

# **DEASE RIVER FIRST NATION**

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

# DEASE RIVER FIRST NATION

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## CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

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### FINANCIAL STATEMENTS

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# DEASE RIVER FIRST NATION

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

MARCH 31, 2014

The accompanying consolidated financial statements of **Dease River First Nation** are the responsibility of management and have been approved by 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 its responsibilities, and to review the consolidated financial statements and the external auditor's report.

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


On behalf of **Dease River First Nation**:

  
Chief

Sept. 9, 2014  
Date

  
Councillor

Sept 9, 2014  
Date

  
Councillor

Sept. 9, 2014  
Date

## Independent Auditor's Report

To the Members of **Dease River First Nation**

### *Report on the Consolidated Financial Statements*

We have audited the accompanying consolidated financial statements of **Dease River First Nation**, which comprise the consolidated statement of financial position as at **March 31, 2014**, and the consolidated statements of revenue and expenses, change in net financial assets, 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.

### *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 First Nation'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 First Nation'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*

Dease River First Nation holds investments in the Mount Pendelton Ventures Inc., Yukon Indian Development Corporation Ltd., Kaska Energy Corp, Kaska Drilling LP and Kaska Oil and Gas Services LP. We were unable to satisfy ourselves as to the carrying value of these investments because the financial records were unavailable as of the date of this audit report. Accordingly we were not able to determine whether any adjustment(s) might be necessary to the Investment in Government Business Enterprises and Government Business Partnerships, the net income (loss) from these investments and the equity in Operating Fund and Government Business Enterprise Fund.

### *Qualified opinion*

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



CERTIFIED GENERAL ACCOUNTANTS

Vancouver, B.C.  
September 9, 2014

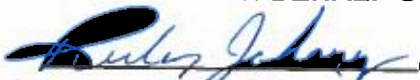


# DEASE RIVER FIRST NATION

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2014

	2014	2013 Restated
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 481,816	\$ 625,872
Accounts receivable (Note 4)	519,674	515,743
Portfolio investments (Note 5)	65,444	244,217
Investment in government business enterprises (Note 6)	486,248	192,356
Investment in government business partnerships (Note 7)	(91,551)	(91,551)
Trust funds held by Federal Government (Note 8)	59,142	59,142
	<b>1,520,773</b>	<b>1,545,779</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 9)	419,023	406,657
Deferred Revenue (Note 10)	551,414	346,255
Due to government business enterprises (Note 11)	203,929	123,861
Long-term debt (Note 12)	27,097	35,614
	<b>1,201,463</b>	<b>912,387</b>
<b>NET FINANCIAL ASSETS</b>	<b>319,310</b>	<b>633,392</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 13)	2,680,033	3,059,345
Prepaid expenses	13,207	14,731
	<b>2,693,240</b>	<b>3,074,076</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 3,012,550</b>	<b>\$ 3,707,468</b>
<b>FUND BALANCES</b>		
Operations	\$ (185,776)	\$ 432,239
Tangible Capital Asset	2,652,936	3,023,731
Government Business Enterprise	486,248	192,356
Trust Funds Held by Federal Government	59,142	59,142
<b>ACCUMULATED SURPLUS</b>	<b>\$ 3,012,550</b>	<b>\$ 3,707,468</b>

Contingent Liabilities (Note 14)

APPROVED ON BEHALF OF THE DEASE RIVER FIRST NATION

 Chief  
 Councillor  
 Councillor

The accompanying notes are an integral part of the financial statements

# DEASE RIVER FIRST NATION

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

	2014	2013 Restated
<b>ANNUAL DEFICIT</b>	\$ (694,918)	\$ (191,184)
Acquisition of tangible capital assets	(10,565)	-
Amortization of tangible capital assets	389,877	388,386
	379,312	388,386
Acquisition of prepaid assets	(13,207)	(14,731)
Use of prepaid assets	14,731	15,011
	1,524	280
<b>INCREASE IN NET FINANCIAL ASSETS</b>	(314,082)	197,482
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	633,392	435,910
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 319,310</b>	<b>\$ 633,392</b>

# DEASE RIVER FIRST NATION

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

	2014 Budget	2014 Actual	2013 Restated
<b>REVENUE</b>			
AANDC	\$ -	\$ 2,124,294	\$ 3,027,182
AANDC recovery	-	(117,443)	(6,588)
AANDC reimbursement	-	-	22,900
Deferred revenue - prior year	-	346,255	33,147
Deferred revenue - current year	-	(551,414)	(346,255)
Health Canada	-	221,725	209,196
Province of British Columbia	-	54,854	55,081
Ministry of Children and Family	-	10,076	-
SWWG - MCFD	-	109,384	100,033
First Nation organizations	-	121,188	107,091
Income from government business enterprises	-	293,892	11,001
Income from government business partnerships	-	-	239
Kaska Collaboration Agreement	-	-	486,496
Gain (loss) from portfolio investments	-	(178,773)	(202,765)
Other	-	155,842	235,580
	-	2,589,880	3,732,338
<b>EXPENSES</b>			
Band Administration	-	315,282	415,350
Education	-	1,450	3,780
Health and Wellness	-	249,772	168,924
Social Development	-	53,581	58,865
Child and Family	-	60,461	138,159
Community Infrastructure	-	1,256,355	2,113,901
Capital Maintenance	-	318,991	223,862
Land and Resources	-	261,965	117,904
Economic Development	-	396,146	302,385
Tangible Capital Asset Fund	-	389,877	388,387
	-	3,303,880	3,931,517
<b>ANNUAL DEFICIT BEFORE OTHER ITEMS</b>	-	(714,000)	(199,179)
<b>OTHER ITEMS</b>			
Acquisition of tangible capital assets	-	10,566	-
Principal repayment of long-term debt	-	8,516	7,995
	-	19,082	7,995
<b>ANNUAL DEFICIT</b>	\$ -	\$ (694,918)	\$ (191,184)

The accompanying notes are an integral part of the financial statements

# DEASE RIVER FIRST NATION

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

	2014	2013 Restated
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>		
As previously stated	\$ 3,704,144	\$ 4,243,159
Prior period adjustments	3,324	(344,507)
As restated	3,707,468	3,898,652
<b>ANNUAL DEFICIT</b>	<b>(694,918)</b>	<b>(191,184)</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 3,012,550</b>	<b>\$ 3,707,468</b>



# DEASE RIVER FIRST NATION

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

	2014	2013 Restated
<b>OPERATING ACTIVITIES</b>		
Annual deficit	\$ (694,918)	\$ (191,184)
Items not affecting cash:		
Amortization	389,877	388,387
Income (loss) from government business enterprises	(293,892)	(11,001)
Income (loss) from government business partnerships	-	(239)
	(598,933)	185,963
Change in non-cash items on statement of financial position:		
Accounts receivable	(3,931)	(148,756)
Prepaid expenses	1,524	280
Accounts payable and accrued liabilities	12,367	293
Unexpended funding	205,159	126,616
Portfolio investments	178,773	(244,217)
Due to and from government business enterprises	80,068	240,422
	(124,973)	160,601
<b>FINANCING ACTIVITIES</b>		
Long-term debt	(8,517)	(7,994)
<b>INVESTING ACTIVITIES</b>		
Invested in tangible capital assets	(10,566)	-
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(144,056)	152,607
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	625,872	473,265
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 481,816</b>	<b>\$ 625,872</b>

# DEASE RIVER FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 1. NATURE OF OPERATIONS

Dease River First Nation (the "First Nation") is an Indian Band as defined by the Indian Act. The First Nation manages various programs offered by Aboriginal Affairs and Northern Development Canada (AANDC) and other funding agents to benefit its members. The First Nation also represents its members in the negotiation of treaty settlements and specific land claims.

### 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Principles of Consolidation

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

Commercial enterprises accounted for on a modified equity basis include:

1. Dease River Development Corporation - a wholly owned subsidiary
2. Mount Pendelton Ventures Inc. - a wholly owned subsidiary (inactive)
3. Yukon Indian Development Corporation Ltd. - 5.9% owned subsidiary
4. Kaska Energy Corp - 20% owned subsidiary

Business partnerships accounted for on a modified equity basis include:

1. Kaska Drilling Limited Partnership - 20% interest in the limited partnership
2. Kaska Oil and Gas Limited Partnership - 20% interest in the limited partnership

#### (b) Asset Classification

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

# DEASE RIVER FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 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) Trust Funds

Trust funds are included as revenue in these statements only to the extent they have been received from the First Nation's trust funds. The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

#### (e) Investments

Portfolio investments are investments in organizations that do not form part of the government reporting entity. Investments in equity instruments that are publicly traded in active markets are recorded at fair value and are written down to recognize a loss if it has been determined that it is other than a temporary decline in value.

#### (f) Deferred Revenue

Under the terms of the contribution agreement between the First Nation, AANDC and certain other agencies, the First Nation 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 First Nation has recorded all known unexpended contribution funds as unexpended funding 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.

# DEASE RIVER FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

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

#### (h) Net Financial Assets

The First Nation's financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the First Nation are determined by financial assets less liabilities. Net financial assets are comprised of two components: non-financial assets and accumulated surplus.

#### (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 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 Dease River First Nation's incremental cost of borrowing.

Amortization is recorded as a reduction to the Tangible Capital Asset Fund and is provided for using the following methods at rates designed to amortize over the estimated useful life of the assets as follows:

Buildings	20 years Straight line
Equipment	10 years Straight line
Vehicles	6-7 years Straight line
Infrastructure	20 years Straight line

Tangible capital assets are written down when conditions indicate that they no longer contribute to the First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

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.

# DEASE RIVER FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

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

#### (j) Revenue Recognition

##### Government Funding

The First Nation 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 a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

##### First Nation Capital and Revenue Trust Funds

The First Nation recognizes revenues of the Capital and Revenue Trust Fund at the time funds are contributed from the accounts held in Ottawa. Interest revenue is recognized when earned.

##### 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 specific purposes.

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

#### (k) Financial Instruments

All significant financial assets, financial liabilities and equity instruments of the entity are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, currency or credit risk arising from the financial instruments. The fair market value of these financial instruments approximates their carrying value.

# DEASE RIVER FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

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

#### (l) Measurement Uncertainty

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

#### (m) Segments

The First Nation conducts its business through a number of operating segments as described in Note 18. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements. The same methodologies are employed in the preparation of segmented financial information.

# DEASE RIVER FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 3. PRIOR PERIOD ADJUSTMENTS

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

As confirmed with AANDC, there is no PAYE outstanding for the 2011 and 2012 Fiscal Year. Therefore, the total accounts receivable of \$62,165 setup for two years have been written off. As a result, the opening balance of accounts receivable for the 2013 fiscal year are reduced by \$62,165 and the opening fund balance of Operating fund is reduced by \$62,165.

The 2013 investment in Government Business Enterprises for Yukon Indian Development Corporation Ltd. is adjusted to include the share of income for 2012 and 2013 since financial information has not been available since publication of the 2012 and 2013 audited financial statements for the First Nation. As a result, the opening balance of investment in Government Business Enterprises for the 2013 fiscal year has increased by \$23,844, the income from Government Business Enterprises for the 2013 fiscal year has increased by \$3,085, and the ending fund balance for Government Business Enterprises for the 2013 fiscal year has increased by \$26,929.

The 2013 investment in Government Business Enterprises for Kaska Energy Corp. has adjusted to include the investment in common shares. As a result, the opening balance of investment of Government Business Enterprises for 2013 fiscal year has increased by \$100 and the ending balance of Government Business Enterprises for 2013 fiscal year has increased by \$100.

The 2013 investment in Government Business Partnerships for Kaska Drilling Limited Partnership and Kaska Oil and Gas Limited Partnership is adjusted to include the share of income (loss) from prior years since financial information has not been available since publication of 2013 audited financial statements for the First Nation. As a result, the opening balance of investment in Government Business Partnerships for 2013 fiscal year has decreased by \$306,286, the income from Government Business Enterprises has increased by \$239 and the ending fund balance of Operating fund has decreased by \$306,047.

# DEASE RIVER FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 4. ACCOUNTS RECEIVABLE

	2014	2013 Restated
<b>Due from members</b>		
Member advances	\$ 13,516	\$ 2,370
<b>Due from Government and other Government Organizations:</b>		
Aboriginal Affairs and Northern Development Canada	459,700	373,321
First Nation Health Authority	1,955	1,125
Health Canada	-	45,462
	<b>461,655</b>	<b>419,908</b>
<b>Due from others:</b>		
GST receivables	35,746	29,443
Others	4,757	2,508
Daylu Dena Council	4,000	39,514
BC Hydro	-	12,000
Taku River Tl'it First Nation	-	10,000
	<b>44,503</b>	<b>93,465</b>
	<b>\$ 519,674</b>	<b>\$ 515,743</b>

### 5. PORTFOLIO INVESTMENTS

	2014	2013
Investment in publicly traded shares at cost	\$ 406,708	\$ 406,708
Unrealized loss	(341,264)	(162,491)
	<b>\$ 65,444</b>	<b>\$ 244,217</b>



# DEASE RIVER FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 6. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

The First Nation holds the following investments in government business enterprises and these investments are recorded using the modified equity method.

- Dease River Development Corporation (DRDC) is a wholly owned business corporation with issued common shares held in trust by Chief & Council for members of the First Nation. DRDC was incorporated on March 14, 2008 under the Company Act of British Columbia and provides economic development activities for the First Nation.
- Mount Pendelton Ventures Inc. (MPV) is a wholly owned business corporation with issued common shares held in trust by Chief & Council for members of the First Nation. MPV was incorporated on March 14, 2008 under the Company Act of British Columbia and operates a store and a gas station. As of the date of the audit report, the 2013 and 2014 financial information for MPV was unavailable and the company has been inactive since 2013.
- 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 First Nation owned 5.9% of the shares in YIDC. As of the date of the audit report, the 2014 financial information for YIDC was unavailable.
- Kaska Energy Corp. (KEC) is a 20% owned business corporation with issued common share held in trust by Chief & Council for members of the First Nation. KEC was incorporated on July 7, 2011 under the Company Act of British Columbia and doing research into energy projects in Yukon and British Columbia. As of the dated of the audit report, the financial information from 2012 to 2014 fiscal year for KEC was unavailable.

	2014	2013 Restated
Investment in DRDC	\$ 398,338	\$ 104,446
Investment in MPV	(39,360)	(39,360)
Investment in YIDC	127,170	127,170
Investment in KEC	100	100
	<b>\$ 486,248</b>	<b>\$ 192,356</b>

# DEASE RIVER FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 7. INVESTMENT IN GOVERNMENT BUSINESS PARTNERSHIPS

- Kaska Drilling Limited Partnership (KDLP) - 20% interest in the limited partnership
- Kaska Oil and Gas Limited Partnership (KOGLP) - 20% interest in the limited partnership

As of the date of the audit report, the 2014 financial information for both limited partnerships were unavailable.

	2014	2013 Restated
KDLP	\$ (46,726)	\$ (46,726)
KOGLP	(44,825)	(44,825)
	<b>\$ (91,551)</b>	<b>\$ (91,551)</b>

### 8. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

Trust fund accounts arise from moneys derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

	Opening Balance	Addition	Withdrawal	2014 Total	2013 Total
Revenue	\$ 23	\$ -	\$ -	\$ 23	\$ 23
Capital	59,119	-	-	59,119	59,119
	<b>\$ 59,142</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 59,142</b>	<b>\$ 59,142</b>

### 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014	2013
Accounts payable and accrued liabilities	\$ 200,039	\$ 290,361
Due to AANDC	171,035	81,862
Due to government agencies	28,222	25,934
Wages and benefits payable	19,727	1,406
Pension payable	-	1,708
Vacation payable	-	5,386
	<b>\$ 419,023</b>	<b>\$ 406,657</b>

# DEASE RIVER FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 10. DEFERRED REVENUE

	March 31, 2013	Funding received, 2014	Revenue recognized, 2014	March 31, 2014
<b>Federal Funding</b>				
AANDC Set Contribution	\$ 64,834	\$ 951,453	\$ (954,463)	\$ 61,824
AANDC Fixed Contribution	168,477	984,610	(1,026,734)	126,353
	<b>233,311</b>	<b>1,936,063</b>	<b>(1,981,197)</b>	<b>188,177</b>
<b>Other</b>				
Taku River Tlingit First Nation	-	232,523	-	232,523
Kutcho Copper - EA	22,970	-	(12,354)	10,616
Kutcho Copper - SC	9,585	11,268	-	20,853
SEA	80,389	75,564	(56,708)	99,245
	<b>112,944</b>	<b>319,355</b>	<b>(69,062)</b>	<b>363,237</b>
	<b>\$ 346,255</b>	<b>\$ 2,255,418</b>	<b>\$ (2,050,259)</b>	<b>\$ 551,414</b>

### 11. DUE TO GOVERNMENT BUSINESS ENTERPRISES

Advances due to/from government business enterprises are unsecured and without interest or any fixed terms of repayment.

	2014	2013
Dease River Development Corporation	\$ 203,998	\$ 123,485
Mount Pendelton Ventures Inc.	(69)	376
	<b>\$ 203,929</b>	<b>\$ 123,861</b>

During the year, Dease River First Nation paid \$895,377 (2013: \$869,315) to Dease River Development Corporation for, operational maintenance, water system and renovation projects funded by AANDC.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

# DEASE RIVER FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 12. LONG-TERM DEBT

	2014	2013
The loan is payable to Ally Credit Canada Limited with monthly payments of \$910 including interest at 7.44% per annum maturing in December 2016. The loan is secured by a vehicle.	\$ 27,097	\$ 35,614

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

2015	\$ 9,248
2016	9,949
2017	7,900
	<b>\$ 27,097</b>

### 13. TANGIBLE CAPITAL ASSETS

	Cost	2014 Accumulated amortization	Net book value	2013 Net book value
Buildings	\$ 4,639,065	\$ 2,842,935	\$ 1,796,130	\$ 2,028,084
Computer equipment	120,591	120,591	-	-
Equipment	440,832	390,764	50,068	92,251
Vehicles	713,985	658,313	55,672	59,454
Infrastructure	2,027,853	1,249,690	778,163	879,556
	<b>\$ 7,942,326</b>	<b>\$ 5,262,293</b>	<b>\$ 2,680,033</b>	<b>\$ 3,059,345</b>

### 14. CONTINGENT LIABILITIES

Dease River First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements are subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

An independent assessment to provide assurance on a recipient's compliance with the terms and conditions of the AANDC Funding Agreement was conducted during the year for the period April 1, 2010 to March 31, 2012. In December 2013, a report on the Recipient Audit identifying a non-compliant amount of \$1,716,313 for all funds provided in 2010-11 as well as a series of Governance recommendations.

As at September 9, 2014, the First Nation had not received a final report for the Recipient Audit covering from April 1, 2010 to March 31, 2012.

Although the initial Recipient Audit identified a non-complaint amount of \$1,716,313 for the 2010-11 period, an actual contingent liability amount could not be established with the offices of AANDC in the Yukon Region. Thus the audited financial statements contain no provision for a possible contingent liability resulting from the said Recipient Audit.

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# DEASE RIVER FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 15. ECONOMIC DEPENDENCE

Dease River First Nation receives a significant portion of its revenue from Aboriginal Affairs and Northern Development Canada and Health Canada. The nature and extent of this revenue is of such significance that the First Nation is economically dependent on this source of revenue.

### 16. EXPENSES BY OBJECT

	2014 Budget	2014 Actual	2013 Actual
Contractors	\$ -	\$ 1,495,242	\$ 1,747,239
Program expenses	-	357,219	724,194
Wages and benefits	-	470,986	499,219
Amortization	-	389,877	388,387
Major renovations	-	164,673	-
Travel	-	89,478	55,509
Repairs and maintenance	-	74,062	53,403
Professional fees	-	52,184	14,737
Fuel and oil	-	48,004	31,647
Insurance	-	30,215	27,699
Social Development	-	25,178	28,887
Vehicle expenses	-	18,792	16,538
Materials and supplies	-	15,138	20,682
Administration	-	32,014	174,028
Utilities	-	12,922	15,850
Office expenses	-	11,635	12,373
Acquisition of tangible capital assets	-	10,566	4,326
Interest and bank charges	-	1,980	2,057
Honoraria	-	1,800	12,241
Donations	-	1,500	4,301
Rental	-	305	-
Health related expense	-	110	-
Bad debt expense	-	-	39,485
Training	-	-	44,603
Advertising and promotion	-	-	8,901
Education	-	-	3,486
Meetings and conventions	-	-	1,725
		<b>\$ 3,303,880</b>	<b>\$ 3,931,517</b>

# DEASE RIVER FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 17. SEGMENTED INFORMATION

	Band Administration			Education			Health and Wellness		
	2014 Budget	2014 Actual	2013	2014 Budget	2014 Actual	2013	2014 Budget	2014 Actual	2013
Revenues									
AANDC	\$ -	\$ 218,553	\$ 283,487	\$ -	\$ 5,258	\$ 7,153	\$ -	\$ -	\$ -
Deferred revenue - current year	-	(12,429)	(14,190)	-	(3,808)	(3,667)	-	-	-
Deferred revenue - prior year	-	14,190	-	-	3,667	-	-	-	-
AANDC recovery	-	(24,000)	(2,890)	-	(3,667)	-	-	-	-
Health Canada	-	-	-	-	-	-	-	221,725	209,196
SWWG - MCFD	-	11,000	-	-	-	-	-	-	-
Other revenue	-	73,900	49,500	-	-	-	-	45,624	28,156
Total revenue	-	281,214	315,907	-	1,450	3,486	-	267,349	237,352
Expenses									
Program expenses	-	6,632	1,513	-	1,450	-	-	25,354	22,973
Contractors	-	21,410	29,448	-	-	-	-	38,233	8,144
Insurance	-	10,567	16,341	-	-	-	-	-	-
Professional fees	-	38,538	14,737	-	-	-	-	13,646	-
Repairs and maintenance	-	-	-	-	-	-	-	877	329
Travel	-	-	-	-	-	-	-	29,726	29,789
Other expenses	-	238,135	353,311	-	-	3,780	-	141,936	107,689
Total expenses	-	315,282	415,350	-	1,450	3,780	-	249,772	168,924
Annual surplus (deficit)	\$ -	\$ (34,068)	\$ (99,443)	\$ -	\$ -	\$ (294)	\$ -	\$ 17,577	\$ 68,428

# DEASE RIVER FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 17. SEGMENTED INFORMATION, continued

	Social Development			Child and Family			Community Infrastructure		
	2014 Budget	2014 Actual	2013	2014 Budget	2014 Actual	2013	2014 Budget	2014 Actual	2013
Revenues									
AANDC	\$ -	\$ 71,396	\$ 69,547	\$ -	\$ -	\$ -	\$ -	\$ 1,170,840	\$ 2,126,833
Deferred revenue - current year	-	(17,815)	(10,682)	-	(232,523)	-	-	(101,229)	(115,323)
Deferred revenue - prior year	-	10,682	-	-	-	-	-	115,323	33,147
AANDC recovery	-	(10,889)	(3,698)	-	-	-	-	(8,487)	-
SWWG - MCFD	-	-	-	-	98,384	100,033	-	-	-
Ministry of Children and Family	-	-	-	-	10,076	-	-	-	-
Other revenue	-	-	-	-	-	6,500	-	-	-
Total revenue	-	53,374	55,167	-	(124,063)	106,533	-	1,176,447	2,044,657
Expenses									
Program expenses	-	-	-	-	35,580	75,186	-	47,058	579,355
Contractors	-	-	-	-	24,873	45,090	-	1,025,586	1,322,013
Insurance	-	-	-	-	-	-	-	19,648	689
Repairs and maintenance	-	-	-	-	-	-	-	35,822	28,491
Other expenses	-	53,581	58,865	-	8	17,883	-	128,241	183,353
Total expenses	-	53,581	58,865	-	60,461	138,159	-	1,256,355	2,113,901
Annual surplus (deficit)	\$ -	\$ (207)	\$ (3,698)	\$ -	\$ (184,524)	\$ (31,626)	\$ -	\$ (79,908)	\$ (69,244)

# DEASE RIVER FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 17. SEGMENTED INFORMATION, continued

	Capital Maintenance			Land and Resources			Economic Development		
	2014 Budget	2014 Actual	2013	2014 Budget	2014 Actual	2013	2014 Budget	2014 Actual	2013
Revenues									
AANDC	\$ -	\$ 273,920	\$ 222,250	\$ -	\$ 243,000	\$ 122,176	\$ -	\$ 141,327	\$ 195,736
Deferred revenue - current year	-	(506)	(42,609)	-	(13,960)	(4,271)	-	(169,143)	(155,513)
Deferred revenue - prior year	-	42,609	-	-	4,271	-	-	155,513	-
AANDC recovery	-	-	-	-	(28,806)	-	-	(41,594)	-
Province of British Columbia	-	-	-	-	-	-	-	54,854	55,081
Other revenue	-	1,200	37,692	-	6,000	-	-	(28,468)	527,693
Total revenue	-	317,223	217,333	-	210,505	117,905	-	112,489	622,997
Expenses									
Program expenses	-	700	15,437	-	6,125	10,859	-	234,321	18,870
Contractors	-	80,502	115,994	-	200,901	47,175	-	103,737	179,375
Major renovations	-	164,673	-	-	-	-	-	-	-
Insurance	-	-	10,670	-	-	-	-	-	-
Repairs and maintenance	-	37,363	24,584	-	-	-	-	-	-
Other expenses	-	35,753	57,177	-	54,939	59,870	-	58,088	104,140
Total expenses	-	318,991	223,862	-	261,965	117,904	-	396,146	302,385
Annual surplus (deficit)	\$ -	\$ (1,768)	\$ (6,529)	\$ -	\$ (51,460)	\$ 1	\$ -	\$ (283,657)	\$ 320,612



# DEASE RIVER FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 17. SEGMENTED INFORMATION, continued

	Tangible Capital Asset Fund			Government Business Enterprise Fund			Consolidated Totals		
	2014 Budget	2014 Actual	2013	2014 Budget	2014 Actual	2013	2014 Budget	2014 Actual	2013
Revenues									
AANDC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,124,294	\$ 3,027,182
Deferred revenue - current year	-	-	-	-	-	-	-	(551,413)	(346,255)
Deferred revenue - prior year	-	-	-	-	-	-	-	346,255	33,147
AANDC recovery	-	-	-	-	-	-	-	(117,443)	(6,588)
Province of British Columbia	-	-	-	-	-	-	-	54,854	55,081
Health Canada	-	-	-	-	-	-	-	221,725	209,196
SWWG - MCFD	-	-	-	-	-	-	-	109,384	100,033
Ministry of Children and Family	-	-	-	-	-	-	-	10,076	-
Other revenue	-	-	-	-	293,892	11,001	-	392,148	660,542
Total revenue	-	-	-	-	293,892	11,001	-	2,589,880	3,732,338
Expenses									
Amortization	-	-	-	-	-	-	-	357,220	724,193
Debt Servicing	-	-	-	-	-	-	-	1,495,242	1,747,239
Major renovations	-	-	-	-	-	-	-	164,673	-
Insurance	-	-	-	-	-	-	-	30,215	27,700
Professional fees	-	-	-	-	-	-	-	52,184	14,737
Repairs and maintenance	-	-	-	-	-	-	-	74,062	53,404
Patient travel	-	-	-	-	-	-	-	29,726	29,789
Other expenses	-	389,877	388,387	-	-	-	-	1,100,558	1,334,455
Total expenses	-	389,877	388,387	-	-	-	-	3,303,880	3,931,517
Other	-	(389,877)	(388,387)	-	293,892	11,001	-	(714,000)	(199,179)
	-	19,082	7,995	-	-	-	-	19,082	7,995
Annual surplus (deficit)	\$ -	\$ (370,795)	\$ (380,392)	\$ -	\$ 293,892	\$ 11,001	\$ -	\$ (694,918)	\$ (191,184)