

# **DEASE RIVER FIRST NATION**

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**FINANCIAL STATEMENTS**

**MARCH 31, 2015**

# **DEASE RIVER FIRST NATION**

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## **FINANCIAL STATEMENTS MARCH 31, 2015**

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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, 2015

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, 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 Dease River First Nation and meet when required.

On behalf of Dease River First Nation:

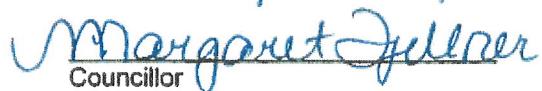
Chief



Date

23/09/15

Councillor



Date

Sept 23/15

Councillor

Date

RICHMOND

VANCOUVER

KELOWNA

OSOYOOS

## 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, 2015**, and the consolidated statements of remeasurement of gain and losses, change in net financial assets, revenue and expenses, 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 Dease River Development Corporation, 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 or not audited 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 Government Business Enterprises.

A recipient audit was conducted by Aboriginal Affairs and Northern Development Canada on the books and records of the First Nation for the 2011 and 2012 fiscal year. According to the recipient audit report, \$1,716.313 in funding for 2011 fiscal year were deemed noncompliant and potentially recoverable. The Yukon Division of AANDC is currently assessing the timeline and the amount for the potential repayment process as the First Nation provided documents requested by the Recipient Auditor on July 10, 2015. Accordingly, we were not able to determine the recovery for the noncompliant and potentially recoverable amount of \$1,716,313 in funding for the 2011 fiscal year as reported in the unqualified audited financial statements provided to AANDC.

*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, 2015** 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.



CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.  
September 22, 2015

# DEASE RIVER FIRST NATION

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

	2015	2014
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 1,100,915	\$ 481,816
Accounts receivable (Note 4)	256,257	519,674
Portfolio investments (Note 5)	1,348	65,444
Investment in government business enterprises (Note 6)	556,084	486,248
Investment in government business partnerships (Note 7)	(91,551)	(91,551)
	1,823,053	1,461,631
Trust funds held by Federal Government (Note 8)	59,142	59,142
Funds held in trust by government business enterprise	80,000	-
	139,142	59,142
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 9)	959,175	419,023
Deferred revenue (Note 10)	648,559	551,414
Due to government business enterprises (Note 11)	215,792	203,929
Long-term debt (Note 12)	17,876	27,097
	1,841,402	1,201,463
<b>NET FINANCIAL ASSETS</b>	<b>120,793</b>	<b>319,310</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 13)	2,317,905	2,680,033
Prepaid expenses	14,370	13,207
	2,332,275	2,693,240
<b>ACCUMULATED SURPLUS</b>	<b>\$ 2,453,068</b>	<b>\$ 3,012,550</b>
<b>ACCUMULATED SURPLUS CONSISTS OF</b>		
Accumulated operating surplus	\$ 2,770,878	\$ 3,353,814
Accumulated remeasurement losses, end of year	(317,810)	(341,264)
<b>ACCUMULATED SURPLUS</b>	<b>\$ 2,453,068</b>	<b>\$ 3,012,550</b>
Contingent Liabilities (Note 15)		
Subsequent Events (Note 16)		
<b>APPROVED ON BEHALF OF THE DEASE RIVER FIRST NATION</b>		
<i>Heby John</i> , Chief		
<i>Margaret John</i> , Councillor		
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The accompanying notes are an integral part of the financial statements

# DEASE RIVER FIRST NATION

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## STATEMENT OF REMEASUREMENT GAINS AND LOSSES FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
<b>ACCUMULATED REMEASUREMENT LOSSES, BEGINNING OF YEAR</b>	\$ (341,264)	\$ (162,491)
Unrealized gains (losses) attributable to:		
Portfolio investments	23,454	(178,773)
<b>ACCUMULATED REMEASUREMENT LOSSES, END OF YEAR</b>	<b>\$ (317,810)</b>	<b>\$ (341,264)</b>

# DEASE RIVER FIRST NATION

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

	<b>2015</b>	<b>2014</b>
<b>ANNUAL DEFICIT</b>	\$ (559,482)	\$ (694,918)
Acquisition of tangible capital assets	(28,037)	(10,566)
Amortization of tangible capital assets	390,165	389,877
	362,128	379,311
Acquisition of prepaid assets	(14,369)	(13,207)
Use of prepaid assets	13,206	14,732
	(1,163)	1,525
<b>DECREASE IN NET FINANCIAL ASSETS</b>	(198,517)	(314,082)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	319,310	633,392
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 120,793</b>	<b>\$ 319,310</b>

# DEASE RIVER FIRST NATION

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

	2015 Budget	2015 Actual	2014 Actual
<b>REVENUE</b>			
AANDC	\$ 762,729	\$ 2,196,246	\$ 2,124,294
AANDC recovery	-	(76,830)	(117,443)
Deferred revenue - prior year	-	551,414	346,255
Deferred revenue - current year	-	(648,559)	(551,414)
Health Canada	213,218	280,933	221,725
Health Canada recovery	-	(40,272)	-
Province of British Columbia	-	54,322	54,854
Ministry of Children and Family	-	-	10,076
Funding from First Nation Organizations	142,666	264,342	238,572
Income (losses) from GBE	-	69,836	293,892
Gain (loss) from portfolio investments	-	(87,550)	-
Other	-	158,525	147,842
	1,118,613	2,722,407	2,768,653
<b>EXPENSES</b>			
Band Administration	79,912	394,165	315,282
Education	-	3,060	1,450
Health and Wellness	158,999	242,209	249,772
Social Development	35,764	68,119	53,581
Child and Family	211,999	118,268	60,461
Community Infrastructure	616,700	1,428,712	1,256,355
Capital Maintenance	53,000	311,295	318,991
Land and Resources	75,000	-	261,965
Economic Development	-	386,607	396,146
Tangible Capital Asset Fund	-	390,165	389,877
	1,231,374	3,342,600	3,303,880
<b>ANNUAL DEFICIT BEFORE OTHER ITEMS</b>	<b>(112,760)</b>	<b>(620,193)</b>	<b>(535,227)</b>
<b>OTHER ITEMS</b>			
Acquisition of tangible capital assets	-	28,036	10,566
Principal repayment of long-term debt	-	9,221	8,516
Unrealized gain (losses)	-	23,454	(178,773)
	-	60,711	(159,691)
<b>ANNUAL DEFICIT</b>	<b>\$ (112,760)</b>	<b>\$ (559,482)</b>	<b>\$ (694,918)</b>

The accompanying notes are an integral part of the financial statements

# **DEASE RIVER FIRST NATION**

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

	<b>2015</b>	<b>2014</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	\$ 3,012,550	\$ 3,707,468
<b>ANNUAL DEFICIT</b>	(559,482)	(694,918)
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 2,453,068</b>	<b>\$ 3,012,550</b>

# DEASE RIVER FIRST NATION

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

	2015	2014
<b>OPERATING ACTIVITIES</b>		
Annual deficit	\$ (559,482)	\$ (694,918)
Items not affecting cash:		
Amortization	390,165	389,877
(Income) loss from government business enterprises	(69,836)	(293,892)
	(239,153)	(598,933)
Change in non-cash items on statement of financial position:		
Accounts receivable	263,417	(3,931)
Prepaid expenses	(1,163)	1,524
Accounts payable and accrued liabilities	540,151	12,367
Deferred revenue	97,145	205,159
Portfolio investments	64,096	178,773
	724,493	(205,041)
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(28,036)	(10,566)
<b>FINANCING ACTIVITIES</b>		
Advances from government business enterprises	11,863	80,068
Funds held in trust by government business enterprise	(80,000)	-
Principal repayment on long-term debt	(9,221)	(8,517)
	(77,358)	71,551
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	619,099	(144,056)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	481,816	625,872
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,100,915</b>	<b>\$ 481,816</b>

The accompanying notes are an integral part of the financial statements

# **DEASE RIVER FIRST NATION**

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## **NOTES TO FINANCIAL STATEMENTS**

### **MARCH 31, 2015**

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

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

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

##### **(b) Reporting Entity**

The Dease River First Nation reporting entity includes the Dease River First Nation government and all related entities that are controlled by the First Nation.

# **DEASE RIVER FIRST NATION**

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

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

#### **(c) Principles of Consolidation**

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

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

Commercial enterprises accounted for on a modified equity basis include:

1. Dease River Development Corporation - 100% interest
2. Yukon Indian Development Corporation Ltd. - 5.9% interest
3. Kaska Energy Corp - 20% interest

Business partnerships accounted for on a modified equity basis include:

1. Kaska Drilling Limited Partnership - 20% interest
2. Kaska Oil and Gas Limited Partnership - 20% interest

#### **(d) 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.

# **DEASE RIVER FIRST NATION**

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

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

#### **(e) Trust Funds**

Trust funds held by Federal Government:

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.

Funds held in trust by Government Business Enterprise:

The First Nation through a band council resolution approved the transfer of funds and all future joint venture revenue to Dease River Development Corporation (DRDC) to be held in trust for economic development. For all joint venture revenue transferred to DRDC, 2% of such revenue is to be held in the trust account.

# DEASE RIVER FIRST NATION

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## NOTES TO FINANCIAL STATEMENTS MARCH 31, 2015

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

#### (f) 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
Computer equipment	5 years Straight line
Equipment	10 years Straight line
Automotive	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 FINANCIAL STATEMENTS** **MARCH 31, 2015**

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

#### **(g) 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.

##### **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.

# DEASE RIVER FIRST NATION

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## NOTES TO FINANCIAL STATEMENTS MARCH 31, 2015

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

#### (h) 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 First Nation 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 First Nation's financial instruments consist of cash and cash equivalents, portfolio investments, accounts receivable, due to related government business enterprises, accounts payable and accrued liabilities and long-term debt. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, credit or currency risks arising from these financial instruments and the fair value of these financial instruments approximates their carry values.

#### (i) 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.

# DEASE RIVER FIRST NATION

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## NOTES TO FINANCIAL STATEMENTS MARCH 31, 2015

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

#### (i) Segmented Information

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.

### 3. ACCOUNTING CHANGES

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

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

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

# DEASE RIVER FIRST NATION

## NOTES TO FINANCIAL STATEMENTS MARCH 31, 2015

### 4. ACCOUNTS RECEIVABLE

	2015	2014
<b>Due from members</b>		
Member advances	\$ 8,331	\$ 13,516
<b>Due from Government and other Government Organizations:</b>		
Aboriginal Affairs and Northern Development Canada	231,411	459,700
First Nation Health Authority	-	1,955
Public Service Bodies Rebate	16,174	35,746
	<b>247,585</b>	<b>497,401</b>
<b>Due from others:</b>		
Others	341	8,757
	<b>\$ 256,257</b>	<b>\$ 519,674</b>

### 5. PORTFOLIO INVESTMENTS

	2015	2014
Investment in publicly traded shares at cost	\$ 319,158	\$ 406,708
Unrealized loss	(317,810)	(341,264)
	<b>\$ 1,348</b>	<b>\$ 65,444</b>

### 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.

	2015	2014
Dease River Development Corporation	\$ 433,710	\$ 398,338
Mount Pendleton Ventures Inc.	-	(39,360)
Yukon Indian Development Corporation	122,274	127,170
Kaska Energy Corp.	100	100
	<b>\$ 556,084</b>	<b>\$ 486,248</b>

As of the date of this report, the 2015 fiscal year financial information for Yukon Indian Development Corporation and Kaska Energy Corp. are not available. The investment with Mount Pendleton Ventures Inc. has been written off as the Company does not exist anymore. The 2015 fiscal year financial information for Dease River Development Corporation has not been audited.

# DEASE RIVER FIRST NATION

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## NOTES TO FINANCIAL STATEMENTS MARCH 31, 2015

### 7. INVESTMENT IN GOVERNMENT BUSINESS PARTNERSHIPS

	2015	2014
Kaska Drilling Limited Partnership	\$ (46,726)	\$ (46,726)
Kaska Oil and Gas Limited Partnership	(44,825)	(44,825)
	<b>\$ (91,551)</b>	<b>\$ (91,551)</b>

As of the date of this report, the 2015 fiscal year financial information for these limited partnerships is not available.

### 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	2015 Total	2014 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

	2015	2014
Accounts payable and accrued liabilities	\$ 638,694	\$ 200,039
Due to AANDC	236,192	171,035
Due to government agencies	26,528	28,222
Wages and benefits payable	17,489	19,727
Due to Health Canada	40,272	-
	<b>\$ 959,175</b>	<b>\$ 419,023</b>

### 10. DEFERRED REVENUE

	2015	2014
AANDC	\$ 216,325	\$ 188,177
Others	432,234	363,237
	<b>\$ 648,559</b>	<b>\$ 551,414</b>

# DEASE RIVER FIRST NATION

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## NOTES TO FINANCIAL STATEMENTS MARCH 31, 2015

### 11. DUE TO GOVERNMENT BUSINESS ENTERPRISES

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

	2015	2014
Dease River Development Corporation	\$ 215,792	\$ 203,998
Mount Pendleton Ventures Inc.	- (69)	
	<b>\$ 215,792</b>	<b>\$ 203,929</b>

During the year, the First Nation paid \$391,893 (2014: \$895,377) to DRDC for, operational maintenance, water system and renovation projects funded by AANDC.

During the year, the First Nation transferred \$101,172 to DRDC for undertaking economic development activities for the Community of Good Hope Lake on behalf of the First Nation and \$80,000 to be held in trust for the First Nation.

During the year, the First Nation sold fuel to DRDC in the amount of \$3,267.

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.

### 12. LONG-TERM DEBT

	2015	2014
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.	\$ 17,876	\$ 27,097

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

2016	\$ 9,930
2017	7,946
<b>\$ 17,876</b>	

	2015	2014
Interest expense for the year on long-term debt	\$ 1,708	\$ 2,367

# DEASE RIVER FIRST NATION

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## NOTES TO FINANCIAL STATEMENTS MARCH 31, 2015

### 13. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated amortization			2015 net book value
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	
Buildings	\$ 4,639,065	\$ -	\$ 4,639,065	\$ 2,842,935	\$ 231,953	\$ 3,074,888	\$ 1,564,177
Computer equipment	120,591	28,036	148,627	120,591	5,607	126,198	22,429
Equipment	440,832	-	440,832	390,764	32,699	423,463	17,369
Automotive	713,985	-	713,985	658,313	18,513	676,826	37,159
Infrastructure	2,027,853	-	2,027,853	1,249,690	101,392	1,351,082	676,771
	<b>\$ 7,942,326</b>	<b>\$ 28,036</b>	<b>\$ 7,970,362</b>	<b>\$ 5,262,293</b>	<b>\$ 390,164</b>	<b>\$ 5,652,457</b>	<b>\$ 2,317,905</b>

	Cost			Accumulated amortization			2014 Net book value
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	
Buildings	\$ 4,639,065	\$ -	\$ 4,639,065	\$ 2,610,981	\$ 231,954	\$ 2,842,935	\$ 1,796,130
Computer equipment	120,591	-	120,591	120,591	-	120,591	-
Equipment	438,932	1,900	440,832	346,681	44,083	390,764	50,068
Automotive	705,319	8,666	713,985	645,865	12,448	658,313	55,672
Infrastructure	2,027,853	-	2,027,853	1,148,297	101,393	1,249,690	778,163
	<b>\$ 7,931,760</b>	<b>\$ 10,566</b>	<b>\$ 7,942,326</b>	<b>\$ 4,872,415</b>	<b>\$ 389,878</b>	<b>\$ 5,262,293</b>	<b>\$ 2,680,033</b>

# DEASE RIVER FIRST NATION

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## NOTES TO FINANCIAL STATEMENTS MARCH 31, 2015

### 14. ACCUMULATED SURPLUS

	2015	2014
Restricted		
Trust Funds Held by Federal Government	\$ 59,142	\$ 59,142
Unrestricted		
Band Administration	(370,635)	(185,776)
Tangible Capital Asset Fund	2,300,028	2,652,936
Government Business Enterprise Fund	464,533	486,248
	<hr/> 2,393,926	<hr/> 2,953,408
	<hr/> <b>\$ 2,453,068</b>	<hr/> <b>\$ 3,012,550</b>

### 15. CONTINGENT LIABILITIES

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

A Recipient Audit to provide assurance on a recipient's compliance with the terms and conditions of the AANDC Funding Agreement was conducted during the 2013 year for the period April 1, 2010 to March 31, 2012. In December 2013, a Recipient Audit Report identified a non-compliant amount of \$1,716,313 for all funds provided in the 2011 fiscal year as well as a series of Governance recommendations including a statement that the Recipient Auditor could not perform the audit for the 2011 fiscal year as the requested supporting information had not been retrieved by the recipient.

On July 8, 2015, a letter authorized by Chief and Council was submitted to AANDC outlining the extenuating circumstances related to the Recipient Auditor's request for documents related to the 2011 fiscal period as well as a request for a breakdown of the "potentially recoverable" amounts by service code categories.

On July 10, 2015, the First Nation had retrieved the requested supporting information and provided AANDC with copies of the said documents for the 2011 fiscal year. AANDC had not responded to the information provided as at the date of this report. Thus the audited consolidated financial statements for the periods ended March 31, 2014 and 2015 contain no provision or contingency for the "potentially recoverable" amount for the 2011 fiscal year resulting from the said Recipient Audit.

# DEASE RIVER FIRST NATION

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## NOTES TO FINANCIAL STATEMENTS MARCH 31, 2015

### 16. SUBSEQUENT EVENTS

As of July 30, 2015, the First Nation was formally advised by AANDC that non-essential funding was withheld. The funding will be reinstalled subject to the acceptance of the consolidated financial statement for 2015 fiscal year. Although the Dease River First Nation may face significant challenges in providing non-essential services to their membership, as they are reliant on funding from AANDC for such programs and services, the First Nation will continue its community service operations in the foreseeable future. Thus, its assets are therefore accountable on the basis of continued use.

### 17. ECONOMIC DEPENDENCE

Dease River First Nation receives a significant portion of its revenue from AANDC 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.

### 18. EXPENSES BY OBJECT

	2015 Budget	2015 Actual	2014 Actual
Contractors	\$ 496,396	\$ 1,571,075	\$ 1,466,392
Wages and benefits	302,463	513,611	551,459
Amortization	-	390,166	389,877
Professional fees	8,344	186,495	182,261
Program expenses	208,301	142,101	190,102
Other expenses	600	116,312	5,694
Materials and supplies	22,654	76,522	15,138
Travel	40,339	57,334	89,478
Administration	43,377	54,130	32,014
Repairs and maintenance	68,000	45,535	224,151
Office expenses	-	39,169	11,637
Vehicle expenses	-	31,816	18,792
Social Development	-	29,315	25,178
Acquisition of tangible capital assets	-	28,036	10,566
Utilities	3,700	24,687	12,922
Insurance	4,200	21,190	30,215
Fuel and oil	33,000	15,106	48,004
		\$ 3,342,600	\$ 3,303,880

# DEASE RIVER FIRST NATION

## NOTES TO FINANCIAL STATEMENTS MARCH 31, 2015

### 19. SEGMENTED INFORMATION

	Band Administration			Education			Health and Wellness		
	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual
<b>Revenues</b>									
AANDC	\$ -	\$ 212,542	\$ 218,553	-	\$ 36,871	\$ 5,258	-	\$ -	\$ -
Health Canada	-	-	-	-	-	-	213,218	280,933	221,725
Funding from First Nation Organizations	11,000	14,000	11,000	-	-	-	-	10,899	45,624
Other	-	97,425	73,900	-	-	-	-	-	-
Other revenue	-	11,654	(22,239)	-	(33,811)	(3,808)	-	(40,272)	-
<b>Total revenue</b>	<b>11,000</b>	<b>335,621</b>	<b>281,214</b>	<b>-</b>	<b>3,060</b>	<b>1,450</b>	<b>213,218</b>	<b>251,560</b>	<b>267,349</b>
<b>Expenses</b>									
Contractors	-	49,407	21,410	-	-	-	24,496	35,891	40,258
Wages and benefits	60,568	199,196	188,910	-	-	-	38,131	96,603	113,232
Professional fees	8,344	45,742	38,538	-	-	-	-	-	-
Program expenses	-	-	6,632	-	1,360	1,450	16,802	63,291	25,354
Materials and supplies	-	4,060	4,253	-	-	-	6,854	11,221	7,750
Travel	-	14,673	3,853	-	-	-	40,339	30,215	34,835
Repairs and maintenance	-	-	-	-	-	-	-	1,317	877
Office expenses	-	24,341	2,621	-	-	-	-	69	7,440
Other expenses	11,000	56,746	49,065	-	1,700	-	32,377	3,602	20,026
<b>Total expenses</b>	<b>79,912</b>	<b>394,165</b>	<b>315,282</b>	<b>-</b>	<b>3,060</b>	<b>1,450</b>	<b>158,999</b>	<b>242,209</b>	<b>249,772</b>
<b>Annual surplus (deficit)</b>	<b>\$ (68,912)</b>	<b>\$ (58,544)</b>	<b>\$ (34,068)</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 54,219</b>	<b>\$ 9,351</b>	<b>\$ 17,577</b>

# DEASE RIVER FIRST NATION

## NOTES TO FINANCIAL STATEMENTS MARCH 31, 2015

### 19. SEGMENTED INFORMATION, continued

	Social Development			Child and Family			Community Infrastructure		
	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual
<b>Revenues</b>									
AANDC	\$ 35,764	\$ 69,308	\$ 71,396	-	\$ -	\$ -	\$ 598,965	\$ 1,474,605	\$ 1,170,840
Ministry of Children and Family	-	-	-	-	-	10,076	-	-	-
Funding from First Nation Organizations	-	-	-	131,666	158,880	98,384	-	-	-
Other	-	-	-	-	7,500	-	-	-	-
Other revenue	-	(4,309)	(18,022)	-	(48,112)	(232,523)	-	(103,443)	5,607
<b>Total revenue</b>	<b>35,764</b>	<b>64,999</b>	<b>53,374</b>	<b>131,666</b>	<b>118,268</b>	<b>(124,063)</b>	<b>598,966</b>	<b>1,371,162</b>	<b>1,176,447</b>
<b>Expenses</b>									
Contractors	-	-	-	30,500	32,258	24,873	441,400	1,197,904	1,048,980
Wages and benefits	35,764	34,791	27,453	-	603	8	40,000	105,311	73,682
Program expenses	-	-	-	181,499	43,759	35,580	10,000	4,286	23,664
Materials and supplies	-	-	-	-	-	-	15,800	8,714	435
Travel	-	-	841	-	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-	-	68,000	44,218	35,822
Office expenses	-	3,904	-	-	-	-	-	7,129	424
Other expenses	-	29,424	25,287	-	41,648	-	41,500	61,150	73,348
<b>Total expenses</b>	<b>35,764</b>	<b>68,119</b>	<b>53,581</b>	<b>211,999</b>	<b>118,268</b>	<b>60,461</b>	<b>616,700</b>	<b>1,428,712</b>	<b>1,256,355</b>
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ (3,120)</b>	<b>\$ (207)</b>	<b>\$ (80,333)</b>	<b>\$ -</b>	<b>\$ (184,524)</b>	<b>\$ (17,734)</b>	<b>\$ (57,550)</b>	<b>\$ (79,908)</b>

# DEASE RIVER FIRST NATION

## NOTES TO FINANCIAL STATEMENTS MARCH 31, 2015

### 19. SEGMENTED INFORMATION, continued

	Capital Maintenance			Land and Resources			Economic Development		
	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual
<b>Revenues</b>									
AANDC	\$ 53,000	\$ 308,159	\$ 273,920	\$ 75,000	-	\$ 243,000	-	\$ 94,761	\$ 141,327
Province of British Columbia	-	-	-	-	-	-	-	54,322	54,854
Funding from First Nation Organizations	-	-	-	-	-	-	-	80,563	83,563
Gain (loss) from portfolio investments	-	-	-	-	-	-	-	(87,550)	-
Other	-	-	1,200	-	-	6,000	-	53,601	66,742
Other revenue	-	(9,342)	42,103	-	(2,971)	(38,495)	-	16,358	(55,224)
<b>Total revenue</b>	<b>53,000</b>	<b>298,817</b>	<b>317,223</b>	<b>75,000</b>	<b>(2,971)</b>	<b>210,505</b>	<b>-</b>	<b>212,055</b>	<b>291,262</b>
<b>Expenses</b>									
Contractors	-	168,140	26,233	-	-	200,901	-	87,476	103,737
Wages and benefits	53,000	53,369	104,375	75,000	-	39,241	-	23,736	4,558
Professional fees	-	12,109	700	-	-	-	-	128,645	143,023
Program expenses	-	-	-	-	-	6,125	-	29,407	91,298
Materials and supplies	-	52,527	-	-	-	2,700	-	-	-
Travel	-	-	-	-	-	4,826	-	12,447	45,123
Repairs and maintenance	-	-	187,452	-	-	-	-	-	-
Office expenses	-	-	-	-	-	1,152	-	3,726	-
Other expenses	-	25,150	231	-	-	7,020	-	101,170	8,407
<b>Total expenses</b>	<b>53,000</b>	<b>311,295</b>	<b>318,991</b>	<b>75,000</b>	<b>-</b>	<b>261,965</b>	<b>-</b>	<b>386,607</b>	<b>396,146</b>
<b>Other</b>	<b>-</b>	<b>(12,478)</b>	<b>(1,768)</b>	<b>-</b>	<b>(2,971)</b>	<b>(51,460)</b>	<b>-</b>	<b>(174,552)</b>	<b>(104,884)</b>
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ (12,478)</b>	<b>\$ (1,768)</b>	<b>-</b>	<b>\$ (2,971)</b>	<b>\$ (51,460)</b>	<b>-</b>	<b>\$ (151,098)</b>	<b>\$ (283,657)</b>

# DEASE RIVER FIRST NATION

## NOTES TO FINANCIAL STATEMENTS MARCH 31, 2015

### 19. SEGMENTED INFORMATION, continued

	Tangible Capital Asset Fund			Government Business Enterprise Fund			Consolidated Totals		
	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual
<b>Revenues</b>									
AANDC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 762,729	\$ 2,196,246	\$ 2,124,294
Health Canada	-	-	-	-	-	-	213,218	280,933	221,725
Province of British Columbia	-	-	-	-	-	-	-	54,322	54,854
Ministry of Children and Family	-	-	-	-	-	-	-	-	10,076
Funding from First Nation Organizations	-	-	-	-	-	-	142,666	264,342	238,571
Income (losses) from GBE	-	69,836	293,892	-	-	-	-	69,836	293,892
Gain (loss) from portfolio investments	-	-	-	-	-	-	-	(87,550)	-
Other	-	-	-	-	-	-	-	158,526	147,842
Other revenue	-	(69,836)	(293,892)	-	69,836	293,892	-	(214,248)	(322,601)
<b>Total revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69,836</b>	<b>293,892</b>	<b>1,118,614</b>	<b>2,722,407</b>	<b>2,768,653</b>
<b>Expenses</b>									
Contractors	-	-	-	-	-	-	496,396	1,571,076	1,466,392
Wages and benefits	-	-	-	-	-	-	302,463	513,609	551,459
Professional fees	-	-	-	-	-	-	8,344	186,496	182,261
Program expenses	-	-	-	-	-	-	208,301	142,103	190,103
Materials and supplies	-	-	-	-	-	-	22,654	76,522	15,138
Travel	-	-	-	-	-	-	40,339	57,335	89,478
Repairs and maintenance	-	-	-	-	-	-	68,000	45,535	224,151
Office expenses	-	-	-	-	-	-	-	39,169	11,637
Other expenses	-	390,165	389,877	-	-	-	84,877	710,755	573,261
<b>Total expenses</b>	<b>-</b>	<b>390,165</b>	<b>389,877</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,231,374</b>	<b>3,342,600</b>	<b>3,303,880</b>
<b>Other</b>	<b>-</b>	<b>(390,165)</b>	<b>(389,877)</b>	<b>-</b>	<b>69,836</b>	<b>293,892</b>	<b>(112,760)</b>	<b>(620,193)</b>	<b>(535,227)</b>
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ (352,908)</b>	<b>\$ (370,795)</b>	<b>-</b>	<b>\$ 69,836</b>	<b>\$ 293,892</b>	<b>\$ (112,760)</b>	<b>\$ (559,482)</b>	<b>\$ (694,918)</b>