-lived assets.

Intangible assets

The First Nation owns mineral rights, water resources and crown lands inherited from the Crown. These items are not recognized in the First Nation's consolidated financial statements in accordance with PS 1200 *Financial Statement Presentation*.

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

2. **Significant accounting policies** *(Continued from previous page)*

Net debt

The First Nation's consolidated financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its financial assets less its liabilities. Net debt is comprised of two components, non-financial assets and accumulated surplus.

Provision for site rehabilitation

The First Nation is reviewing environmental objectives and liabilities for its activities and potential site reclamation and restoration obligations. The First Nation has yet to determine the amounts of such obligations.

Revenue recognition

Government Transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Externally restricted revenue

The Nation recognizes externally restricted inflows as revenue in the period the resources are used for the purpose specified in accordance with an agreement or legislation. Until this time, the Nation records externally restricted inflows in deferred revenue.

Other revenue

Rental revenue is recognized over the rental term. Investment income is recognized as it is earned. Other revenues are earned from services provided by the First Nation and are recognized when the service has been provided.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management 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 financial statements, and the reported amounts of revenue and expenditures during the reporting period.

Accounts receivable, and amounts due from related Nation entities and departments, are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

These assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the records of the periods in which they become known.

2. Significant accounting policies (Continued from previous page)

Segments

The First Nation conducts its business through 8 reportable segments as identified in the attached schedules. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance and as part of its funding requirements.

For each reported segment, revenue and expenses represent both amounts that are directly attributable 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 and are apportioned based on a percentage of budgeted revenue, where permitted by the funding agencies.

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

Recent accounting pronouncements

Liability for contaminated sites

In June 2010, the Public Sector Accounting Board (PSAB) issued PS 3260 *Liability for Contaminated Sites* to establish recognition, measurement and disclosure standards for liabilities associated with the remediation of contaminated sites. The new section defines activities included in a liability for remediation, establishes when to recognize and how to measure a liability for remediation, and provides the related financial statement presentation and disclosure requirements.

PS 3260 is effective for fiscal years beginning on or after April 1, 2014. The First Nation has not yet determined the effect of the new section in its consolidated financial statements.

Financial instruments

In June 2011, the Public Sector Accounting Board (PSAB) issued PS 3450 *Financial Instruments* to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. As a result of issuance of PS 3450, there have been numerous consequential amendments made to other Sections. PS 3450 is effective for fiscal years beginning on or after April 1, 2016.

PS 3450 is applied prospectively in the fiscal year of initial adoption; therefore, financial statements of prior periods, including comparative information, are not restated. The First Nation does not expect the adoption of these new standards to have a material impact on its consolidated financial statements.

3. Restricted cash

Restricted cash consists of cash managed by capital project managers who are responsible for payment of expenses relating to capital projects funded by AANDC. At March 31, 2014 this amounted to \$195,370 (2013 - \$201,522).

Restricted cash consists of amounts relating to CMHC replacement reserve of \$38,545 (2013 - \$16,403) and the CMHC operating reserve of \$5,252 (2013 - \$2,848).

Day Star First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

4. Accounts receivable

	2014	2013
Aboriginal Affairs and Northern Development Canada	22,244	39,000
Health Canada	10,434	8,107
Advances to members	1,040	(1,920)
Rent	281,081	276,238
Dakota Dunes Community Development Corp	302,052	39,837
CMHC	8,661	24,019
Other	35,588	139,823
	661,100	525,104
Allowance for doubtful accounts	(289,797)	(280,516)
	371,303	244,588

5. Advances to Day Star Gas Bar & Confectionary Inc.

Advances to Day Star Gas Bar & Confectionary Inc. are unsecured, non-interest bearing and without fixed terms of repayment. All transactions with related parties are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

	2014	2013
Advances to Day Star Gas Bar & Confectionary Inc.	86,360	86,360
Allowance for doubtful accounts	(86,360)	(86,360)
	-	-

6. Funds held in trust

Capital and revenue trust moneys are transferred to the Nation on the authorization of the Minister of Aboriginal Affairs and Northern Development Canada with the consent of the Nation's Council.

	2014	2013
Capital Trust Balance, beginning of year	583	583
Capital Trust Balance, end of year	583	583
Revenue Trust Balance, beginning of year	32,017	21,096
Interest revenue	1,162	691
Lease revenue	10,230	10,230
Revenue Trust Balance, end of year	43,409	32,017
Total funds held in trust	43,992	32,600

Day Star First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

7. Bank indebtedness

Bank indebtedness includes a line of credit amounting to \$9,864 (2013 - \$33,244) and bearing interest at prime plus 2% (2013 - prime plus 2%). Funding from Aboriginal Affairs and Northern Development Canada is pledged as collateral. The authorized limit of the line of credit is \$50,000.

8. Deferred revenue

		2014	2013
Capital - Backup Well/Drainage/Flood Repair	AANDC	89,257	89,082
Capital - Roads		-	5,840
Capital - Gymnasium		-	117,854
Other - Community Development Corporation		299,838	51,748
Capital - Transfer Station	AANDC	86,113	88,385
Operations & Maintenance - Special Services	AANDC	-	1,647
Other - NNADAP	Health Canada	1,210	-
Other - Community Health Representative	Health Canada	1,210	-
Other - Brighter Futures	Health Canada	4,234	-
Other - Mental Health	Health Canada	4,234	-
		486,096	354,556

The following table represents changes in the deferred revenue balances:

	Balance, beginning of year	Funds received	Recognized as revenue	Balance, end of year
Capital - Backup Well/ Drainage/ Flood Repair	89,082	197	22	89,257
Capital - Roads	5,840	-	5,840	-
Capital - Gymnasium	117,854	-	117,854	-
Other - Community Development Corporation	51,748	405,753	157,663	299,838
Capital - Transfer Station	88,385	-	2,272	86,113
Operations & Maintenance - Special Services	1,647	3,000	4,647	-
Other - NNADAP	-	48,595	47,385	1,210
Other - Community Health Representative	-	42,181	40,971	1,210
Other - Brighter Futures	-	40,682	36,448	4,234
Other - Mental Health	-	28,717	24,483	4,234
				486,096

Day Star First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

9. CMHC reserves

Operating reserve

The First Nation's CMHC Housing Program receives funding pursuant to the Post 1997 - Fixed Subsidy Program. Any surpluses are externally restricted and reserved for future operating losses that relate to the operation of houses under this program.

Replacement reserve

A replacement reserve fund has been established for replacement of capital equipment and for major repairs to the houses. Pursuant to CMHC agreements, operating provisions of \$93.75 per unit per month are made for phases I through IV and phase VI and \$100 per unit per month for phase V. Any applicable expenditures are charged against the reserve.

At March 31, 2014 the replacement reserve fund is under-funded by \$149,339 (2013 - under funded \$154,531) and the operating reserve fund is under-funded by \$163,116 (2013 - under funded by \$152,697).

10. Long-term debt

The following CMHC loans are secured by government guarantees, and relate to the construction of on-reserve housing. The First Nation receives a subsidy from Canada Mortgage and Housing Corporation to assist with the payment of principal and interest on the following loans:

<u>CMHC Phase</u>	<u>Monthly Payment Including Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>2014</u>	<u>2013</u>
I	275	1.92%	Apr. 1/24	30,041	32,759
II	407	2.84%	Dec. 1/24	44,951	48,514
III	1,195	2.69%	May 1/25	137,415	147,927
IV	1,246	2.63%	Jan. 1/26	151,143	161,990
V	266	1.67%	May 1/28	40,030	42,485
VI	1,525	1.65%	Jun. 1/37	351,560	364,022
				755,140	797,697
Peace Hills Trust loan, repayable in quarterly installments of \$28,000, including interest at 7.00%, secured by Band Council Resolutions redirecting funding, renews July 1, 2015.				483,680	560,397
				1,238,820	1,358,094
Less: Current Portion				123,952	116,982
				1,114,868	1,241,112

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed are estimated as follows:

2015	123,952
2016	130,778
2017	138,049
2018	145,797
2019	154,054
	692,630
Thereafter	546,190

Day Star First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

11. Liabilities of controlled business entities

The Nation has investments in the following wholly owned entity:

	2014	2013
Day Star Gas Bar & Confectionary Inc.	(27,744)	(16,707)

Condensed financial information for the 12 month period ending March 31, 2014 is as follows:

	Assets	Liabilities	Net Assets (Liabilities)	Revenues	Expenses	Earnings
Day Star Gas Bar & Confectionary Inc.	79,958	107,702	(27,744)	586,466	597,503	(11,037)

The above assets, liabilities, net liabilities, revenue, expenses and earnings are as reported for the above company's financial statements. The investment balance has been adjusted for any inter-organizational gains and losses and for the First Nations portion of ownership interest.

Included in revenue for Day Star Gas Bar & Confectionary Inc. are contributions of \$11,406 from Day Star First Nation.

12. Contingencies

The First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements. This amount cannot be reasonably estimated at this point in time.

Day Star First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

13. Tangible capital assets

	<i>Cost</i>	<i>Additions</i>	<i>Disposals</i>	<i>Accumulated amortization</i>	<i>2014 Net book value</i>
Buildings	3,255,327	80,497	40,000	1,357,360	1,938,464
Equipment	481,602	40,647	-	370,326	151,923
Roads	467,765	-	-	113,065	354,700
Utility systems	2,192,939	-	-	1,937,279	255,660
Land and land improvements	15,325	45,650	-	6,120	54,855
Computers	51,102	7,276	-	44,271	14,107
Vehicles	178,355	66,500	14,000	158,055	72,800
Housing	2,798,521	956	-	1,999,440	800,037
	9,440,936	241,526	54,000	5,985,916	3,642,546

	<i>Cost</i>	<i>Additions</i>	<i>Disposals</i>	<i>Accumulated amortization</i>	<i>2013 Net book value</i>
Buildings	3,255,327	-	-	1,247,927	2,007,400
Equipment	454,686	26,916	-	331,130	150,472
Roads	467,765	-	-	89,677	378,088
Utility systems	2,192,939	-	-	1,769,143	423,796
Land and land improvements	15,325	-	-	4,088	11,237
Computers	37,440	13,662	-	40,856	10,246
Vehicles	195,480	-	17,125	146,155	32,200
Housing	2,767,238	31,283	-	1,944,593	853,928
	9,386,200	71,861	17,125	5,573,569	3,867,367

During the year ended March 31, 2014 amortization expense of \$448,748 (2013 - \$459,887) was recorded of which \$25,900 (2013 - \$13,835) related to Vehicles, \$39,195 (2013 - \$38,387) relates to Major Equipment, \$3,416 (2013 - \$3,416) relates to Computer Equipment, \$2,032 (2013 - \$511) relates to Land Improvements, \$131,833 (2013 - \$130,213) relates to Buildings, \$168,137 (2013 - \$191,799) relates to Water/Sewer Systems, \$23,388 (2013 - \$23,388) relates to Roads, and \$54,847 (2013 - \$58,338) relates to Housing.

Tangible capital assets include original land, roads, water and sewer lines disclosed at a nominal amount.

Day Star First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

14. Accumulated surplus

Accumulated surplus consists of the following:

	2014	2013
Equity in Ottawa Trust Funds	43,992	32,600
Equity in CMHC operating reserve	168,368	155,545
Equity in CMHC replacement reserve	187,884	170,934
Equity in tangible capital assets	2,409,618	2,515,192
Net liabilities of controlled business entities	(27,744)	(16,707)
Unrestricted deficit	(319,023)	(312,627)
	2,463,095	2,544,937

The First Nation does not have a moveable asset reserve.

15. Reconciliation of funding from Aboriginal Affairs and Northern Development Canada

	2014	2013
AANDC funding per confirmation	1,107,277	1,167,672
Less: recovery of funding		
Basic needs	1,563	(8,398)
Special needs	(676)	676
Reinvestment	(22,477)	(150)
Home/Adult care	1,101	(1,101)
Summer employment	-	(12,349)
	(20,489)	(21,322)
Deferred revenue, beginning of year	179,114	160,582
Deferred revenue, end of year	(175,370)	(179,114)
	3,744	(18,532)
Funding total per financial statements	1,090,532	1,127,818

Day Star First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

16. Reconciliation of funding from Health Canada

	2014	2013
Funding per Health Canada confirmation	238,973	235,385
Less: recoveries		
Brighter futures	(2,578)	(655)
Medical transportation	(4,188)	(1,496)
Health Committee	-	(565)
Prenatal	-	(3,926)
NNADAP	(1,081)	(146)
Pandemic	(183)	(354)
Solvent	(2,109)	(663)
Mental Health	-	(70)
Community Health Representative	(38)	-
e-Health Solutions	(107)	-
	(10,284)	(7,875)
Deferred revenue, end of year	(10,886)	-
Funding total per financial statements	217,803	227,510

17. Segments

The First Nation has 8 reportable segments. These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

Reserves and Trusts - includes activities for the development of the First Nation's land.

Education - includes the operations of education programs.

Economic Development - includes activities for future Nation business activities.

Band Government - includes administration and governance activities.

Operations and Maintenance - includes activities for the maintenance of the community and its infrastructure.

Capital - reports on capital projects.

Social Development - activities include delivering social programs.

Other Band programs - other band programs which do not meet the criteria for the other segments.

Inter-segment transfers are recorded at their exchange amount. The accounting policies of the segments are the same as those described in Note 2.

18. Economic dependence

Day Star First Nation receives substantially all of its revenues from Aboriginal Affairs and Northern Development Canada (AANDC) as a result of Treaties entered into with the government of Canada. These treaties are administered by AANDC under the terms and conditions of the Indian Act. The ability of the Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

19. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

20. Budget information

The disclosed budget information was approved by the Chief and Council of the First Nation on March 27, 2013.

Reconciliation to budget

Total revenues per budget	\$1,978,697
Less: Administration fee revenue	(42,267)
Total revenue per Statement of Operations	1,936,430
Total expenditures per budget	\$2,086,378
Less: Administration fees	(35,937)
Less: Administration fees recovery	(6,330)
Less: Loan payments	(112,000)
Total expenditures per Statement of Operations	1,932,111
Deficit per budget	\$(107,681)
Surplus per Statement of Operations	\$4,319

21. Issuance of financial statements after July 29, 2014

The First Nation is required to post its consolidated financial statements on a website and submit the consolidated financial statements to AANDC by July 29, 2014. As the audit report date is dated after this date, the First Nation is in violation of this requirement. The possible effect on this violation has not yet been determined.

Day Star First Nation
Schedule 1 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2014

	2014 Budget (Note 20)	2014	2013
Consolidated expenses by object			
Salaries and benefits	523,703	548,473	528,202
Amortization	-	448,748	459,887
Assistance	172,289	323,140	210,203
Student expenses	185,472	185,073	186,496
Repairs and maintenance	116,205	177,026	86,366
Travel	116,862	176,243	134,357
Contracts	143,382	174,461	140,162
Program expenses	185,264	133,433	125,604
Supplies	134,192	101,075	62,063
Meetings and workshops	83,520	100,712	114,123
Interest on long-term debt	112,000	51,878	56,891
Professional fees	38,877	49,012	34,490
Utilities	45,416	48,676	44,504
Rent	500	33,705	14,658
Insurance	14,383	30,598	34,829
Telephone	18,822	23,745	21,199
Fuel	19,969	12,842	14,455
Funeral assistance	4,700	9,698	20,964
Bad debts	-	9,281	89,702
Meals and nutrition	14,735	7,770	9,874
Bank charges and interest	6,000	6,225	10,659
Minor equipment	2,150	120	3,944
Administration (recovery)	(6,330)	-	-
	1,932,111	2,651,934	2,403,632

Day Star First Nation
Reserves and Trusts
Schedule 2 - Schedule of Revenue and Expenses
For the year ended March 31, 2014

	<i>2014 Budget (Note 20)</i>	<i>2014</i>	<i>2013</i>
Revenue			
Aboriginal Affairs and Northern Development Canada	5,000	5,000	5,000
Expenses			
Administration	3,000	3,000	3,000
Travel	1,334	2,023	1,769
Supplies	-	-	25
Meetings and workshops	666	-	-
	5,000	5,023	4,794
Surplus (deficit)	-	(23)	206

Day Star First Nation
Education
Schedule 3 - Schedule of Revenue and Expenses
For the year ended March 31, 2014

	2014 Budget (Note 20)	2014	2013
Revenue			
Aboriginal Affairs and Northern Development Canada	292,059	302,873	298,619
Expenses			
Student expenses	185,472	185,073	186,496
Contracts	87,962	99,197	89,520
Travel	6,076	7,211	5,198
Supplies	5,569	5,569	5,569
Meetings and workshops	6,000	5,450	5,550
Professional fees	500	500	500
Administration	480	480	636
Salaries and benefits	-	-	6,560
	292,059	303,480	300,029
Deficit	-	(607)	(1,410)

Day Star First Nation
Economic Development
Schedule 4 - Schedule of Revenue and Expenses
For the year ended March 31, 2014

	2014 Budget (Note 20)	2014	2013
Revenue			
Commissions	-	312,436	204,262
Touchwood Agency Tribal Council	30,000	30,000	30,000
Gain on sale of tangible capital assets	-	4,695	-
Interest income	-	112	24
	30,000	347,243	234,286
Expenses			
Assistance	-	85,499	-
Travel	7,200	60,028	8,821
Contracts	13,200	34,000	23,985
Repairs and maintenance	-	28,240	-
Meetings and workshops	4,000	23,295	12,150
Program expenses	-	16,332	-
Amortization	-	13,300	-
Professional fees (recovery)	4,400	3,709	(618)
Funeral assistance	-	2,732	-
Supplies	1,200	715	-
Bank charges and interest	-	346	148
	30,000	268,196	44,486
Surplus	-	79,047	189,800

Day Star First Nation
Band Government
Schedule 5 - Schedule of Revenue and Expenses
For the year ended March 31, 2014

	2014 <i>Budget</i> <i>(Note 20)</i>	2014	2013
Revenue			
Aboriginal Affairs and Northern Development Canada	188,143	188,143	188,143
Canada Mortgage and Housing Corporation	-	1,056	2,816
First Nations Trust	57,623	52,671	81,394
Other revenue	8,200	10,986	9,987
Community Development Corporation	-	2,500	2,500
Touchwood Agency Tribal Council	-	1,265	1,265
Interest income	-	35	22
Gain on sale of tangible capital assets	-	-	700
	253,966	256,656	286,827
Expenses			
Salaries and benefits	197,121	201,122	194,790
Rent	-	33,205	13,158
Professional fees	22,623	26,881	17,761
Travel	14,400	20,068	23,860
Assistance	6,820	17,537	9,706
Insurance	4,000	17,193	17,177
Meetings and workshops	15,900	15,577	16,928
Telephone	12,000	13,061	13,280
Funeral assistance	4,700	6,966	20,964
Bank charges and interest	6,000	5,744	10,351
Supplies	2,700	4,782	2,034
Contracts	6,000	3,948	9,342
Amortization	-	3,416	4,651
Minor equipment	1,200	119	2,993
Bad debts	-	-	60,000
Administration (recovery)	(42,267)	(50,005)	(55,640)
	251,197	319,614	361,355
Deficit	2,769	(62,958)	(74,528)

Day Star First Nation
Operation and Maintenance
Schedule 6 - Schedule of Revenue and Expenses
For the year ended March 31, 2014

	2014 Budget (Note 20)	2014	2013
Revenue			
Aboriginal Affairs and Northern Development Canada	189,656	197,918	207,210
Health Canada	29,875	29,875	30,425
Additional government funding			
PDAP	-	-	50,234
Other revenue	130,397	140,951	800
Touchwood Agency Tribal Council	12,132	7,781	14,001
Interest income	-	23	14
	362,060	376,548	302,684
Expenses			
Amortization	-	374,256	398,800
Salaries and benefits	101,207	105,546	94,096
Repairs and maintenance	81,886	78,163	36,800
Utilities	38,470	41,630	35,510
Supplies	74,268	20,724	13,133
Fuel	17,569	12,642	13,978
Contracts	6,758	11,819	4,080
Travel	13,850	11,640	12,789
Meetings and workshops	7,200	6,939	4,989
Administration	5,514	6,810	9,850
Insurance	6,020	6,218	6,568
Telephone	4,818	5,071	3,257
Professional fees	3,900	3,900	5,300
Bank charges and interest	-	113	145
Program expenses	-	-	4,200
	361,460	685,471	643,495
Deficit	600	(308,923)	(340,811)

Day Star First Nation
Capital
Schedule 7 - Schedule of Revenue and Expenses
For the year ended March 31, 2014

	2014 Budget (Note 20)	2014	2013
Revenue			
Aboriginal Affairs and Northern Development Canada	79,236	81,333	87,351
Canada Mortgage and Housing Corporation	-	-	18,381
Other revenue	-	117,854	2,446
First Nations Trust	112,000	112,000	112,000
Touchwood Agency Tribal Council	-	5,840	-
Rental income	3,300	3,300	8,145
Interest income	-	197	202
Loss on sale of tangible capital assets	-	(17,600)	-
	194,536	302,924	228,525
Expenses			
Repairs and maintenance	27,400	54,624	39,715
Interest on long-term debt	112,000	35,283	40,430
Supplies	24,600	34,149	19,094
Contracts	24,000	25,497	8,334
Travel	2,100	2,768	3,529
Utilities	586	1,040	2,931
Meetings and workshops	-	675	1,050
Fuel	2,400	200	242
Bank charges and interest	-	22	16
Insurance	1,300	-	2,446
	194,386	154,258	117,787
Surplus before transfers	150	148,666	110,738
Transfers between programs	-	(956)	(31,283)
Surplus	150	147,710	79,455

Day Star First Nation
Social Development
Schedule 8 - Schedule of Revenue and Expenses
For the year ended March 31, 2014

	<i>2014 Budget (Note 20)</i>	<i>2014</i>	<i>2013</i>
Revenue			
Aboriginal Affairs and Northern Development Canada	281,437	308,590	318,337
Expenses			
Assistance	165,469	220,104	186,265
Salaries and benefits	41,057	39,866	38,314
Program expenses	41,720	28,144	42,897
Administration	10,720	10,720	11,619
Travel	5,118	7,650	5,564
Meals and nutrition	8,940	5,005	7,764
Supplies	-	674	-
Contracts	5,462	-	4,900
Professional fees	-	-	740
Minor equipment	950	-	951
Meetings and workshops	1,200	-	1,950
	280,636	312,163	300,964
Surplus (deficit)	801	(3,573)	17,373

Day Star First Nation
Other
Schedule 9 - Schedule of Revenue and Expenses
For the year ended March 31, 2014

	2014 Budget (Note 20)	2014	2013
Revenue			
Government funding			
Aboriginal Affairs and Northern Development Canada	-	6,675	23,158
Health Canada	202,812	187,928	197,085
Canada Mortgage and Housing Corporation	-	52,027	49,318
Additional government funding	-	-	1,255
Other revenue	2,750	8,045	16,810
Earnings (loss) from investment in Nation business entities	-	(11,037)	39,692
Touchwood Agency Tribal Council	165,278	180,357	160,560
Lease income	-	10,230	10,230
Rental income	-	59,940	56,295
Interest income	-	1,162	691
First Nations Trust	3,000	15,479	7,195
Community Development Corporation	141,744	157,664	166,883
Daycare subsidization	1,788	1,788	1,788
	517,372	670,258	730,960
Expenses			
Salaries and benefits	184,317	201,938	194,442
Program expenses	143,544	88,957	78,507
Travel	66,784	64,855	72,827
Amortization	-	57,776	56,436
Meetings and workshops	48,554	48,775	71,506
Supplies	25,855	34,462	22,208
Administration	16,222	28,994	30,535
Interest on long-term debt	-	16,595	16,461
Repairs and maintenance	6,920	15,999	9,851
Professional fees	7,455	14,021	10,807
Bad debts	-	9,281	29,702
Insurance	3,063	7,187	8,638
Utilities	6,360	6,006	6,063
Telephone	2,004	5,613	4,662
Meals and nutrition	5,795	2,770	2,110
Rent	500	500	1,500
Fuel	-	-	235
Assistance	-	-	14,232
	517,373	603,729	630,722
Surplus before transfers	(1)	66,529	100,238
Transfers between programs	-	956	31,283
Surplus	(1)	67,485	131,521