

Ross River Dena Council
Financial Statements
For the year ended March 31, 2018

Ross River Dena Council
Financial Statements
Table of Contents
For the year ended March 31, 2018

	Page
<hr/>	
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 - 17

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.


Deputy Chief Janny Caesar
Chief


Councilor



Tel: 867 667 7907
Fax: 867 668 3087
www.bdo.ca

BDO Canada LLP
Unit 202 - 9016 Quartz Road
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, 2018 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, 2018 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, 2018 and 2017, investments as at March 31, 2018 and 2017, and accumulated surplus as at April 1 and March 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended March 31, 2017 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, 2018 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, 2018 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 September 24, 2018.

BDO Canada LLP

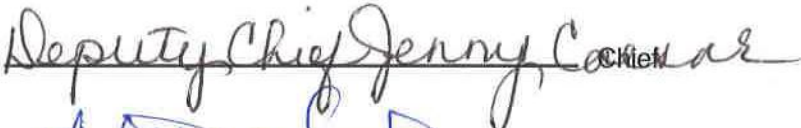
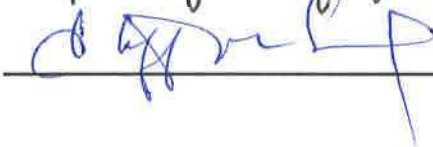
Chartered Professional Accountants

Whitehorse, Yukon
September 24, 2018

Ross River Dena Council
Statement of Financial Position

As at March 31	2018	2017
Financial Assets		
Cash and cash equivalents	\$ 691,530	\$ 1,601,053
Accounts receivable (Note 1)	493,798	343,379
Grants receivable (Note 2)	800,987	566,900
Investments (Note 4)	730,261	608,756
	2,716,576	3,120,088
Liabilities		
Accounts payable and accrued liabilities	1,379,927	2,295,365
Deferred revenue	20,000	20,000
	1,399,927	2,315,365
Net Financial Assets	1,316,649	804,723
Non-Financial Assets		
Tangible capital assets (Note 5)	7,879,460	6,789,471
Accumulated Surplus (Note 9)	\$ 9,196,109	\$ 7,594,194

Approved on behalf of the Council:


 Councilor

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

Ross River Dena Council		
Statement of Operations		
For the year ended March 31	2018	2017
Revenue		
Indigenous and Northern Affairs Canada	\$ 4,902,367	\$ 6,496,130
Government of Canada	892,358	700,166
Yukon Government	628,563	438,050
Investment	134,065	158,274
Other	646,970	722,271
Administration	230,981	190,576
	7,435,304	8,705,467
Expenses		
Education	327,005	198,003
Heritage, Lands and Resources	744,965	792,705
Health and Social Development	2,714,879	3,185,129
Housing, Property Management, and Municipal	971,835	1,560,083
Finance and Executive	1,021,164	966,530
	5,779,848	6,702,450
Annual surplus , before the following	1,655,456	2,003,017
Repayment of surplus	(53,541)	(101,932)
Annual surplus	1,601,915	1,901,085
Accumulated surplus , beginning of year	7,594,194	5,693,109
Accumulated surplus , end of year	\$ 9,196,109	\$ 7,594,194

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	2018	2017
Annual surplus (deficit)	\$ 1,601,915	\$ 1,901,085
Acquisition of tangible capital assets	(1,305,970)	(2,031,185)
Amortization of tangible capital assets	215,981	223,427
Increase in net financial assets for the year	511,926	93,327
Net financial assets, beginning of year	804,723	711,396
Net financial assets, end of year	\$ 1,316,649	\$ 804,723

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	2018	2017
------------------------------	------	------

2018	2017
------	------

2017

Cash provided by (used in):

Operating transactions

Surplus for the year	\$ 1,601,915	\$ 1,901,085
----------------------	--------------	--------------

Items not utilizing cash:

Gain on forgiven loan	-	(72,200)
-----------------------	---	----------

Amortization of tangible capital assets	215,981	223,427
---	---------	---------

Equity loss (earnings) of investments	(121,505)	(158,274)
---------------------------------------	-----------	-----------

Impairment of portfolio investments	-	23,940
-------------------------------------	---	--------

Cash provided by changes in non-cash working capital items:

Accounts receivable	(150,419)	(199,723)
---------------------	-----------	-----------

Contributions receivable	(234,087)	348,170
--------------------------	-----------	---------

Accounts payable and accrued liabilities	(1,559,561)	(93,972)
--	-------------	----------

(247,676)	1,972,453
-----------	-----------

Financing transactions

Repayment of long-term debt	-	(22,817)
-----------------------------	---	----------

Capital transactions

Acquisition of tangible capital assets	(1,305,970)	(2,031,185)
--	-------------	-------------

Less amounts included in accounts payable and accrued liabilities	644,123	1,722,323
---	----------------	-----------

(661,847)	(308,862)
-----------	-----------

Net change in cash and cash equivalents for the year	(909,523)	1,640,774
---	------------------	------------------

(909,523) 1,640,774

Cash and cash equivalents (bank indebtedness), beginning of year	1,601,053	(39,721)
---	------------------	-----------------

1,601,053 (39,721)

Cash and cash equivalents (bank indebtedness), end of year	\$ 691,530	\$ 1,601,053
---	-------------------	---------------------

\$ 691,530 \$ 1,601,053

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, 2018

Basis of Presentation	<p>These financial statements have been prepared using 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:</p>								
Program Accounting	<p>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.</p>								
Cash and cash equivalents	<p>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.</p>								
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>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.</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	<p>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.</p>								
Investments	<p>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.</p>								

Ross River Dena Council

Summary of Significant Accounting Policies

March 31, 2018

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 and accounts payable and accrued liabilities. 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, 2018

1. Accounts Receivable

	2018	2017
Accounts receivable	\$ 195,396	\$ 154,784
GST receivable	375,184	235,727
Due from employees	43,118	43,118
	613,698	433,629
Allowance for doubtful accounts	(119,900)	(90,250)
	\$ 493,798	\$ 343,379

2. Grants receivable

	2018	2017
Indigenous and Northern Affairs Canada	\$ 627,660	\$ 501,579
Selwyn	8,097	8,097
Yukon Government	118,495	43,495
Council of Yukon First Nations	-	13,729
Government of Canada	46,735	-
	\$ 800,987	\$ 566,900

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.	-	(20,200)
	<u>\$ -</u>	<u>\$ -</u>

Ross River Dena Council
Notes to Financial Statements

March 31, 2018

4. Investments

	2018	2017
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%)	70,980	66,984
Tu Lidlini Petroleum Corporation (51%)	362,679	245,170
Kaska Oil and Gas Services Limited Partnership (20%)	159,619	159,619
	\$ 730,261	\$ 608,756

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, 2018. To March 31, 2018, Tu Lidlini Petroleum Corporation had assets of \$1,397,171 (2017 - \$1,263,412), liabilities of \$373,680 (2017 - \$470,331), share capital of \$400, contributed surplus of \$312,356 (2017 - \$312,356), and an accumulated surplus of \$710,735 (2017 - \$480,325). These amounts are unaudited.

The financial information for Dena Nezziddi Development Corporation is presented for the year ending March 31, 2018. To March 31, 2018, Dena Nezziddi Development Corporation had assets of \$767,200 (2017 - \$713,086), liabilities of \$627,744 (2017 - \$616,102), share capital of \$1, contributed surplus of \$30,000 (2017 - \$30,000), and an accumulated surplus of \$109,455 (2017 - \$66,984). These amounts are unaudited.

Ross River Dena Council

Notes to Financial Statements

March 31, 2018

5. Tangible Capital Assets

	Land	Buildings	Automotive Equipment	Computer Equipment	Office furniture and equipment	2018 Total	2017 Total
Cost, beginning of year	\$ 349,790	\$ 12,639,935	\$ 370,335	\$ 96,425	\$ 606,129	\$ 14,062,614	\$ 12,031,429
Additions	-	1,234,315	-	-	71,655	1,305,970	2,031,185
Cost, end of year	349,790	13,874,250	370,335	96,425	677,784	15,368,584	14,062,614
Accumulated amortization, beginning of year	-	6,283,981	328,985	87,819	572,358	7,273,143	7,049,716
Amortization	-	187,074	12,405	2,582	13,920	215,981	223,427
Accumulated amortization, end of year	-	6,471,055	341,390	90,401	586,278	7,489,124	7,273,143
Net book value, end of year	\$ 349,790	\$ 7,403,195	\$ 28,945	\$ 6,024	\$ 91,506	\$ 7,879,460	\$ 6,789,471

The net book value of tangible capital assets not being amortized because they are under construction or development is \$2,913,415 (2017 - \$1,679,100)

Ross River Dena Council Notes to Financial Statements

March 31, 2018

6. 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.

7. 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 \$338,394 (2017 - \$335,235). The First Nation received funds from Dena Nezziddi Development Corporation (100% ownership) in the amount of \$nil (2017 - \$6,000) 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.

8. 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.

8. Segmented Information (continued)

Ross River Dena Council						
Schedule of Financial Activities and Surplus						
March 31, 2018						
	Education	Heritage, Lands & Resources	Health & Social Development	Housing, Property Management & Municipal	Finance & Executive	Total
Revenue						
Aboriginal Affairs	\$ 67,815	\$ 142,452	\$ 1,811,357	\$ 2,328,439	\$ 552,304	\$ 4,902,367
Government of Canada	85,790	-	770,318	36,250	-	892,358
Yukon Government	58,057	341,515	166,300	62,691	-	628,563
Investment	-	-	-	-	134,065	134,065
Administration fees	-	-	-	-	230,981	230,981
Other	168,066	318,512	32,400	102,258	25,734	646,970
	379,728	802,479	2,780,375	2,529,638	943,084	7,435,304
Expenses						
Administration	35,812	56,657	117,749	5,486	-	215,704
Advertising	-	-	299	-	2,056	2,355
Amortization	-	-	-	-	215,981	215,981
Bank charges	-	190	1,315	-	3,534	5,039
Capital infrastructure	-	-	-	-	-	-
Student allowance	1,060	-	-	-	-	1,060
Assistance - program	1,400	23,044	1,599,166	-	-	1,623,610
Consulting fees	-	107,360	6,473	37,873	-	151,706
Contract wages	66,351	29,013	19,381	257,283	3,748	375,776
Equipment rental	-	-	-	7,219	-	7,219
Fuel	-	27,703	25,000	-	-	52,703
Honorarium	6,820	4,950	-	-	118,800	130,570
Insurance	-	662	2,778	11,546	9,082	24,068
License, fees and dues	-	-	-	25	-	25
Materials and supplies	31,096	20,625	-	105,594	-	157,315
Office	8,470	46,069	75,243	51,254	18,621	199,657
Photocopying and printing	-	-	463	-	953	1,416
Postage and freight	-	-	1,904	2,497	3,027	7,428
Professional fees	-	31,022	-	16,238	76,214	123,474
Rent	3,000	15,000	24,000	-	-	42,000
Repairs and maintenance	18,839	-	112	75,237	-	94,188
Telephone	1,200	2,857	27,334	-	28,826	60,217
Training	26,974	18,225	4,165	-	-	49,364
Travel	25,013	166,687	88,440	29,091	57,923	367,154
Utilities and fuel	-	-	6,993	84,878	-	91,871
Vehicle	2,309	5,871	24,416	41,247	4,083	77,926
Wages and benefits	64,607	162,424	611,980	246,366	485,494	1,570,871
Workshops and meetings	34,054	16,106	77,668	-	3,322	131,150
	327,005	734,465	2,714,879	971,835	1,031,664	5,779,848
Annual surplus (deficit)	\$ 52,723	\$ 68,014	\$ 65,496	\$ 1,557,803	\$ (88,580)	\$ 1,655,456

8. Segmented Information (continued)

		Ross River Dena Council					
		Schedule of Financial Activities and Surplus					
March 31, 2017		Total					
		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

Ross River Dena Council
Notes to Financial Statements

March 31, 2018

9. Accumulated Surplus

	2018	2017
Operating surplus	\$ 707,893	\$ 195,967
Capital asset equity	7,879,460	6,789,471
Investments equity	608,756	608,756
	<u>\$ 9,196,109</u>	<u>\$ 7,594,194</u>

Change in operating surplus:

	2018	2017
Balance, beginning of year	\$ 195,967	\$ 283,731
Surplus for the year before repayment	1,655,456	2,003,017
Repayment of surplus	(53,541)	(101,932)
Transfer from capital and investment equity	<u>(1,089,989)</u>	<u>(1,988,849)</u>
Balance, end of year	<u>\$ 707,893</u>	<u>\$ 195,967</u>

Change in capital asset equity:

	2018	2017
Balance, beginning of year	\$ 6,789,471	\$ 4,958,896
Investment in capital assets	1,305,970	2,031,185
Principal repayment of long term debt	-	22,817
Amortization of capital assets	<u>(215,981)</u>	<u>(223,427)</u>
Balance, end of year	<u>\$ 7,879,460</u>	<u>\$ 6,789,471</u>

Change in investments equity:

	2018	2017
Balance, beginning of year	\$ 608,756	\$ 450,482
Change in equity in investments	<u>-</u>	<u>158,274</u>
Balance, end of year	<u>\$ 608,756</u>	<u>\$ 608,756</u>

Ross River Dena Council Notes to Financial Statements

March 31, 2018

10. 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.

11. 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, 2018.