

**Ross River Dena Council
Financial Statements
For the year ended March 31, 2017**

Ross River Dena Council
Financial Statements
Table of Contents
For the year ended March 31, 2017

	Page
Management's Responsibility for Financial Reporting	1
Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Net Financial Assets	6
Statement of Cash Flows	7
Summary of Significant Accounting Policies	8 - 9
Notes to the Financial Statements	10 - 18

Management's Responsibility for Financial Reporting

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

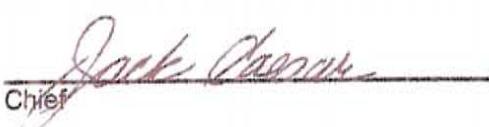
The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it 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


Councillor

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, 2017 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

The financial statements that were provided for the First Nation's investments in Tu Lidlini Petroleum Corp. and Dena Nezziddi Development Corporation for the year ending March 31, 2017 were not audited. We were therefore unable to determine whether adjustments might be necessary to investment revenue, annual surplus and cash flows from operations for the years ended March 31, 2017 and 2016, investments as at March 31, 2017 and 2016, and accumulated surplus as at April 1 and March 31 for both the 2017 and 2016 years. Our audit opinion on the financial statements for the year ended March 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible 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, 2017 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.

Other Matters

Ross River Dena Council has also prepared another set of financial statements for the year ended March 31, 2017 in accordance with Canadian public sector accounting standards. However, these financial statements include unaudited 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 October 11, 2017.

BDO Canada LLP

Chartered Professional Accountants

Whitehorse, Yukon
October 11, 2017

Ross River Dena Council
Statement of Financial Position

<u>As at March 31</u>	<u>2017</u>	<u>2016</u>
Financial Assets		
Cash and cash equivalents	\$ 1,601,053	\$ -
Accounts receivable (Note 1)	343,379	143,656
Grants receivable (Note 2)	566,900	915,070
Portfolio investments (Note 3)	-	23,940
Investments (Note 4)	<u>608,756</u>	<u>450,482</u>
	<u>3,120,088</u>	<u>1,533,148</u>
Liabilities		
Bank indebtedness	-	39,721
Accounts payable and accrued liabilities	2,295,365	667,014
Deferred revenue	20,000	20,000
Long-term debt (Note 6)	<u>-</u>	<u>95,017</u>
	<u>2,315,365</u>	<u>821,752</u>
Net Financial Assets	804,723	711,396
Non-Financial Assets		
Tangible capital assets (Note 5)	<u>6,789,471</u>	<u>4,981,713</u>
Accumulated Surplus (Note 10)	\$ 7,594,194	\$ 5,693,109

Approved on behalf of the Council:

Jack Caesar _____ Chief
Jenny Caesar _____ Councilor

Ross River Dena Council Statement of Operations

<u>For the year ended March 31</u>	<u>2017</u>	<u>2016</u>
Revenue		
Indigenous and Northern Affairs Canada	\$ 6,496,130	\$ 3,747,054
Government of Canada	700,166	694,806
Yukon Government	438,050	588,690
Investment	158,274	(24,228)
Other	722,271	990,865
Administration	<u>190,576</u>	<u>113,988</u>
	<u>8,705,467</u>	<u>6,111,175</u>
Expenses		
Education	198,003	553,511
Heritage, Lands and Resources	792,705	684,508
Health and Social Development	3,185,129	2,490,251
Housing, Property Management, and Municipal	1,560,083	848,257
Finance and Executive	<u>966,530</u>	<u>1,201,813</u>
	<u>6,702,450</u>	<u>5,778,340</u>
Annual surplus, before the following	2,003,017	332,835
Repayment of surplus	(101,932)	(106,827)
Annual surplus	1,901,085	226,008
Accumulated surplus, beginning of year	5,693,109	5,467,101
Accumulated surplus, end of year	\$ 7,594,194	\$ 5,693,109

Ross River Dena Council
Statement of Changes in Net Financial Assets

<u>For the year ended March 31</u>	<u>2017</u>	<u>2016</u>
Annual surplus (deficit)	\$ 1,901,085	\$ 226,008
Acquisition of tangible capital assets	(2,031,185)	-
Amortization of tangible capital assets	223,427	241,485
 Increase in net financial assets for the year	 93,327	467,493
 Net financial assets, beginning of year	 711,396	 243,903
 Net financial assets, end of year	 \$ 804,723	 \$ 711,396

Ross River Dena Council Statement of Cash Flows

For the years ended March 31

2017

2016

Cash provided by (used in):

Operating transactions

Surplus for the year	\$ 1,901,085	\$ 226,008
Items not utilizing cash:		
Gain on forgiven loan	(72,200)	-
Amortization of tangible capital assets	223,427	241,485
Equity loss (earnings) of investments	(158,274)	36,459
Impairment of portfolio investments	23,940	-
Cash provided by changes in non-cash working capital items:		
Accounts receivable	(199,723)	22,660
Contributions receivable	348,170	(519,437)
Accounts payable and accrued liabilities	<u>(93,972)</u>	<u>8,805</u>
	<u>1,972,453</u>	<u>15,980</u>

Financing transactions

Repayment of long-term debt	(22,817)	(22,172)
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Capital transactions

Acquisition of tangible capital assets	(2,031,185)	-
Less amounts included in accounts payable and accrued liabilities	<u>1,722,323</u>	<u>-</u>
	<u>(308,862)</u>	<u>-</u>

Net change in cash and cash equivalents for the year

1,640,774 (6,192)

Cash and cash equivalents (bank indebtedness), beginning of year

(39,721) (33,529)

Cash and cash equivalents (bank indebtedness), end of year

\$ 1,601,053 **\$ (39,721)**

Ross River Dena Council Summary of Significant Accounting Policies

March 31, 2017

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 Indigenous and Northern Affairs Canada and defined in the Canadian Public Sector Accounting Standards 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 style="width: 100%;"><tbody><tr><td style="width: 70%;">Buildings</td><td style="width: 30%;">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></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%								
	Tangible capital assets are written down when conditions indicate that they no longer contribute to the First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in 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	Investments are recorded at cost and are written down when there has been a decline other than temporary in value. Investments classified as government business enterprises and government business partnerships are accounted for using the modified equity basis.								

Ross River Dena Council Summary of Significant Accounting Policies

March 31, 2017

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	During the current fiscal year a budget for certain agreements were approved by Council but no annual budget was approved by Council for the First Nation as a whole.
Use of Estimates	The preparation of financial statements in accordance with Canadian public sector accounting standards 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, accounts receivable, grants receivable, investments, accounts payable and accrued liabilities, bank indebtedness, 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, 2017

1. Accounts Receivable

	2017	2016
Accounts receivable	\$ 154,784	\$ 122,145
GST receivable	235,727	68,643
Due from employees	<u>43,118</u>	<u>43,118</u>
	433,629	233,906
Allowance for doubtful accounts	<u>(90,250)</u>	<u>(90,250)</u>
	\$ 343,379	\$ 143,656

2. Grants receivable

	2017	2016
Aboriginal Affairs and Northern Development Canada	\$ 501,579	\$ 825,849
Selwyn	8,097	8,097
Yukon Government	43,495	81,124
Council of Yukon First Nations	<u>13,729</u>	-
	\$ 566,900	\$ 915,070

3. Portfolio Investments

The portfolio investments are measured at cost but they have been written down to nil. The costs and market values of the investments are as follows:

	Market Value	Cost
Veris Gold Corp	\$ -	\$ 842,929
Impairment of Veris Gold Corp shares	-	(842,929)
Silver Metals Inc.	-	20,200
Impairment of Silver Metals Inc.	<u>-</u>	<u>(20,200)</u>
	\$ -	\$ -

Ross River Dena Council Notes to Financial Statements

March 31, 2017

4. Investments

	2017	2016
Yukon Indian Development Corporation, at cost (6.2%)	\$ 66,000	66,000
Advances to Yukon Indian Development Corporation	70,981	70,981
Kaska Drilling Limited Partnership, at cost, inactive (20%)	1	1
Akita/Kaska Drilling Ltd., at cost, inactive (20%)	1	1
Dena Nezziddi Development Corporation (100%)	66,984	124,326
Tu Lidlini Petroleum Corporation (51%)	245,170	29,554
Kaska Oil and Gas Services Limited Partnership (20%)	159,619	159,619
	<hr/>	<hr/>
	\$ 608,756	\$ 450,482

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 modified 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, 2017. To March 31, 2017, Tu Lidlini Petroleum Corporation had assets of \$1,263,412 (2016 - \$781,174), liabilities of \$470,331 (2016 - \$297,784), share capital of \$400, contributed surplus of \$312,356 (2016 - \$312,356), and an accumulated surplus of \$480,325 (2016 - \$170,634). These amounts are unaudited.

The financial information for Dena Nezziddi Development Corporation is presented for the year ending March 31, 2017. To March 31, 2017, Dena Nezziddi Development Corporation had assets of \$713,086 (2016 - \$769,686), liabilities of \$616,102 (2016 - \$615,360), share capital of \$1, contributed surplus of \$30,000 (2016 - \$30,000), and an accumulated surplus of \$66,984 (2016 - \$124,326). These amounts are unaudited.

Ross River Dena Council
Notes to Financial Statements

March 31, 2017

5. Tangible Capital Assets

	Land	Buildings	Automotive Equipment	Computer Equipment	Office furniture and equipment	2017 Total	2016 Total
Cost, beginning of year	\$ 59,816	\$ 10,898,724	\$ 370,335	\$ 96,425	\$ 606,129	\$ 12,031,429	\$ 12,031,429
Additions	289,974	1,741,211	-	-	-	2,031,185	-
Cost, end of year	349,790	12,639,935	370,335	96,425	606,129	14,062,614	12,031,429
Accumulated amortization, beginning of year	-	6,090,406	311,264	84,131	563,915	7,049,716	6,808,231
Amortization	-	193,575	17,721	3,688	8,443	223,427	241,485
Accumulated amortization, end of year	-	6,283,981	328,985	87,819	572,358	7,273,143	7,049,716
Net book value, end of year	\$ 349,790	\$ 6,355,954	\$ 41,350	\$ 8,606	\$ 33,771	\$ 6,789,471	\$ 4,981,713

The net book value of tangible capital assets not being amortized because they are under construction or development is \$1,679,100 (2016 - nil)

Ross River Dena Council Notes to Financial Statements

March 31, 2017

6. Long term debt

	2017	2016
Development loan from Yukon Zinc, repayable up to a maximum of 25% from the annual Community Support Initiative payments from Yukon Zinc. The loan was forgiven during the year.	\$ -	\$ 72,200
Ford Credit, repaid during the year.	<hr/> -	<hr/> 22,817
	<hr/> \$ -	<hr/> \$ 95,017

7. 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.

8. Related Party Transactions

During the year the First Nation purchased fuel from Tu-Lidlini Petroleum Corporation (51% ownership held in trust) in the amount of \$335,235 (2016 - \$321,561). The First Nation received funds from Dena Nezziddi Development Corporation (100% ownership) in the amount of \$6,000 (2016 - \$18,000) 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, 2017

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 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, 2017	Education	Heritage, Lands & Resources	Health & Social Development	Housing, Property Management & Municipal	Finance & Executive	Total
Revenue						
Aboriginal Affairs	\$ 60,615	\$ 129,809	\$ 2,293,557	\$ 3,563,599	\$ 448,550	\$ 6,496,130
Government of Canada	25,000	-	675,166	-	-	700,166
Yukon Government	17,320	303,615	92,115	25,000	-	438,050
Investment	-	-	-	-	158,274	158,274
Administration fees	-	23,549	-	-	167,027	190,576
Other	100,846	409,115	33,487	60,800	118,023	722,271
	203,781	866,088	3,094,325	3,649,399	891,874	8,705,467
Expenses						
Administration	26,598	60,645	83,525	19,809	-	190,577
Advertising	-	-	229	-	2,098	2,327
Amortization	-	-	-	-	223,427	223,427
Bad debts	-	28,410	-	-	24,756	53,166
Bank charges	-	167	938	-	8,426	9,531
Benefits - CPP	-	-	-	-	24,510	24,510
Client services	1,225	-	-	-	-	1,225
Assistance - program	2,450	20,005	2,064,204	-	-	2,086,659
Consulting fees	-	143,616	5,105	227,083	7,082	382,886
Equipment rental	-	4,000	-	2,949	-	6,949
Fuel	-	18,201	23,760	-	-	41,961
Honorarium	4,000	60,150	19,500	-	138,621	222,271
Insurance	-	662	2,016	10,892	8,734	22,304
License, fees and dues	-	-	-	891	-	891
Materials and supplies	3,605	13,599	-	106,229	-	123,433
Office	10,400	43,283	87,377	64,391	(6,370)	199,081
Photocopying and printing	-	-	368	-	2,756	3,124
Postage and freight	-	-	2,082	2,496	2,855	7,433
Professional fees	-	250	-	2,425	19,395	22,070
Rent	-	27,624	18,900	750	-	47,274
Repairs and maintenance	-	5,600	-	38,459	18,065	62,124
Technical support	-	120	-	-	-	120
Telephone	-	2,187	21,777	-	25,696	49,660
Training	51,861	15,268	700	-	2,484	70,313
Travel	27,261	174,434	62,705	4,158	39,505	308,063
Utilities and fuel	-	-	3,851	90,025	-	93,876
Vehicle	1,050	7,111	22,085	30,866	6,299	67,411
Wages and benefits	67,749	139,568	654,102	958,360	418,191	2,237,970
Workshops and meetings	1,804	27,805	111,905	300	-	141,814
	198,003	792,705	3,185,129	1,560,083	966,530	6,702,450
Annual surplus (deficit)	5,778	73,383	(90,804)	2,089,316	(74,656)	2,003,017

9. Segmented Information (continued)

Ross River Dena Council Schedule of Financial Activities and Surplus

March 31, 2016		Heritage, Lands and Resources	Health and Social Development	Housing, Property Management and Municipal	Finance and Executive	Total
	Education					
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
Bad debts	-	20,694	-	-	593	21,287
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

Ross River Dena Council
Notes to Financial Statements

March 31, 2017

10. Accumulated Surplus

	2017	2016
Operating surplus	\$ 195,967	\$ 283,731
Capital asset equity	6,789,471	4,958,896
Investments equity	608,756	450,482
	\$ 7,594,194	\$ 5,693,109

Change in operating surplus:

	2017	2016
Balance, beginning of year	\$ 283,731	\$ (198,049)
Surplus for the year before repayment	2,003,017	332,835
Repayment of surplus	(101,932)	(106,827)
Transfer from capital and investment equity	1,988,849	255,772
Balance, end of year	\$ 195,967	\$ 283,731

Change in capital asset equity:

	2017	2016
Balance, beginning of year	\$ 4,958,896	\$ 5,178,209
Investment in capital assets	2,031,185	-
Principal repayment of long term debt	22,817	22,172
Amortization of capital assets	(223,427)	(241,485)
Balance, end of year	\$ 6,789,471	\$ 4,958,896

Change in investments equity:

	2017	2016
Balance, beginning of year	\$ 450,482	\$ 486,941
Change in equity in investments	158,274	(36,459)
Balance, end of year	\$ 608,756	\$ 450,482

Ross River Dena Council Notes to Financial Statements

March 31, 2017

11. Land Claims Negotiation and Transboundary Programs

In prior years, the First Nation received funds from the Government of Canada and other organizations for land claims negotiations. These amounts 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 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 amounts paid 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 and will be deducted from any eventual land claim settlement.

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.

The First Nation also received \$191,700 in 2002 from the Kaska Dena Council, (of which the First Nation is a member), to enable the First Nation to prepare for, and participate in, the British Columbia Treaty Process. The amount 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 amount will be deducted from any eventual land claim settlement.

12. 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, 2017.