

**Ross River Dena Council
Financial Statements
For the year ended March 31, 2015**

Ross River Dena Council
Financial Statements
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For the year ended March 31, 2015

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Management's Responsibility for Financial Reporting

The accompanying financial statements of the Ross River Dena Council are the responsibility of management and have been approved by the Chief and Council of the First Nation.

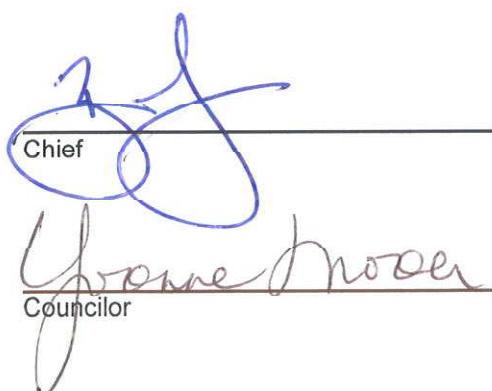
The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those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

The First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

The First Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Chief and Council review the First Nation's financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditors' report. The Chief and Council takes this information into consideration when approving the financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

The financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP has full access to the First Nation Council.



Chief

Yvonne Moore

Councilor

Independent Auditor's Report

**To the Chief and Council Members of
Ross River Dena Council**

We have audited the accompanying financial statements of Ross River Dena Council (the "First Nation"), which comprise the statement of financial position as at March 31, 2015 and the statements of operations, changes in net financial assets 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Independent Auditor's Report, continued

Basis for Qualified Opinion

Canadian Public accounting standards require investments subject to significant influence to be recorded on the modified equity basis. The financial statements for Tu Lidlini Petroleum Corp. and Dena Nezziddi Development Corporation for the year ending March 31, 2015 were not available. Tu Lidlini Petroleum Corp. and Dena Nezziddi Development Corporation have only been recorded to March 31, 2014. In addition, the financial statements that were available were not audited. This departure from Canadian public sector accounting standards on the audited financial statements has not been determined. As a result, we were unable to determine whether adjustments were required to revenue, investments, and surplus/deficit.

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Ross River Dena Council as at March 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

The financial statements of Ross River Dena Council for the year ended March 31, 2014 were audited by another auditor who expressed a qualified opinion on those financial statements on August 12, 2014 for the reasons described in the Basis for Qualified Opinion paragraphs in the independent auditor's report to those financial statements.

Ross River Dena Council has also prepared another set of financial statements for the year ended March 31, 2015 in accordance with Canadian public sector accounting standards. However, these financial statements include supplementary schedules which present detailed program revenues and expenditures prepared to assist management of Ross River Dena Council to meet the reporting requirements of various funding agencies and on which we have issued Auditor's Comments on Supplementary Schedules dated August 31, 2015. Our audit report on the other set of financial statements was issued to Chief and Council of Ross River Dena Council and was dated August 31, 2015.

BDO Canada LLP

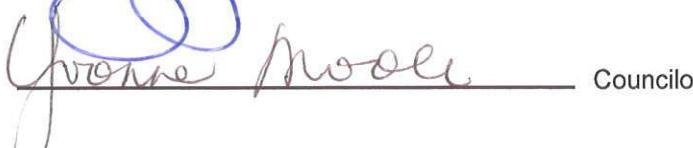
Chartered Accountants

Whitehorse, Yukon
August 31, 2015

Ross River Dena Council
Statement of Financial Position

As at March 31	2015	2014
Financial Assets		
Cash and cash equivalents	\$ -	\$ 92,182
Accounts receivable (Note 1)	166,316	244,160
Grants receivable (Note 2)	395,633	489,629
Portfolio investments (Note 5)	23,940	863,129
Investments (Note 3)	<u>680,850</u>	<u>619,761</u>
	<u>1,266,739</u>	<u>2,308,861</u>
Liabilities		
Bank indebtedness (Note 4)	33,529	-
Accounts payable and accrued liabilities	658,209	771,603
Deferred revenue	20,000	20,000
Long-term debt (Note 7)	<u>117,189</u>	<u>155,198</u>
	<u>828,927</u>	<u>946,801</u>
Net financial assets	437,812	1,362,060
Non-financial assets		
Tangible capital assets (Note 6)	5,223,198	5,275,790
Prepays	-	47
	<u>5,223,198</u>	<u>5,275,837</u>
Accumulated Surplus (Note 11)	\$ 5,661,010	\$ 6,637,897

Approved on behalf of the Council:

 _____ Chief
 _____ Councillor

Ross River Dena Council
Statement of Operations

For the year ended March 31	Budget	2015	2014
Revenue			
Aboriginal Affairs and Northern Development Canada	\$ 2,309,341	3,467,058	\$ 3,759,801
Government of Canada	709,492	710,635	671,825
Yukon Government	133,619	500,455	503,305
Investment	30,000	103,067	320,643
Council of Yukon First Nations	-	-	114,107
Other	-	669,298	904,138
Administration	<u>85,408</u>	110,168	-
	<u>3,267,860</u>	5,560,681	6,273,819
Expenses			
Education	147,408	345,049	205,897
Heritage, Lands and Resources	169,756	633,455	994,812
Health and Social Development	2,543,455	2,470,283	2,566,158
Housing, Property Management, and Municipal	20,000	915,647	827,373
Finance and Executive	<u>884,618</u>	1,238,884	1,557,488
	<u>3,765,237</u>	5,603,318	6,151,728
Surplus (deficit), before the following			
Repayment of surplus	(497,377)	(42,637)	122,091
Loss on sale of investments	(12,700)	(95,061)	(87,769)
Impairment of Veris Gold Corp shares (Note 5)	<u>-</u>	(839,189)	(32,621)
Annual surplus (deficit)	<u>(510,077)</u>	(976,887)	1,701
Accumulated surplus, beginning of year	<u>6,637,897</u>	6,637,897	6,636,196
Accumulated surplus, end of year	<u>\$ 6,127,820</u>	\$ 5,661,010	\$ 6,637,897

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Ross River Dena Council
Statement of Changes in Net Financial Assets

For the year ended March 31	Budget	2015	2014
Annual surplus (deficit)	\$ (510,077)	\$ (976,887)	\$ 1,701
Acquisition of tangible capital assets	(240,000)	(208,640)	(242,827)
Amortization of tangible capital assets	260,000	261,232	258,223
Prepays	-	47	39,364
 Increase (decrease) in net financial assets for the year	 (490,077)	 (924,248)	 56,461
 Net financial assets, beginning of year	 1,362,060	 1,362,060	 1,305,599
 Net financial assets, end of year	 \$ 871,983	 \$ 437,812	 \$ 1,362,060

Ross River Dena Council Statement of Cash Flows

<u>For the years ended March 31</u>	<u>2015</u>	<u>2014</u>
Cash provided by (used in):		
Operating transactions		
Surplus for the year	\$ (976,887)	\$ 1,701
Item not utilizing cash:		
Loss on sale of investments	-	32,621
Amortization of tangible capital assets	261,232	258,223
Equity earnings of investments	(61,089)	(294,092)
Impairment of Veris Gold Corp shares	839,189	-
Cash provided by changes in non-cash working capital items:		
Accounts receivable	77,844	111,748
Portfolio investments	-	35,960
Contributions receivable	155,085	(139,472)
Prepays	47	39,364
Accounts payable and accrued liabilities	<u>(113,394)</u>	<u>(1,228)</u>
	<u>120,938</u>	<u>44,825</u>
Financing transactions		
Current portion of lease	-	16,681
Repayment of long-term debt	<u>(38,009)</u>	<u>(2,919)</u>
	<u>(38,009)</u>	<u>13,762</u>
Investing transactions		
Acquisition of tangible capital assets	<u>(208,640)</u>	<u>(242,827)</u>
Net change in cash and cash equivalents for the year	(125,711)	(184,240)
Cash and cash equivalents, beginning of year	92,182	276,422
Cash (deficiency) and cash equivalents, end of year	\$ (33,529)	\$ 92,182

Ross River Dena Council Summary of Significant Accounting Policies

March 31, 2015

Basis of Presentation	These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for Canadian First Nations as described in the Year-end Reporting Handbook of Aboriginal Affairs and Northern Development Canada and defined in the CICA Public Sector Accounting Board Handbook, which encompasses the following principles:								
Program Accounting	A program is determined for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Each program has its own statement of operations which presents the results of operations for the program.								
Cash and cash equivalents	Cash and cash equivalents are comprised of cash on hand and short-term highly liquid investments that are readily convertible to known amounts of cash. These investments are subject to changes in value.								
Tangible Capital Assets	Tangible capital assets acquired are recorded at cost less accumulated amortization and are recorded in the program schedules. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a declining balance basis commencing once the asset is available for productive use as follows:								
	<table><tbody><tr><td>Buildings</td><td style="text-align: right;">5%</td></tr><tr><td>Automotive equipment</td><td style="text-align: right;">30%</td></tr><tr><td>Computer equipment</td><td style="text-align: right;">30%</td></tr><tr><td>Office furniture and equipment</td><td style="text-align: right;">20%</td></tr></tbody></table>	Buildings	5%	Automotive equipment	30%	Computer equipment	30%	Office furniture and equipment	20%
Buildings	5%								
Automotive equipment	30%								
Computer equipment	30%								
Office furniture and equipment	20%								
	Impairment testing is performed whenever events or changes in circumstances indicate that the asset's carrying value 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 losses are charged against the statement of operations.								
Portfolio Investments	Portfolio investments are recorded at cost. Portfolio investments are written down when there has been a decline other than temporary in value. Earnings from portfolio investments are recorded on the accrual basis.								
Investments	The First Nation's investments in incorporated enterprises that are subject to significant influence and in partnerships are accounted for on the modified equity basis. Investments not subject to significant influence are accounted for on the cost basis.								

Ross River Dena Council Summary of Significant Accounting Policies

March 31, 2015

Revenue Recognition	Revenue is recognized as it becomes receivable under the terms of the applicable funding agreements. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the statement of financial position. Surplus funds determined by the funder to be repayable will be recorded as a charge against accumulated surplus in the year that the amount becomes payable or can be reasonably determined.
Budget Amounts	The budgeted amounts included in these financial statements were approved by Chief and Council on November 19, 2014.
Use of Estimates	The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.
Administration Fees	Administration fees are charged to the various programs by the Band Support Program.

Ross River Dena Council
Notes to Financial Statements

March 31, 2015

1. Accounts Receivable

	2015	2014
Accounts receivable	\$ 149,577	\$ 195,142
GST receivable	76,210	87,345
Due from employees	<u>51,923</u>	51,923
	277,710	334,410
Allowance for doubtful accounts	<u>(111,394)</u>	(90,250)
	\$ 166,316	\$ 244,160

2. Grants receivable

	2015	2014
Aboriginal Affairs and Northern Development Canada	\$ 153,322	\$ 178,379
Yukon Zinc	204,861	311,250
Yukon Government	<u>37,450</u>	-
	\$ 395,633	\$ 489,629

Ross River Dena Council Notes to Financial Statements

March 31, 2015

3. Investments

	2015	2014
Yukon Indian Development Corporation (5.9%)	\$ 66,000	\$ 66,000
Tu Lidlini Petroleum Corporation (51%)	200,625	154,757
Kaska Drilling Limited Partnership (20%)	1	1
Akita/Kaska Drilling Ltd. (20%)	1	1
Dena Nezziddi Development Corporation (100%)	182,192	163,595
Advances to Yukon Indian Development Corporation	70,981	70,981
Kaska Oil and Gas Services Limited Partnership (20%)	161,050	164,426
<hr/>		
	\$ 680,850	\$ 619,761

100% of the outstanding common shares of Ross River Dena Development Corporation, Dena Nezziddi Development Corporation, and 51% of Tu Lidlini Petroleum Corporation are owned by Ross River Dena Council. The First Nation accounts for its investments on the modified equity basis. Ross River Dena Development Corporation is inactive and has operating deficits. Consequently, the investment has been written down to nil to reflect its net realizable value. Kaska Oil and Gas Services Limited Partnership is accounted for using the equity method. Yukon Indian Development Corporation and Akita/Kaska Drilling Ltd. are accounted for on a cost basis.

In 2003, Ross River Dena Development Corporation had assets of \$9,889, liabilities of \$231,845, share capital and contributed surplus of \$31,405 and an accumulated deficit of \$253,361. No information is available from that time to the 2015 fiscal year.

The financial information for Tu Lidlini Petroleum Corporation is presented for the year ended March 31, 2014. To March 31, 2014, Tu Lidlini Petroleum Corporation had assets of \$1,143,863, liabilities of \$660,481, share capital of \$400, contributed surplus of \$90,000, and an accumulated surplus of \$392,982. These amounts are unaudited.

The financial information for Dena Nezziddi Development Corporation is presented for the year ending March 31, 2014. To March 31, 2014, Dena Nezziddi Development Corporation had assets of \$1,060,179, liabilities of \$847,988, share capital of \$1, contributed surplus of \$30,000, and an accumulated surplus of \$182,190. These amounts are unaudited.

Ross River Dena Council **Notes to Financial Statements**

March 31, 2015

4. Bank indebtedness

The First Nation has access to an operating line of credit of \$50,000 which is subject to interest rates of prime plus 2%. This operating line of credit is used to meet unexpected cash flow needs. At the year end the line of credit had been accessed in the amount of \$24,508. The social assistance bank account is also in an overdraft position of \$27,774. This overdraft will generate charges at the bank's current rate for overdraft funds.

5. Portfolio Investments

The portfolio investments are measured at cost. The costs and market values of the investments contained are as follows:

	Market Value	Cost
Veris Gold Corp	\$ 3,740	\$ 842,929
Silver Metals Inc.	7,350	20,200
Impairment of Veris Gold Corp shares	-	<u>(839,189)</u>
	<hr/>	<hr/>
	\$ 11,090	\$ 23,940

Ross River Dena Council
Notes to Financial Statements

March 31, 2015

6. Tangible Capital Assets

	Land	Buildings	Automotive Equipment	Computer Equipment	Office furniture and equipment	2015 Total	2014 Total
Cost, beginning of year	\$ 59,816	\$ 10,690,084	\$ 370,335	\$ 96,425	\$ 606,129	\$ 11,822,789	\$ 11,579,962
Additions	-	208,640	-	-	-	208,640	242,827
Cost, end of year	59,816	10,898,724	370,335	96,425	606,129	12,031,429	11,822,789
Accumulated amortization, beginning of year	-	5,685,711	249,782	71,336	540,170	6,546,999	6,288,777
Amortization	-	204,348	36,166	7,526	13,192	261,232	258,222
Accumulated amortization, end of year	-	5,890,059	285,948	78,862	553,362	6,808,231	6,546,999
Net carrying amount, end of year	\$ 59,816	\$ 5,008,665	\$ 84,387	\$ 17,563	\$ 52,767	\$ 5,223,198	\$ 5,275,790

Ross River Dena Council
Notes to Financial Statements

March 31, 2015

7. Long term debt

	2015	2014
Canada Mortgage and Housing Corporation (CMHC), repaid during the year	\$ -	\$ 5,833
Development loan from Yukon Zinc, repayable up to a maximum of 25% from the annual Community Support Initiative payments from Yukon Zinc. If no, or insufficient payments are made to provide for the repayment of the Development loan, then the outstanding unpaid amount of the loan will be forgiven by Yukon Zinc. The loan will be interest free for a period of ten years. Thereafter, it will bear interest at the prime rate of The Royal Bank of Canada.	72,200	86,188
Ford Credit, vehicle leases ending April 15, 2016. The leases have set monthly payments of \$912 and \$848 plus GST with annual interest rates of 6.69% and 1.49% respectively.	44,989	63,177
	\$ 117,189	\$ 155,198

8. Economic Dependence

The Ross River Dena Council receives a major portion of its revenue pursuant to funding arrangements with the governments of Canada and Yukon.

Ross River Dena Council

Notes to Financial Statements

March 31, 2015

9. Segmented Information

The First Nation is an organization that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Education:

This department provides programs and services to the First Nation citizens for K - 12 school support, post secondary program advising and support, and daycare programs.

Heritage, Lands and Resources:

The mission of the department is to protect and enhance the cultural identify, traditional values and lifestyle of the First Nation's citizens.

Health and Social Development:

This department directs the activities of the health programs by planning, monitoring and evaluating the areas of income assistance, individual case management, elders fuel benefits, community care, elders programs, youth programs, recreation, family health, health promotion and counselling services.

Housing, Property Management and Municipal:

The department is responsible for the managing services to the First Nation rental, subsidy and CMHC housing, maintaining community infrastructure, community buildings and roads, and new construction and renovations projects.

Finance and Executive:

This department is responsible for managing and carrying out the financial affairs of the First Nation, including managing and administration of the consolidated revenue fund and all revenues and expenditures of the First Nation.

9. Segmented Information (continued)

Ross River Dena Council Schedule of Financial Activities and Surplus

March 31, 2015		Education	Heritage, Lands and Resources	Health and Social Development	Housing, Property Management and Municipal	Finance and Executive	Total
Revenue							
Aboriginal Affairs and Northern Development Canada	\$ 72,332	\$ 149,939	\$ 1,680,903	\$ 1,157,543	\$ 406,341	\$ 3,467,058	
Other Government of Canada	44,800	-	665,835	-	-		710,635
Yukon Territorial Government	13,541	268,981	90,020	127,913	-		500,455
Investment	-	-	-	-	103,067		103,067
Administration fees	-	3,817	-	-	106,351		110,168
Other	219,189	276,042	34,186	36,723	103,158		669,298
	349,862	698,779	2,470,944	1,322,179	718,917		5,560,681
Expenses							
Administration	37,163	33,229	35,351	2,000	12,425		120,168
Advertising	2,000	-	-	-	7,263		9,263
Amortization	-	-	-	-	261,232		261,232
Bad debts	-	-	-	-	65,330		65,330
Bank charges	-	62	883	-	4,818		5,763
Client services	2,255	-	-	-	-		2,255
Compassionate Care	-	31,893	1,450,187	-	-		1,482,080
Consulting fees	37,200	64,831	4,279	111,035	10,851		228,196
Contribution agreement	21,441	-	-	-	-		21,441
Fuel	-	43,742	25,000	-	-		68,742
Honorarium	600	25,150	2,450	-	130,500		158,700
Insurance	-	1,491	4,558	14,761	9,314		30,124
License, fees and dues	-	-	-	650	-		650
Materials and supplies	4,365	377	-	112,486	-		117,228
Office	7,645	51,328	49,158	47,733	47,746		203,610
Photocopying and printing	-	-	2,549	-	3,999		6,548
Postage and freight	-	139	1,852	1,396	2,557		5,944
Professional fees	-	11,775	-	-	42,397		54,172
Rent	-	13,600	20,600	-	50		34,250
Repairs and maintenance	-	-	20,707	39,748	-		60,455
Technical support	-	6,929	-	-	-		6,929
Telephone	300	1,670	19,286	-	23,570		44,826
Training	95,337	-	4,379	-	35,165		134,881
Travel	22,284	118,128	52,962	7,263	56,660		257,297
Utilities and fuel	-	-	6,840	51,573	-		58,413
Vehicle	2,019	15,271	25,125	26,380	4,574		73,369
Wages and benefits	89,430	180,400	660,205	500,622	520,376		1,951,033
Workshops and meetings	23,010	33,440	83,912	-	57		140,419
	345,049	633,455	2,470,283	915,647	1,238,884		5,603,318
Annual surplus (deficit)	\$ 4,813	\$ 65,324	\$ 661	\$ 406,532	\$ (519,967)	\$ (42,637)	

9. Segmented Information (continued)

Ross River Dena Council Schedule of Financial Activities and Surplus

March 31, 2014	Education	Heritage, Lands and Resources	Health and Social Development	Housing, Property Management and Municipal	Finance and Executive	Total
Revenue						
Aboriginal Affairs and Northern Development Canada	70,585	\$ 183,411	\$ 1,868,502	\$ 1,230,932	\$ 406,371	\$ 3,759,801
Other Government of Canada	24,800	-	647,025	-	-	671,825
Yukon Territorial Government	22,388	302,750	132,623	45,544	-	503,305
Council of Yukon First Nations	114,107	-	-	-	-	114,107
Investment	-	-	-	-	320,643	320,643
Other	1,685	379,993	70,870	37,072	414,518	904,138
	233,565	866,154	2,719,020	1,313,548	1,141,532	6,273,819
Expenses						
Administration	33,773	18,569	50,128	2,900	146	105,516
Advertising			679		2,588	3,267
Amortization					258,223	258,223
Bad debts		32,622			60,472	93,094
Bank charges		306	3,508		2,572	6,386
Client services	2,745					2,745
Compassionate Care	2,250	63,761	1,574,505			1,640,516
Consulting fees		107,632	25,194	52,057	49,857	234,740
Contribution agreement		21,441				21,441
Equipment rental			15,529		4,600	20,129
Fuel		49,793	37,898			87,691
Honorarium	4,900	51,530	675		130,794	187,899
Insurance			4,138	12,110	9,347	25,595
License, fees and dues				1,746		1,746
Materials and supplies	3,940	12,128		173,213		189,281
Office	23,045	50,523	58,310	47,540	46,750	226,168
Photocopying and printing		109	2,350		3,530	5,989
Postage and freight		4,754	1,364	9,685	2,155	17,958
Professional fees		18,128			63,804	81,932
Rent	1,800	14,079	17,283			33,162
Repairs and maintenance		46,273	24,279	(307,368)	345,915	109,099
Technical support		14,108				14,108
Telephone	1,500	1,242	21,159		26,147	50,048
Training	48,486	25,979	4,564		1,140	80,169
Travel	22,616	130,333	68,055	19,639	35,236	275,879
Utilities and fuel			11,085	64,853	9,000	84,938
Vehicle	4,234	39,316	25,286	34,927	15,837	119,600
Wages and benefits	47,278	294,583	512,453	716,071	485,591	2,055,976
Workshops and meetings	9,330	(2,397)	107,716		3,784	118,433
	205,897	994,812	2,566,158	827,373	1,557,488	6,151,728
Annual surplus (deficit)	\$ 27,668	\$ (128,658)	\$ 152,862	\$ 486,175	\$ (415,956)	\$ 122,091

Ross River Dena Council

Notes to Financial Statements

March 31, 2015

10. Related Party Transactions

The First Nation received \$191,700 in 2002 from the Kaska Dena Council, (of which the First Nation is a member), as a loan to enable the First Nation to prepare for, and participate in, the British Columbia Treaty Process. The loan is payable on the earliest of the following dates: the date a treaty signed by the negotiating parties takes effect, the twelfth anniversary of the date of the first loan advance by Canada to Kaska Dena Council, the seventh anniversary after the signing of an agreement in principle or the date the federal minister demands payment, from the Kaska Dena Council, due to default. These notes are interest free until the loan becomes due and payable. These loans were recorded as revenue in the year they were received.

During the year the First Nation purchased fuel from Tu-Lidlini Petroleum Corporation (51% ownership held in trust) in the amount of \$347,684 (2014 - \$382,578), and purchased groceries from North Star Trading Post Ltd. (100% ownership held in trust) in the amount of \$23,418 (2014 - \$28,000). The First Nation received funds from Dena Nezziddi Development Corporation (100% ownership) in the amount of \$48,000 (2014 - \$150,000) to cover operating deficits. These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

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11. Accumulated Surplus

	2015	2014
Operating surplus	\$ (243,038)	\$ 748,179
Capital equity surplus	5,223,198	5,269,957
Investments surplus	<u>680,850</u>	619,761
	<u>\$ 5,661,010</u>	<u>\$ 6,637,897</u>

Change in operating surplus:

	2015	2014
Balance, beginning of year	\$ 748,179	\$ 1,036,841
Surplus (deficit) for the year	(881,826)	89,470
Repayment of surplus	(95,061)	(87,769)
Transfer from capital equity	<u>(14,330)</u>	<u>(290,363)</u>
	<u>\$ (243,038)</u>	<u>\$ 748,179</u>

Change in capital equity surplus:

	2015	2014
Balance, beginning of year	\$ 5,269,957	\$ 5,273,685
Investment in capital assets	208,640	242,827
Principal repayment of long term debt	5,833	11,667
Amortization of capital assets	<u>(261,232)</u>	<u>(258,222)</u>

Balance, end of year

\$ 5,223,198 \$ 5,269,957

Change in investment surplus:

	2015	2014
Balance, beginning of year	\$ 619,761	\$ 325,669
Change in equity in investments	<u>61,089</u>	<u>294,092</u>
	<u>\$ 680,850</u>	<u>\$ 619,761</u>

12. Comparative Figures

Certain of the comparative figures have been restated to conform with the presentation adopted for the current year. This has resulted in no change to the prior year annual or accumulated surplus.

Ross River Dena Council Notes to Financial Statements

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13. Land Claims Negotiation and Transboundary Programs

In prior years, the First Nation received loans from the Government of Canada for land claims negotiations. These loans were included in revenue and have not been recorded as liabilities as it was anticipated that they would be offset against future land claims settlements.

The amounts repayable under the terms of a funding agreement with Canada are \$2,300,000 plus interest of \$450,358 with respect to the land claim negotiation program and \$670,000 with respect to the transboundary program. An amount of \$3,800,606 plus interest of \$2,607,888 is with respect to loans to the Council of Yukon First Nations for the First Nation, and \$1,270,002 plus interest of \$691,968 is with respect to loans to the Council of Yukon First Nations for Ross River Elders. The amounts are payable at the effective date a treaty is signed.

The repayable amount of \$3,800,606 plus interest of \$2,607,888 with respect to loans to the Council of Yukon First Nations for the First Nation is being disputed by the First Nation and is currently the subject of litigation in the Supreme Court of Yukon. The outcome of this litigation is not determinable.