

Ross River Dena Council
Financial Statements
For the year ended March 31, 2016

**Ross River Dena Council
Financial Statements
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For the year ended March 31, 2016**

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Management's Responsibility for Financial Reporting

The accompanying financial statements of 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.


Deputy Chief Jenny Caesar
Chief


Councilor



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Whitehorse YT Y1A 2Z5 Canada

Independent Auditor's Report

To the 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, 2016 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 that were provided for Tu Lidlini Petroleum Corp. and Dena Nezziddi Development Corporation for the year ending March 31, 2016 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, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 of the financial statements which explains that certain comparative information for the year ended March 31, 2015 has been restated in regards to investments, loss from investments and net assets.

Other Matters

Ross River Dena Council has also prepared another set of financial statements for the year ended March 31, 2016 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. Our audit report on the other set of financial statements was issued to Chief and Council of Ross River Dena Council and was dated September 13, 2016.

BDO Canada LLP

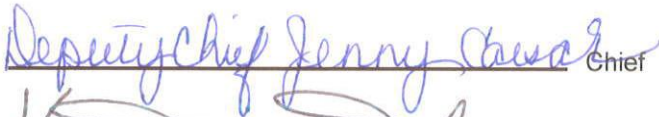
Chartered Professional Accountants

Whitehorse, Yukon
September 13, 2016

Ross River Dena Council Statement of Financial Position

As at March 31	2016	2015 (Restated)
Financial Assets		
Accounts receivable (Note 2)	\$ 143,656	\$ 166,316
Grants receivable (Note 3)	915,070	395,633
Portfolio investments (Note 6)	23,940	23,940
Investments (Note 4)	450,482	486,941
	<u>1,533,148</u>	<u>1,072,830</u>
Liabilities		
Bank indebtedness (Note 5)	39,721	33,529
Accounts payable and accrued liabilities	667,014	658,209
Deferred revenue	20,000	20,000
Long-term debt (Note 8)	95,017	117,189
	<u>821,752</u>	<u>828,927</u>
Net Financial Assets	711,396	243,903
Non-Financial Assets		
Tangible capital assets (Note 7)	4,981,713	5,223,198
Accumulated Surplus (Note 12)	\$ 5,693,109	\$ 5,467,101

Approved on behalf of the Council:

 Deputy Chief Jenny Cawach
Chief

 Verna
Councilor

Ross River Dena Council Statement of Operations

For the year ended March 31	Budget	2016	2015 (Restated)
Revenue			
Aboriginal Affairs and Northern Development Canada	\$ 1,185,045	\$ 3,747,054	\$ 3,467,058
Government of Canada	506,072	694,806	710,635
Yukon Government	461,227	588,690	500,455
Investment	8,000	(24,228)	(43,986)
Other	51,675	990,865	669,298
Administration	91,901	113,988	110,168
	<u>2,303,920</u>	<u>6,111,175</u>	<u>5,413,628</u>
Expenses			
Education	123,937	553,511	345,049
Heritage, Lands and Resources	341,002	684,508	633,455
Health and Social Development	1,083,051	2,490,251	2,470,283
Housing, Property Management, and Municipal	308,692	848,257	915,647
Finance and Executive	875,430	1,201,813	1,238,884
	<u>2,732,112</u>	<u>5,778,340</u>	<u>5,603,318</u>
Surplus (deficit), before the following	(428,192)	332,835	(189,690)
Repayment of surplus	-	(106,827)	(95,061)
Impairment of Veris Gold Corp shares (Note 6)	-	-	(839,189)
	<u>(428,192)</u>	<u>226,008</u>	<u>(1,123,940)</u>
Annual surplus (deficit)	(428,192)	226,008	(1,123,940)
Accumulated surplus, beginning of year	5,467,101	5,467,101	6,591,041
Accumulated surplus, end of year	<u>\$ 5,038,909</u>	<u>\$ 5,693,109</u>	<u>\$ 5,467,101</u>

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	2016	2015
			(restated)
Annual surplus (deficit)	\$ (428,192)	\$ 226,008	\$ (1,123,940)
Acquisition of tangible capital assets	(240,000)	-	(208,640)
Amortization of tangible capital assets	260,000	241,485	261,232
Prepays	-	-	47
Increase (decrease) in net financial assets for the year	(408,192)	467,493	(1,071,301)
Net financial assets , beginning of year	243,903	243,903	1,315,204
Net financial assets , end of year	\$ (164,289)	\$ 711,396	\$ 243,903

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

Ross River Dena Council Statement of Cash Flows

For the years ended March 31	2016	2015
		(Restated)
Cash provided by (used in):		
Operating transactions		
Surplus for the year	\$ 226,008	\$ (1,123,940)
Items not utilizing cash:		
Amortization of tangible capital assets	241,485	261,232
Equity earnings of investments	36,459	24,875
Impairment of Veris Gold Corp shares	-	839,189
Cash provided by changes in non-cash working capital items:		
Accounts receivable	22,660	77,844
Contributions receivable	(519,437)	155,085
Prepays	-	47
Accounts payable and accrued liabilities	8,805	(113,394)
	<u>15,980</u>	<u>120,938</u>
Financing transactions		
Repayment of long-term debt	<u>(22,172)</u>	<u>(38,009)</u>
Investing transactions		
Acquisition of tangible capital assets	<u>-</u>	<u>(208,640)</u>
Net change in cash and cash equivalents for the year	(6,192)	(125,711)
Cash and cash equivalents (bank indebtedness), beginning of year	(33,529)	92,182
Bank indebtedness, end of year	\$ (39,721)	\$ (33,529)

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

Ross River Dena Council Summary of Significant Accounting Policies

March 31, 2016

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	<p>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:</p> <table><tr><td>Buildings</td><td>5%</td></tr><tr><td>Automotive equipment</td><td>30%</td></tr><tr><td>Computer equipment</td><td>30%</td></tr><tr><td>Office furniture and equipment</td><td>20%</td></tr></table> <p>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.</p>	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%								
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 government business 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, 2016

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.
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.
Financial Instruments	The First Nation's financial instruments consist of cash and cash equivalents, bank indebtedness, accounts receivable, grants receivable, accounts payable and accrued liabilities and long-term debt. Unless otherwise indicated, it is management's opinion that the First Nation is not exposed to any significant interest, credit or currency risks arising from these financial instruments

Ross River Dena Council Notes to Financial Statements

March 31, 2016

1. Prior Period Adjustment

The prior period figures have been restated to account for the change in long-term investments from equity losses not previously accounted for. The effect of this restatement on the 2015 comparative figures is as follows:

	Original	Adjustment	Restated
Statement of Financial Position:			
Long-term investments	680,850	(193,909)	486,941
Net financial assets	437,812	(193,909)	243,903
Accumulated surplus	5,661,010	(193,909)	5,467,101
Statement of Operations:			
Investment income	103,067	(147,053)	(43,986)
Annual surplus	(976,887)	(147,053)	(1,123,940)
Accumulated surplus, beginning of year	6,637,897	(46,856)	6,591,041
Accumulated surplus, end of year	5,661,010	(193,909)	5,467,101
Statement of changes in Net Financial Assets:			
Annual surplus	(976,887)	(147,053)	(1,123,940)
Net financial assets, beginning of year	1,362,060	(46,856)	1,315,204
Net financial assets, end of year	437,812	(193,909)	243,903

2. Accounts Receivable

	2016	2015
Accounts receivable	\$ 122,145	\$ 149,577
GST receivable	68,643	76,210
Due from employees	43,118	51,923
	233,906	277,710
Allowance for doubtful accounts	(90,250)	(111,394)
	\$ 143,656	\$ 166,316

3. Grants receivable

	2016	2015
Aboriginal Affairs and Northern Development Canada	\$ 825,849	\$ 153,322
Selwyn	8,097	204,861
Yukon Government	81,124	37,450
	\$ 915,070	\$ 395,633

Ross River Dena Council Notes to Financial Statements

March 31, 2016

4. Investments

	2016	2015
Yukon Indian Development Corporation (6.2%)	\$ 66,000	\$ 66,000
Tu Lidlini Petroleum Corporation (51%)	29,554	92,401
Kaska Drilling Limited Partnership (20%)	1	1
Akita/Kaska Drilling Ltd. (20%)	1	1
Dena Nezziddi Development Corporation (100%)	124,326	96,507
Advances to Yukon Indian Development Corporation	70,981	70,981
Kaska Oil and Gas Services Limited Partnership (20%)	159,619	161,050
	\$ 450,482	\$ 486,941

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.

The financial information for Tu Lidlini Petroleum Corporation is presented for the year ended March 31, 2016. To March 31, 2016, Tu Lidlini Petroleum Corporation had assets of \$668,089 (2015 - \$823,974), liabilities of \$297,784 (2015 - \$330,440), share capital of \$400, contributed surplus of \$312,356 (2015 - \$312,356), and an accumulated surplus of \$57,549 (2015 - \$180,778). These amounts are unaudited.

The financial information for Dena Nezziddi Development Corporation is presented for the year ending March 31, 2016. To March 31, 2016, Dena Nezziddi Development Corporation had assets of \$769,686 (2015 - \$874,366), liabilities of \$615,360 (2015 - \$747,859), share capital of \$1, contributed surplus of \$30,000 (2015 - \$30,000), and an accumulated surplus of \$96,506 (2015 - \$124,325). These amounts are unaudited.

Ross River Dena Council

Notes to Financial Statements

March 31, 2016

5. 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 \$28,154. The social assistance bank account is also in an overdraft position of \$68,890. This overdraft will generate charges at the bank's current rate for overdraft funds.

6. Portfolio Investments

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

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

Ross River Dena Council

Notes to Financial Statements

March 31, 2016

7. Tangible Capital Assets

	Land	Buildings	Automotive Equipment	Computer Equipment	Office furniture and equipment	2016 Total	2015 Total
Cost, beginning of year	\$ 59,816	\$ 10,898,724	\$ 370,335	\$ 96,425	\$ 606,129	\$ 12,031,429	\$ 11,822,789
Additions	-	-	-	-	-	-	208,640
Cost, end of year	59,816	10,898,724	370,335	96,425	606,129	12,031,429	12,031,429
Accumulated amortization, beginning of year	-	5,890,059	285,948	78,862	553,362	6,808,231	6,546,999
Amortization	-	200,347	25,316	5,269	10,553	241,485	261,232
Accumulated amortization, end of year	-	6,090,406	311,264	84,131	563,915	7,049,716	6,808,231
Net book value, end of year	\$ 59,816	\$ 4,808,318	\$ 59,071	\$ 12,294	\$ 42,214	\$ 4,981,713	\$ 5,223,198

Ross River Dena Council
Notes to Financial Statements

March 31, 2016

8. Long term debt

	<u>2016</u>	<u>2015</u>
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	\$ 72,200
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.	<u>22,817</u>	<u>44,989</u>
	<u>\$ 95,017</u>	<u>\$ 117,189</u>

9. 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, 2016

10. 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 identity, 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 renovation 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, 2016	Education	Heritage, Lands and Resources	Health and Social Development	Housing, Property Management and Municipal	Finance and Executive	Total
Revenue						
Aboriginal Affairs	\$ 69,615	\$ 231,535	\$ 1,814,003	\$ 1,196,777	\$ 435,124	\$ 3,747,054
Government of Canada	22,400	-	672,406	-	-	694,806
Yukon Government	18,048	388,440	87,225	84,977	-	578,690
Investment	-	-	-	-	(24,228)	(24,228)
Administration fees	-	-	-	-	113,988	113,988
Other	446,569	305,156	26,900	85,177	137,063	1,000,865
	556,632	925,131	2,600,534	1,366,931	661,947	6,111,175
Expenses						
Administration	33,773	32,235	48,951	3,000	-	117,959
Advertising	-	-	261	-	3,170	3,431
Amortization	-	-	-	-	241,485	241,485
Bank charges	-	190	865	-	2,244	3,299
Client services	3,905	-	-	-	-	3,905
Compassionate Care	-	9,886	1,487,455	-	-	1,497,341
Consulting fees	-	174,136	2,501	70,025	22,051	268,713
Contribution agreement	21,441	-	-	-	-	21,441
Equipment rental	-	500	-	562	-	1,062
Fuel	-	17,049	25,000	-	-	42,049
Honorarium	(479)	8,400	150	-	131,250	139,321
Insurance	-	662	753	10,144	8,734	20,293
License, fees and dues	-	-	-	185	-	185
Materials and supplies	4,250	778	-	79,508	-	84,536
Office	15,386	28,303	59,128	54,384	107,841	265,042
Photocopying and printing	-	-	1,445	-	2,877	4,322
Postage and freight	-	145	2,092	2,276	1,976	6,489
Professional fees	-	3,376	-	-	59,836	63,212
Rent	-	-	18,200	-	-	18,200
Repairs and maintenance	-	-	2,134	153,794	-	155,928
Telephone	-	1,258	19,331	-	26,197	46,786
Training	86,404	14,608	5,633	-	21,879	128,524
Travel	29,176	159,701	56,278	26,157	43,641	314,953
Utilities and fuel	-	-	4,517	59,753	-	64,270
Vehicle	1,850	6,369	23,161	68,059	6,871	106,310
Wages and benefits	71,155	198,468	627,746	320,410	520,468	1,738,247
Workshops and meetings	286,650	7,750	104,650	-	700	399,750
	553,511	684,508	2,490,251	848,257	1,201,813	5,778,340
Annual surplus (deficit)	3,121	240,623	110,283	518,674	(539,866)	332,835

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	\$ 72,332	\$ 149,939	\$ 1,680,903	\$ 1,157,543	\$ 406,341	\$ 3,467,058
Government of Canada	44,800	-	665,835	-	-	710,635
Yukon Government	13,541	268,981	90,020	127,913	-	500,455
Investment	-	-	-	-	(43,986)	(43,986)
Administration fees	-	3,817	-	-	106,351	110,168
Other	219,189	276,042	34,186	36,723	103,158	669,298
	<u>349,862</u>	<u>698,779</u>	<u>2,470,944</u>	<u>1,322,179</u>	<u>571,864</u>	<u>5,413,628</u>
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
	<u>345,049</u>	<u>633,455</u>	<u>2,470,283</u>	<u>915,647</u>	<u>1,238,884</u>	<u>5,603,318</u>
Annual surplus (deficit)	\$ 4,813	\$ 65,324	\$ 661	\$ 406,532	\$ (667,020)	\$ (189,690)

Ross River Dena Council Notes to Financial Statements

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11. 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 \$321,561 (2015 - \$347,684), and purchased groceries from North Star Trading Post Ltd. (100% ownership held in trust) in the amount of \$35,928 (2015 - \$23,418). The First Nation received funds from Dena Nezziddi Development Corporation (100% ownership) in the amount of \$18,000 (2015 - \$48,000) for rent and 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.

Ross River Dena Council Notes to Financial Statements

March 31, 2016

12. Accumulated Surplus

	2016	2015 (restated)
Operating surplus	\$ 283,731	\$ (198,049)
Capital asset equity	4,958,896	5,178,209
Investments equity	450,482	486,941
	\$ 5,693,109	\$ 5,467,101

Change in operating surplus:

	2016	2015 (restated)
Balance, beginning of year	\$ (198,049)	\$ 811,356
Surplus (deficit) for the year	332,835	(1,028,879)
Repayment of surplus	(106,827)	(95,061)
Transfer from capital and investment equity	255,772	114,535
Balance, end of year	\$ 283,731	\$ (198,049)

Change in capital asset equity:

	2016	2015 (restated)
Balance, beginning of year	\$ 5,178,209	\$ 5,206,780
Investment in capital assets	-	208,640
Principal repayment of long term debt	22,172	24,021
Amortization of capital assets	(241,485)	(261,232)
Balance, end of year	\$ 4,958,896	\$ 5,178,209

Change in investments equity:

	2016	2015 (restated)
Balance, beginning of year	\$ 486,941	\$ 572,905
Change in equity in investments	(36,459)	(85,964)
Balance, end of year	\$ 450,482	\$ 486,941

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.

14. Contaminated Sites

The First Nation has adopted the new Public Sector Accounting Standard PS3260 Contaminated Sites. The new standard can be applied retroactively or prospectively, and the First Nation has elected to apply it prospectively.

Under PS3260 governments are required to accrue a liability for the costs to remediate a contaminated site. Liabilities are recognized when an environmental standard exists, contamination exceeds the standard, the government has responsibility for remediation, future economic benefits will be given up and a reasonable estimate can be made.

Management has assessed its potential liabilities under the new standard including sites that are no longer in productive use and sites which the First Nation accepts responsibility. There were no such sites that had contamination in excess of an environmental standard which required remediation by the First Nation at this time, therefore no liability was recognized on transition as at April 1, 2014 or at March 31, 2016.