

DEASE RIVER FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017

DEASE RIVER FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS **MARCH 31, 2017**

Page

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS

Consolidated Statement of Financial Position	1
Consolidated Statement of Remeasurement Gains and Losses	2
Consolidated Statement of Change in Net Financial Assets	3
Consolidated Statement of Revenue, Expenses and Accumulated Surplus	4
Consolidated Statement of Cash Flows	5
Notes to Consolidated Financial Statements	6 - 19

DEASE RIVER FIRST NATION

**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
MARCH 31, 2017**

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 Councillor
Chief Councillor
Councillor

Dec 4, 2017
AMM
Date Dec 4, 2017
Date Dec 4, 2017
Date Dec 4, 2017

ACCOUNTANTS AND BUSINESS ADVISORS

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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, 2017, and the consolidated statements of remeasurement of gains 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.

RICHMOND VANCOUVER KELOWNA OSOYOOS

www.rhncpa.com

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, 2017 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.

Emphasis of Matter

We draw attention to Note 14 in that a recipient audit was conducted by Indigenous and Northern Affairs 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 the 2011 fiscal year was deemed non-compliant and potentially recoverable. The Yukon Division of INAC is currently assessing the timeline and the amount for the potential repayment process. Accordingly, we are still unable to determine the recovery by INAC for the non-compliant and potentially recoverable amount of \$1,716,313 in funding for the 2011 fiscal year.



REID HURST NAGY INC.
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
December 4, 2017

DEASE RIVER FIRST NATION

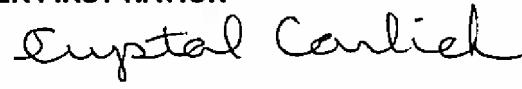
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2017

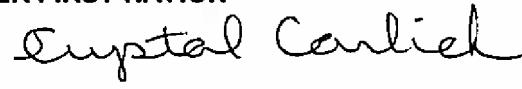
	2017 \$	2016 \$
FINANCIAL ASSETS		
Cash and cash equivalents	989,108	613,980
Accounts receivable (Note 3)	133,897	213,141
Trust funds held by government business enterprise	80,000	80,000
Investment in government business enterprises (Note 4)	774,484	840,440
Inventory	6,608	9,576
Trust funds held by Federal Government (Note 5)	68,683	67,019
	2,052,780	1,824,156
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	1,026,867	600,909
Deferred revenue (Note 7)	634,307	653,977
Due to government business enterprises (Note 8)	235,435	60,904
Government business partnerships liability (Note 9)	95,947	95,947
Loan payable (Note 10)	-	7,947
	1,992,556	1,419,684
NET FINANCIAL ASSETS	60,224	404,472
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 11)	4,040,189	4,033,950
Prepaid expenses	15,026	15,424
	4,055,215	4,049,374
ACCUMULATED SURPLUS	4,115,439	4,453,846
ACCUMULATED SURPLUS CONSISTS OF		
Accumulated operating surplus	4,434,597	4,773,004
Accumulated remeasurement losses, end of year	(319,158)	(319,158)
ACCUMULATED SURPLUS	4,115,439	4,453,846

Contingent Liabilities

APPROVED ON BEHALF OF THE DEASE RIVER FIRST NATION

 Tracy Johnny, Chief

 Crystal Carlisle

 Crystal Carlisle

 Tracy Johnny, Councillor

 Tania Johnny, Councillor

The accompanying notes are an integral part of the financial statements

DEASE RIVER FIRST NATION

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

	2017 \$	2016 \$
ACCUMULATED REMEASUREMENT LOSSES, BEGINNING OF YEAR	(319,158)	(317,810)
Unrealized gain (loss) attributable to:		
Portfolio investments	-	(1,348)
NET REMEASUREMENT LOSSES	-	(1,348)
ACCUMULATED REMEASUREMENT LOSSES, END OF YEAR	(319,158)	(319,158)

DEASE RIVER FIRST NATION

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

	2017 \$	2016 \$
<u>ANNUAL SURPLUS (DEFICIT)</u>	(338,407)	414,031
Acquisition of tangible capital assets	(517,102)	(617,254)
Amortization of tangible capital assets	510,863	479,074
Disposition of tangible capital assets, at net book value	-	8,883
	(6,239)	(129,297)
Acquisition of prepaid assets	(15,026)	(15,424)
Use of prepaid assets	15,424	14,370
	398	(1,054)
INCREASE IN NET FINANCIAL ASSETS	(344,248)	283,680
<u>NET FINANCIAL ASSETS, BEGINNING OF YEAR</u>	404,472	120,792
<u>NET FINANCIAL ASSETS, END OF YEAR</u>	60,224	404,472

The accompanying notes are an integral part of the financial statements

DEASE RIVER FIRST NATION

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

	2017 Budget \$	2017 Actual \$	2016 Actual \$
REVENUE			
INAC	1,586,680	1,688,475	3,552,324
INAC recovery	-	(293,176)	(44,227)
First Nation Health Authority	329,124	355,546	296,521
FNHA - recovery	-	(36,646)	(47,421)
Province of British Columbia	-	69,069	53,707
Funding from First Nation Organizations	-	339,024	208,688
Income (loss) from government business enterprises	-	(65,956)	284,356
Income (loss) from government business partnership	-	-	(4,396)
Gain (loss) from portfolio investments	-	62,279	-
Other	48,000	344,918	305,734
Deferred revenue - prior year	-	653,977	648,559
Deferred revenue - current year	-	(634,307)	(653,977)
	1,963,804	2,483,203	4,599,868
EXPENSES			
Band Administration	243,740	875,384	794,904
Education	-	19,000	675
Health and Wellness	271,135	321,847	289,540
Social Development	34,944	59,851	53,247
Child and Family	-	90,035	217,361
Community Infrastructure	1,080,485	830,300	2,347,424
Capital Maintenance	144,122	59,366	94,350
Land and Resources	-	8,016	73,059
Economic Development	36,300	557,811	313,929
	1,810,726	2,821,610	4,184,489
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER ITEMS	153,078	(338,407)	415,379
OTHER ITEMS			
Unrealized gain (loss)	-	-	(1,348)
ANNUAL SURPLUS (DEFICIT)	153,078	(338,407)	414,031
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	4,453,846	4,039,815
ACCUMULATED SURPLUS, END OF YEAR	153,078	4,115,439	4,453,846

The accompanying notes are an integral part of the financial statements

DEASE RIVER FIRST NATION

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

	2017 \$	2016 \$
OPERATING ACTIVITIES		
Annual surplus (deficit)	(338,407)	414,031
Items not affecting cash		
Amortization	510,863	479,074
Loss on sale of tangible capital asset	-	1,883
(Income) losses from government business enterprises	65,956	(284,356)
(Income) losses from government business partnerships	-	4,396
Income from trust funds held by Federal Government	(1,664)	(7,877)
	236,748	607,151
Change in non-cash items on statement of financial position		
Accounts receivable	79,244	43,116
Inventory	2,968	(9,576)
Prepaid expenses	398	(1,054)
Accounts payable and accrued liabilities	425,958	(358,266)
Deferred Revenue	(19,670)	5,418
Portfolio investments	-	1,348
	725,646	288,137
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(517,102)	(617,254)
Sale of tangible capital assets	-	7,000
	(517,102)	(610,254)
FINANCING ACTIVITIES		
Advances from government business enterprises	174,531	(154,888)
Principal repayment on loan payable	(7,947)	(9,930)
	166,584	(164,818)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	375,128	(486,935)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	613,980	1,100,915
CASH AND CASH EQUIVALENTS, END OF YEAR	989,108	613,980

The accompanying notes are an integral part of the financial statements

DEASE RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

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 Indigenous and Northern Affairs Canada (INAC) 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) 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.

(b) 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. - 6.25% 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

(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.

DEASE RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS **MARCH 31, 2017**

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

(d) 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

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

(e) 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

No amortization will be taken for construction in progress until the project is completed and the tangible capital asset is in service.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

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

(f) 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.

(g) 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, funds held in trust and amount due to government business enterprises, loan payable, accounts payable and accrued liabilities. 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.

DEASE RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

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

(h) 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, amounts recorded as accrued liabilities and amortization. Actual results could differ from these estimates.

(i) Segmented Information

The First Nation conducts its business through a number of operating segments as described in Note 16. 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. ACCOUNTS RECEIVABLE

	2017	2016
	\$	\$
Due from members		
Member advances	2,531	108
Due from Government and other Government Organizations:		
Indigenous and Northern Affairs Canada	113,470	187,078
Public Service Bodies Rebate	726	3,475
	<hr/> 114,196	<hr/> 190,553
Due from others:		
Others	17,170	22,480
	<hr/> 133,897	<hr/> 213,141

DEASE RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

4. 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.

	2017	2016
	\$	\$
Dease River Development Corporation	676,165	742,121
Yukon Indian Development Corporation	107,335	107,335
Kaska Energy Corp.	(9,016)	(9,016)
	<hr/> 774,484	<hr/> 840,440

As disclosed in the Independent Auditor's Report, the financial information of Dease River Development Corporation had not been audited, the financial information of Yukon Indian Development Corporation and Kaska Energy Corp. were not available.

5. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

	2017	2017	2017	2016
	Revenue	Capital	Total	Total
	\$	\$	\$	\$
Balance, beginning of year	23	66,996	67,019	59,142
Interest earnings	-	1,664	1,664	7,877
	<hr/> 23	<hr/> 68,660	<hr/> 68,683	<hr/> 67,019

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
	\$	\$
Accounts payable and accrued liabilities	446,354	234,731
Due to INAC	526,470	247,816
Due to government agencies	9,212	6,536
Wages and benefits payable	8,185	24,133
Due to Health Canada	36,646	87,693
	<hr/> 1,026,867	<hr/> 600,909

7. DEFERRED REVENUE

	2017	2016
	\$	\$
INAC	151,847	343,133
Others	482,460	310,844
	<hr/> 634,307	<hr/> 653,977

DEASE RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

8. DUE TO GOVERNMENT BUSINESS ENTERPRISES

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

	2017	2016
	\$	\$
Dease River Development Corporation	<u>235,435</u>	<u>60,904</u>

During the year, the First Nation paid \$399,582 (2016: \$258,690) to DRDC for operational maintenance, water system and renovation projects funded by INAC.

During the year, the First Nation sold fuel to DRDC in the amount of \$17,453 (2016: \$38,162).

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.

9. GOVERNMENT BUSINESS PARTNERSHIPS LIABILITY

	2017	2016
	\$	\$
Kaska Drilling Limited Partnership	<u>47,746</u>	<u>47,746</u>
Kaska Oil and Gas Limited Partnership	<u>48,201</u>	<u>48,201</u>
	<u>95,947</u>	<u>95,947</u>

As disclosed in the Independent Auditor's Report, the financial information of Kaska Drilling Limited Partnership and Kaska Oil and Gas Limited Partnership were not available.

10. LOAN PAYABLE

	2017	2016
	\$	\$
The loan is payable to Ally Credit Canada Limited with monthly payments of \$910 including interest at 7.44% per annum and was secured by a vehicle. The loan was fully repaid in December 2016.	<u>-</u>	<u>7,947</u>

	2017	2016
	\$	\$
Interest expense for the year on the loan	<u>249</u>	<u>1,000</u>

DEASE RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

11. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated amortization		
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Amortization	Balance, end of year
Buildings	\$ 4,873,390	185,707	-	\$ 5,059,097	3,318,557	\$ 252,955
Computer equipment	148,627	-	-	148,627	131,805	5,608
Equipment	534,457	15,549	-	550,006	431,251	13,459
Automotive	835,985	51,564	-	887,549	706,274	37,182
Infrastructure	3,768,906	264,282	-	4,033,188	1,539,528	201,659
	10,161,365	517,102	-	10,678,467	6,127,415	510,863
Cost			Accumulated amortization			
Balance, beginning of year	Additions	Disposals	Balance, end of year	Amortization	Balance, end of year	2016 Net book value
Buildings	\$ 4,639,065	234,325	-	\$ 4,873,390	3,074,888	\$ 243,669
Computer equipment	148,627	-	-	148,627	126,198	5,607
Equipment	440,832	106,624	(12,999)	534,457	423,463	11,904
Automotive	713,985	122,000	-	835,985	676,826	29,448
Infrastructure	2,027,853	1,741,053	-	3,768,906	1,351,082	188,446
Construction in progress	1,586,748	(1,586,748)	-	-	-	-
	9,557,110	617,254	(12,999)	10,161,365	5,652,457	479,074

DEASE RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

12. ACCUMULATED SURPLUS

	2017 \$	2016 \$
Restricted		
Ottawa Trust Fund	68,683	67,019
Unrestricted		
Band Administration	(678,970)	(390,669)
Business Enterprise Fund	678,537	744,493
Net Invested in Tangible Capital Assets	4,047,189	4,033,003
	4,046,756	4,386,827
	4,115,439	4,453,846

13. EXPENSES BY OBJECT

	2017 Budget	2017 Actual	2016 Actual
	\$	\$	\$
Contractors	481,664	808,000	808,451
Wages and benefits	530,505	561,943	536,887
Amortization	-	510,863	479,074
Cost of sales	-	182,910	117,672
Professional fees	18,363	140,945	74,657
Repairs and maintenance	101,732	124,543	89,766
Program expenses	4,626	97,035	1,670,203
Travel	52,710	75,847	91,507
Utilities	25,500	58,809	69,335
Materials and supplies	24,052	58,311	49,563
Office expenses	-	54,874	29,042
Administration	20,546	53,909	57,497
Insurance	11,800	23,469	22,233
Social Development	-	20,464	14,939
Fuel and oil	10,700	17,106	18,429
Other expenses	1,397	14,309	40,844
Election	-	12,673	-
Vehicle expenses	4,000	4,912	14,390
Advertising and promotion	-	689	-
Acquisition of tangible capital assets	523,131	-	-
	2,821,611	4,184,489	

DEASE RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

14. 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 INAC 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 INAC 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 INAC with copies of the said documents for the 2011 fiscal year.

On November 15, 2016, subsequent to a further request for information, the Chief and Council were advised that by the end of December 2016, the Recipient Audit would be finalized and an agreement would in place for repayment. They also advised that recoveries would be adjusted to non-essential funding with the reassurance that hardship issues would be considered in the repayment process. But to date, no repayment agreement has been received by the First Nation, thus, the audited consolidated financial statements for the period ended March 31, 2017 contain no provision or contingency for the "potentially recoverable" amount for the 2011 fiscal year.

As of the date of the Independent's Auditor Report, the First Nation had not received any update from INAC regarding the non-compliant amount of \$1,716,313 for all funds provided in the 2011 fiscal year.

15. ECONOMIC DEPENDENCE

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

DEASE RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

16. SEGMENTED INFORMATION

	2017 Budget	Band Administration 2017 Actual	2016 Actual	2017 Budget	2017 Actual	Education 2017 Actual	2016 Actual	2017 Budget	2017 Actual	Health and Wellness 2017 Actual	2016 Actual
Revenues											
INAC	213,700	362,609	218,990	-	-	7,039	8,258	-	329,124	355,546	296,521
FNHA	-	-	-	-	-	-	-	-	-	5,500	-
Province of British Columbia	-	-	-	-	-	-	-	-	-	-	-
Funding from First Nation Organizations	-	19,800	6,000	-	-	-	-	-	-	-	-
Other	48,000	72,412	100,673	-	-	19,985	(8,024)	(6,908)	-	(38,782)	(66,032)
Other revenue	-	(108,362)	(3,677)	-	-	-	-	-	-	-	-
Total revenue	261,700	346,459	321,986	-	19,000	1,350	329,124	322,264	320,489		
Expenses											
Program expenses	-	-	6,090	-	11,000	-	-	1,626	28,205	62,875	
Contractors	54,000	83,775	35,409	-	8,000	-	-	40,120	38,987	26,730	
Wages and benefits	189,740	187,654	207,026	-	-	-	-	131,121	134,001	116,191	
Amortization	-	510,863	479,074	-	-	-	-	-	-	-	-
Travel	-	3,903	-	-	-	-	-	52,710	43,805	35,436	
Repairs and maintenance	-	-	89,189	67,305	-	-	-	-	1,720	3,877	
Other expenses	-	-	-	-	-	675	45,558	75,129	44,431		
Total expenses	243,740	875,384	794,904	-	19,000	675	271,135	321,847	289,540		
Annual surplus (deficit)	17,960	(528,925)	(472,918)	-	-	675	57,989	417	(59,051)		

DEASE RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

16. SEGMENTED INFORMATION, continued

	Social Development			Child and Family			Community Infrastructure		
	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues									
INAC	35,764	62,808	61,564	-	191,700	-	1,164,651	1,021,410	2,864,610
Funding from First Nation Organizations	-	-	-	-	-	-	-	-	-
Other revenue	-	(2,957)	(7,891)	-	(101,665)	115,388	-	(44,682)	(96,853)
Total revenue	35,764	59,851	53,673	-	90,035	217,513	1,164,651	976,727	2,767,757
Expenses									
Program expenses	-	2,470	-	-	35,330	99,081	3,000	1,589	1,416,312
Contractors	-	-	-	-	17,438	54,803	387,544	543,961	645,225
Acquisition of tangible capital assets	34,944	36,022	34,530	-	-	-	432,009	-	-
Wages and benefits	-	-	-	-	-	-	94,400	78,815	95,859
Travel	-	21,359	18,716	-	20,414	43,153	-	-	-
Repairs and maintenance	-	-	-	-	16,853	20,324	101,732	113,963	56,647
Other expenses	-	-	-	-	-	-	61,800	91,972	133,381
Total expenses	34,944	59,851	53,246	-	90,035	217,361	1,080,485	830,300	2,347,424
Annual surplus (deficit)	820	-	427	-	-	-	152	84,166	146,427
									420,333

DEASE RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

16. SEGMENTED INFORMATION, continued

	2017 Budget	2017 Actual	2016 Actual									
Revenues												
INAC	127,554	136,269	250,896	-	-	-	74,325	-	45,011	98,340	73,681	
Province of British Columbia	-	-	-	-	-	-	-	-	-	63,569	53,707	
Funding from First Nation	-	-	-	-	-	-	-	-	-	93,683	100,563	
Organizations	-	-	-	-	-	-	-	-	-	-	-	
Gain (loss) from portfolio investments	-	-	-	-	-	-	-	-	-	62,279	-	
Other	-	-	13,074	-	-	-	-	-	-	250,856	184,108	
Other revenue	-	20,123	(14,678)	-	-	(25,825)	(1,266)	-	-	-	23	(15,147)
Total revenue	127,554	156,392	249,292	-	-	8,016	73,059	45,011	568,750	396,912		
Expenses												
Program expenses	-	-	-	-	-	-	5,934	26,925	-	12,506	58,920	
Contractors	-	1,000	6,500	-	-	-	1,736	-	-	113,103	39,785	
Acquisition of tangible capital assets	91,122	-	-	-	-	-	-	-	-	-	-	
Wages and benefits	53,000	53,324	58,149	-	-	-	-	-	-	27,300	72,128	25,132
Cost of sales	-	-	-	-	-	-	55	10,215	-	182,910	117,672	2,600
Travel	-	-	104	-	-	-	-	-	-	7,670	-	
Repairs and maintenance	-	5,042	29,242	-	-	-	-	-	-	3,818	-	
Other expenses	-	-	355	-	-	291	35,919	9,000	165,676	69,821		
Total expenses	144,122	59,366	94,350	-	-	8,016	73,059	36,300	557,811	313,930		
Other	(16,568)	97,026	154,942	-	-	-	-	-	8,711	10,939	82,982	
Annual surplus (deficit)	(16,568)	97,026	154,942	-	-	-	-	-	8,711	10,939	81,634	

DEASE RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

16. SEGMENTED INFORMATION, continued

	Business Enterprise Fund			Ottawa Trust Fund			Consolidated Totals		
	2017 Budget	2017 Actual	2016 Budget	2017 Budget	2016 Actual	2017 Budget	2017 Actual	2016 Actual	\$
Revenues									
INAC	-	-	-	-	-	-	1,586,680	1,684,475	3,552,324
FNHA	-	-	-	-	-	329,124	355,546	296,521	
Province of British Columbia	-	-	-	-	-	-	69,069	53,707	
Funding from First Nation	-	-	-	-	-	-	339,024	208,688	
Organizations	(65,956)	284,356	-	-	-	-	(65,956)	284,356	
Income (loss) from GBEs	-	-	-	-	-	-	62,279	-	
Gain (loss) from portfolio investments	-	-	-	1,664	7,877	-	344,917	305,732	
Other	-	-	(4,396)	-	-	-	(310,151)	(101,460)	
Total revenue	(65,956)	279,960	-	1,664	7,877	1,963,804	2,483,203	4,599,868	
Expenses									
Program expenses	-	-	-	-	-	4,626	97,034	1,670,203	
Contractors	-	-	-	-	-	481,664	808,000	808,452	
Acquisition of tangible capital assets	-	-	-	-	523,131	-	-	-	
Wages and benefits	-	-	-	-	530,505	561,944	536,887		
Amortization	-	-	-	-	-	510,863	479,074		
Cost of sales	-	-	-	-	-	182,910	117,672		
Travel	-	-	-	-	-	52,710	75,847		
Repairs and maintenance	-	-	-	-	-	101,732	124,543		
Other expenses	-	-	-	-	116,358	460,469	390,927		
Total expenses	-	-	-	-	-	1,810,726	2,821,610	4,184,489	
Other	-	(65,956)	279,960	-	1,664	7,877	153,078	(338,407)	415,379
Annual surplus (deficit)	-	(65,956)	279,960	-	1,664	7,877	153,078	(338,407)	414,031