

**Dene Tha' First Nation**  
**Consolidated Financial Statements**  
*March 31, 2015*

# Dene Tha' First Nation

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*For the year ended March 31, 2015*

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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 Chief and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP 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 Chief and Council and management to discuss their audit findings.

July 23, 2015

*Original signed by:*

\_\_\_\_\_  
Executive Director  
of Operations

## Independent Auditors' Report

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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, 2015, 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, 2015 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 23, 2015

*MNP LLP*  
Chartered Accountants

**MNP**

**Dene Tha' First Nation**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2015*

	<b>2015</b>	<b>2014</b>
<b>Financial assets</b>		
Cash and cash equivalents	2,119,182	1,091,267
Due from Government of Canada (Note 3)	261,700	788,850
Accounts receivable	1,682,738	1,707,996
Guaranteed investment certificates (Note 5)	190,699	113,439
Investment in First Nation business entities (Note 6)	12,891,440	17,761,889
Funds held in trust (Note 7)	6,084,402	5,495,781
<b>Total financial assets</b>	<b>23,230,161</b>	<b>26,959,222</b>
<b>Liabilities</b>		
Accounts payable and accruals	2,263,678	2,230,517
Deferred revenue (Note 8)	1,659,927	1,346,741
Long-term debt (Note 9)	1,451,504	1,563,800
<b>Total liabilities</b>	<b>5,375,109</b>	<b>5,141,058</b>
<b>Net financial assets</b>	<b>17,855,052</b>	<b>21,818,164</b>
<b>Contingencies (Note 10)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Note 11) (Schedule 1)	62,466,565	66,493,024
Prepaid expenses and deposits	5,841	80,741
<b>Total non-financial assets</b>	<b>62,472,406</b>	<b>66,573,765</b>
<b>Accumulated surplus (Note 12)</b>	<b>80,327,458</b>	<b>88,391,929</b>
<b>Approved on behalf of the First Nation</b>		
<i>Original signed by:</i> _____ <b>Chief</b>	<i>Original signed by:</i> _____ <b>Councillor</b>	

# Dene Tha' First Nation

## Consolidated Statement of Operations and Accumulated Surplus

*For the year ended March 31, 2015*

	<b>2015 Budget</b>	<b>2015</b>	<b>2014</b>
<b>Revenue</b>			
Aboriginal Affairs and Northern Development Canada	16,414,313	17,886,501	18,036,797
Health Canada	2,014,426	1,888,047	1,896,995
Human Resources and Skills Development Canada	-	661,333	777,655
	<b>18,428,739</b>	<b>20,435,881</b>	<b>20,711,447</b>
Industry consultation	916,944	918,956	1,014,270
First Nations Development Fund	1,091,648	836,971	808,710
First Nation trust funds	150,000	615,000	785,922
Rent and CMHC subsidies	-	422,537	319,797
Province of Alberta	168,770	465,304	1,564,993
Property taxes	452,000	452,760	492,045
Province of British Columbia	300,000	320,000	195,000
TransCanada Pipeline funding	-	300,000	300,000
Other	84,792	261,228	901,187
BC Hydro capacity funding	36,000	102,000	100,000
Interest income	48,609	54,177	2,281
Treaty 8 Tribal Association	-	71,010	90,785
Dene Tha' Settlement Trust	-	-	171,985
Traditional land use study	-	-	114,874
Donated asset	-	-	55,320
Deferred revenue - prior year	133,506	1,221,741	1,322,934
Deferred revenue - current year	-	(1,534,926)	(1,221,741)
	<b>21,811,008</b>	<b>24,942,639</b>	<b>27,729,809</b>

*Continued on next page*

**Dene Tha' First Nation**  
**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2015*

	<i>Schedules</i>	<i>2015 Budget</i>	<i>2015</i>	<i>2014</i>
<b>Total revenue</b> <i>(Continued from previous page)</i>		<b>21,811,008</b>	<b>24,942,639</b>	27,729,809
<b>Expenses</b>				
Administration	3	3,250,402	3,962,591	4,853,982
Education	4	6,555,875	6,679,776	6,986,726
Community Wellness	5	1,677,618	2,036,989	2,152,438
Operations and Maintenance	6	3,521,551	3,674,360	3,438,744
Housing	7	1,713,030	2,488,096	2,356,134
Capital Projects	8	541,043	3,242,528	3,530,373
Economic Development	9	278,000	1,097,836	1,384,065
Lands	10	1,292,146	1,683,289	1,497,270
Housing Rentals	11	-	417,112	335,874
Social Development	12	3,209,072	3,437,027	4,509,654
Band Designate	13	104,657	108,722	86,494
Fund Schedules	14	-	4,187,936	(2,777,841)
<b>Total expenses</b>		<b>22,143,394</b>	<b>33,016,262</b>	28,353,913
<b>Deficit before transfers</b>		<b>(332,386)</b>	<b>(8,073,623)</b>	(624,104)
<b>Transfers</b>				
Administration fees		(92,770)	9,152	-
Transfers between programs		(130,242)	-	-
Ndeh Limited Partnership distribution		395,861	-	-
		<b>172,849</b>	<b>9,152</b>	-
<b>Deficit</b>		<b>(159,537)</b>	<b>(8,064,471)</b>	(624,104)
<b>Accumulated surplus, beginning of year</b>		<b>88,391,929</b>	<b>88,391,929</b>	89,016,033
<b>Accumulated surplus, end of year</b>		<b>88,232,392</b>	<b>80,327,458</b>	88,391,929

**Dene Tha' First Nation**  
**Consolidated Statement of Changes in Net Financial Assets**  
*For the year ended March 31, 2015*

	<i>2015 Budget</i>	<i>2015</i>	<i>2014</i>
<b>Deficit</b>	<b>(164,752)</b>	<b>(8,064,471)</b>	(624,104)
Purchases of tangible capital assets	-	<b>(267,206)</b>	(1,772,671)
Amortization of tangible capital assets	-	<b>4,293,665</b>	4,351,938
Use of prepaid expenses	-	<b>74,900</b>	339,131
<b>Increase (decrease) in net financial assets</b>	<b>(164,752)</b>	<b>(3,963,112)</b>	2,294,294
<b>Net financial assets, beginning of year</b>	<b>21,818,164</b>	<b>21,818,164</b>	19,523,870
<b>Net financial assets, end of year</b>	<b>21,653,412</b>	<b>17,855,052</b>	21,818,164

*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, 2015*

	<b>2015</b>	<b>2014</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Cash receipts from contributors	25,415,361	26,878,870
Cash paid to suppliers	(14,328,379)	(16,182,730)
Cash paid to employees	(6,978,795)	(6,792,673)
Interest income	54,177	2,281
Interest paid	(68,793)	(98,872)
Social assistance paid	(2,482,330)	(3,433,224)
	<b>1,611,241</b>	<b>373,652</b>
<b>Financing activities</b>		
Advances of long-term debt	42,198	-
Repayment of long-term debt	(154,495)	(168,103)
Repayment of demand loans	-	(193,628)
	<b>(112,297)</b>	<b>(361,731)</b>
<b>Capital activities</b>		
Purchases of tangible capital assets	(668,769)	(1,398,528)
<b>Investing activities</b>		
Advances to related entities	-	(34,603)
Distribution of funds from related entities	275,000	-
Change in guaranteed investment certificates	(77,260)	(29,622)
	<b>197,740</b>	<b>(64,225)</b>
<b>Increase (decrease) in cash resources</b>	<b>1,027,915</b>	<b>(1,450,832)</b>
<b>Cash resources, beginning of year</b>	<b>1,091,267</b>	<b>2,542,099</b>
<b>Cash resources, end of year</b>	<b>2,119,182</b>	<b>1,091,267</b>

*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 CPA Canada 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 6. 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
Radio equipment	20 years
Infrastructure	25-50 years
Automotive equipment	5-10 years
Computer equipment	5 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.

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.

***Measurement uncertainty (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 specific projects. Amortization is based on the estimated useful lives of tangible capital assets. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the First Nation is responsible for. 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.

***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.

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

**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 above. Inter-segment transfers are recorded at their exchange amount.

**Liability for contaminated site**

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site 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.

**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. Earlier adoption is permitted.

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.

**2. Change in accounting policy**

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 1, *significant accounting policies*.

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

**Dene Tha' First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2015*

**3. Due from Government of Canada**

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

	<b>2015</b>	<b>2014</b>
<b>Aboriginal Affairs and Northern Development Canada</b>		
Administration - Fire response	<b>70,792</b>	70,792
Administration - Planning and risk management	-	12,000
Administration - Power outage response	<b>4,613</b>	4,613
Administration - Re-orientation of self-government	<b>1,500</b>	1,500
Capital - Wastewater under \$1.5M	-	149,486
Capital - Commercial leasing	<b>(30,000)</b>	(30,000)
Capital - Meander protect water source	<b>44,853</b>	-
Social Development - Basic needs - Learners benefit	<b>(7,401)</b>	60,900
Social Development - Basic needs	<b>117,112</b>	108,506
	<b>201,470</b>	377,797
<b>CMHC</b>	<b>48,910</b>	257,572
<b>Service Canada</b>	<b>11,320</b>	153,481
	<b>261,700</b>	788,850

Included in the above balance is \$95,817 (2014 - \$239,086) that has been outstanding for more than one year.

**4. Related party transactions**

- a) The First Nation has, primarily in prior years, advanced funds to First Nation members and employees of \$644,446 (2014 - \$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 \$644,446 (2014 - \$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 6, 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 received a cash distribution of \$275,000 from Ndeh Limited Partnership (2014 - nil).

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.

**5. Guaranteed investment certificates**

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

The CIBC GIC's bear interest rates between at 0.15% and 3.00% and have maturity dates between July 2015 and February 2016.

The Peace Hills Trust GIC bears interest at 1.45% and matures in December 2015.

**Dene Tha' First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2015*

**6. 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>2015 Total investment</i>
<b>Wholly-owned businesses</b>					
Dene Tha' Natural Gas	-	-	1,383,431	-	1,383,431
1584922 Alberta Ltd.	22	3,872,369	(3,872,369)	(2,931,741)	(2,931,719)
	22	3,872,369	(2,488,938)	(2,931,741)	(1,548,288)
<b>Partnerships</b>					
Ndeh Limited Partnership	-	13,654,825	5,594,903	(4,810,000)	14,439,728
	22	17,527,194	3,105,965	(7,741,741)	12,891,440
	<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

**Dene Tha' First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2015*

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

Summary financial information for the First Nation business partnership accounted for using the modified equity method is as follows:

	<i><b>Ndeh Limited Partnership As at December 31, 2014</b></i>
<b>Assets</b>	
Cash	2,425,767
Accounts receivable	1,923,449
Prepaid expenses and deposits	24,498
Investments	5,641,509
Timber quota	610,931
Property and equipment	10,574,847
<b>Total assets</b>	<b>21,201,001</b>
<b>Liabilities</b>	
Accounts payable and accruals	1,294,398
Deferred revenue	680,093
Advances from related party	13,554,826
<b>Total liabilities</b>	<b>15,529,317</b>
<b>Partner's capital</b>	<b>5,671,684</b>
<b>Total revenue</b>	<b>6,977,647</b>
<b>Total expenses</b>	<b>6,848,712</b>
<b>Income from operations</b>	<b>128,935</b>
<b>Loss on investments</b>	<b>(5,056,283)</b>
<b>Net loss being comprehensive loss</b>	<b>(4,927,348)</b>

**Dene Tha' First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2015*

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

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

	<i>Dene Tha Natural Gas As at June 30, 2014</i>	<i>1584922 Alberta Ltd. As at March 31, 2015</i>
<b>Assets</b>		
Cash	239,662	-
Accounts receivable	301,685	-
Inventory	91,748	-
Prepaid investments	2,686	-
Due from Ndeh Limited Partnership	16,446	-
Property and equipment	886,768	-
<b>Total assets</b>	<b>1,538,995</b>	<b>-</b>
<b>Liabilities</b>		
Accounts payable and accruals	31,716	-
Deferred revenue	39,421	-
Security deposits	81,770	-
Long-term debt	2,659	-
Due to related parties	-	3,872,369
<b>Total liabilities</b>	<b>155,566</b>	<b>3,872,369</b>
<b>Proprietor's accumulated surplus; retained earnings</b>	<b>1,383,429</b>	<b>(3,872,369)</b>
<b>Total revenue</b>	<b>1,067,360</b>	<b>-</b>
<b>Total expenses</b>	<b>1,116,932</b>	<b>-</b>
<b>Net income (loss)</b>	<b>(49,572)</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. The First Nation's investment in Ndeh Limited Partnership is held by Ehda Cho Corporation (the general partner) and the Dene Tha' First Nation Business Trust (the limited partner). 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 Development 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**  
**Notes to the Consolidated Financial Statements**  
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**7. 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.

	2015	2014
<b>Capital Trust</b>		
Balance, beginning of year	2,176,333	1,990,000
Gas royalties	511,387	638,333
	<b>2,687,720</b>	2,628,333
Less: Transfers to First Nation	<b>360,871</b>	452,000
Balance, end of year	<b>2,326,849</b>	2,176,333
<b>Revenue Trust</b>		
Balance, beginning of year	496,544	412,613
Interest and rentals	561,668	417,853
	<b>1,058,212</b>	830,466
Less: Transfers to First Nation	<b>254,129</b>	333,922
Balance, end of year	<b>804,083</b>	496,544
<b>Settlement Trust</b>		
Balance, beginning of year	2,822,904	2,900,416
Investment income	231,110	103,064
Promissory note to Dene Tha' First Nation	(40,864)	-
Authorized expenditures	(59,680)	(82,090)
Cost base adjustment	-	73,514
	<b>2,953,470</b>	2,994,904
Less: Transfers to First Nation	-	172,000
Balance, end of year	<b>2,953,470</b>	2,822,904
	<b>6,084,402</b>	5,495,781

**Dene Tha' First Nation**  
**Notes to the Consolidated Financial Statements**  
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**8. 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, 2015.

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	114,000	-	17,000	97,000
FNDF - Chateh store	162,410	-	-	162,410
FNDF - Children Service Coordinator	108,506	-	108,506	-
FNDF - Bushe walking trail lighting	19,565	-	-	19,565
FNDF - Housing	-	319,171	17,385	301,786
Alberta safe communities	98,076	-	98,076	-
Alberta school special project grant	60,000	-	60,000	-
Alberta AYCES	42,394	81,000	69,753	53,641
BC oil and gas	25,000	-	-	25,000
BC Hydro	-	40,000	-	40,000
TransCanada Pipeline	269,978	300,000	118,892	451,086
Adult education centre	346,812	-	16,873	329,939
Alberta flood readiness grant	-	34,500	-	34,500
Band designate off reserve caseload grant	-	45,000	-	45,000
	<b>1,346,741</b>	<b>819,671</b>	<b>506,485</b>	<b>1,659,927</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.

**Dene Tha' First Nation**  
**Notes to the Consolidated Financial Statements**  
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**9. Long-term debt**

	2015	2014
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 \$426,976 (2014 - \$471,921).	479,308	552,233
Canadian Imperial Bank of Commerce mortgage for eight Bushe teacherages, with a five year term ending in February 2020. Repayable in monthly payments of \$2,740 including interest at 3.92%. Secured by housing units with a book value of \$641,835 (2014 - \$700,184).	286,041	308,479
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 \$196,998 (2014 - \$215,760).	277,048	298,378
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 \$131,004 (2014 - \$146,417).	212,117	230,634
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 units with a book value of \$108,810 (2014 - \$120,264).	157,163	170,952
Ford Credit Canada Limited truck loan, with a four year term ending January 2019. Repayable in monthly instalments of \$983 including interest at 5.59%. Secured by automotive equipment with a net book value of \$43,153	39,827	-
Canadian Imperial Bank of Commerce mortgage repayable in monthly payments of \$2,419 including interest at prime plus 0.08%. Repaid in full during the year.	-	3,124
	<b>1,451,504</b>	<b>1,563,800</b>
Less: current portion	<b>164,030</b>	<b>151,953</b>
	<b>1,287,474</b>	<b>1,411,847</b>

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:

2016	164,030
2017	169,828
2018	175,604
2019	178,617
2020	175,537

**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 is working with representatives from AANDC to identify and quantify the cost of remediation for certain sites that are potentially environmentally contaminated. At the year-end, the number of sites, estimated costs of remediation, and estimated recovery of the associated costs from AANDC are unknown and cannot be reasonably estimated. As a result, no liability for the potential remediation of these sites has been recorded.

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 \$1,266,743 (2014 - \$1,868,958). 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 \$nil (2014 - \$126,951) and \$nil (2014 - \$274,612), respectively, are included in accounts payable and accruals at March 31, 2015, and are therefore not included on the consolidated statement of cash flows.

The Nation did not receive any contributed assets during the year (2014 - \$55,320 of daycare playground costs).

**Dene Tha' First Nation**  
**Notes to the Consolidated Financial Statements**  
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**12. Accumulated surplus**

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

	<b>2015</b>	<b>2014</b>
Unrestricted surplus	<b>854,950</b>	618,917
Restricted surplus - CMHC reserve	<b>580,660</b>	504,068
Restricted surplus - trusts	<b>6,084,402</b>	5,495,781
Restricted surplus - enterprise	<b>11,792,384</b>	16,843,941
Equity in tangible capital assets	<b>61,015,063</b>	64,929,224
	<b>80,327,459</b>	88,391,931

**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 \$580,660 (2014 - \$504,068). The First Nation has only funded reserves in the amount of \$109,778 (2014 - \$32,767) for replacement reserve. They currently have not funded the subsidy 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
2015	90,577
	<hr/>
	<b>3,593,503</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 \$281,119 (2014 - \$263,799).

**17. Budget information**

The disclosed budget information has been approved by the Chief and Council of Dene Tha' First Nation. Budgets for departments and projects not disclosed in the various schedules were not prepared by the Nation's management.

**18. Comparative figures**

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