

# **DAYLU DENA COUNCIL**

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**CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

# **DAYLU DENA COUNCIL**

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**CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

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## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

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# DAYLU DENA COUNCIL

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING MARCH 31, 2015

The accompanying consolidated financial statements of **Daylu Dena Council** are the responsibility of management and have been approved by the Deputy 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, Reid Hurst Nagy Inc., 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 Cathuk  
Deputy Chief

  
Councillor

Nov. 9, 2015  
Date

November 6, 2015  
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, 2015**, and the consolidated statements of revenue and expenses, change in net financial assets (debt), accumulated surplus 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, 2015 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, 2015** and operations, the changes in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Emphasis of Matter*

Without qualifying our opinion, we draw attention to our understanding that several housing units located on the Daylu Dena Council land cannot be adequately insured as such insurance is predicated on the installation of adequate fire prevention devices such as fire hydrants as well as a secondary access to the Daylu Dena Council lands.



CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.  
November 4, 2015

# DAYLU DENA COUNCIL

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2015

	2015	2014
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 4)	\$ 1,082,058	\$ 1,162,838
Held for trading investments (Note 5)	54,073	53,671
Accounts receivable (Note 6)	730,781	477,555
Portfolio investments (Note 7)	211	24,485
Investment in Government Business Enterprises (Note 8)	676,301	508,773
	<hr/> 2,543,424	<hr/> 2,227,322
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 9)	1,505,384	999,195
Deferred revenue (Note 10)	1,188,322	678,677
Long-term debt (Note 11)	33,076	42,600
Replacement reserve (Note 12)	46,081	64,212
	<hr/> 2,772,863	<hr/> 1,784,684
<b>NET FINANCIAL ASSETS (DEBT)</b>	<b>(229,439)</b>	<b>442,638</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 13)	6,418,093	6,830,221
Prepaid expenses	30,304	12,511
	<hr/> 6,448,397	<hr/> 6,842,732
<b>ACCUMULATED SURPLUS (Note 14)</b>	<b>\$ 6,218,958</b>	<b>\$ 7,285,370</b>

APPROVED ON BEHALF OF THE DAYLU DENA COUNCIL

Walter Carlick, Deputy Chief

J. G., Councillor

# DAYLU DENA COUNCIL

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## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT) FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
<b><u>ANNUAL DEFICIT</u></b>	<b><u>\$ (1,066,412)</u></b>	<b><u>\$ (919,955)</u></b>
Acquisition of tangible capital assets	(115,243)	(74,498)
Amortization of tangible capital assets	527,371	519,111
	412,128	444,613
Acquisition of prepaid assets	(30,304)	(12,511)
Use of prepaid assets	12,511	814
	(17,793)	(11,697)
Acquisition of renovations in progress	-	163,000
<b>DECREASE IN NET FINANCIAL ASSETS</b>	<b>(672,077)</b>	<b>(324,039)</b>
<b><u>NET FINANCIAL ASSETS, BEGINNING OF YEAR</u></b>	<b><u>442,638</u></b>	<b><u>766,677</u></b>
<b><u>NET FINANCIAL ASSETS (DEBT), END OF YEAR</u></b>	<b><u>\$ (229,439)</u></b>	<b><u>\$ 442,638</u></b>

# DAYLU DENA COUNCIL

## CONSOLIDATED STATEMENT OF REVENUE AND EXPENSES FOR THE YEAR ENDED MARCH 31, 2015

	2015 Budget	2015 Actual	2014 Actual
<b>REVENUE</b>			
AANDC	\$ -	\$ 3,233,347	\$ 3,014,458
AANDC Recovery	-	(275,346)	(177,970)
Canada Mortgage and Housing Corporation	-	6,855	8,623
Department of Justice Canada	-	35,235	-
First Nation Health Authority	-	537,482	239,126
Health Canada	-	-	312,609
Province of British Columbia	-	211,033	240,619
Funding from First Nation Organizations	-	210,304	439,322
Net income from Government Business Enterprises	-	69,908	(73,129)
Rental	-	23,531	61,662
Loss on portfolio investments	-	(24,274)	(41,341)
Others	-	434,218	654,385
Deferred revenue beginning of year	-	678,677	606,908
Deferred revenue end of year	-	(1,188,322)	(678,677)
	-	3,952,648	4,606,595
<b>EXPENSES</b>			
Band Government	-	1,102,735	1,151,795
Education	-	527,285	529,554
Social Development	-	262,741	264,941
Aboriginal Justice	-	72,776	67,000
Child and Family	-	196,477	256,282
Health and Wellness	-	544,598	845,630
Infrastructure	-	1,648,389	1,556,168
Land and Resources	-	57,031	147,759
Capital Maintenance	-	194,494	287,127
Economic Development	-	354,593	244,626
Social Housing Fund	-	57,941	175,668
	-	5,019,060	5,526,550
<b>ANNUAL DEFICIT</b>	<b>\$ -</b>	<b>\$ (1,066,412)</b>	<b>\$ (919,955)</b>

# DAYLU DENA COUNCIL

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## CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>		
As previously stated	\$ 7,285,370	\$ 7,992,320
Prior period adjustments	-	213,005
As restated	7,285,370	8,205,325
<b>ANNUAL DEFICIT</b>	<b>(1,066,412)</b>	<b>(919,955)</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 6,218,958</b>	<b>\$ 7,285,370</b>

# DAYLU DENA COUNCIL

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
<b>OPERATING ACTIVITIES</b>		
Annual deficit	\$ (1,066,412)	\$ (919,955)
Items not affecting cash:		
Income from Iyon Kechika Contracting Ltd.	(69,908)	73,129
Amortization	527,371	519,111
	<hr/>	<hr/>
	(608,949)	(327,715)
Change in non-cash items on statement of financial position:		
Accounts receivable	(253,227)	1,559,543
Prepaid expenses	(17,793)	(11,697)
Renovations in progress	-	163,000
Accounts payable and accrued liabilities	506,190	(488,855)
Deferred revenue	509,645	22,883
Replacement reserve	(18,131)	(79,934)
	<hr/>	<hr/>
	117,735	837,225
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(115,244)	(74,498)
<b>FINANCING ACTIVITIES</b>		
Principal repayment on long-term debt	(9,524)	(13,699)
Investment in Government Business Enterprises	(97,619)	(180,088)
	<hr/>	<hr/>
	(107,143)	(193,787)
<b>INVESTING ACTIVITIES</b>		
Investment in market securities	24,274	110,872
Investment in held for trading investments	(402)	(423)
	<hr/>	<hr/>
	23,872	110,449
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(80,780)</b>	<b>679,389</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,162,838</b>	<b>483,449</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,082,058</b>	<b>\$ 1,162,838</b>

The accompanying notes are an integral part of the financial statements

# **DAYLU DENA COUNCIL**

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## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** **MARCH 31, 2015**

### **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 consolidated 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) Adoption of New Public Sector Accounting (PSA) Standards**

On April 1, 2014, the Council adopted the new Public Sector Accounting (PSA) standard PS3260 Liability for Contaminated Sites. Detailed information on the impact of the adoption of this new PSA standard is provided in Note 3 Accounting Changes.

#### **(b) Principles of Consolidation**

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of entities which are controlled by the Council. Controlled entities are consolidated, except for government business enterprises (GBE) which are accounted for by the modified equity method. All inter-fund and inter-organization transactions and balances have been eliminated on consolidation.

The Council records its investments in GBE on the modified equity basis. Under the modified equity basis, the GBE accounting policies are not adjusted to conform with those of the First Nation and inter-entity transactions and balances are not eliminated. The Council recognizes its equity interest in the annual earnings or loss of the GBE in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends or other cash distributions that the Council may receive from the GBE will be reflected as deductions in the investment asset account.

Entities 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.

# DAYLU DENA COUNCIL

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

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

#### (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.

#### (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

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

### 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

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

### 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.

#### (i) Financial Instruments

Financial instruments are initially classified upon initial recognition as a fair value or an amortized cost instrument. The fair value category includes investments in equity instruments that are quoted in an active market, and any other items elected by the Council to be recorded at fair value. All other financial instruments, including financial instruments with related parties for which fair value cannot be estimated, are recorded at amortized cost. Transaction costs directly attributable to the acquisition or issue of a financial instrument are added to the amortized cost or expensed if related to instruments recorded on a fair value basis. The effective interest rate method is used to measure interest for financial instruments recorded at amortized cost.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss, calculated as the excess of the net recoverable amount of the asset and its carrying value, is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

# DAYLU DENA COUNCIL

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

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

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

The Council's financial instruments consist of cash and cash equivalents, accounts receivable, portfolio investments, deferred revenue, accounts payable and accrued liabilities. It is management's opinion that the Tribal Council is not exposed to significant interest rate, market, currency, credit, or liquidity risks arising from these financial instruments and that the fair value of these financial instruments approximate their carrying values.

#### (i) Measurement Uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards for governments requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Items requiring the use of significant estimates include amortization. Actual results could differ from those estimates.

### 3. ACCOUNTING CHANGES

On April 1, 2014, the Council adopted the new PS3260 Liability for Contaminated Sites standard. This section establishes standards on how to account for and report a liability associated with the remediation of contaminated sites. Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds the maximum acceptable concentrations under an environmental standard. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Council:
  - is directly responsible; or
  - accepts responsibility;
- the Council expects that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The adoption of the new PS3260 standard has not resulted in any changes to the measurement and recognition of liabilities in the Tribal Council 2015 financial statements.

# DAYLU DENA COUNCIL

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

### 4. CASH AND CASH EQUIVALENTS

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Daylu Dena Council must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement reserve. Cash and cash equivalents are comprised of the following:

	2015	2014
Externally restricted:		
Replacement Reserve	\$ 129,825	\$ 129,759
Forest Range	132,684	151,225
CMHC Housing	1,742	961
	<hr/> 264,251	<hr/> 281,945
Internally restricted:		
Social Assistance	162,965	230,559
Unrestricted:		
Operating	654,842	650,334
<b>Total Cash and Cash Equivalents</b>	<b>\$ 1,082,058</b>	<b>\$ 1,162,838</b>

#### Externally restricted - Replacement Reserve:

At year end, the reserve was over funded by \$83,744 (2014 - over funded by \$65,547).

#### Externally restricted - Forest Range:

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

#### Externally restricted - CMHC Housing:

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

#### Internally restricted - Social Assistance:

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

# DAYLU DENA COUNCIL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

### 5. HELD FOR TRADING INVESTMENTS

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

	2015	2014
GIC at 0.5% per annum maturing in March 2016	\$ 51,311	\$ 50,927
Mutual Fund	2,762	2,744
	<b>\$ 54,073</b>	<b>\$ 53,671</b>

### 6. ACCOUNTS RECEIVABLE

	2015	2014
<b>Due from Government Organizations:</b>		
Aboriginal Affairs and Northern Development Canada	\$ 608,793	\$ 198,210
First Nation Health Authority	-	22,272
Canada Mortgage and Housing Corporation	556	649
Province of British Columbia	14,419	26,019
	<b>623,768</b>	<b>247,150</b>
<b>Due from members:</b>		
Rent receivable	145,354	126,380
Payroll advance	4,589	11,051
	<b>149,943</b>	<b>137,431</b>
<b>Due from others:</b>		
Others	134,122	235,932
	907,833	620,513
Allowance for doubtful accounts	(177,052)	(142,958)
	<b>\$ 730,781</b>	<b>\$ 477,555</b>

### 7. PORTFOLIO INVESTMENTS

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

	2015	2014
Investment in publicly trade shares at cost	\$ 7,257	\$ 7,257
Unrealized (loss) / gain	(7,046)	17,228
	<b>\$ 211</b>	<b>\$ 24,485</b>

# DAYLU DENA COUNCIL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

### 8. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

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

	2015	2014
Investment in Lyon Kechika Contracting Ltd.	\$ 357,987	\$ 288,080
Due from Lyon Kechika Contracting Ltd.	180,686	83,065
Investment in Yukon Indian Development Corporation	137,628	137,628
	<b>\$ 676,301</b>	<b>\$ 508,773</b>

### 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014
Trade payable	\$ 1,445,711	\$ 920,302
Wages payable	27,916	10,300
Payroll deduction	1,526	17,264
Vacation payable	26,845	47,418
Pension payable	3,386	3,911
	<b>\$ 1,505,384</b>	<b>\$ 999,195</b>

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 \$17,200 (2014: \$15,178) for retirement benefits. The Council does not have any other obligations with regards to the pension plan as at March 31, 2015.

### 10. DEFERRED REVENUE

	March 31, 2014	Funding received, 2015	Revenue recognized, 2015	March 31, 2015
<b>AANDC:</b>				
Fixed contribution	\$ 507,703	\$ 1,158,023	\$ (927,834)	\$ 737,892
Set contribution	170,974	1,809,265	(1,529,809)	450,430
	<b>\$ 678,677</b>	<b>\$ 2,967,288</b>	<b>\$ (2,457,643)</b>	<b>\$ 1,188,322</b>

# DAYLU DENA COUNCIL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

### 11. LONG-TERM DEBT

	2015	2014
The CMHC housing loan is payable at \$355 per month including principal and interest at 3.75% per annum and matured on June 1, 2014.	\$ -	\$ 1,060
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.	33,076	41,540
	<b>\$ 33,076</b>	<b>\$ 42,600</b>
Principal portion of long-term debt due within the next five years:		
2016	\$ 8,778	
2017	9,117	
2018	9,468	
2019	5,713	
	<b>\$ 33,076</b>	

### 12. REPLACEMENT RESERVE

Under the terms of the agreement with CMHC, the Replacement Reserve account is to be credited in the amount of \$3,207 (2014: \$3,951) 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, 2015 by an amount of \$83,744 (2014: overfunded \$65,547).

	2015	2014
Balance, beginning of year	\$ 64,212	\$ 144,146
Opening balance adjustment for matured units	(21,404)	(83,950)
Replacement reserve allocation	3,207	3,951
Interest	66	65
	<b>\$ 46,081</b>	<b>\$ 64,212</b>

# DAYLU DENA COUNCIL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

### 13. TANGIBLE CAPITAL ASSETS

	<u>2015</u> <u>Cost</u>		<u>2015</u> <u>Accumulated amortization</u>				2015 net book value
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	
CMHC Social Housing	\$ 595,480	\$ (312,683)	\$ 282,797	\$ 547,774	\$ (303,170)	\$ 244,604	\$ 38,193
Building	7,700,909	312,683	8,013,592	2,089,822	613,664	2,703,486	5,310,106
Equipment	717,831	28,321	746,152	391,703	95,817	487,520	258,632
Vehicles	856,644	86,922	943,566	856,644	26,077	882,721	60,845
Infrastructure	1,899,668	-	1,899,668	1,054,368	94,983	1,149,351	750,317
	<b>\$ 11,770,532</b>	<b>\$ 115,243</b>	<b>\$ 11,885,775</b>	<b>\$ 4,940,311</b>	<b>\$ 527,371</b>	<b>\$ 5,467,682</b>	<b>\$ 6,418,093</b>
	<u>2014</u> <u>Cost</u>	<u>2014</u> <u>Accumulated amortization</u>	2014 Net book value				
	Balance, beginning of year	Additions		Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year
CMHC Social Housing	\$ 771,881	\$ (176,401)	\$ 595,480	\$ 710,476	\$ (162,702)	\$ 547,774	\$ 47,706
Building	7,524,508	176,401	7,700,909	1,612,441	477,381	2,089,822	5,611,087
Equipment	643,333	74,498	717,831	290,234	101,469	391,703	326,128
Vehicles	856,644	-	856,644	848,664	7,980	856,644	-
Infrastructure	1,899,668	-	1,899,668	959,385	94,983	1,054,368	845,300
	<b>\$ 11,696,034</b>	<b>\$ 74,498</b>	<b>\$ 11,770,532</b>	<b>\$ 4,421,200</b>	<b>\$ 519,111</b>	<b>\$ 4,940,311</b>	<b>\$ 6,830,221</b>

# DAYLU DENA COUNCIL

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

### 14. ACCUMULATED SURPLUS

	2015	2014
Unrestricted		
Band Government	\$ (656,558)	\$ 77,147
Business Enterprise Fund	495,616	425,708
Invested in Tangible Capital Assets	6,379,900	6,782,515
	<b>\$ 6,218,958</b>	<b>\$ 7,285,370</b>

### 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, 2015 was \$6,855 (2014: \$8,623).

# DAYLU DENA COUNCIL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

### 16. EXPENSES BY OBJECT

		2015 Budget	2015 Actual	2014 Actual
Contractors	\$ -	\$ 1,782,794	\$ 1,306,808	
Wages and benefits	-	978,206	1,158,385	
Amortization	-	527,371	519,111	
Travel	-	337,082	406,184	
Social Development	-	320,674	205,642	
Professional fees	-	279,567	540,958	
Utilities	-	222,001	255,508	
Administration fees	-	135,967	155,440	
Materials and supplies	-	135,285	361,721	
Insurance	-	66,128	101,801	
Bad debt expense	-	54,403	142,958	
Office	-	40,278	59,158	
Repairs and maintenance	-	26,145	32,757	
Training	-	21,913	8,605	
Other expenses	-	21,792	25,356	
Donations	-	20,140	15,760	
Honoraria	-	15,844	14,225	
Road maintenance	-	11,123	24,760	
Sanitation services	-	6,694	10,168	
Rental	-	5,400	10,744	
Freight	-	3,238	332	
Meals and entertainment	-	2,606	-	
Advertising and promotion	-	2,377	4,004	
Interest	-	2,032	3,165	
Acquisition of tangible capital assets	-	-	163,000	
	\$ -	\$ 5,019,060	\$ 5,526,550	

# **DAYLU DENA COUNCIL**

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## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** **MARCH 31, 2015**

### **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 or 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.

# DAYLU DENA COUNCIL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

### 21. SEGMENTED INFORMATION

	Band Government			Education			Social Development		
	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual
<b>Revenues</b>									
AANDC	\$ -	\$ 390,929	\$ 468,767	-	\$ 655,695	\$ 548,140	-	\$ 210,258	\$ 278,889
AANDC Recovery	-	(4,080)	(11,100)	-	(4,151)	(34,643)	-	(5,365)	(76,872)
Deferred revenue beginning of year	-	28,216	26,038	-	625	-	-	18,814	63,129
Deferred revenue end of year	-	(13,408)	(28,216)	-	(148,526)	(625)	-	(11,494)	(18,814)
Other revenue	-	100,939	168,655	-	(4,557)	34,775	-	(1)	1
<b>Total revenue</b>	<b>-</b>	<b>502,596</b>	<b>624,144</b>	<b>-</b>	<b>499,086</b>	<b>547,647</b>	<b>-</b>	<b>212,212</b>	<b>246,333</b>
<b>Expenses</b>									
Contractors	-	22,052	49,356	-	454,503	471,574	-	17,102	11,364
Wages and benefits	-	307,880	295,514	-	41,895	62,040	-	22,217	42,983
Amortization	-	517,859	505,412	-	-	-	-	-	-
Travel	-	97,217	120,779	-	4,153	4,973	-	4,583	4,064
Social Development	-	-	-	-	-	-	-	194,918	187,642
Professional fees	-	99,259	104,861	-	357	-	-	4,736	3,492
Utilities	-	87,423	71,129	-	1,960	961	-	488	824
Administration fees	-	14,764	26,408	-	9,652	7,257	-	6,825	9,147
Other expenses	-	(43,719)	(21,664)	-	14,765	(17,251)	-	11,872	5,425
<b>Total expenses</b>	<b>-</b>	<b>1,102,735</b>	<b>1,151,795</b>	<b>-</b>	<b>527,285</b>	<b>529,554</b>	<b>-</b>	<b>262,741</b>	<b>264,941</b>
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ (600,139)</b>	<b>\$ (527,651)</b>	<b>-</b>	<b>\$ (28,199)</b>	<b>\$ 18,093</b>	<b>-</b>	<b>\$ (50,529)</b>	<b>\$ (18,608)</b>

# DAYLU DENA COUNCIL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

### 21. SEGMENTED INFORMATION, continued

	Aboriginal Justice		Child and Family		Health and Wellness				
	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual
<b>Revenues</b>									
AANDC	\$ -	\$ -	\$ -	\$ -	\$ 5,500	\$ 21,214	\$ -	\$ -	\$ -
AANDC Recovery	-	-	-	-	(8,293)	(5,310)	-	497,936	466,968
Other Government Departments	-	35,235	-	-	-	-	-	1,708	-
Province of British Columbia	-	32,175	61,910	-	113,580	113,580	-	135,183	333,189
Funding from First Nation Organizations	-	-	-	-	56,934	106,134	-	-	-
Deferred revenue beginning of year	-	-	-	-	2,693	5,310	-	-	-
Deferred revenue end of year	-	-	-	-	-	(2,693)	-	-	-
Other revenue	-	4,080	1,242	-	21,923	9,525	-	6,929	8,920
<b>Total revenue</b>	-	<b>71,490</b>	<b>63,152</b>	-	<b>192,337</b>	<b>247,760</b>	-	<b>641,756</b>	<b>809,077</b>
<b>Expenses</b>									
Contractors	-	2,273	-	-	49,732	37,977	-	82,561	85,618
Wages and benefits	-	50,680	52,688	-	49,767	89,531	-	156,615	299,253
Travel	-	8,277	2,285	-	33,652	38,689	-	125,967	172,464
Social Development	-	-	-	-	4,110	18,000	-	74	-
Professional fees	-	904	-	-	357	-	-	21,702	22,613
Utilities	-	425	100	-	10,715	16,460	-	14,849	24,111
Administration fees	-	6,127	6,127	-	11,358	13,479	-	69,551	63,898
Other expenses	-	4,090	5,800	-	36,786	42,146	-	73,279	177,673
<b>Total expenses</b>	-	<b>72,776</b>	<b>67,000</b>	-	<b>196,477</b>	<b>256,282</b>	-	<b>544,598</b>	<b>845,630</b>
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ (1,286)\$</b>	<b>(3,848)\$</b>	<b>-</b>	<b>\$ (4,140)\$</b>	<b>(8,522)\$</b>	<b>-</b>	<b>\$ 97,158 \$</b>	<b>(36,553)</b>

# DAYLU DENA COUNCIL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

### 21. SEGMENTED INFORMATION, continued

	Infrastructure			Land and Resources			Capital Maintenance		
	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual
<b>Revenues</b>									
AANDC	\$ -	\$ 1,864,566	\$ 1,491,889	-	\$ -	\$ 75,000	-	\$ -	\$ 80,000
AANDC Recovery	-	(251,104)	(6,069)	-	(2,353)	(43,976)	-	-	-
Other Government Departments	-	-	-	-	-	-	-	39,546	84,767
Province of British Columbia	-	-	-	-	-	65,129	-	-	-
Deferred revenue beginning of year	-	609,200	508,754	-	2,353	-	-	13,349	2,944
Deferred revenue end of year	-	(998,705)	(609,200)	-	-	(2,353)	-	(12,763)	(13,349)
Other revenue	-	12,217	83,254	-	4,500	11,079	-	57,191	82,698
<b>Total revenue</b>	<b>-</b>	<b>1,236,174</b>	<b>1,468,628</b>	<b>-</b>	<b>4,500</b>	<b>104,879</b>	<b>-</b>	<b>97,323</b>	<b>237,060</b>
<b>Expenses</b>									
Contractors	-	901,093	415,055	-	28,236	75,000	-	96,217	110,811
Wages and benefits	-	263,189	191,290	-	-	48,325	-	27,176	40,842
Travel	-	11,213	11,154	-	3,389	7,916	-	-	13,105
Social Development	-	118,526	-	-	-	-	-	-	-
Professional fees	-	106,178	320,944	-	-	3,790	-	2,092	3,500
Utilities	-	70,081	98,846	-	-	-	-	35,954	41,424
Administration fees	-	292	14,690	-	-	2,250	-	3,955	-
Other expenses	-	177,817	504,189	-	25,406	10,478	-	29,100	77,445
<b>Total expenses</b>	<b>-</b>	<b>1,648,389</b>	<b>1,556,168</b>	<b>-</b>	<b>57,031</b>	<b>147,759</b>	<b>-</b>	<b>194,494</b>	<b>287,127</b>
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ (412,215)</b>	<b>\$ (87,540)</b>	<b>-</b>	<b>\$ (52,531)</b>	<b>\$ (42,880)</b>	<b>-</b>	<b>\$ (97,171)</b>	<b>\$ (50,067)</b>

# DAYLU DENA COUNCIL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

### 21. SEGMENTED INFORMATION, continued

	Economic Development			Social Housing Fund		
	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual
<b>Revenues</b>						
AANDC	\$ -	\$ 106,399	\$ 50,559	-	\$ 6,855	\$ -
Other Government Departments	-	63,570	-	-	-	8,623
Province of British Columbia	-	18,188	-	-	-	-
Funding from First Nation Organizations	-	3,426	733	-	-	-
Deferred revenue beginning of year	-	(3,426)	(3,426)	-	-	-
Deferred revenue end of year	-	185,319	151,943	-	44,935	122,612
Other revenue	-					
<b>Total revenue</b>	-	373,476	199,809	-	51,790	131,235
<b>Expenses</b>						
Contractors	-	129,024	50,053	-	-	-
Wages and benefits	-	58,788	35,919	-	-	-
Amortization	-	-	-	-	9,512	13,699
Travel	-	48,632	30,755	-	-	-
Social Development	-	3,047	-	-	-	-
Professional fees	-	39,482	77,258	-	4,500	4,500
Utilities	-	106	1,652	-	-	-
Administration fees	-	9,065	7,299	-	4,378	4,886
Other expenses	-	66,449	41,690	-	39,551	152,583
<b>Total expenses</b>	-	354,593	244,626	-	57,941	175,668
<b>Annual surplus (deficit)</b>	\$ -	\$ 18,883	\$ (44,817)	-	\$ (6,151)	\$ (44,433)

# DAYLU DENA COUNCIL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

### 21. SEGMENTED INFORMATION, continued

	Business Enterprise Fund			Consolidated totals		
	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual
<b>Revenues</b>						
AANDC	\$ -	\$ -	\$ -	\$ -	\$ 3,233,347	\$ 3,014,458
Indian and Northern Affairs Canada - other					(275,346)	(177,970)
Other Government Departments	-	-	-	-	579,572	560,358
Province of British Columbia	-	-	-	-	211,033	240,619
Funding from First Nation Organizations	-	-	-	-	210,305	439,323
Net income from commercial enterprise	-	69,908	(73,129)	-	69,908	(73,129)
Deferred revenue beginning of year	-	-	-	-	678,676	606,908
Deferred revenue end of year	-	-	-	-	(1,188,322)	(678,676)
Other revenue	-	-	-	-	433,475	674,704
<b>Total revenue</b>	-	69,908	(73,129)	-	3,952,648	4,606,595
<b>Expenses</b>						
Contractors	-	-	-	-	1,782,793	1,306,808
Wages and benefits	-	-	-	-	978,207	1,158,385
Amortization	-	-	-	-	527,371	519,111
Travel	-	-	-	-	337,083	406,184
Social Development	-	-	-	-	320,675	205,642
Professional fees	-	-	-	-	279,567	540,958
Utilities	-	-	-	-	222,001	255,507
Administration fees	-	-	-	-	135,967	155,441
Other expenses	-	-	-	-	435,396	978,514
<b>Total expenses</b>	-	-	-	-	5,019,060	5,526,550
<b>Annual surplus (deficit)</b>	\$ -	\$ 69,908	\$ (73,129)	-	\$ (1,066,412)	\$ (919,955)