

DAYLU DENA COUNCIL

FINANCIAL STATEMENTS

MARCH 31, 2016

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INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS

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DAYLU DENA COUNCIL

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING MARCH 31, 2016

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 Chief and 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 Chief and 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:


Deputy Chief

OCT 21 2016
Date


Councillor

OCT 21 2016
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, 2016, and the consolidated statements of remeasurement gains (losses), revenue, expenses and accumulated surplus, change in net debt, cash flows and the related schedules 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.

Auditors' 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 Daylu Dena Council 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 Daylu Dena Council 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 net amount Invested in Tangible Capital Assets.

Daylu Dena Council holds 5.9% of the shares in Yukon Indian Development Corporation Ltd., a government business enterprise. 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, 2016 are not available. We are not able to determine whether any adjustments might be necessary to the enterprise fund balance or income (loss) from the government business enterprise.

Daylu Dena Council established a service station operation during the fiscal year and held \$115,742 in inventory for resale at March 31, 2016. We were unable to satisfy ourselves as to the carrying value of the inventory for resale as we were advised of the commencement of the new service station operation after March 31, 2016. Thus we were not able to schedule a physical inventory count at the March 31, 2016. The reported inventory balances were calculated based on the total purchases net of the estimated cost of goods sold. Accordingly, we are not able to determine whether any adjustments might be necessary to the inventory for resale and cost of goods sold.

Qualified opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, present fairly, in all material respects, the financial position of the Daylu Dena Council as at March 31, 2016 and the results of its operations, the changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



REID HURST NAGY INC.
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
October 22, 2016

DAYLU DENA COUNCIL

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2016

	2016	2015
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	1,506,274	1,082,058
Held for trading investments (Note 4)	54,336	54,073
Accounts receivable (Note 5)	1,080,994	730,781
Portfolio investments (Note 6)	-	211
Investment in government business enterprises (Note 7)	714,452	676,301
Inventory for resale	115,742	-
	<u>3,471,798</u>	<u>2,543,424</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 8)	1,873,353	1,505,384
Deferred revenue (Note 9)	1,227,492	1,188,322
Long-term debt (Note 10)	1,195,071	33,076
Replacement reserve (Note 11)	49,246	46,081
	<u>4,345,162</u>	<u>2,772,863</u>
NET DEBT	(873,364)	(229,439)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 12)	7,380,808	6,418,093
Prepaid expenses	33,626	30,304
	<u>7,414,434</u>	<u>6,448,397</u>
ACCUMULATED SURPLUS (Note 13)	6,541,070	6,218,958

APPROVED ON BEHALF OF DAYLU DENA COUNCIL

Walter Cacok, Deputy Chief

John, Councillor

DAYLU DENA COUNCIL

STATEMENT OF REMEASUREMENT GAINS (LOSSES) FOR THE YEAR ENDED MARCH 31, 2016

	2016	2015
	\$	\$
ACCUMULATED REMEASUREMENT LOSSES, BEGINNING OF YEAR	(49,847)	(25,573)
UNREALIZED GAINS ATTRIBUTABLE TO Portfolio investments	-	(24,274)
AMOUNTS RECLASSIFIED TO THE STATEMENT OF OPERATIONS Portfolio investments	49,847	-
NET REMEASUREMENT GAINS (LOSSES)	49,847	(24,274)
ACCUMULATED REMEASUREMENT LOSSES, END OF YEAR	-	(49,847)

DAYLU DENA COUNCIL

STATEMENT OF CHANGE IN NET DEBT FOR THE YEAR ENDED MARCH 31, 2016

	2016	2015
	\$	\$
<u>ANNUAL SURPLUS (DEFICIT)</u>	322,112	(1,066,412)
Acquisition of tangible capital assets	(1,557,251)	(115,244)
Amortization of tangible capital assets	594,536	527,372
	(962,715)	412,128
Acquisition of prepaid assets	(33,626)	(30,304)
Use of prepaid assets	30,304	12,511
	(3,322)	(17,793)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(643,925)	(672,077)
<u>NET (DEBT) FINANCIAL ASSETS, BEGINNING OF YEAR</u>	(229,439)	442,638
<u>NET DEBT, END OF YEAR</u>	(873,364)	(229,439)

DAYLU DENA COUNCIL

STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS FOR THE YEAR ENDED MARCH 31, 2016

	2016 Budget	2016 Actual	2015 Actual
	\$	\$	\$
REVENUE			
Indigenous and Northern Affairs Canada	3,287,884	3,214,296	3,233,347
Funding reimbursement (recovery)	-	(349,671)	(254,424)
Canada Mortgage and Housing Corporation	-	6,530	6,855
Department of Justice Canada	-	31,712	35,235
First Nation Health Authority	562,600	633,315	516,560
Province of British Columbia	310,490	202,706	209,325
Funding from First Nation Organizations	113,902	243,196	210,304
Net income from government business enterprises	-	81,564	69,908
Other	124,063	1,017,928	435,183
Deferred revenue, beginning of year	-	1,184,896	678,677
Deferred revenue, end of year	-	(1,248,893)	(1,188,322)
	4,398,939	5,017,579	3,952,648
EXPENSES			
Band Government	323,598	570,456	1,102,735
Education	533,828	672,356	527,565
Social Development	368,099	178,925	262,741
Aboriginal Justice	61,270	58,910	72,776
Child and Family	130,980	180,480	196,197
Health and Wellness	328,688	770,933	673,506
Infrastructure and Maintenance	66,153	1,494,978	1,778,041
Land Resources	74,325	74,325	299
Economic Development	98,338	656,985	340,958
Social Housing Fund	-	37,119	64,242
	1,985,279	4,695,467	5,019,060
ANNUAL SURPLUS (DEFICIT)	2,413,660	322,112	(1,066,412)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	6,218,958	7,285,370
ACCUMULATED SURPLUS, END OF YEAR	2,413,660	6,541,070	6,218,958

DAYLU DENA COUNCIL

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2016

	2016	2015
	\$	\$
OPERATING ACTIVITIES		
Annual surplus (deficit)	322,112	(1,066,412)
Items not affecting cash:		
Loss (Income) from government business enterprises	(81,564)	(69,908)
Amortization	594,536	527,372
Unrealized loss from portfolio investments	211	24,274
	<hr/>	<hr/>
	835,295	(584,674)
Change in non-cash items on statement of financial position:		
Accounts receivable	(350,212)	(253,227)
Inventory	(115,742)	-
Prepaid expenses	(3,322)	(17,793)
Accounts payable and accrued liabilities	367,976	506,189
Deferred revenue	39,170	509,645
Replacement reserve	3,165	(18,131)
Held for trading investments	(263)	(402)
	<hr/>	<hr/>
	776,067	141,607
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(1,557,251)	(115,244)
FINANCING ACTIVITIES		
Principal repayment on long-term debt	(21,671)	(9,524)
Advances to (from) government business enterprises	43,405	(97,619)
Proceeds from long-term debt	1,183,666	-
	<hr/>	<hr/>
	1,205,400	(107,143)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	424,216	(80,780)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,082,058	1,162,838
CASH AND CASH EQUIVALENTS, END OF YEAR	1,506,274	1,082,058

DAYLU DENA COUNCIL

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

1. NATURE OF OPERATIONS

Daylu Dena Council (the "Council") is a First Nation as defined by the Indian Act. (Recipient #1059) The Council manages various programs offered by Indigenous and Northern Affairs Canada (INAC) and other funding agents to benefit its members.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

The Council reporting entity includes the Daylu Dena Council government and all related entities that are controlled by the Council.

(b) Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Daylu Dena Council's investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Daylu Dena Council.

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 Council. The Corporation operates as a general contractor for the 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

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

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) Portfolio Investments

Portfolio investments are recorded at cost. Portfolio investments are written down where there has been a loss in value that is other than a temporary decline.

(e) Inventories for Resale

Inventories of supplies and goods available for resale are recorded at the lower of cost and net realizable value.

(f) Deferred Revenue

Under the terms of the contribution agreement between the Council, INAC 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.

(g) 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.

(h) Replacement Reserve

The Replacement Reserve represents the amount of revenue to be used or set aside on an annual basis for the replacement of tangible capital assets related to Social Housing funded by Canada Mortgage and Housing Corporation (CMHC). 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 FINANCIAL STATEMENTS MARCH 31, 2016

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

(i) 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 asset 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 Daylu Dena Council's incremental cost of borrowing.

Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Building	25 years Straight line
Computer equipment and software	2 years Straight line
Furniture and equipment	5 years Straight line
Vehicles	3.33 years Straight line
Infrastructure	20 years Straight line

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

Tangible capital assets are written down when conditions indicate that they no longer contribute to Daylu Dena 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 consolidated 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.

DAYLU DENA COUNCIL

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

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

(j) 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.

(k) 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.

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, held for trading investments, portfolio investments, deferred revenue, long-term debt, accounts payable and accrued liabilities. It is management's opinion that the 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.

DAYLU DENA COUNCIL

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

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

(l) Measurement Uncertainty

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 amortization. Actual results could differ from those estimates.

(m) Segments

The Council conducts its business through reportable segments. These operating segments are established by senior management to facilitate the achievement of the Council's long-term objectives, aid in resource allocation decisions, and to assess operational performance. For each reported segment, revenues and expenses represent both amounts that are directly attributed to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

DAYLU DENA COUNCIL

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

3. CASH AND CASH EQUIVALENTS

	2016	2015
	\$	\$
Externally restricted:		
Replacement Reserve	129,890	129,825
CMHC Housing	3,347	1,741
Forest Range	67,792	132,684
	<hr/> 201,029	<hr/> 264,250
Internally restricted:		
Social Assistance	167,572	162,965
Unrestricted:		
Operating	1,137,673	654,843
Total Cash and Cash Equivalents	1,506,274	1,082,058

Externally restricted - Replacement Reserve:

Under the terms of an agreement with CMHC, the 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 CMHC with any interest earned to be credited as revenue to the replacement reserve.

At year end, the reserve was over funded by \$80,644 (2015 - over funded by \$83,744).

Externally restricted - CMHC Housing:

The balance represents cash in the bank restricted for CMHC housing purposes. At year end, \$1,000 of the balance was restricted for Operating Subsidy Reserve.

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.

DAYLU DENA COUNCIL

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

4. HELD FOR TRADING INVESTMENTS

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

	2016	2015
	\$	\$
GIC at 0.6% per annum maturing in March 2017	51,568	51,311
Mutual Fund	2,768	2,762
	54,336	54,073

5. ACCOUNTS RECEIVABLE

	2016	2015
	\$	\$
Due from Government Organizations:		
Indigenous and Northern Affairs Canada	1,004,955	608,793
Canada Mortgage and Housing Corporation	-	556
First Nation Health Authority	5,210	-
Province of British Columbia	13,284	14,419
	1,023,449	623,768
Due from members:		
Rent receivable	159,160	145,354
Payroll advance	3,175	4,589
	162,335	149,943
Due from others:		
Others	79,367	134,122
	1,265,151	907,833
Allowance for doubtful accounts	(184,157)	(177,052)
	1,080,994	730,781

6. PORTFOLIO INVESTMENTS

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

	2016	2015
	\$	\$
Investment in publicly traded shares at cost	-	50,058
Unrealized gain (loss)	-	(49,847)
	-	211

DAYLU DENA COUNCIL

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

7. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

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

	2016	2015
Investment in Iyon Kechika Contracting Ltd. (IKC)	\$ 478,354	\$ 357,977
Due from Iyon Kechika Contracting Ltd.	137,273	180,696
Investment in Yukon Indian Development Corporation (YIDC)	98,825	137,628
	714,452	676,301

The following is the condensed financial statements for Iyon Kechika Contracting Ltd.:

Statement of Financial Position	March 31, 2016	March 31, 2015
Cash	\$ -	\$ 298,256
Accounts receivable	947,456	177,964
Inventory	5,996	-
Capital assets	787,686	471,138
Other assets	-	23,451
Total assets	1,741,138	970,809
	\$	\$
Bank indebtedness	245,601	-
Accounts payable	294,664	196,842
Government remittances	86,735	20,584
Future income taxes	12,361	22,623
Current portion	192,757	63,811
Callable debt	47,581	67,048
Capital lease obligation	252,912	71,003
Shareholder	130,172	170,910
Total liabilities	1,262,783	612,821
	\$	\$
Share capital	1	1
Equity	478,354	357,987
Total equity	478,355	357,988
Total liabilities and equity	1,741,138	970,809

DAYLU DENA COUNCIL

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

7. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES, continued

Income statement For the year ended March 31,	2016	2015
Revenue	\$ 4,823,886	\$ 3,350,711
Others	-	55,000
	4,823,886	3,405,711
Direct costs	3,783,843	2,573,196
General expenses	904,704	750,247
Income taxes	14,972	12,360
Total expenses	4,703,519	3,335,803
Net income	120,367	69,908

During the year, the Council paid \$445,674 (2015: \$211,027) to Lyon Kechika Contracting Ltd. for services performed and collected \$41,060 (2015: \$44,567) for expenses incurred. These transactions are in the normal course of operations and are measured at the exchange value, which approximates the arm's length equivalent value for services rendered.

The financial information for Yukon Indian Development Corporation for the year ended March 31, 2016 is not available as of the date of this report.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015
Trades payable	\$ 828,458	\$ 757,143
Due to Indigenous and Northern Affairs Canada	975,165	686,437
Wages payable	32,630	27,916
Vacation payable	22,253	26,845
Government remittances	14,120	3,657
Pension payable	727	3,386
	1,873,353	1,505,384

The vacation liability is comprised of the vacation 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 \$20,859 (2015: \$17,200) for retirement benefits. The Council does not have any other obligations with regards to the pension plan as at March 31, 2016.

DAYLU DENA COUNCIL

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

9. DEFERRED REVENUE

	2016	2015
Indigenous and Northern Affairs Canada - SET Funding	\$ 670,358	\$ 450,430
Indigenous and Northern Affairs Canada - FIXED Funding	476,596	737,892
First Nation Health Authority - SET Funding	80,538	-
	1,227,492	1,188,322

10. LONG-TERM DEBT

	2016	2015
Demand loan from BMO is payable at \$8,289 per month including principal and interest at prime plus 0.75% per annum and matures on July 29, 2030.	\$ 1,123,591	-
Loan from All Nation Trust is payable at \$1,250 per month including principal and interest at 8.25% per annum and matures on November 1, 2019.	47,259	-
Loan from CIBC is payable at \$823 per month including principal and interest at 2.04% (2015: 3.79%) per annum and matures on November 1, 2017.	24,221	33,076
	1,195,071	33,076

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

2017	61,679
2018	63,841
2019	66,078
2020	68,394
2021 and thereafter	935,079
	1,195,071

	2016	2015
Interest expense for the year on long-term debt	\$ 8,803	\$ 1,393

DAYLU DENA COUNCIL

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

11. REPLACEMENT RESERVE

Under the terms of the agreement with CMHC, the Replacement Reserve account is to be credited in the amount of \$3,100 (2015: \$3,207) 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, 2016 by an amount of \$80,644 (2015: overfunded \$83,744).

	2016	2015
Balance, beginning of year	\$ 46,081	\$ 64,212
Contributions, required during the year	3,100	3,207
Interest	65	66
Opening balance adjustment for matured units	-	(21,404)
	49,246	46,081

DAYLU DENA COUNCIL

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

12. TANGIBLE CAPITAL ASSETS

	<u>2016</u>		<u>2015</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
	<u>Balance, beginning of year</u>	<u>Additions</u>	<u>Balance, end of year</u>	<u>Balance, beginning of year</u>
CMHC Social Housing	\$ 282,797	\$ 282,797	\$ 244,604	\$ 8,868
Building	8,013,592	771,229	8,784,821	331,829
Computer equipment and software	-	1,700	-	850
Furniture and equipment	746,153	160,876	907,029	487,521
Vehicles	943,566	-	943,566	882,721
Infrastructure	1,899,668	63,000	1,962,668	1,149,351
Construction in progress	-	560,446	560,446	-
	11,885,776	1,557,251	13,443,027	5,467,683
				594,536
				6,062,219
				7,380,808
CMHC Social Housing	\$ 595,480	(\$312,683)	\$ 282,797	\$ 547,774
Building	7,700,909	312,683	8,013,592	2,089,822
Furniture and equipment	717,831	28,322	746,153	391,703
Vehicles	856,644	86,922	943,566	856,644
Infrastructure	1,899,668	-	1,899,668	1,054,368
	11,770,532	115,244	11,885,776	4,940,311
				527,372
				5,467,683
				6,418,093

DAYLU DENA COUNCIL

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

13. ACCUMULATED SURPLUS

	2016	2015
	\$	\$
Unrestricted		
Operations	(311,266)	(661,676)
Business Enterprise Fund	577,180	495,616
Net Invested in Tangible Capital Assets	6,185,737	6,385,018
	6,451,651	6,218,958

14. EXPENSES BY OBJECT

	2016 Budget	2016 Actual	2015 Actual
	\$	\$	\$
Wages and benefits	489,746	1,249,491	977,807
Amortization	-	594,536	527,371
Tuition fee	439,869	474,656	437,044
Contractors	144,997	381,639	1,350,363
Travel	112,992	354,646	337,083
Cost of goods sold	-	247,900	-
Materials and supplies	66,673	334,929	260,691
Professional fees	115,720	230,861	279,566
Utilities	40,291	204,571	233,542
Social assistance payments	330,079	131,583	199,028
Administration fee	43,910	120,989	135,967
Insurance	38,700	101,936	66,128
Training	49,027	51,214	22,233
Donations	3,000	43,125	20,590
Office supplies	19,976	43,483	22,848
Bad debts	-	30,845	54,403
Honorarium	28,400	25,041	15,844
Interest	1,128	25,154	2,032
Repairs and maintenance	11,467	17,979	28,079
Workshops	4,500	7,720	-
Other expenses	8,513	6,250	21,798
Freight	-	5,171	3,238
Tangible capital assets purchase	32,591	4,500	13,998
Advertising and promotions	1,200	4,228	1,927
Rental	2,500	2,012	5,400
Sanitation services	-	1,008	2,080
	1,985,279	4,695,467	5,019,060

15. GUARANTEES

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.

DAYLU DENA COUNCIL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

16. ECONOMIC DEPENDENCE

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

17. 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.

18. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Chief and Council.

19. COMPARATIVE AMOUNTS

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

DAYLU DENA COUNCIL

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

20. SEGMENTED INFORMATION

	Band Government		Education		Social Development		\$
	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2015 Actual	2016 Budget	
Revenues							
INAC	346,271	346,271	388,329	686,602	658,295	187,903	190,103
Funding from First Nation Organizations	-	-	95,895	79,074	-	-	210,258
Other revenue	-	192,122	114,267	-	(156,949)	(159,208)	-
Total revenue	346,271	538,393	502,596	782,497	608,727	499,087	155,122
Expenses							
Wages and benefits	208,800	347,486	307,880	56,644	100,904	42,175	31,000
Contractors	4,000	21,536	22,052	8,400	600	17,459	7,950
Travel	15,000	89,345	97,217	972	14,130	4,153	1,774
Materials and supplies	4,270	9,183	1,936	11,805	19,638	10,268	1,672
Professional fees	56,800	85,842	99,259	-	3,225	357	7,688
Utilities	19,200	57,764	87,423	1,676	2,717	2,699	100
Social Development	-	-	-	-	-	312,079	334
Tuition fee	15,528	(40,700)	486,968	439,869	474,656	437,044	118,293
Other expenses				14,462	56,486	13,410	5,836
Total expenses	323,598	570,456	1,102,735	533,828	672,356	527,565	368,099
Annual surplus (deficit)	22,673	(32,063)	(600,139)	248,669	(63,629)	(28,478)	(180,196)
							(23,803)
							(50,529)

DAYLU DENA COUNCIL

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

20. SEGMENTED INFORMATION, continued

	2016		Aboriginal Justice		Child and Family		2016		Health and Wellness	
	Budget	2016 Actual	2015 Actual	2015 Budget	2016 Actual	2015 Actual	Budget	2016 Actual	2016 Actual	2015 Actual
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
INAC	-	-	31,712	35,235	-	14,000	14,000	5,500	-	537,482
Other Federal Government Departments	-	-	-	-	-	-	-	562,600	633,315	-
Province of British Columbia	58,910	27,198	-	32,175	113,580	113,580	113,580	-	-	135,183
Funding from First Nation Organizations	-	-	-	-	42,417	56,934	56,934	12,000	90,698	-
Other revenue	-	-	-	4,080	30,500	16,882	16,323	18,000	(63,682)	65,828
Total revenue	58,910	58,910	71,490	158,080	186,879	192,337	192,337	592,600	660,331	738,493
Expenses										
Wages and benefits	42,625	44,222	50,680	47,400	57,408	49,487	49,487	101,777	235,441	183,256
Contractors	-	2,273	2,050	15,867	49,732	68,267	68,267	89,348	114,270	-
Travel	2,043	-	8,277	1,500	12,646	33,652	33,652	76,131	164,123	125,967
Materials and supplies	2,000	697	573	8,600	26,626	21,545	21,545	12,960	64,803	37,972
Professional fees	-	-	904	-	4,612	5,357	5,357	5,377	23,055	23,436
Utilities	-	377	425	1,736	7,854	10,715	10,715	11,127	46,672	51,248
Social Development	14,602	13,614	9,644	18,000	13,290	4,110	4,110	-	-	-
Other expenses	-	-	-	51,694	42,177	26,599	26,599	53,049	147,491	137,357
Total expenses	61,270	58,910	72,776	130,980	180,480	196,197	196,197	328,688	770,933	673,506
Annual surplus (deficit)	(2,360)	-	(1,286)	27,100	6,399	(3,860)	263,912	(110,602)	64,987	-

DAYLU DENA COUNCIL

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

20. SEGMENTED INFORMATION, continued

	Infrastructure and Maintenance						Land Resources						Economic Development					
	2016		2016		2015		2016		2016		2015		2016		2016		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenues																		
INAC	1,884,802	1,854,996	1,922,966	74,325	74,325	-	-	-	-	-	93,981	47,999	47,999	47,999	47,999	47,999	47,999	47,999
Province of British Columbia	-	-	-	-	-	-	-	-	-	-	138,000	61,928	61,928	61,928	61,928	61,928	61,928	61,928
Funding from First Nation Organizations	-	-	18,188	-	-	-	-	-	-	-	6,007	31,007	31,007	31,007	31,007	31,007	31,007	31,007
Other revenue	-	(74,381)	(628,026)	-	-	-	-	-	-	-	75,563	704,833	704,833	704,833	704,833	704,833	704,833	704,833
Total revenue	1,884,802	1,780,615	1,313,128	74,325	74,325	-	-	-	-	-	313,551	845,767	845,767	845,767	845,767	845,767	845,767	845,767
Expenses																		
Wages and benefits	1,500	325,845	262,551	-	-	20,000	20,973	20,973	20	-	-	-	116,686	116,686	116,686	116,686	116,686	116,686
Contractors	13,466	149,149	997,977	-	-	10,500	8,918	8,918	-	-	-	20,864	69,018	69,018	69,018	69,018	69,018	69,018
Travel	2,884	27,963	13,811	-	-	13,400	16,670	16,670	-	-	-	2,188	28,286	28,286	28,286	28,286	28,286	28,286
Materials and supplies	11,966	171,233	161,127	-	-	12,425	11,061	11,061	-	-	-	33,430	24,769	24,769	24,769	24,769	24,769	24,769
Professional fees	-	69,558	136,621	-	-	75,188	1,582	1,582	-	-	-	5,427	27,144	27,144	27,144	27,144	27,144	27,144
Utilities	1,025	76,718	130,766	-	-	18,000	15,101	15,101	-	-	-	299	36,429	383,674	383,674	383,674	383,674	383,674
Other expenses	35,312	674,512	130,766	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses	66,153	1,494,978	1,778,041	74,325	74,325	-	-	-	-	-	299	98,338	98,338	98,338	98,338	98,338	98,338	98,338
Annual surplus (deficit)	1,818,649	285,637	(464,913)	-	-	-	(299)	(299)	-	-	215,213	188,782	(39,570)	(39,570)	(39,570)	(39,570)	(39,570)	(39,570)

DAYLU DENA COUNCIL

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

20. SEGMENTED INFORMATION, continued

	Social Housing Fund			Business Enterprise Fund			Consolidated totals		
	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues									
INAC	-	-	-	-	-	-	3,287,884	3,214,296	3,238,347
Other Federal Government Departments	-	6,530	6,855	-	-	-	562,600	671,557	579,572
Province of British Columbia	-	-	-	-	-	-	-	-	-
Funding from First Nation Organizations	-	-	-	-	-	-	310,490	202,706	209,325
Net income from government business enterprises	-	-	-	81,564	69,908	-	113,902	243,196	210,305
Other revenue	-	20,416	45,155	-	-	-	-	-	-
Total revenue	-	26,946	52,010	-	81,564	69,908	69,908	4,398,939	5,017,579
Expenses									
Wages and benefits	-	240	773	-	-	-	489,746	1,249,491	977,807
Contractors	-	-	125	-	-	-	144,997	381,639	1,350,363
Travel	-	-	-	-	-	-	112,992	354,646	337,083
Materials and supplies	-	475	925	-	-	-	66,673	334,928	260,691
Professional fees	-	3,000	4,500	-	-	-	115,720	230,861	279,566
Utilities	-	3,125	4,786	-	-	-	40,291	204,571	233,542
Social Development	-	-	-	-	-	-	330,079	131,583	199,028
Tuition fee	-	30,279	53,133	-	-	-	439,869	474,656	437,044
Other expenses	-	-	-	-	-	-	244,912	1,333,092	943,936
Total expenses	-	37,119	64,242	-	-	-	1,985,279	4,695,467	5,019,060
Annual surplus (deficit)	-	(10,173)	(12,232)	-	81,564	69,908	2,413,660	322,112	(1,066,411)