

DAYLU DENA COUNCIL
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017

DAYLU DENA COUNCIL

CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

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DAYLU DENA COUNCIL

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING MARCH 31, 2017

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.

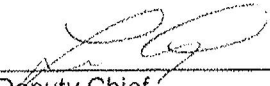
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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 the financial management of Daylu Dena Council and meet when required.

On behalf of Daylu Dena Council:



Deputy Chief

Oct 24 / 17
Date



Councillor

25 Oct 2017
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, 2017, 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, 2017 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.

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 Daylu Dena Council as at March 31, 2017 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.

REID HURST NAGY INC.
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
October 25, 2017

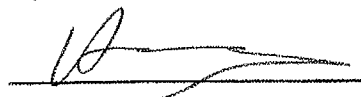
DAYLU DENA COUNCIL

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2017

	2017 \$	2016 \$
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	2,136,570	1,506,274
Held for trading investments (Note 4)	44,635	54,336
Accounts receivable (Note 5)	1,316,202	1,080,994
Investment in government business enterprises (Note 6)	744,066	714,452
Inventory for resale	125,327	115,742
	4,366,800	3,471,798
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	1,405,306	1,873,353
Deferred revenue (Note 8)	2,815,098	1,227,492
Long-term debt (Note 9)	1,320,134	1,195,071
Replacement reserve (Note 10)	52,411	49,246
	5,592,949	4,345,162
NET DEBT	(1,226,149)	(873,364)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 11)	9,357,084	7,380,808
Prepaid expenses	29,247	33,626
	9,386,331	7,414,434
ACCUMULATED SURPLUS (Note 12)	8,160,182	6,541,070

APPROVED ON BEHALF OF THE DAYLU DENA COUNCIL

 Deputy Chief

 Councillor

DAYLU DENA COUNCIL

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS (LOSSES) FOR THE YEAR ENDED MARCH 31, 2017

	2017 \$	2016 \$
ACCUMULATED REMEASUREMENT LOSSES, BEGINNING OF YEAR	-	(25,573)
UNREALIZED GAINS ATTRIBUTABLE TO		
Portfolio investments	-	(24,274)
AMOUNTS RECLASSIFIED TO THE STATEMENT OF OPERATIONS		
Portfolio investments	-	49,847
NET REMEASUREMENT GAINS	-	25,573
ACCUMULATED REMEASUREMENT GAINS, END OF YEAR	-	-

The accompanying notes are an integral part of the financial statements

DAYLU DENA COUNCIL

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT FOR THE YEAR ENDED MARCH 31, 2017

	2017 \$	2016 \$
ANNUAL SURPLUS	1,619,112	322,112
Acquisition of tangible capital assets	(2,665,181)	(1,557,251)
Amortization of tangible capital assets	688,905	594,536
	(1,976,276)	(962,715)
Acquisition of prepaid assets	(29,247)	(33,626)
Use of prepaid assets	33,626	30,304
	4,379	(3,322)
DECREASE IN NET FINANCIAL ASSETS	(352,785)	(643,925)
NET DEBT, BEGINNING OF YEAR	(873,364)	(229,439)
NET DEBT, END OF YEAR	(1,226,149)	(873,364)

The accompanying notes are an integral part of the financial statements

DAYLU DENA COUNCIL

CONSOLIDATED SUMMARY STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS FOR THE YEAR ENDED MARCH 31, 2017

	2017 Budget \$	2017 Actual \$	2016 Actual \$
REVENUE			
Indigenous and Northern Affairs Canada	-	7,994,112	3,214,296
Funding reimbursement (recovery)	-	(425,887)	(349,671)
Canada Mortgage and Housing Corporation	-	6,250	6,530
Department of Justice Canada	-	63,235	31,712
First Nation Health Authority	-	581,538	633,315
Province of British Columbia	-	176,416	202,706
Funding from First Nation Organizations	-	180,103	218,196
Net income from government business enterprises	-	145,035	81,564
Other	-	1,840,041	1,042,928
Deferred revenue, beginning of year	-	1,248,893	1,184,896
Deferred revenue, end of year	-	(2,815,098)	(1,248,893)
	-	8,994,638	5,017,579
EXPENSES			
Band Government	-	1,345,576	1,202,052
Education	-	376,983	672,356
Social Development	-	107,200	178,925
Aboriginal Justice	-	91,908	58,910
Child and Family	-	208,509	180,480
Health and Wellness	-	725,649	741,783
Infrastructure and Maintenance	-	2,763,442	892,532
Land Resources	-	71,356	74,325
Economic Development	-	1,648,853	656,985
Social Housing Fund	-	36,050	37,119
Business Enterprise Fund	-	-	-
	-	7,375,526	4,695,467
ANNUAL SURPLUS	-	1,619,112	322,112
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	6,541,070	6,218,958
ACCUMULATED SURPLUS, END OF YEAR	-	8,160,182	6,541,070

The accompanying notes are an integral part of the financial statements

DAYLU DENA COUNCIL

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017

	2017 \$	2016 \$
OPERATING ACTIVITIES		
Annual surplus	1,619,112	322,112
Items not affecting cash:		
Loss (income) from government business enterprises	(145,035)	(81,564)
Amortization	688,905	594,536
Unrealized loss from portfolio investments	-	211
	2,162,982	835,295
Change in non-cash items on statement of financial position:		
Accounts receivable	(235,208)	(350,212)
Inventory	(9,585)	(115,742)
Prepaid expenses	4,379	(3,322)
Accounts payable and accrued liabilities	(468,047)	367,976
Deferred revenue	1,587,606	39,170
Replacement reserve	3,165	3,165
Held for trading investments	9,701	(263)
	3,054,993	776,067
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(2,665,181)	(1,557,251)
FINANCING ACTIVITIES		
Principal repayment on long-term debt	125,063	(21,671)
Advances to (from) government business enterprises	115,421	43,405
Proceeds from long-term debt	-	1,183,666
	240,484	1,205,400
INCREASE IN CASH AND CASH EQUIVALENTS	630,296	424,216
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,506,274	1,082,058
CASH AND CASH EQUIVALENTS, END OF YEAR	2,136,570	1,506,274

The accompanying notes are an integral part of the financial statements

DAYLU DENA COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

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 CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

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 CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

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 CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

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 CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

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 CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

3. CASH AND CASH EQUIVALENTS

	2017 \$	2016 \$
Externally restricted:		
Replacement Reserve	129,955	129,890
CMHC Housing	4,819	3,347
Forest Range	118,153	67,792
	252,927	201,029
Internally restricted:		
Social Assistance	203,628	167,572
Unrestricted:		
Operating	1,680,015	1,137,673
Total Cash and Cash Equivalents	2,136,570	1,506,274

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 \$77,544 (2016 - over funded by \$80,644).

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 CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

4. HELD FOR TRADING INVESTMENTS

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

	2017 \$	2016 \$
GIC at 0.5% per annum maturing in March 2018	41,860	51,568
Mutual Fund	2,775	2,768
	44,635	54,336

5. ACCOUNTS RECEIVABLE

	2017 \$	2016 \$
Due from Government Organizations:		
Indigenous and Northern Affairs Canada	1,189,581	1,004,955
Department of Justice Canada	6,323	-
First Nation Health Authority	-	5,210
Province of British Columbia	5,919	13,284
	1,201,823	1,023,449
Due from members:		
Rent receivable	168,609	159,160
Payroll advance	2,684	3,175
	171,293	162,335
Due from others:		
Others	111,508	79,367
	1,484,624	1,265,151
Allowance for doubtful accounts	(168,422)	(184,157)
	1,316,202	1,080,994

DAYLU DENA COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

6. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

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

	2017 \$	2016 \$
Investment in Iyon Kechika Contracting Ltd. (IKC)	545,596	478,354
Due from (to) Iyon Kechika Contracting Ltd.	21,851	137,273
Investment in Yukon Indian Development Corporation (YIDC)	176,619	98,825
	744,066	714,452

The following table presents condensed financial information for Iyon Kechika Contracting Ltd. for the year ended March 31, 2017:

	IKC 2017 \$	IKC 2016 \$
Accounts receivable	1,567,095	947,456
Inventory	-	5,996
Capital assets	1,047,936	836,761
Total Assets	2,615,031	1,790,213
Bank indebtedness	297,174	245,601
Accounts payable	731,034	294,664
Government remittances	95,036	84,896
Unearned revenue	173,000	-
Future income taxes	10,567	12,361
Current portion	269,078	193,478
Callable debt	47,581	67,065
Long-term debt	325,039	16,000
Capital lease obligation	91,030	259,845
Shareholder	29,896	130,172
Total Liabilities	2,069,435	1,304,082
Share capital	1	1
Equity	545,595	486,130
Total Equity	545,596	486,131
Total Liabilities and Equity	2,615,031	1,790,213

DAYLU DENA COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

6. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES, continued

	IKC 2017 \$	IKC 2016 \$
Revenue	5,056,579	4,823,886
Total Revenue	5,056,579	4,823,886
Direct costs	4,117,606	3,762,358
General expenses	865,197	925,736
Income taxes	14,311	14,972
Total Expenses	4,997,114	4,703,066
Net Income	59,465	120,820

During the year, the Council paid \$364,363 (2016: \$445,674) to Lyon Kechika Contracting Ltd. for services performed and collected \$254,147 (2015: \$41,060) 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, 2017 is not available as of the date of this report.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017 \$	2016 \$
Trades payable	281,965	828,458
Due to Indigenous and Northern Affairs Canada	1,063,532	975,165
Wages payable	36,087	32,630
Vacation payable	15,405	22,253
Government remittances	8,317	14,120
Pension payable	-	727
	1,405,306	1,873,353

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 \$22,437 (2016: \$20,859) for retirement benefits. The Council does not have any other obligations with regards to the pension plan as at March 31, 2017.

DAYLU DENA COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

8. DEFERRED REVENUE

	2017 \$	2016 \$
Indigenous and Northern Affairs Canada - SET Funding	1,607,613	670,358
Indigenous and Northern Affairs Canada - FIXED Funding	681,917	476,596
Indigenous and Northern Affairs Canada - FLEXIBLE Funding	390,750	-
First Nation Health Authority	134,818	80,538
	2,815,098	1,227,492

9. LONG-TERM DEBT

	2017 \$	2016 \$
Demand loan from BMO is payable at \$8,289 per month including principal and interest at prime plus 0.75% per annum and matures in July 2030.	1,061,913	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 in November 2019.	35,732	47,259
Loan from BMO is payable at \$3,952 per month including principal and interest at prime plus 0.75% per annum and matures in December 2021.	207,492	-
Loan from CIBC is payable at \$803 per month including principal and interest at 2.04% per annum and matures in November 2017.	14,997	24,221
	1,320,134	1,195,071

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

2018	126,102
2019	126,847
2020	121,288
2021	115,786
2022 and thereafter	830,111
	1,320,134

	2017 \$	2016 \$
Interest expense for the year on long-term debt	43,523	8,803

DAYLU DENA COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

10. REPLACEMENT RESERVE

Under the terms of the agreement with CMHC, the Replacement Reserve account is to be credited in the amount of \$3,100 (2016: \$3,100) 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, 2017 by an amount of \$77,544 (2016: overfunded \$80,644).

	2017	2016
	\$	\$
Balance, beginning of year	49,246	67,485
Contributions, required during the year	3,100	3,100
Interest	65	65
Opening balance adjustment for matured units	-	(21,404)
	52,411	49,246

DAYLU DENA COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

11. TANGIBLE CAPITAL ASSETS

	2017 Cost	2017 Accumulated amortization			2017 Net book value
	Balance, beginning of year \$	Balance, end of year \$	Balance, beginning of year \$	Amortization end of year \$	Balance, end of year \$
CMHC Social Housing Building	282,797	282,797	253,472	9,224	262,696
Computer equipment and software	8,784,821	9,245,282	3,035,315	350,248	3,385,563
Furniture and equipment	1,700	3,839	850	1,920	2,770
Vehicles	907,029	915,969	616,300	130,566	746,866
Infrastructure	943,566	1,186,024	908,797	98,814	1,007,611
Construction in progress	1,962,668	1,962,668	1,247,485	98,133	1,345,618
	560,446	1,951,183	2,511,629	-	-
	13,443,027	2,665,181	16,108,208	688,905	6,751,124
					9,357,084

	2016 Cost	2016 Accumulated amortization			2016 Net book value
	Balance, beginning of year \$	Balance, end of year \$	Balance, beginning of year \$	Amortization end of year \$	Balance, end of year \$
CMHC Social Housing Building	282,797	282,797	244,604	8,868	253,472
Computer equipment and software	8,013,592	8,784,821	2,703,486	331,829	3,035,315
Furniture and equipment	-	1,700	-	850	850
Vehicles	746,153	907,029	487,521	128,779	616,300
Infrastructure	943,566	943,566	882,721	26,076	908,797
Construction in progress	1,899,668	1,962,668	1,149,351	98,134	1,247,485
	-	560,446	-	-	-
	11,885,776	1,557,251	13,443,027	594,536	6,062,219
					7,380,808

DAYLU DENA COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

12. ACCUMULATED SURPLUS

	2017 \$	2016 \$
Unrestricted		
Operations	(598,983)	(221,847)
Business Enterprise Fund	722,215	577,180
Net Invested in Tangible Capital Assets	8,036,950	6,185,737
	8,160,182	6,541,070

13. 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.

14. 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 revenues are of such significance that the Council is economically dependent on this source of revenue.

15. 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.

DAYLU DENA COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

16. EXPENSES BY OBJECT

	2017 Budget	2017 Actual	2016 Actual
	\$	\$	\$
Administration fee	-	155,883	100,121
Advertising and promotions	-	3,116	4,228
Amortization	-	688,905	594,536
Bad debts	-	10,958	30,845
Contractors	-	2,132,845	340,487
Cost of goods sold	-	921,271	247,900
Donations	-	12,147	43,125
Fees	-	68,741	53,006
Freight	-	4,752	5,171
Honorarium	-	19,655	25,041
Insurance	-	103,313	101,936
Interest	-	52,020	25,154
Materials and supplies	-	210,520	334,931
Office supplies	-	63,443	68,977
Other expenses	-	10,003	6,257
Professional fees	-	585,172	218,872
Rental	-	1,300	2,012
Repairs and maintenance	-	25,309	17,979
Sanitation services	-	1,701	1,008
Social Development	-	85,203	131,583
Training	-	11,307	51,214
Travel	-	344,927	354,647
Tuition fee	-	269,002	474,656
Utilities	-	209,393	204,570
Vehicle expenses	-	2,739	-
Wages and benefits	-	1,381,901	1,249,491
Workshops	-	-	7,720
	-	7,375,526	4,695,467

17. 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 CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

18. SEGMENTED INFORMATION

	2017		Band Government		2016		2017		Education		2016		2017		Social Development	
	Budget	Actual	2017	Actual	2016	Actual	Budget	Actual	2017	Actual	2016	Actual	Budget	Actual	2017	Actual
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues																
INAC	-	451,186		346,271		656,745		686,602		171,308		190,103				
Funding from First Nation Organizations	-	11,000		-		20,935		79,074		-		-				
Other revenue	-	175,939		192,122		(302,061)		(156,949)		(54,612)		(34,981)				
Total revenue	-	638,125		538,393		375,619		608,727		116,696		155,122				
Expenses																
Wages and benefits	-	345,612		347,486		53,048		100,904		27,733		21,239				
Contractors	-	38,489		9,590		5,170		550		250		14,968				
Travel	-	83,764		89,345		16,519		14,130		-		9,235				
Materials and supplies	-	56,939		9,183		11,762		19,638		-		834				
Professional fees	-	144,682		85,842		1,500		3,225		5,596		3,364				
Utilities	-	63,296		57,764		4,017		2,717		66		354				
Social Development	-	-		-		-		-		68,893		118,293				
Tuition fee	-	-		-		269,002		474,656		-		-				
Other expenses	-	612,794		602,842		15,965		56,536		4,662		10,638				
Total expenses	-	1,345,576		1,202,052		376,983		672,356		107,200		178,925				
Annual surplus (deficit)	-	(707,451)		(663,659)		(1,364)		(63,629)		9,496		(23,803)				

DAYLU DENA COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

18. SEGMENTED INFORMATION, continued

	Aboriginal Justice		Child and Family		Health and Wellness	
	2017	2016	2017	2016	2017	2016
	Budget	Actual	Budget	Actual	Budget	Actual
	\$	\$	\$	\$	\$	\$
Revenues						
INAC	-	-	-	14,000	-	-
Other Federal Government Departments	-	31,712	-	-	-	633,315
Province of British Columbia	-	27,198	-	113,580	-	-
Funding from First Nation Organizations	-	-	-	42,417	-	90,698
Other revenue	-	4,998	-	16,882	-	(63,682)
Total revenue	-	91,908	-	192,084	-	660,331
Expenses						
Wages and benefits	-	59,991	-	57,408	-	232,721
Contractors	-	476	-	14,492	-	51,485
Travel	-	12,734	-	12,646	-	137,873
Materials and supplies	-	509	-	26,626	-	64,804
Professional fees	-	2,500	-	4,612	-	11,067
Utilities	-	484	-	7,854	-	46,672
Social Development	-	-	-	13,290	-	-
Other expenses	-	15,214	-	43,552	-	141,241
Total expenses	-	91,908	-	208,509	-	725,649
Annual surplus (deficit)	-	-	-	(16,425)	-	(82,565)

DAYLU DENA COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

18. SEGMENTED INFORMATION, continued

	Infrastructure and Maintenance		Land Resources		Economic Development	
	2017 Budget	2017 Actual	2017 Budget	2017 Actual	2017 Budget	2016 Actual
Revenues						
INAC	-	6,499,634	-	45,829	-	153,340
Province of British Columbia	-	-	-	-	-	35,895
Funding from First Nation Organizations	-	-	-	-	-	-
Other revenue	-	(1,393,744)	-	31,574	-	1,397,580
Total revenue	-	5,105,890	-	77,403	-	1,586,815
Expenses						
Wages and benefits	-	343,487	-	5,503	-	232,792
Contractors	-	1,867,163	-	50,540	-	89,022
Travel	-	5,919	-	6,408	-	63,329
Materials and supplies	-	53,509	-	1,119	-	18,252
Professional fees	-	300,082	-	-	-	39,332
Utilities	-	75,957	-	-	-	16,127
Other expenses	-	117,325	-	7,786	-	1,189,999
Total expenses	-	2,763,442	-	71,356	-	1,648,853
Annual surplus (deficit)	-	2,342,448	-	6,047	-	(62,038)

DAYLU DENA COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

18. SEGMENTED INFORMATION, continued

	Social Housing Fund			Business Enterprise Fund			Consolidated totals		
	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues									
INAC	-	-	-	-	-	-	-	7,994,112	3,214,296
Other Federal Government Departments	-	6,250	6,530	-	-	-	-	651,023	671,557
Province of British Columbia Funding from First Nation Organizations	-	-	-	-	-	-	-	176,416	202,706
Net income from government business enterprises	-	-	-	-	145,035	81,564	-	145,035	81,564
Other revenue	-	15,729	20,416	-	-	-	-	(152,051)	629,260
Total revenue	-	21,979	26,946	-	145,035	81,564	-	8,994,638	5,017,579
Expenses									
Wages and benefits	-	981	240	-	-	-	-	1,381,901	1,249,491
Contractors	-	481	-	-	-	-	-	2,132,846	340,488
Travel	-	-	-	-	-	-	-	340,205	354,646
Materials and supplies	-	2,426	475	-	-	-	-	210,520	334,929
Professional fees	-	3,000	3,000	-	-	-	-	585,172	218,873
Utilities	-	3,532	3,125	-	-	-	-	209,393	204,571
Social Development	-	-	-	-	-	-	-	85,203	131,583
Tuition fee	-	-	-	-	-	-	-	269,002	474,656
Other expenses	-	25,630	30,279	-	-	-	-	2,161,284	1,386,230
Total expenses	-	36,050	37,119	-	-	-	-	7,375,526	4,695,467
Annual surplus (deficit)	-	(14,071)	(10,173)	-	145,035	81,564	-	1,619,112	322,112