

**Dene Tha' First Nation**  
**Consolidated Financial Statements**  
*March 31, 2014*

**Dene Tha' First Nation**  
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*For the year ended March 31, 2014*

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## Management's Responsibility

To the Members of Dene Tha' First Nation:

The accompanying consolidated financial statements of Dene Tha' 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 consolidated financial statements.

The Dene Tha' First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated 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 Chief and Council 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.

July 24, 2014

***Original signed by:***

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Executive Director  
of Operations

## Independent Auditors' Report

To the Members of Dene Tha' First Nation:

We have audited the accompanying consolidated financial statements of Dene Tha' First Nation, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of operations and accumulated surplus, changes in net financial assets, cash flows and related schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the 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 Dene Tha' First Nation as at March 31, 2014 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Leduc, Alberta

July 24, 2014



Chartered Accountants

**Dene Tha' First Nation**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2014*

	<b>2014</b>	<b>2013</b> <i>(Restated)</i>
<b>Financial assets</b>		
Cash and cash equivalents	1,091,267	2,542,099
Due from Government of Canada (Note 2)	788,850	1,122,227
Accounts receivable	1,701,517	934,730
Guaranteed investment certificates (Note 4)	113,439	83,817
Investment in First Nation business entities (Note 5)	17,761,889	15,142,197
Funds held in trust (Note 6)	5,495,781	5,303,029
<b>Total financial assets</b>	<b>26,952,743</b>	<b>25,128,099</b>
<b>Liabilities</b>		
Accounts payable and accruals	2,224,038	2,255,766
Deferred revenue (Note 7)	1,346,741	1,422,934
Demand loan (Note 8)	-	193,628
Long-term debt (Note 9)	1,563,800	1,731,903
<b>Total liabilities</b>	<b>5,134,579</b>	<b>5,604,231</b>
<b>Net financial assets</b>	<b>21,818,164</b>	<b>19,523,868</b>
<b>Contingencies (Note 10)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Note 11) (Schedule 1)	66,493,024	69,072,291
Prepaid expenses and deposits	80,743	419,874
<b>Total non-financial assets</b>	<b>66,573,767</b>	<b>69,492,165</b>
<b>Accumulated surplus (Note 12)</b>	<b>88,391,931</b>	<b>89,016,033</b>
<b>Approved on behalf of the First Nation</b>		
<u>Original signed by:</u>	Chief	<u>Original signed by:</u> Councilor

**Dene Tha' First Nation**  
**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2014*

	<b>2014</b> <i>Budget</i>	<b>2014</b>	<b>2013</b> <i>(Restated)</i>
<b>Revenue</b>			
Aboriginal Affairs and Northern Development Canada	17,829,509	18,036,797	17,895,999
Health Canada	1,640,459	1,896,995	1,835,874
Human Resources and Skills Development Canada	-	777,655	651,951
	<b>19,469,968</b>	<b>20,711,447</b>	<b>20,383,824</b>
Province of Alberta	334,269	1,474,993	723,995
Other	1,657,513	1,068,080	1,085,707
First Nations Development Fund	100,000	808,710	813,752
Industry consultation	200,000	805,270	629,984
First Nation trust funds	785,922	785,922	360,984
Property taxes	500,000	492,045	503,233
Rent and CMHC subsidies	-	339,060	501,810
TransCanada Pipeline funding	-	300,000	400,000
Province of British Columbia	-	195,000	10,000
Dene Tha' Settlement Trust	430,000	171,985	-
Spectra Energy	-	115,000	165,000
Traditional land use study	-	114,874	456,848
BC Hydro capacity funding	100,000	100,000	-
Treaty 8	-	90,785	67,509
Donated asset	-	55,320	-
Interest income	-	125	-
Deferred revenue - prior year	-	1,322,934	2,080,080
Deferred revenue - current year	-	(1,221,741)	(1,322,934)
	<b>23,577,672</b>	<b>27,729,809</b>	<b>26,859,792</b>

*Continued on next page*

**Dene Tha' First Nation**  
**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2014*

	<b>2014</b> <i>Budget</i>	<b>2014</b>	<b>2013</b> <i>(Restated)</i>
<b>Total revenue</b> <i>(Continued from previous page)</i>	<b>23,577,672</b>	<b>27,729,809</b>	26,859,792
<b>Expenses</b>			
Administration	3,671,425	4,853,982	4,584,487
Education	8,652,501	6,986,725	6,570,596
Community Wellness	1,429,576	2,152,437	1,795,579
Operations and Maintenance	3,159,829	3,438,744	3,677,898
Housing	457,080	2,356,134	1,690,619
Capital Projects	210,040	3,530,373	3,313,318
Economic Development	251,997	1,384,065	1,214,648
Lands	753,200	1,497,270	1,845,871
Housing Rentals	-	335,874	314,971
Social Development	3,990,912	4,509,654	4,251,466
Band Designate	95,000	86,494	94,758
Fund Schedules	-	(2,777,841)	(2,263,287)
<b>Total expenses</b>	<b>22,671,560</b>	<b>28,353,911</b>	27,090,924
<b>Surplus (deficit) before other items</b>	<b>906,112</b>	<b>(624,102)</b>	(231,132)
<b>Other expense</b>			
Loss on disposal of capital assets	-	-	(131,017)
<b>Surplus (deficit) before transfers</b>	<b>906,112</b>	<b>(624,102)</b>	(362,149)
<b>Transfers</b>			
Administration fees	(227,919)	-	-
Transfers between programs	200,000	-	-
<b>Surplus (deficit)</b>	<b>878,193</b>	<b>(624,102)</b>	(362,149)
<b>Accumulated surplus, beginning of year, as previously stated</b>	<b>88,634,239</b>	<b>88,634,239</b>	89,378,182
<b>Prior period adjustment</b> <i>(Note 18)</i>	<b>-</b>	<b>381,794</b>	-
<b>Accumulated surplus, beginning of year, as restated</b>	<b>88,634,239</b>	<b>89,016,033</b>	89,378,182
<b>Accumulated surplus, end of year</b>	<b>89,512,432</b>	<b>88,391,931</b>	89,016,033

*The accompanying notes are an integral part of these financial statements*

**Dene Tha' First Nation**  
**Consolidated Statement of Changes in Net Financial Assets**  
*For the year ended March 31, 2014*

	<b>2014</b> <b>Budget</b>	<b>2014</b>	<b>2013</b> <i>(Restated)</i>
<b>Surplus (deficit)</b>	<b>873,186</b>	<b>(624,102)</b>	(362,149)
Purchases of tangible capital assets	-	<b>(1,772,671)</b>	(3,043,238)
Amortization of tangible capital assets	-	<b>4,351,938</b>	4,266,415
Loss on sale of tangible capital assets	-	-	131,017
Proceeds of disposal of tangible capital assets	-	-	382,617
Use of (acquisition of) prepaid expenses	-	<b>339,131</b>	(92,891)
<b>Increase in net financial assets</b>	<b>873,186</b>	<b>2,294,296</b>	1,281,771
<b>Net financial assets, beginning of year</b>	<b>19,523,868</b>	<b>19,523,868</b>	18,242,097
<b>Net financial assets, end of year</b>	<b>20,397,054</b>	<b>21,818,164</b>	19,523,868

*The accompanying notes are an integral part of these financial statements*



**Dene Tha' First Nation**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2014*

	<b>2014</b>	<b>2013</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Cash receipts from contributors	<b>26,881,151</b>	26,525,050
Cash paid to suppliers	<b>(16,182,730)</b>	(15,491,478)
Cash paid to employees	<b>(6,792,673)</b>	(5,928,968)
Interest paid	<b>(98,872)</b>	(164,013)
Social assistance paid	<b>(3,433,224)</b>	(3,299,192)
	<b>373,652</b>	1,641,399
<b>Financing activities</b>		
Repayment of long-term debt	<b>(168,103)</b>	(171,484)
Repayment of demand loans	<b>(193,628)</b>	(143,590)
	<b>(361,731)</b>	(315,074)
<b>Capital activities</b>		
Purchases of tangible capital assets	<b>(1,398,528)</b>	(2,988,836)
Proceeds of disposal of tangible capital assets	<b>-</b>	382,617
	<b>(1,398,528)</b>	(2,606,219)
<b>Investing activities</b>		
Advances to related entities	<b>(34,603)</b>	(105,112)
Distribution of funds from related entities	<b>-</b>	200,000
Change in guaranteed investment certificates	<b>(29,622)</b>	(25,356)
	<b>(64,225)</b>	69,532
<b>Decrease in cash resources</b>	<b>(1,450,832)</b>	(1,210,362)
<b>Cash resources, beginning of year</b>	<b>2,542,099</b>	3,752,461
<b>Cash resources, end of year</b>	<b>1,091,267</b>	2,542,099

*The accompanying notes are an integral part of these financial statements*

**1. Significant accounting policies**

The consolidated financial statements of Dene Tha' First Nation ("the First Nation") are the representations of management, prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and are consistent with accounting policies set out by the Department of Aboriginal Affairs and Northern Development Canada ("AANDC"). Significant aspects of the accounting policies adopted by the First Nation are as follows:

***Reporting entity***

The Dene Tha' First Nation reporting entity includes the First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation. All inter-entity balances have been eliminated in order to present the results of operation for each specific department.

Business entities, which are owned or controlled by Dene Tha' First Nation and which are not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method, as outlined in Note 5. Under the modified equity method, the equity method of accounting is modified only to the extent that the accounting principles of the business entity are not adjusted to conform with those of the First Nation. Thus, the First Nation's investment in these enterprises is recorded at cost and is increased for the proportionate share of post-acquisition earnings and decreased by post-acquisition losses and distributions received.

***Basis of presentation***

Sources of financing and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses 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.

***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.

**i) Tangible capital assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Infrastructure includes certain roads and bridges disclosed at a nominal amount. The First Nation holds works of art and historical treasures of a cultural value, which have not been included in tangible capital assets due to the inability of estimating future benefits associated with such property. The cost of the tangible capital assets are amortized over their expected useful life using the straight-line method at the following rates:

	Rate
Buildings and improvements	14-50 years
Mobile homes	20 years
Automotive equipment	5-10 years
Computer equipment	5 years
Radio equipment	20 years
Infrastructure	25-50 years

**ii) Prepaid expenses and deposits**

Prepaid expenses included in non-financial assets include deposits on tangible capital assets and payment for services that have not been provided as of year end.

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

***Net financial assets***

The First Nation's financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the First Nation is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

***Cash and cash equivalents***

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less.

***Revenue recognition***

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.

Capital funding is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period is reflected as deferred revenue on the consolidated statement of financial position in the year of receipt. Capital costs are capitalized on the consolidated statement of financial position and amortized over their useful lives.

The First Nation recognizes taxes as assets and revenue when they meet the definition of an asset, are authorized by Chief and Council, and the taxable event has occurred. Tax revenue is initially measured at managements's best estimate of the amount resulting from the original taxable event in accordance with legislation. The related tax receivable is initially recognized as its realizable value at the date of acquisition. At each financial statement date, the First Nation evaluates the tax receivable for collectability and records a valuation allowance to reflect the tax receivable at its net recoverable amount if necessary.

Other revenue is recognized when services have been provided, all significant contractual obligations have been satisfied and collectability is reasonably assured.

***Use of estimates***

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 expenses during the reporting period. Amounts due from First Nation members and investments in First Nation business enterprises are stated after evaluation as to their collectability and recoverability and an appropriate allowance for impairment is provided where considered necessary. Deferred revenue is based upon estimates of unexpended amounts and amounts required to complete housing and capital projects. Amortization is based on the estimated useful lives of tangible capital assets. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in income in the periods in which they become known.

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

***Long-lived assets***

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

The First 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 asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in income for the year; impairment of tangible capital assets is reflected in accumulated surplus when impairment occurs. Prices for similar items are used to measure fair value of long-lived assets.

***Segments***

The First Nation conducts its business through twelve reportable segments: Administration, Education, Community Wellness, Operations and Maintenance, Housing, Capital Projects, Economic Development, Lands, Housing Rentals, Social Development, Band Designate and Fund 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.

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. Administration fees have been apportioned based on a percentage of budgeted revenue, where permitted by the funder.

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.

***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, 2015. Earlier adoption is permitted. The PSAB plans to review application of this Section by governments by December 31, 2013.

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 consolidated financial statements.

**Dene Tha' First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

**2. Due from Government of Canada**

Federal funding receivable consists of global funds due from Aboriginal Affairs and Northern Development Canada, Service Canada, CMHC and Health Canada.

	2014	2013
<b>Aboriginal Affairs and Northern Development Canada</b>		
Administration - IGS decision making	-	62,700
Administration - Fire response	70,792	70,792
Administration - Planning and risk management	12,000	12,000
Administration - Power outage response	4,613	
Administration - Re-orientation of self-government	1,500	
Administration - Regulatory improvement initiative	-	22,730
Capital - Water treatment plant	-	
Capital - Wastewater under \$1.5M	149,486	130,460
Capital - Water under \$1.5M	-	
Capital - Based on progress	-	
Capital - Commercial leasing	(30,000)	(10,000)
Capital - Sewer under \$1.5M	-	213,436
Capital - Vehicles	-	34,590
Capital projects	-	11,560
Mackenzie Pipeline	-	25,000
Social Development - Basic needs - Learners benefit	60,900	8,751
Social Development - Basic needs	108,506	130,546
	<b>377,797</b>	712,565
<b>CMHC</b>	<b>257,572</b>	209,876
<b>Health Canada</b>	-	60,900
<b>Service Canada</b>	<b>153,481</b>	138,886
	<b>788,850</b>	1,122,227

Included in the above balance is \$239,086 (2013 - \$308,606) that has been outstanding for more than one year.

**3. Related party transactions**

- a) The First Nation has, primarily in prior years, advanced funds to First Nation members and employees of \$652,090 (2013 - \$652,090) as special occasion benefits. These benefits are repayable based on terms set when the advances are made. As there is currently no process in place to collect amounts that have been advanced to non-staff First Nation members, amounts have been offset by an allowance for impaired accounts of \$652,090 (2013 - \$652,090).
- b) The First Nation purchases natural gas from Dene Tha' Natural Gas Utility at the same rate as established for all customers. Dene Tha' Natural Gas Utility is an unincorporated entity wholly owned by the First Nation.
- c) Advances to and from First Nation owned companies, as detailed in Note 5, have no specified interest terms, and therefore no interest revenue or expense has been recorded on the advances.
- d) During the year the First Nation did not receive any cash distribution from Ndeh Limited Partnership (2013 - \$200,000).

The transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**Dene Tha' First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

**4. Guaranteed investment certificates**

Guaranteed investment certificates ("GIC") consist of three GIC's held by the CIBC and one GIC held by Peace Hills Trust.

The CIBC GIC's bear interest rates between at 0.40% and 1.75% and have maturity dates between April 2014 and September 2015.

The Peace Hills Trust GIC bears interest at 1.45% and matures in December 2014.

**5. Investments in First Nation business entities**

The First Nation has investments in the following entities:

	<i>Investment cost</i>	<i>Advances to</i>	<i>Undistributed income (loss)</i>	<i>Other</i>	<i>2014 Total investment</i>
<b>Wholly-owned businesses</b>					
Dene Tha' Natural Gas	-	-	1,433,003	-	1,433,003
1584922 Alberta Ltd.	22	3,872,369	(3,872,369)	(2,931,741)	(2,931,719)
	22	3,872,369	(2,439,366)	(2,931,741)	(1,498,716)
<b>Partnerships</b>					
Ndeh Limited Partnership	-	13,473,717	10,596,888	(4,810,000)	19,260,605
	22	17,346,086	8,157,522	(7,741,741)	17,761,889
<hr/>					
	<i>Investment cost</i>	<i>Advances to</i>	<i>Undistributed income (loss)(Restated)</i>	<i>Other</i>	<i>2013 Total investment (Restated)</i>
<b>Wholly-owned businesses</b>					
Dene Tha' Natural Gas	-	-	1,435,760	-	1,435,760
1584922 Alberta Ltd.	22	3,872,369	(3,872,369)	(2,931,741)	(2,931,719)
	22	3,872,369	(2,436,609)	(2,931,741)	(1,495,959)
<b>Partnerships</b>					
Ndeh Limited Partnership	-	13,439,114	8,009,042	(4,810,000)	16,638,156
	22	17,311,483	5,572,433	(7,741,741)	15,142,197

**Dene Tha' First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

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**5. Investments in First Nation business entities** *(Continued from previous page)*

The First Nation's investment in Ndeh Limited Partnership was established for the purposes of segregating operations related to rental, firefighting, contract work, and forestry and timber royalties.

	<i><b>Ndeh Limited Partnership As at December 31, 2013</b></i>
<b>Assets</b>	
Cash	942,436
Accounts receivable	5,159,792
Prepaid expenses and deposits	510
Investments	11,088,969
Timber quota	610,931
Property and equipment	10,938,942
<b>Total assets</b>	<b>28,741,580</b>
<b>Liabilities</b>	
Accounts payable and accruals	4,628,663
Deferred revenue	40,163
Advances from related party	13,473,718
<b>Total liabilities</b>	<b>18,142,544</b>
<b>Partner's capital</b>	<b>10,599,036</b>
<b>Total revenue</b>	<b>11,783,847</b>
<b>Total expenses</b>	<b>9,195,083</b>
<b>Net income, being comprehensive income</b>	<b>2,588,764</b>

**Dene Tha' First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

**5. Investments in First Nation business entities** *(Continued from previous page)*

Summary financial information for each First Nation business enterprise, accounted for using the modified equity method, for their respective year-end is as follows:

	<i>Dene Tha Natural Gas As at June 30, 2013</i>	<i>1584922 Alberta Ltd. As at March 31, 2014</i>
<b>Assets</b>		
Cash	409,925	-
Accounts receivable	190,969	-
Inventory	95,206	-
Prepaid investments	2,686	-
Due from Ndeh Limited Partnership	16,446	-
Property and equipment	920,224	-
<b>Total assets</b>	<b>1,635,456</b>	<b>-</b>
<b>Liabilities</b>		
Accounts payable and accruals	52,509	-
Deferred revenue	57,330	-
Security deposits	81,170	-
Long-term debt	11,444	-
Due to related parties	-	3,872,369
<b>Total liabilities</b>	<b>202,453</b>	<b>3,872,369</b>
<b>Proprietor's accumulated surplus; retained earnings</b>	<b>1,433,003</b>	<b>(3,872,369)</b>
<b>Total revenue</b>	<b>797,263</b>	<b>-</b>
<b>Total expenses</b>	<b>800,020</b>	<b>-</b>
<b>Net income (loss)</b>	<b>(2,757)</b>	<b>-</b>

In 2007 the assets and liabilities of Zama Mills Ltd., Che K'Li Enterprises Ltd., 854397 Alberta Ltd. and 628873 Alberta Ltd. were transferred to the Ndeh Limited Partnership which is controlled by the Dene Tha' Business Trust, and the operations were carried on in the Limited Partnership. In 2009 the assets of 890394 Alberta Ltd. were transferred to Ndeh Limited Partnership. The investments previously held by 890394 Alberta Ltd. were financed by First Nation trust funds of \$2,850,000 and grants from Aboriginal Affairs and Northern Developments Canada of \$1,960,000 and the carrying value of the investment in Ndeh Limited Partnership has been reduced by that amount.

Effective February 1, 2011 Zama Mills Ltd., Che K'Li Enterprises Ltd., 854397 Alberta Ltd., 628873 Alberta Ltd., 890400 Alberta Ltd., and a number of inactive corporations owned by the Nation, were amalgamated into 1584922 Alberta Ltd. This company does not have any assets, liabilities (except amounts due to the Dene Tha' First Nation), revenue or expenses and is not expected to have in the future.



**Dene Tha' First Nation**  
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**6. Funds held in trust**

The Aboriginal Affairs and Northern Development Canada Trust Funds arise from monies from capital and revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Fund of the Government of Canada and are subject to audit by the office of the Auditor General of Canada. The management of these funds is primarily governed by Section 63 to 69 of the *Indian Act*.

Capital and revenue trust funds are transferred to the First Nation on the authorization of the Minister of Aboriginal Affairs and Northern Development Canada, based upon request from the First Nation Chief and Council.

The Settlement Trust was established in 2007 according to the Settlement Agreement between Canada and Dene Tha' First Nation related to the MacKenzie Valley Pipeline. The funds deposited are to be invested in specified investments, and distributions made according to specified conditions.

	<b>2014</b>	<b>2013</b>
<b>Capital Trust</b>		
Balance, beginning of year	<b>1,990,000</b>	1,526,672
Gas royalties	<b>638,333</b>	463,328
	<b>2,628,333</b>	1,990,000
Less: Transfers to First Nation	<b>452,000</b>	-
Balance, end of year	<b>2,176,333</b>	1,990,000
<b>Revenue Trust</b>		
Balance, beginning of year	<b>412,613</b>	319,538
Interest and rentals	<b>417,853</b>	454,059
	<b>830,466</b>	773,597
Less: Transfers to First Nation	<b>333,922</b>	360,984
Balance, end of year	<b>496,544</b>	412,613
<b>Settlement Trust</b>		
Balance, beginning of year	<b>2,900,416</b>	2,895,157
Investment income	<b>103,064</b>	172,975
Authorized expenditures	<b>(82,090)</b>	(53,163)
Cost base adjustment	<b>73,514</b>	-
	<b>2,994,904</b>	3,014,969
Less: Transfers to First Nation	<b>172,000</b>	114,552
Balance, end of year	<b>2,822,904</b>	2,900,416
	<b>5,495,781</b>	5,303,029

**Dene Tha' First Nation**  
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**7. Deferred revenue**

Deferred revenue consists of revenue that has not yet been allocated to projects, revenue that has been allocated to projects to be carried out in future years, and the unexpended portion of revenue on projects in progress at March 31, 2014.

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Balance, beginning of year</i>	<i>Revenue received</i>	<i>Transferred to revenue</i>	<i>Balance, end of year</i>
CIBC mutual fund	100,000	-	-	100,000
Per capita distribution	124,000	-	10,000	114,000
FNDF - Chateh store	200,604	75,045	113,239	162,410
FNDF - Children Service Coordinator	200,000	-	91,494	108,506
FNDF - Bushe walking trail lighting	19,565	-	-	19,565
FNDF - Winter clean up	46,156	-	46,156	-
Alberta suicide prevention	37,262	-	37,262	-
Alberta safe communities	70,597	98,076	70,597	98,076
Alberta school special project grant	-	60,000	-	60,000
Alberta workforce strategy participation	85,214	-	85,214	-
Alberta AYCES	-	127,262	84,868	42,394
BC oil and gas	-	25,000	-	25,000
CRF surplus	41,418	-	41,418	-
EI surplus	49,411	-	49,411	-
TransCanada Pipeline	235,373	300,000	265,395	269,978
Adult education centre transfers	213,334	323,985	190,507	346,812
	<b>1,422,934</b>	<b>1,009,368</b>	<b>1,085,561</b>	<b>1,346,741</b>

Deferred revenue represents the liability that the First Nation has to either perform additional work on a particular project or repay the revenue to the funding body.

**8. Demand loan**

Canadian Imperial Bank of Commerce demand loan for the interim financing of the Chateh Water Treatment Plant. The loan is repayable in monthly interest only payments at prime. The bridge financing was due on December 31, 2009 but has been extended. It is secured by general assets owned by the First Nation, Band Council Resolution authorizing and ratifying the terms of the credit agreement, and a Letter of Direction acknowledged by Aboriginal Affairs and Northern Development Canada related to funding of a water treatment plant in the community of Chateh, Alberta. The demand loan was paid in full during the year.

**Dene Tha' First Nation**  
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**9. Long-term debt**

	<b>2014</b>	<b>2013</b>
Canadian Imperial Bank of Commerce mortgage advance for 14 housing units, with a five year term ending in August 2018. Repayable in monthly payments of \$7,767 including interest at 3.94%. Secured by housing units with a book value of \$471,921 (2013 - \$516,866).	<b>552,233</b>	619,750
Canadian Imperial Bank of Commerce mortgage for eight Bushe teacherages, with a five year term ending in February 2015. Repayable in monthly payments of \$2,816 including interest at prime plus 0.80%. Secured by housing units with a book value of \$700,184 (2013 - \$758,533).	<b>308,479</b>	330,096
Canada Mortgage and Housing Corporation mortgage for seven housing units, with a twenty-five year amortization period and a five year term ending in April 2018. Repayable in monthly payments of \$2,177 including interest at 1.68%. Secured by housing units with a book value of \$215,760 (2013 - \$234,522).	<b>298,378</b>	319,755
Canada Mortgage and Housing Corporation mortgage for a five-plex housing unit, with a twenty-five year amortization period and a five year term ending in October 2015. Repayable in monthly payments of \$1,985 including interest at 2.4%. Secured by housing units with a book value of \$146,417 (2013 - \$161,829).	<b>230,634</b>	246,565
Canada Mortgage and Housing Corporation mortgage for a four plex unit, with a twenty-five year amortization period and a five year term ending in April 2018. Repayable in monthly payments of \$1,359 including interest at 1.68%. Secured by a housing unit with a book value of \$120,264 (2013 - \$131,718).	<b>170,952</b>	184,292
Canadian Imperial Bank of Commerce mortgage with a five year term ending in May 2014. Repayable in monthly payments of \$2,419 including interest at prime plus 0.08%. Secured by five CMHC housing units with a book value of \$128,718 (2013 - \$152,121), a BCR and a promissory note.	<b>3,124</b>	31,445
	<b>1,563,800</b>	1,731,903
Less: current portion	<b>151,953</b>	169,765
	<b>1,411,847</b>	1,562,138

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	151,953
2016	153,630
2017	158,600
2018	163,747
2019	169,075

**10. Contingencies**

In the normal conduct of operations, there are pending claims by and against the First Nation. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. In the opinion of management, based on the advice and information provided by its legal counsel, final determination of these other litigations will not materially affect the First Nation's financial position or results of operations.

The First Nation has secured loans for various Nation members. No provisions for any of these items, except as noted, have been included on the consolidated statement of financial position.

These consolidated financial statements are subject to review by the Nation's funding agents. It is possible that adjustments, that may include repayment of amounts funded, could be made based on the results of their reviews.

**11. Tangible capital assets**

The tangible capital assets reconciliation is included in Schedule 1.

Buildings and improvements and infrastructure include the Bushe River Wastewater Treatment Facility, the Meander River Water Upgrade, the Bushe River Walking Trail Lighting, three band member houses and the community internet tower, with a total carrying value of \$1,868,958 (2013 - \$755,775). No amortization of these assets has been recorded during the year because they are currently under construction.

Building and improvements and infrastructure additions with a cost of \$126,951 (2013 - \$49,607) and \$274,612 (2013 - \$33,133), respectively, are included in accounts payable at March 31, 2014, and are therefore not included on the consolidated statement of cash flows.

The Nation's tangible capital asset infrastructure additions include daycare playground costs of \$55,320 (2013 - nil) contributed for the purpose of supporting the Nation's daycare activities. This contributed asset has been recorded as a non-cash transaction with an offsetting revenue recorded at the fair value of the asset received and therefore is not included on the consolidated statement of cash flows.

**Dene Tha' First Nation**  
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**12. Accumulated surplus**

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	<b>2014</b>	<b>2013</b> <i>(Restated)</i>
Unrestricted surplus	<b>618,917</b>	1,645,190
Restricted surplus - CMHC reserve	<b>504,068</b>	436,095
Restricted surplus - trusts	<b>5,495,781</b>	5,303,029
Restricted surplus - enterprise	<b>16,843,941</b>	14,257,934
Internally restricted surplus - Planning and risk management capacity development	-	12,000
Internally restricted surplus - Economic development	-	21,397
Equity in tangible capital assets	<b>64,929,224</b>	67,340,388
	<b>88,391,931</b>	89,016,033

During the year the First Nation fully spent the internally restricted surplus from the prior year for the planning and risk management capacity development funding as it was spent on the second half of the SOAR project.

In the prior year the First Nation submitted a surplus plan related to the Economic Development department in the amount of \$21,397. This balance was fully spent in the year on the Heavy Equipment program which falls under the Economic Development department.

**13. CMHC reserves**

Under conditions of agreements with CMHC, the First Nation is required to maintain certain reserves related to on-reserve housing projects in the amount of \$504,068 (2013 - \$436,095). The First Nation has only funded reserves in the amount of \$32,767 (2013 - \$3,302) for subsidy reserve. They currently have not funded the replacement reserve. These funds are externally restricted. The First Nation is in violation of their agreements with CMHC. The possible effect of the violation has not yet been determined.

**14. Economic dependence**

Dene Tha' First Nation receives a significant portion of its revenue from Aboriginal Affairs and Northern Development Canada as a result of treaties entered into with the Government of Canada which are administered under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

**Dene Tha' First Nation**  
**Notes to the Consolidated Financial Statements**  
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**15. Land claims expenses**

The First Nation has expended funds to investigate and formulate a Land Claims settlement, and has recorded these items as expenses in the years indicated. The amount, if any, of any future settlement has not been determined. The funds expended are:

1997	5,117
1998	50,118
1999	62,475
2000	21,460
2001	120,085
2002	101,801
2003	159,619
2004	69,837
2005	58,502
2006	103,385
2007	101,868
2008	88,254
2009	94,528
2010	527,488
2011	462,997
2012	592,913
2013	468,870
2014	413,609
	<hr/>
	<b>3,502,926</b>

**16. Pension plan**

The First Nation has established a defined contribution plan, in which all permanent full-time employees are required to participate. Pension contributions of either 3%, 5% or 8% are matched by the First Nation. No significant changes were made to the pension plan during the year. The pension expense for the year was \$263,799 (2013 - \$198,644).

**17. Financial instruments**

The First Nation as part of its operations carries a number of financial instruments. It is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Accounts receivable from the federal government represents 33% (2013 - 55%) of total accounts receivable as at March 31, 2014. The First Nation believes that there is minimal risk associated with the collection of these amounts.

**18. Prior period adjustment**

During the year, the First Nation determined that its equity in enterprise funds was understated by \$381,794 as NDEH Limited Partnership had changes to their previously reported net income of this amount. The change was a result of the Partnership not recording a significant construction contract on a percentage completion basis. This resulted in \$2,931,128 more contract revenue and \$2,549,199 more contract work expense in 2013. The resulting net income effect in the Partnership was \$381,794.

The cumulative effect on 2013 opening accumulated surplus is an increase of \$381,794.

**19. Budget information**

The disclosed budget information has been approved by the Chief and Council of Dene Tha' First Nation.

**20. Comparative figures**

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