

Day Star First Nation
Consolidated Financial Statements
March 31, 2015

Day Star First Nation

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For the year ended March 31, 2015

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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 appointing the Nation's external auditors.

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

October 30, 2015



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, 2015, and the consolidated statements of operations and accumulated surplus, 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, 2015 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

October 30, 2015



Chartered Professional Accountants

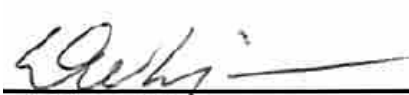
Day Star First Nation
Consolidated Statement of Financial Position
As at March 31, 2015

	2015	2014
Financial assets		
Current		
Cash (Note 3)	115,235	380,061
Accounts receivable (Note 4)	487,301	371,303
	602,536	751,364
Funds held in trust (Note 6)	45,052	43,992
Total financial assets	647,588	795,356
Liabilities		
Current		
Bank indebtedness (Note 7)	75,834	9,864
Accounts payable and accruals (Note 8)	329,464	236,648
Deferred revenue (Note 9)	239,028	486,096
Current portion of long-term debt (Note 10)	130,451	123,952
	774,777	856,560
Long-term debt (Note 10)	1,021,354	1,114,868
Liabilities of controlled business entities (Note 11)	36,108	27,744
Total liabilities	1,832,239	1,999,172
Net debt	(1,184,651)	(1,203,816)
Contingencies (Note 12)		
Non-financial assets		
Tangible capital assets (Note 13)	3,669,270	3,642,546
Prepaid expenses	23,657	24,364
Total non-financial assets	3,692,927	3,666,910
Accumulated surplus (Note 14)	2,508,276	2,463,094

Approved by:



Chief



Councilor

Day Star First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2015

		2015 Budget (Note 21)	2015 Actual	2014 Actual
Revenue				
Aboriginal Affairs and Northern Development Canada (Note 16)		1,015,687	1,177,952	1,090,532
Health Canada (Note 17)		244,147	249,584	217,803
Canada Mortgage and Housing Corporation		25,695	99,077	53,083
Community Development Corporation		355,099	428,179	160,164
Touchwood Agency Tribal Council		213,485	220,333	225,242
First Nations Trust		178,681	185,128	180,150
Commissions		-	172,729	312,436
Other		48,386	95,677	277,836
Rental income		2,800	61,787	63,240
Gain (loss) on sale of tangible capital assets		-	33,116	(12,905)
Daycare subsidization		3,600	3,000	1,788
Interest income		-	1,317	1,530
Lease income		-	-	10,230
Loss from investment in Nation business entities (Note 11)		-	(8,364)	(11,037)
		2,087,580	2,719,515	2,570,092
Program expenses				
Reserves and Trusts	2	5,000	4,231	5,023
Education	3	308,357	308,944	303,480
Economic Development	4	30,000	215,772	268,196
Band Government	5	281,041	363,520	319,614
Operation and Maintenance	6	260,562	561,786	685,471
Capital	7	90,931	296,554	154,258
Social Development	8	226,139	231,192	312,163
Other	9	753,607	692,334	603,729
Total expenditures (Schedule 1)		1,955,637	2,674,333	2,651,934
Surplus (deficit)		131,943	45,182	(81,842)
Accumulated surplus, beginning of year		2,463,094	2,463,094	2,544,936
Accumulated surplus, end of year (Note 14)		2,595,037	2,508,276	2,463,094

The accompanying notes are an integral part of these financial statements

Day Star First Nation
Consolidated Statement of Changes in Net Debt
For the year ended March 31, 2015

	2015 Budget (Note 21)	2015 Actual	2014 Actual
Surplus (deficit)	131,943	45,182	(81,842)
Purchases of tangible capital assets	-	(413,460)	(241,526)
Amortization of tangible capital assets	-	363,351	448,748
(Gain) loss on disposal of capital assets	-	(33,116)	12,905
Proceeds of disposal of tangible capital assets	-	56,500	4,690
	-	(26,725)	224,817
Acquisition of prepaid expenses	-	-	(24,366)
Use of prepaid expenses	-	708	72,319
	-	708	47,953
Decrease in net debt	131,943	19,165	190,928
Net debt, beginning of year	(1,203,816)	(1,203,816)	(1,394,744)
Net debt, end of year	(1,071,873)	(1,184,651)	(1,203,816)

Day Star First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2015

	2015	2014
Cash provided by (used for) the following activities		
Operating activities		
Surplus (deficit)	45,182	(81,842)
Non-cash items		
Amortization	363,351	448,748
Bad debts	19,961	9,281
(Gain) loss on disposal of tangible capital assets	(33,116)	12,905
Loss from investment in Nation	8,364	11,037
	403,742	400,129
Changes in working capital accounts		
Accounts receivable	(135,959)	(135,992)
Prepaid expenses	708	47,953
Accounts payable and accruals	92,816	(30,221)
Deferred revenue	(247,067)	131,540
	114,240	413,409
Financing activities		
Repayment of long-term debt	(87,016)	(119,274)
Increase (decrease) in bank indebtedness	65,970	(23,380)
	(21,046)	(142,654)
Capital activities		
Purchases of tangible capital assets	(413,460)	(241,526)
Proceeds of disposal of tangible capital assets	56,500	4,690
	(356,960)	(236,836)
Investing activities		
Increase in funds held in trust	(1,060)	(11,392)
(Decrease) increase in cash resources	(264,826)	22,527
Cash resources, beginning of year	380,061	357,534
Cash resources, end of year	115,235	380,061
Supplementary cash flow information		
Interest paid	46,065	51,878

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 CMHC Housing Projects has a March 31, 2015 year end.

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.

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 six 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 four Nations. The Tribal Council purpose is to enhance the services provided to member Nations.

Day Star First Nation is a member of the Touchwood Agency Specific Claim. The Touchwood Agency Specific Claim is an organization of five Nations, whose purpose is to negotiate a specific claim with regards to the Department of Aboriginal Affairs' alleged mismanagement of funds of the Touchwood Agency during the period 1920 to 1924.

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, Touchwood Agency Tribal Council, and Touchwood Agency Specific Claim have not been consolidated with the consolidated financial statements of Day Star First Nation.

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

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.

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. In the year of acquisition, amortization is taken at one-half of the annual amount.

	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.

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

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.

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 combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

Liability for contaminated sites

A liability for remediation of contaminated sites is recognized at the best estimate of the amount required to remediate the contaminated sites when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2015.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

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.

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

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. Liability for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the First Nation is responsible for.

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

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

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, 2019.

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 has not yet determined the effect of these new standards on its financial statements.

Related Party Disclosures and Inter-Entity Transactions

In March 2015, the Public Sector Accounting Board (PSAB) issued PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions. These new Sections define related parties and establish disclosures required for related party transactions. Disclosure is required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements.

They also establish standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

This standards are effective for fiscal years beginning on or after April 1, 2017. Early adoption is permitted.

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

Assets

In June 2015, the PSAB issued PS 3210 Assets. The new Section provides guidance for applying the definition of assets set out in PS 1000 Financial Statement Concepts. Assets are defined as economic resources controlled by a government as a result of past transactions or events and from which future economic benefits are expected to be obtained.

An economic resource may meet the definition of an asset, but would not be recognized if there is no appropriate basis for measurement and a reasonable estimate cannot be made, or if another Handbook Section prohibits its recognition. Information about assets not recognized should be disclosed in the notes.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

Contractual Rights

In June 2015, the PSAB issued PS 3380 Contractual Rights. Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future. Until a transaction or events occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right. Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.

Disclosures should include descriptions about nature, extent and timing.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

Contingent Assets

In June 2015, the PSAB issued PS 3320 Contingent Assets. Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset.

Disclosures should include existence, nature and extent of contingent assets, as well as the reasons for any non-disclosure of extent and the bases for any estimates of extent made.

When a reasonable estimate can be made, disclosure should include a best estimate and a range of possible amounts (or a narrower range of more likely amounts), unless such disclosure would have an adverse impact on the outcome.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

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, 2015 this amounted to \$72,577 (2014 - \$195,370).

Restricted cash consists of amounts relating to CMHC replacement reserve of \$23,135 (2014 - \$38,545) and the CMHC operating reserve of \$5,089 (2014 - \$5,252).

Day Star First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

4. Accounts receivable

	2015	2014
Aboriginal Affairs and Northern Development Canada	11,871	22,244
Health Canada	55,950	10,434
Advances to members	1,273	1,040
Rent	302,522	281,081
Dakota Dunes Community Development Corp	254,841	302,052
CMHC	60,648	8,661
Other	109,954	35,588
	797,059	661,100
Less: Allowance for doubtful accounts	(309,758)	(289,797)
	487,301	371,303

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.

	2015	2014
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.

	2015	2014
Capital Trust		
Balance, beginning and end of year	583	583
Revenue Trust		
Balance, beginning of year	43,409	32,017
Interest revenue	1,060	1,162
Lease revenue	-	10,230
Balance, end of year	44,469	43,409
Total funds held in trust	45,052	43,992

Day Star First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

7. Bank indebtedness

At March 31, 2015, the First Nation had a line of credit totaling \$50,000 (2014 - \$50,000), of which \$29,658 was drawn. Bank indebtedness includes an additional \$46,176 in outstanding cheques. Funding from Aboriginal Affairs and Northern Development Canada is pledged as collateral.

8. Accounts payable and accruals

	2015	2014
AANDC	60,619	20,914
Health Canada	11,514	-
Payroll	4,837	2,411
Trade	252,494	213,323
	329,464	236,648

9. Deferred revenue

		2015	2014
Capital - Backup Well/Drainage/Flood Repair	AANDC	37,213	89,257
Other - Community Development Corporation		181,903	299,838
Capital - Roads and Bridges	AANDC	5,003	-
Capital - Transfer Station	AANDC	-	86,113
Capital - Housing	AANDC	14,909	-
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
		239,028	486,096

The following table represents changes in the deferred revenue balances:

	Balance, beginning of year	Contributions received	Recognized as revenue	Balance, end of year
Capital - Backup Well/ Drainage/ Flood Repair	89,257	164	52,208	37,213
Other - Community Development Corporation	299,838	315,124	433,059	181,903
Capital - Roads	-	16,200	11,197	5,003
Capital - Transfer Station	86,113	-	86,113	-
Capital - Housing	-	132,039	117,130	14,909
Other - NNADAP	1,210	-	1,210	-
Other - Community Health Representative	1,210	-	1,210	-
Other - Brighter Futures	4,234	-	4,234	-
Other - Mental Health	4,234	-	4,234	-
	486,096	463,527	710,595	239,028

Day Star First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

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>2015</u>	<u>2014</u>
I	275	1.92%	Apr. 1/24	27,844	30,041
II	407	2.84%	Dec. 1/24	42,521	44,951
III	1,195	2.69%	May 1/25	130,226	137,415
IV	1,246	2.63%	Jan. 1/26	143,770	151,143
V	266	1.67%	May 1/28	38,287	40,030
VI	1,525	1.65%	Jun. 1/37	346,611	351,560
				729,259	755,140
Peace Hills Trust loan, repayable in quarterly installments of \$28,000, including interest at 7.00%, secured by Band Council Resolutions redirecting funding, renewed on July 1, 2015, due July 1, 2019.				422,546	483,680
				1,151,805	1,238,820
Less: Current Portion				130,451	123,952
				1,021,354	1,114,868

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	130,451
2016	136,347
2017	143,944
2018	152,038
2019	84,545
	647,325
Thereafter	504,480

Day Star First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

11. Liabilities of controlled business entities

The Nation has investments in the following wholly owned entity:

	<i>2014</i>	<i>Contributions</i>	<i>Net loss</i>	<i>2015</i>
Day Star Gas Bar & Confectionary Inc.	(27,744)	42,373	(50,737)	(36,108)

Condensed financial information for the wholly owned entity is as follows:

	<i>Day Star Gas Bar & Confectionary Inc. As at March 31, 2015</i>
Assets	
Current	37,162
Long-term	30,622
Total assets	67,784
Liabilities	
Current	17,532
Long-term	86,360
Total liabilities	103,892
Net liabilities	(36,108)
Total revenue	536,702
Total expenses	545,066
Net loss	(8,364)

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 is a member of the Touchwood Agency Specific Claim. The Touchwood Agency Specific Claim is an organization of five Nations, whose purpose is to negotiate a specific claim with regards to the Department of Aboriginal Affairs' alleged mismanagement of funds of the Touchwood Agency during the period 1920 to 1924.

Day Star First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

13. Tangible capital assets

	<i>Cost</i>	<i>Additions</i>	<i>Disposals</i>	<i>Accumulated amortization</i>	<i>2015 Net book value</i>
Buildings	3,295,824	166,118	-	1,490,854	1,971,088
Equipment	522,249	164,109	117,000	310,554	258,804
Roads	467,765	-	-	136,453	331,312
Utility systems	2,192,939	52,208	-	2,019,697	225,450
Land and land improvements	60,975	-	-	8,153	52,822
Computers	58,378	-	-	48,596	9,782
Vehicles	230,855	31,025	-	187,058	74,822
Housing	2,799,477	-	-	2,054,287	745,190
	9,628,462	413,460	117,000	6,255,652	3,669,270

	<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

Utility systems includes a back up well system with a carrying value of \$52,208. No amortization of this asset has been recorded during the year because it is currently under construction.

During the year ended March 31, 2015 amortization expense of \$363,351 (2014 - \$448,748) was recorded of which \$29,003 (2014 - \$25,900) related to Vehicles, \$33,844 (2014 - \$39,195) relates to Major Equipment, \$4,325 (2014 - \$3,416) relates to Computer Equipment, \$2,032 (2014 - \$2,032) relates to Land Improvements, \$133,494 (2014 - \$131,833) relates to Buildings, \$82,418 (2014 - \$168,137) relates to Water/Sewer Systems, \$23,388 (2014 - \$23,388) relates to Roads, and \$54,847 (2014 - \$54,847) 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, 2015

14. Accumulated surplus

Accumulated surplus consists of the following:

	2015	2014
Equity in Ottawa Trust Funds	45,052	43,992
Equity in CMHC operating reserve	180,425	168,368
Equity in CMHC replacement reserve	191,233	187,884
Equity in tangible capital assets	2,523,358	2,409,618
Net liabilities of controlled business entities	(36,108)	(27,744)
Unrestricted deficit	(395,684)	(319,024)
	2,508,276	2,463,094

The First Nation does not have a moveable asset reserve.

15. 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, 2015 the replacement reserve fund is under-funded by \$168,098 (2014 - under funded \$149,339) and the operating reserve fund is under-funded by \$175,336 (2014 - under funded by \$163,116).

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

	2015	2014
AANDC funding per confirmation	1,120,327	1,107,277
Less: recovery of funding		
Basic needs	(48,734)	1,563
Special needs	(8,129)	(676)
Reinvestment	(2,419)	(22,477)
Home/Adult care	(9)	1,101
ECIP	(797)	-
Communicable Disease Control	(531)	-
	(60,619)	(20,489)
Deferred revenue, beginning of year	175,370	179,114
Deferred revenue, end of year	(57,126)	(175,370)
	118,244	3,744
Funding total per financial statements	1,177,952	1,090,532

Day Star First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

17. Reconciliation of funding from Health Canada

	2015	2014
Funding per Health Canada confirmation	254,190	238,973
Less: recoveries		
Brighter futures	-	(2,578)
Medical transportation	(4,935)	(4,188)
Health Consultation and Liaison	(961)	-
Prenatal	(1,262)	-
NNADAP	(955)	(1,081)
Pandemic	(7)	(183)
Solvent	(5,634)	(2,109)
FASD	(501)	-
Community Health Representative	(1,212)	(38)
Communicable Disease Emergencies	(25)	-
e-Health Solutions	-	(107)
	(15,492)	(10,284)
Deferred revenue, beginning of year	10,886	-
Deferred revenue, end of year	-	(10,886)
	10,886	(10,886)
Funding total per financial statements	249,584	217,803

18. 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.

19. 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.

20. Comparative figures

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

21. Budget information

The disclosed budget information was approved by the Chief and Council of the First Nation on June 20, 2014.

Reconciliation to budget

Total revenues per budget	\$2,123,011
Less: Administration fee revenue	(35,431)
Total revenue per Statement of Operations	2,087,580
 Total expenditures per budget	 \$2,103,068
Less: Administration fees	(35,431)
Less: Loan payments	(112,000)
Total expenditures per Statement of Operations	1,955,637
 Surplus per budget	 \$19,943
Surplus per Statement of Operations	\$131,943

22. Change in accounting policy

Liability for contaminated sites

Effective April 1, 2014, the First Nation adopted the recommendations relating to PS 3260, *Liability for Contaminated Sites*, as set out in the Canadian public sector accounting standards. Pursuant to the recommendations, the change was applied prospectively, and prior periods have not been restated.

Previously, no accounting policy existed to account for a liability for contaminated sites. Under the new recommendations, the First Nation is required to recognize a liability for contaminated sites when economic benefits will be given up, as described in Note 2, *Significant Accounting Policies*.

There was no effect on the First Nation's financial statements of adopting the above-noted change in accounting policy.

23. Issuance of financial statements after July 31, 2015

The First Nation is required to post its consolidated financial statements on a website and submit the consolidated financial statements to AANDC by July 31, 2015. 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, 2015

	2015 Budget (Note 21)	2015 Actual	2014 Actual
Consolidated expenses by object			
Salaries and benefits	534,393	527,221	548,473
Amortization	-	363,351	448,748
Contracts	136,892	297,416	174,461
Assistance	185,764	314,060	323,140
Program expenses	377,645	197,272	133,433
Student expenses	184,790	184,646	185,073
Travel	125,124	170,867	176,243
Repairs and maintenance	71,521	116,875	177,026
Supplies	93,047	115,152	101,075
Meetings and workshops	82,531	102,749	100,712
Interest on long-term debt	-	46,065	51,878
Professional fees	37,075	45,721	49,012
Utilities	46,915	43,024	48,676
Funeral assistance	10,858	26,980	9,698
Insurance	12,055	26,266	30,598
Rent	-	21,942	33,705
Fuel	21,232	20,469	12,842
Bad debts	-	19,961	9,281
Telephone	17,600	17,197	23,745
Bank charges and interest	4,323	6,426	6,225
Minor equipment	1,274	5,744	120
Meals and nutrition	12,694	4,929	7,770
Administration (recovery)	(696)	-	-
Miscellaneous	600	-	-
	1,955,637	2,674,333	2,651,934

Day Star First Nation
Reserves and Trusts
Schedule 2 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2015

	<i>2015 Budget (Note 21)</i>	<i>2015</i>	<i>2014</i>
Revenue			
Aboriginal Affairs and Northern Development Canada	5,000	5,000	5,000
Expenses			
Administration	3,000	3,000	3,000
Travel	600	1,160	2,023
Supplies	1,400	71	-
	5,000	4,231	5,023
Surplus (deficit)	-	769	(23)

Day Star First Nation
Education

Schedule 3 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2015

	2015 Budget (Note 21)	2015	2014
Revenue			
Aboriginal Affairs and Northern Development Canada	308,357	308,357	302,873
Expenses			
Student expenses	184,790	184,646	185,073
Contracts	103,410	102,772	99,197
Meetings and workshops	5,400	7,335	5,450
Supplies	5,495	5,495	5,569
Travel	4,962	4,334	7,211
Fuel	3,200	3,262	-
Administration	600	600	480
Professional fees	500	500	500
	308,357	308,944	303,480
Deficit	-	(587)	(607)

Day Star First Nation
Economic Development
Schedule 4 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2015

	2015 Budget (Note 21)	2015	2014
Revenue			
Commissions	-	172,729	312,436
Touchwood Agency Tribal Council	30,000	30,000	30,000
Interest income	-	40	112
Gain on sale of tangible capital assets	-	-	4,695
	30,000	202,769	347,243
Expenses			
Assistance	-	79,490	85,499
Travel	7,200	45,620	60,028
Program expenses	-	34,218	16,332
Contracts	13,200	20,149	34,000
Meetings and workshops	4,000	17,450	23,295
Amortization	-	13,300	13,300
Professional fees	4,400	3,000	3,709
Supplies	1,200	1,633	715
Bank charges and interest	-	546	346
Repairs and maintenance	-	366	28,240
Funeral assistance	-	-	2,732
	30,000	215,772	268,196
Surplus (deficit)	-	(13,003)	79,047

Day Star First Nation
Band Government
Schedule 5 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2015

	2015 Budget (Note 21)	2015	2014
Revenue			
Aboriginal Affairs and Northern Development Canada	188,143	188,143	188,143
Canada Mortgage and Housing Corporation	-	-	1,056
First Nations Trust	63,481	89,504	52,671
Other	25,230	66,204	10,986
Community Development Corporation	2,500	2,500	2,500
Touchwood Agency Tribal Council	1,687	1,687	1,265
Interest income	-	54	35
	281,041	348,092	256,656
Expenses			
Salaries and benefits	223,090	215,000	201,122
Funeral assistance	10,858	26,980	6,966
Assistance	9,600	52,503	17,537
Rent	-	21,942	33,205
Professional fees	18,000	20,681	26,881
Insurance	2,400	13,899	17,193
Travel	14,000	13,386	20,068
Meetings and workshops	13,200	12,445	15,577
Telephone	10,800	11,686	13,061
Supplies	9,600	8,647	4,782
Bank charges and interest	4,323	5,725	5,744
Amortization	-	4,325	3,416
Minor equipment	600	70	119
Contracts	-	-	3,948
Administration (recovery)	(35,430)	(43,769)	(50,005)
	281,041	363,520	319,614
Deficit	-	(15,428)	(62,958)

Day Star First Nation
Operation and Maintenance
Schedule 6 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2015

	2015 Budget (Note 21)	2015	2014
Revenue			
Aboriginal Affairs and Northern Development Canada	196,148	196,148	197,918
Health Canada	30,606	30,606	29,875
Gain (loss) on sale of tangible capital assets	-	33,116	-
Other	22,459	25,684	140,951
Touchwood Agency Tribal Council	13,143	15,130	7,781
Interest income	-	-	23
	262,356	300,684	376,548
Expenses			
Amortization	-	285,428	374,256
Salaries and benefits	105,823	107,012	105,546
Repairs and maintenance	25,317	40,545	78,163
Utilities	39,415	39,514	41,630
Supplies	17,855	30,063	20,724
Fuel	17,857	17,037	12,642
Contracts	15,115	14,170	11,819
Administration	5,514	6,810	6,810
Travel	13,875	5,927	11,640
Insurance	6,955	5,465	6,218
Telephone	4,736	3,909	5,071
Professional fees	3,900	3,900	3,900
Meetings and workshops	3,600	1,851	6,939
Bank charges and interest	-	155	113
Miscellaneous	600	-	-
	260,562	561,786	685,471
Deficit	1,794	(261,102)	(308,923)

Day Star First Nation
Capital

Schedule 7 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2015

	2015 Budget (Note 21)	2015	2014
Revenue			
Aboriginal Affairs and Northern Development Canada	79,236	272,481	81,333
Canada Mortgage and Housing Corporation	25,695	47,090	-
First Nations Trust	112,000	91,624	112,000
Rental income	2,800	2,567	3,300
Interest income	-	164	197
Touchwood Agency Tribal Council	-	-	5,840
Other	-	-	117,854
Loss on sale of tangible capital assets	-	-	(17,600)
	219,731	413,926	302,924
Expenses			
Contracts	3,550	159,506	25,497
Repairs and maintenance	39,000	49,315	54,624
Supplies	29,128	31,661	34,149
Interest on long-term debt	-	30,490	35,283
Travel	18,178	18,427	2,768
Minor equipment	-	5,000	-
Meetings and workshops	-	1,725	675
Utilities	900	261	1,040
Fuel	175	169	200
Bank charges and interest	-	-	22
	90,931	296,554	154,258
Surplus before transfers	128,800	117,372	148,666
Transfers between programs	-	-	(956)
Surplus	128,800	117,372	147,710

Day Star First Nation
Social Development
Schedule 8 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2015

	2015 Budget (Note 21)	2015	2014
Revenue			
Aboriginal Affairs and Northern Development Canada	226,139	195,691	308,590
Expenses			
Assistance	163,500	169,934	220,104
Program expenses	22,596	22,945	28,144
Salaries and benefits	24,697	22,171	39,866
Meals and nutrition	4,926	4,926	5,005
Administration	4,800	4,800	10,720
Travel	2,729	3,016	7,650
Meetings and workshops	600	1,600	-
Contracts	1,617	820	-
Minor equipment	674	674	-
Supplies	-	306	674
	226,139	231,192	312,163
Deficit	-	(35,501)	(3,573)

Day Star First Nation
Other

Schedule 9 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2015

	2015 Budget (Note 21)	2015	2014
Revenue			
Government funding			
Aboriginal Affairs and Northern Development Canada	12,664	12,133	6,675
Health Canada	213,541	218,977	187,928
Canada Mortgage and Housing Corporation	-	51,987	52,027
Community Development Corporation	352,599	425,679	157,664
Touchwood Agency Tribal Council	168,656	173,516	180,357
Rental income	-	59,220	59,940
First Nations Trust	3,200	4,000	15,479
Other	697	3,789	8,045
Daycare subsidization	3,600	3,000	1,788
Interest income	-	1,060	1,162
Lease income	-	-	10,230
Earnings (loss) from investment in Nation business entities	-	(8,364)	(11,037)
	754,957	944,997	670,258
Expenses			
Salaries and benefits	180,783	183,039	201,938
Program expenses	355,049	140,109	88,957
Travel	63,580	78,997	64,855
Meetings and workshops	55,731	60,343	48,775
Amortization	-	60,298	57,776
Supplies	28,369	37,277	34,462
Administration	20,820	28,558	28,994
Repairs and maintenance	7,204	26,649	15,999
Bad debts	-	19,961	9,281
Professional fees	10,275	17,640	14,021
Interest on long-term debt	-	15,576	16,595
Assistance	12,664	12,133	-
Insurance	2,700	6,902	7,187
Utilities	6,600	3,250	6,006
Telephone	2,064	1,602	5,613
Meals and nutrition	7,768	-	2,770
Rent	-	-	500
	753,607	692,334	603,729
Surplus before transfers	1,350	252,663	66,529
Transfers between programs	-	-	956
Surplus	1,350	252,663	67,485