

ABORIGINAL AFFAIRS AND
NORTHERN DEV. CANADA
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DAYLU DENA COUNCIL

CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

DAYLU DENA COUNCIL

CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS

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DAYLU DENA COUNCIL

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING MARCH 31, 2014

The accompanying consolidated financial statements of **Daylu Dena Council** are the responsibility of management and have been approved by the Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of CPA Canada and as such include amounts that are the best estimates and judgments of management.

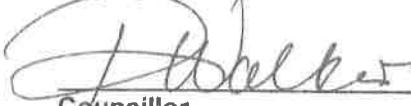
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Morrow & Co., conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of **Daylu Dena Council** and meet when required.

On behalf of **Daylu Dena Council**:

Walter Costick
Deputy Chief

Councillor

Sept 17, 2014
Date

Sept 17, 2014
Date

Independent Auditor's Report

To the Members of **Daylu Dena Council**

We have audited the accompanying consolidated financial statements of **Daylu Dena Council**, which comprise the consolidated statement of financial position as at **March 31, 2014**, and the consolidated statements of revenue and expenses, change 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for Qualified Opinion

Daylu Dena Council has not accounted for some of the funded tangible capital assets including roads and bridges, buildings, water and other utility systems that were required to be capitalized in prior years. In this respect, the financial statements are not in accordance with Canadian public sector accounting standards. We were not able to determine the adjustments that might have been necessary to tangible capital assets, amortization and the Tangible Capital Assets fund balance.

Furthermore, Daylu Dena Council holds 5.9% of the shares in Yukon Indian Development Corporation Ltd. a government business enterprise of the Council. We are unable to satisfy ourselves as to the carrying value of the investment because the financial statements of Yukon Indian Development Corporation Ltd. for the year ended March 31, 2014 were not available. Accordingly, we were not able to determine whether any adjustments might be necessary to the enterprise fund balance or income (loss) from the government business enterprise.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of **Daylu Dena Council** as at **March 31, 2014** and operations, the changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Vancouver, B.C.
September 3, 2014

CERTIFIED GENERAL ACCOUNTANTS

DAYLU DENA COUNCIL

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2014

	2014	2013 Restated
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	\$ 1,162,838	\$ 483,449
Held for trading investments (Note 4)	53,671	53,248
Accounts receivable (Note 5)	474,610	2,034,152
Due from Kaska Tribal Council	2,928	2,928
Due from Iyon Kechika Contracting Ltd. (Note 10)	83,082	-
Investment in Government Business Enterprises (Note 6)	425,708	498,837
Investment in market securities (Note 7)	24,485	135,357
	<hr/> 2,227,322	<hr/> 3,207,971
LIABILITIES		
Accounts payable and accrued liabilities (Note 8)	999,195	1,488,048
Deferred revenue (Note 9)	678,677	655,794
Due to Iyon Kechika Contracting Ltd. (Note 10)	-	97,006
Long-term debt (Note 11)	42,600	56,298
Replacement reserve (Note 12)	64,212	144,146
	<hr/> 1,784,684	<hr/> 2,441,292
NET FINANCIAL ASSETS	442,638	766,679
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 13)	6,830,221	7,274,834
Prepaid expenses	12,511	814
Renovations in progress	-	163,000
	<hr/> 6,842,732	<hr/> 7,438,648
ACCUMULATED SURPLUS	\$ 7,285,370	\$ 8,205,327
FUND BALANCES		
Operations	\$ 328,394	\$ 699,875
Tangible Capital Asset	6,782,515	7,213,429
Social Housing	(251,247)	(206,814)
Business Enterprise	425,708	498,837
ACCUMULATED SURPLUS	\$ 7,285,370	\$ 8,205,327

APPROVED ON BEHALF OF THE DAYLU DENA COUNCIL

 **Walter Gaultier**, Deputy Chief
 **J. Wallace**, Councillor

The accompanying notes are an integral part of the financial statements

DAYLU DENA COUNCIL

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013 Restated
ANNUAL DEFICIT	\$ (919,957)	\$ (431,138)
Acquisition of tangible capital assets	(74,498)	(315,502)
Amortization of tangible capital assets	519,111	492,577
	444,613	177,075
Acquisition of prepaid assets	(12,511)	(814)
Use of prepaid assets	814	9,219
	(11,697)	8,405
Acquisition of renovations in progress	163,000	(163,000)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(324,041)	(408,658)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	766,679	1,175,337
NET FINANCIAL ASSETS, END OF YEAR	\$ 442,638	\$ 766,679

DAYLU DENA COUNCIL

CONSOLIDATED STATEMENT OF REVENUE AND EXPENSES FOR THE YEAR ENDED MARCH 31, 2014

	2014 Budget	2014 Actual	2013 Actual Restated
REVENUE			
AANDC	\$ 3,811,297	\$ 3,014,458	\$ 4,315,442
AANDC Recovery	-	(177,970)	(159,273)
Health Canada	409,017	312,609	571,578
Canada Mortgage and Housing Corporation	-	8,623	15,471
Province of British Columbia	75,000	240,619	282,191
Taku River Tlingit First Nation	30,500	121,962	114,669
Nenáš	-	154,361	42,705
First Nation Health Society	143,000	163,000	150,893
Northern Health Authority	-	239,126	10,000
Kaska Collaboration Agreement	-	-	446,584
Administration fees	-	60,419	101,820
Rental	-	61,662	44,105
Travel recoveries	-	40,507	108,697
Deferred revenue beginning of year	-	606,908	41,960
Deferred revenue end of year	-	(678,677)	(606,908)
Gain (loss) on investment	-	(41,341)	(195,364)
Other	115,063	553,458	707,129
Net income from Government Business Enterprises	-	(73,129)	(89,379)
	4,583,877	4,606,595	5,902,320
EXPENSES			
Band Government	-	720,881	567,802
Education	9,214	559,985	627,906
Social Development	387,573	264,941	257,122
Aboriginal Justice	-	67,000	55,216
Child and Family	19,900	225,851	243,850
Health and Wellness	276,816	845,630	885,564
Infrastructure	28,459	1,556,169	2,724,824
Land and Resources	75,001	147,759	108,170
Capital Maintenance	-	287,127	245,605
Economic Development	-	244,627	369,578
Social Housing Fund	-	161,969	70,744
	796,963	5,081,939	6,156,381
ANNUAL DEFICIT BEFORE OTHER	3,786,914	(475,344)	(254,061)
OTHER			
Acquisition of tangible capital assets	-	74,498	315,500
Amortization	-	(519,111)	(492,577)
	-	(444,613)	(177,077)
ANNUAL DEFICIT	\$ 3,786,914	\$ (919,957)	\$ (431,138)

The accompanying notes are an integral part of the financial statements

DAYLU DENA COUNCIL

CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013 Restated
ACCUMULATED SURPLUS, BEGINNING OF YEAR		
As previously stated	\$ 7,992,322	\$ 8,825,986
Prior period adjustments	213,005	(189,521)
As restated	8,205,327	8,636,465
ANNUAL DEFICIT	(919,957)	(431,138)
ACCUMULATED SURPLUS, END OF YEAR	\$ 7,285,370	\$ 8,205,327

DAYLU DENA COUNCIL

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013 Restated
OPERATING ACTIVITIES		
Annual deficit	\$ (919,957)	\$ (431,138)
Income from Iyon Kechika Contracting Ltd.	73,129	89,379
Amortization	519,111	492,577
	<u>(327,717)</u>	<u>150,818</u>
Change in non-cash items on statement of financial position		
Accounts receivable	1,559,542	(1,220,625)
Prepaid expenses	(11,697)	8,405
Renovations in progress	163,000	(163,000)
Accounts payable and accrued liabilities	(488,852)	594,311
Deferred revenue	22,883	118,537
Replacement reserve	(79,934)	6,501
	<u>837,225</u>	<u>(505,053)</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(74,498)	(315,500)
FINANCING ACTIVITIES		
Due from Kaska Tribal Council	-	(2,928)
Due to/from Iyon Kechika Contracting Ltd.	(180,088)	276,628
Principal repayment on long-term debt	(13,699)	(22,319)
	<u>(193,787)</u>	<u>251,381</u>
INVESTING ACTIVITIES		
Investment in market securities	110,872	(135,357)
Investment in held for trading investments	(423)	61,346
	<u>110,449</u>	<u>(74,011)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	679,389	(643,183)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	483,449	1,126,632
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,162,838	\$ 483,449

DAYLU DENA COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

1. NATURE OF OPERATIONS

Daylu Dena Council (the "Council") is an Indian Band as defined by the Indian Act. The Council manages various programs offered by Aboriginal Affairs and Northern Development Canada (AANDC) and other funding agents to benefit its members.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of CPA Canada.

(a) Principles of Consolidation

The Council uses the modified equity method for reporting the investments in commercial enterprises which meets the definition of government business enterprise. The modified equity method reports a commercial enterprise's net assets as an investment on the Statement of Financial Position. The net income of the commercial enterprise is reported as investment income on the Statement of Operations. Inter-organizational transactions and balances are not eliminated. The accounting policies of commercial enterprises are not adjusted to conform to those of other government enterprises.

Commercial enterprises accounted for on a modified equity basis include:

1. Iyon Kechika Contracting Ltd. was incorporated on March 20, 2002 under the Company Act of British Columbia. The one issued common share of the Corporation is held in trust for the Council by the members of the Band Council. The Corporation operates as a general contractor for Daylu Dena Council.
2. Yukon Indian Development Corporation Ltd. (YIDC) is a venture-capital company owned by fourteen Yukon First Nation and three Northern British Columbia First Nation shareholders. The Council owned 5.9% of the shares in YIDC.

(b) Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, which may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets and prepaid expenses.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

DAYLU DENA COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Deferred Revenue

Under the terms of the contribution agreement between the Council, AANDC and certain other agencies, the Council may be liable to repay any contributed funds either not expended or not expended in accordance with the agreement. On the other hand, any deficit, supported by claims eligible for reimbursement under the terms and conditions of the funding agreements, may be reimbursed by the contributor subject to the program's terms and conditions. The Council has recorded all known unexpended contribution funds as deferred revenue and/or accounts payable.

(e) Long-term Debt

Loan proceeds related to the financing of tangible capital assets are recorded as revenue in the appropriate fund. The loan amount is also recorded as a liability on the Statement of Financial Position and as a reduction in the Tangible Capital Asset Fund.

Debt payments, including principal and interest, are charged to the fund to which they relate. Principal reductions are reflected as a reduction in the liability with an offsetting increase in the Tangible Capital Asset Fund.

(f) Replacement Reserve Fund

The Replacement Reserve Fund represents the amount of revenue to be used or set aside on an annual basis for the replacement of tangible capital assets. The fund is maintained in a separate bank account and interest earnings must accrue to and be maintained in the fund. Use of these funds are restricted to expenses approved by CMHC as outlined in the project operating agreement.

DAYLU DENA COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital assets and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and the Council's incremental cost of borrowing.

Amortization is recorded as a reduction to the Tangible Capital Assets Fund and is provided on a declining balance method over the estimated useful life of the assets as follows:

Buildings	4%
Equipment	20%
Vehicles	30%
Infrastructure	5%

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Council'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.

Contributed tangible capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of tangible capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

Amortization on the Social Housing Funds acquired under the housing programs sponsored by Canada Mortgage and Housing Corporation (CMHC) is recorded at a rate equivalent to the annual principal reduction in related long-term debt.

The records of the Daylu Dena Council currently do not include the addition of infrastructure assets such as roads, bridges and other utility systems, as the information is currently being assembled for inclusion in the accounting records.

DAYLU DENA COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Revenue Recognition

Government Funding:

The Council recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as such. In these circumstances, the Council recognizes revenue when the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Housing Rental Income:

Rental revenue is recorded in the year it is earned. At the end of each year management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.

Own Source Revenue:

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service being provided is deferred and recognized when the fee is earned or service is provided.

DAYLU DENA COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial Instruments

The financial instruments of the Council consist of cash and cash equivalents, held for trading investments, investment in market securities, accounts receivable, investment in government business enterprises, due to and from related parties, long-term debt, deferred revenue, account payable and accrued liabilities. These financial instruments are designated and measured as follows:

Held-for-trading:

This category is comprised of cash and cash equivalents, accounts receivable, investment in government business enterprises, due to and from government business enterprises which are carried at fair value with changes in fair value recognized in the Statement of Revenue, Expenses and Accumulated Surplus. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

Available-for-sale:

Investments in marketable securities are designated as available-for-sale investments as they are intended to meet future liquidity needs. These available-for-sale investments are grouped into fixed income securities and investments in publicly traded equity securities. These instruments are measured at fair value.

Investment income and realized gains and losses related to these available-for-sale investments are reported in the Statement of Revenue, Expenses and Accumulated Surplus. The unrealized fair value gains and losses which represent the changes between the carrying value and fair value on available-for-sale investments are reported after the annual surplus in the Statement of Revenue, Expenses and Accumulated Surplus. Transaction costs related to instruments classified as available-for-sale are expensed as incurred.

Other financial liabilities:

This category includes financial liabilities other than those classified as held-for-trading and are comprised of debt, deferred revenue, accounts payable and accrued liabilities. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Transaction costs related to other financial liabilities are expensed as incurred.

(j) Use of Estimates

In preparing the consolidated financial statements for the Council, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Items requiring the use of significant estimates include allowance for doubtful accounts and amortization. Actual results could differ from these estimates.

DAYLU DENA COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Budget

Budgets have been disclosed in the statement of revenue, expenses and accumulated surplus and in the supplementary schedules for the year ended March 31, 2014 only where the information was available from management.

3. CASH AND CASH EQUIVALENTS

	2014	2013
Externally restricted:		
Replacement Reserve	\$ 129,759	\$ 129,694
Forest Range	151,225	60,580
	280,984	190,274
Internally restricted		
Social Assistance	230,559	197,037
Social Housing	961	2,947
	231,520	199,984
Unrestricted		
Operating	650,022	17,877
iTrades	-	77,037
Manulife	312	(1,723)
	650,334	93,191
Total Cash and Cash Equivalents	\$ 1,162,838	\$ 483,449

Externally restricted - Replacement Reserve:

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited in the amount of \$64,212 (2013 - \$144,146) annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. At year end, the reserve was over funded by \$65,547 (2013 - under funded by \$14,452).

Externally restricted - Forest Range:

The balance represents cash in the bank restricted for forest range purposes.

Internally restricted - Social Assistance:

The balance represents cash in the bank restricted for social assistance purposes.

Internally restricted - Social Housing:

The balance represents cash in the bank restricted for social housing purposes.

DAYLU DENA COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

4. HELD FOR TRADING INVESTMENTS

Investments held for trading consist of fixed income investments and a mutual fund.

	2014	2013
GIC at 0.8% per annum maturing in March 2015	\$ 50,927	\$ 50,522
Mutual Fund	2,744	2,726
	\$ 53,671	\$ 53,248

5. ACCOUNTS RECEIVABLE

	2014	2013
Due from Government Organizations:		
Aboriginal Affairs and Northern Development Canada	\$ 198,210	\$ 1,536,819
First Nation Health Authority	22,272	-
Government of Canada	3,268	53,873
Health Canada	-	251,349
Province of British Columbia	26,019	6,100
	249,769	1,848,141
Due from members:		
Rent receivable	126,380	98,680
Payroll advance	11,051	10,012
	137,431	108,692
Due from others:		
Others	82,195	30,109
Nenas	94,959	6,365
Taku River Tlingit First Nation	38,214	25,845
Okanagan National Alliance	15,000	15,000
	230,368	77,319
Allowance for doubtful accounts	617,568 (142,958)	2,034,152 -
	\$ 474,610	\$ 2,034,152

DAYLU DENA COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

6. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

The Council's investment in government business enterprises consists of the following:

	2014	2013
Iyon Kechika Contracting Ltd.	\$ 288,080	\$ 361,209
Yukon Indian Development Corporation	137,628	137,628
	\$ 425,708	\$ 498,837

7. INVESTMENT IN MARKET SECURITIES

The balance represents equity investments in publicly traded shares recorded at fair values as follows:

	2014	2013
Investment in publicly trade shares at cost	\$ 7,257	\$ 225,796
Unrealized gain / (loss)	17,228	(90,439)
	\$ 24,485	\$ 135,357

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014	2013
Trade payable	\$ 920,302	\$ 1,419,972
Wages payable	10,300	8,930
Payroll deduction	17,264	10,173
Vacation payable	47,418	47,019
Pension payable	3,911	1,954
	\$ 999,195	\$ 1,488,048

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

The Council provides a defined contribution plan for eligible members of its staff. Members are required to contribute 5% of their salary and the Council is required to match their contribution of 5%. The amount of the retirement benefit to be received by the employees will be the amount of the retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan. The Council contributed during the year \$15,178 (2013: \$3,315) for retirement benefits. The Council does not have any other obligations with regards to the pension plan as at March 31, 2014.

DAYLU DENA COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

9. DEFERRED REVENUE

	March 31, 2013	Funding received, 2014	Revenue recognized, 2014	March 31, 2014
AANDC:				
Fixed contribution	\$ 463,075	\$ 496,331	\$ (451,703)	\$ 507,703
Set contribution	192,719	1,118,972	(1,140,717)	170,974
	\$ 655,794	\$ 1,615,303	\$ (1,592,420)	\$ 678,677

10. RELATED PARTY TRANSACTIONS

The amount due to/from the related party, Iyon Kechika Contracting Ltd., is unsecured without interest and has no set terms of repayment.

During the year, Daylu Dena Council was invoiced \$308,756 (2013 - \$1,103,770) for services performed and incurred administration and job cost expenses of \$3,164 (2013 - \$3,294). This transaction is in the normal course of operations and is measured at the exchange value (the amount of consideration established and agreed to by the related party), which approximates the arm's length equivalent value for services rendered.

11. LONG-TERM DEBT

	2014	2013
The CMHC housing loan was payable at \$708 per month including principal and interest at 5.99% per annum and matured on May 1, 2013.	\$ -	\$ 1,405
The CMHC housing loan is payable at \$355 per month including principal and interest at 3.75% per annum and matures on June 1, 2014.	1,060	5,202
The CMHC housing loan is payable at \$823 per month including principal and interest at 3.79% per annum and matures on November 1, 2015.	41,540	49,691
	\$ 42,600	\$ 56,298

Principal portion of long-term debt due within the next five years:

2015	\$ 9,523
2016	8,776
2017	9,114
2018	9,466
2019 and thereafter	5,721
	\$ 42,600

DAYLU DENA COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

12. REPLACEMENT RESERVE

Under the terms of the agreement with CMHC, the Replacement Reserve account is to be credited in the amount of \$3,951 (2013: \$6,438) annually. The funds in the account may only be used as approved by CMHC. Withdrawals are credited to interest first and then principal. The replacement reserve bank account is overfunded as at March 31, 2014 by an amount of \$65,547 (2013: underfunded \$14,452) (refer to Note 3).

	2014	2013
Balance, beginning of year	\$ 144,146	\$ 136,675
Opening balance adjustment	(83,950)	970
Replacement reserve allocation	3,951	6,438
Interest	65	63
	\$ 64,212	\$ 144,146

13. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Building	\$ 7,700,909	\$ 2,089,823	\$ 5,611,086	\$ 5,912,067
CMHC Social Housing	595,480	547,774	47,706	61,405
Equipment	717,832	391,703	326,129	353,098
Infrastructure	1,899,668	1,054,368	845,300	940,284
Vehicles	856,644	856,644	-	7,980
	\$11,770,533	\$ 4,940,312	\$ 6,830,221	\$ 7,274,834

DAYLU DENA COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

14. PRIOR PERIOD ADJUSTMENTS

The comparative figures have been retroactively restated to reflect a number of prior period adjustments.

The 2013 contractors expenditures for Unit Home Repairs was overstated by \$144,646. As a result, the 2013 Operations fund has been increased by \$144,646 and accounts payable is reduced by 144,646.

The 2013 contractors expenditures for Major Renovations, Extensions and Repairs was overstated by \$12,000. As a result, the 2013 Operations fund has been increased by \$12,000 and accounts payable is reduced by \$12,000.

The 2013 Nenas revenue for Occupational Safety Ticket Training was over accrued by \$12,891. As a result, the 2013 Operations fund has been reduced by \$12,891 and accounts receivable is reduced by \$12,891.

Due to an amendment in Health Canada's 2013 contribution agreement, revenue was under accrued by \$75,613. As a result, the 2013 Operations fund has been increased by \$75,613 and accounts receivable is increased by \$75,613.

As confirmed with Health Canada, there is no receivables or payables outstanding prior to the current fiscal year. Therefore, the total accounts receivable of \$202,483 and accounts payable of \$13,932 have been written off. As a result, the 2013 Operations fund has been reduced by \$188,551, accounts receivable is reduced by \$202,483 and accounts payable is reduced by \$13,932.

After the completion of the 2013 audit and submission to CMHC for review, CMHC required adjustments to rental income as it was overstated by \$6,852 and the opening Social Housing fund was overstated by \$481. As a result, the 2013 Social Housing fund is reduced by \$6,363.

15. FEDERAL ASSISTANCE PAYMENTS

Under the terms of the agreement with CMHC, pursuant to Section 95 of the National Housing Act, CMHC will provide federal assistance to the Council for social housing operations and financing. The level of assistance will be reviewed according to the interest rate at the time of the mortgage renewal. The amount of assistance received for the year ended March 31, 2014 was \$8,286 (2013: \$15,471).

DAYLU DENA COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

16. EXPENSES BY OBJECT

	2014 Budget	2014 Actual	2013 Actual
Contractors	\$ 37,363	\$ 1,306,808	\$ 2,551,801
Wages and benefits	205,566	1,158,385	1,039,570
Professional fees	45,585	540,958	487,133
Travel	88,404	406,184	347,867
Materials and supplies	18,085	361,721	579,226
Acquisition of tangible capital assets	6,784	237,498	152,500
Utilities	2,751	200,339	161,197
Administration fees	24,427	155,440	100,603
Bad debt expense	-	142,958	-
Insurance	2,000	101,801	65,119
Shelter allowance	-	79,294	76,000
Basic needs	312,079	67,797	68,929
Office	1,430	59,159	43,522
Telephone	9,976	55,169	51,332
Repairs and maintenance	2,617	28,806	44,137
Road maintenance	-	24,760	31,041
Flow through - Dease River First Nation	-	23,996	40,953
Flow through - Taku River Tlingit First Nation	-	23,374	40,366
Children out of parental home	-	18,173	16,573
Elders	-	18,000	19,350
Donations	-	15,760	23,450
Honoraria	9,344	14,225	12,559
Adult care	-	12,772	7,850
Accounts payable discrepancy	-	12,131	116,453
Sanitation services	-	10,168	16,519
Special needs	-	9,605	10,856
Training	27,752	8,605	16,511
Rental	2,400	6,045	12,250
Equipment rental	-	4,699	52,328
Advertising and promotion	400	4,004	1,157
Allocation to replacement reserve	-	3,951	6,438
Interest on mortgages	-	2,073	2,094
Bank charges	-	1,092	836
Freight	-	332	5,288
Ehda Mahweh Home Society	-	-	13,000
Expense recoveries	-	(34,143)	(58,427)
	\$ 796,963	\$ 5,081,939	\$ 6,156,381

DAYLU DENA COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS **MARCH 31, 2014**

17. COMMITMENTS

The Daylu Dena Council is a guarantor for loans obtained by Lyon Kechika Contracting Ltd. from CIBC. Loans include a \$250,000 revolving line of credit with interest at prime plus 1.5% per annum and a \$50,000 non-revolving demand instalment loan with interest at prime plus 1.7% per annum.

18. ECONOMIC DEPENDENCE

Daylu Dena Council receives a significant portion of its revenue pursuant to a funding agreement with Aboriginal Affairs and Northern Development Canada (AANDC) and the Government of Canada. The nature and extent of this revenue is of such significance that the Council is economically dependent on this source of revenue.

19. CONTINGENT LIABILITIES

Daylu Dena Council has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the Council fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, Daylu Dena Council becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one of more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on Daylu Dena Council's financial statements.

20. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the presentation adopted in the current period.

21. BUDGET INFORMATION

Unaudited budget figures have been provided for comparison purposes and have been derived from the estimates approved by the Deputy Chief and Council at the beginning of the current year.

DAYLU DENA COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

22. SEGMENTED INFORMATION

	2014 Budget	Band Government		2013 Actual	2014 Budget	Education 2014 Actual	2013 Actual	2014 Budget	Social Development 2014 Actual	2013 Actual
		2014 Actual	2014 Actual							
Revenues										
AANDC	\$ -	\$ 468,767	\$ 404,266	\$ -	\$ -	\$ 548,140	\$ 669,128	\$ 299,560	\$ 278,889	\$ 319,579
AANDC (Recovery)										
AANDC (Unencumbered)										
Other revenue										
Total revenue	-	624,144	630,321	9,214	577,997	631,457	299,560	246,333	221,605	
Expenses										
Wages and benefits										
Training										
Travel										
Repairs and maintenance										
Other expenses										
Total expenses	-	720,881	567,802	9,214	559,985	627,906	387,573	264,941	257,122	
Annual surplus (deficit)	\$ -	\$ (96,737)	\$ 62,519	\$ -	\$ 18,012	\$ 3,551	\$ (88,013)	\$ (18,608)	\$ (35,517)	

DAYLU DENA COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

22. SEGMENTED INFORMATION, continued

	Aboriginal Justice		Child and Family		Health and Wellness			
	2014 Budget	2014 Actual	2013 Actual	2014 Budget	2013 Actual	2014 Budget	2014 Actual	2013 Actual
Revenues								
AANDC	\$ -	\$ -	\$ -	\$ -	\$ 9,214	\$ 21,214	\$ 8,770	\$ -
AANDC (Recovery)	-	-	-	-	(5,310)	(923)	-	-
AANDC (Unencumbered)	-	-	-	-	(2,306)	-	-	-
Health Canada	-	-	-	-	-	-	-	-
Province of British Columbia	-	61,910	61,910	-	113,580	113,580	409,017	265,300
Other revenue	-	1,242	-	27,786	87,926	90,740	143,000	543,777
Total revenue	-	63,152	61,910	37,000	217,410	209,861	552,017	849,709
Expenses								
Wages and benefits	-	52,688	37,628	10,843	89,531	44,637	100,448	299,253
Training	-	2,855	-	-	-	22,752	-	241,427
Travel	-	2,285	5,461	3,786	38,689	23,104	76,006	7,348
Repairs and maintenance	-	-	-	-	305	980	2,617	195,762
Other expenses	-	9,172	12,127	5,141	97,326	175,129	74,993	3,287
Total expenses	-	67,000	55,216	19,770	225,851	243,850	276,816	845,630
Annual surplus (deficit)	\$ -	\$ (3,848)	\$ 6,694	\$ 17,230	\$ (8,441)	\$ (33,989)	\$ 275,201	\$ (35,855)

DAYLU DENA COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

22. SEGMENTED INFORMATION, continued

	Infrastructure		Land and Resources		Capital Maintenance			
	2014 Budget	2014 Actual	2013 Actual	2014 Budget	2013 Actual	2014 Budget	2014 Actual	2013 Actual
Revenues								
AANDC	\$ 3,027,523	\$ 1,491,889	\$ 2,725,700	\$ 75,000	\$ 75,000	\$ 80,000	\$ 65,000	\$ 65,000
AANDC (Recovery)								(2,824)
AANDC (Unencumbered)								-
Health Canada								-
Province of British Columbia								-
Other revenue								-
Total revenue	3,027,523	1,468,628	2,290,131	158,000	104,879	172,968	-	237,060
Expenses								222,235
Wages and benefits								
Training								
Travel								
Repairs and maintenance								
Other expenses	28,459	1,343,073	2,542,940	15,663	86,518	47,250		176,390
Total expenses	28,459	1,556,169	2,724,824	75,001	147,759	108,170		245,605
Annual surplus (deficit)	\$ 2,999,064	\$ (87,541)	\$ (434,693)	\$ 82,999	\$ (42,880)	\$ 64,798	\$ (50,067)	\$ (23,370)

DAYLU DENA COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

22. SEGMENTED INFORMATION, continued

	Economic Development		Tangible Capital Assets Fund		Social Housing Fund	
	2014 Budget	2014 Actual	2013 Budget	2014 Actual	2013 Budget	2014 Actual
Revenues						
ANDC	\$ 50,559	\$ 47,999	\$ -	\$ -	\$ -	\$ -
ANDC (Unencumbered)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Canada Mortgage and Housing Corporation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other revenue	100,563	149,250	598,327	\$ -	\$ -	\$ -
Total revenue	100,563	199,809	646,326	\$ -	\$ -	\$ -
Expenses						
Wages and benefits	35,919	13,290	\$ -	\$ -	\$ -	\$ -
Training	\$ -	8,368	\$ -	\$ -	\$ -	\$ -
Travel	30,755	24,319	\$ -	\$ -	\$ -	\$ -
Other expenses	177,953	323,601	\$ -	\$ -	\$ -	\$ -
Total expenses	244,627	369,578	\$ -	\$ -	\$ -	\$ -
Other	100,563	(44,818)	276,748	\$ -	(430,914)	(154,759)
Annual surplus (deficit)	\$ 100,563	\$ (44,818)	\$ 276,748	\$ (430,914)	\$ (154,759)	\$ (37,886)

DAYLU DENA COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

22. SEGMENTED INFORMATION, continued

	Business Enterprise Fund			Consolidated totals		
	2014 Budget	2014 Actual	2013 Actual	2014 Budget	2014 Actual	2013 Actual
Revenues						
AANDC	\$ -	\$ -	\$ -	\$ -	\$ 3,411,297	\$ 3,014,458
AANDC (Recovery)						
AANDC (Unencumbered)						
Canada Mortgage and Housing Corporation						
Health Canada						
Province of British Columbia						
Other revenue						
Total revenue						
Expenses						
Wages and benefits						
Training						
Travel						
Repairs and maintenance						
Other expenses						
Total expenses						
Other						
Annual surplus (deficit)	\$ -	\$ (73,129)	\$ (89,379)	\$ 3,387,044	\$ (919,957)	\$ (431,138)