

DEASE RIVER FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2018

DEASE RIVER FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS **MARCH 31, 2018**

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DEASE RIVER FIRST NATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING MARCH 31, 2018

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

Feb 6, 2020
Date



Councillor

Feb 6/20
Date



Councillor

Feb 6/2020
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, 2018, and the consolidated statements of remeasurement of gains and losses, change in net financial assets (debt), 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 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.

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, 2018 and the results of its operations, the changes in its net financial assets (debt) 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 Services Canada (ISC) 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 ISC is currently assessing the timeline and the amount for the potential repayment process. Accordingly, we are still unable to determine the recovery by ISC 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.
March 5, 2020

DEASE RIVER FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2018

	2018	2017
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents	999,596	989,108
Accounts receivable (Note 3)	194,914	133,897
Trust funds held by government business enterprise	80,000	80,000
Portfolio investments	638	-
Investment in government business enterprises (Note 4)	743,537	774,484
Inventory	14,610	6,608
Trust funds held by Federal Government (Note 5)	70,556	68,683
	2,103,851	2,052,780
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	913,222	1,026,867
Deferred revenue (Note 7)	1,193,095	634,307
Due to government business enterprises (Note 8)	115,475	235,435
Government business partnerships liability	95,947	95,947
	2,317,739	1,992,556
NET FINANCIAL ASSETS (DEBT)	(213,888)	60,224
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 10)	3,957,207	4,040,189
Prepaid expenses	12,517	15,026
	3,969,724	4,055,215
ACCUMULATED SURPLUS (Note 11)	3,755,836	4,115,439
ACCUMULATED SURPLUS CONSISTS OF		
Accumulated operating surplus	4,074,356	4,434,597
Accumulated remeasurement losses, end of year	(318,520)	(319,158)
ACCUMULATED SURPLUS	3,755,836	4,115,439

Contingent Liabilities

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 REMEASUREMENT GAINS AND LOSSES FOR THE YEAR ENDED MARCH 31, 2018

	2018 \$	2017 \$
ACCUMULATED REMEASUREMENT LOSSES, BEGINNING OF YEAR	(319,158)	(319,158)
Unrealized gain (loss) attributable to:		
Portfolio investments	638	-
NET REMEASUREMENT GAINS	638	-
ACCUMULATED REMEASUREMENT LOSSES, END OF YEAR	(318,520)	(319,158)

DEASE RIVER FIRST NATION

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT) FOR THE YEAR ENDED MARCH 31, 2018

	2018 \$	2017 \$
ANNUAL DEFICIT	(359,603)	(338,407)
Acquisition of tangible capital assets	(463,574)	(517,102)
Amortization of tangible capital assets	531,693	510,863
Disposition of tangible capital assets, at net book value	14,863	-
	82,982	(6,239)
Acquisition of prepaid assets	(12,517)	(15,026)
Use of prepaid assets	15,026	15,424
	2,509	398
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(274,112)	(344,248)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	60,224	404,472
NET FINANCIAL ASSETS, END OF YEAR	(213,888)	60,224

DEASE RIVER FIRST NATION

CONSOLIDATED SUMMARY STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS FOR THE YEAR ENDED MARCH 31, 2018

	2018 Budget \$	2018 Actual \$	2017 Actual \$
REVENUE			
Indigenous Services Canada (ISC)	-	2,258,748	1,688,475
ISC recovery	-	(119,271)	(293,176)
First Nation Health Authority	-	352,193	355,546
FNHA - recovery	-	-	(36,646)
Government of Canada	-	14,950	-
Province of British Columbia	-	127,509	69,069
Funding from First Nation Organizations	-	392,372	339,024
Income (loss) from government business enterprises	-	(18,447)	(65,956)
Gain (loss) from portfolio investments	-	638	62,279
Other	-	316,846	344,918
Deferred revenue - prior year	-	634,307	653,977
Deferred revenue - current year	-	(1,193,095)	(634,307)
	-	2,766,750	2,483,203
EXPENSES			
Band Administration	-	985,516	875,384
Education	-	9,985	19,000
Health and Wellness	-	298,534	321,847
Social Development	-	63,679	59,851
Child and Family	-	251,448	90,035
Community Infrastructure	-	656,788	830,300
Capital Maintenance	-	170,442	59,366
Land and Resources	-	26,518	8,016
Economic Development	-	663,443	557,811
	-	3,126,353	2,821,610
ANNUAL DEFICIT			
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	4,115,439	4,453,846
ACCUMULATED SURPLUS, END OF YEAR	-	3,755,836	4,115,439

DEASE RIVER FIRST NATION

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

	2018 \$	2017 \$
OPERATING ACTIVITIES		
Annual surplus (deficit)	(359,603)	(338,407)
Items not affecting cash		
Amortization	531,693	510,863
Loss on sale of tangible capital asset	14,864	-
(Income) losses from government business enterprises	30,947	65,956
Income from trust funds held by Federal Government	(1,874)	(1,664)
Unrealized loss (gain)	(638)	-
	215,389	236,748
Change in non-cash items on statement of financial position		
Accounts receivable	(61,017)	79,244
Inventory	(8,002)	2,968
Prepaid expenses	2,509	398
Accounts payable and accrued liabilities	(113,645)	425,958
Deferred Revenue	558,788	(19,670)
	594,022	725,646
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(463,574)	(517,102)
FINANCING ACTIVITIES		
Advances from government business enterprises	(119,960)	174,531
Principal repayment on loan payable	-	(7,947)
	(119,960)	166,584
INCREASE IN CASH AND CASH EQUIVALENTS	10,488	375,128
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	989,108	613,980
CASH AND CASH EQUIVALENTS, END OF YEAR	999,596	989,108

DEASE RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2018

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 Services Canada (ISC) (formerly Indigenous and Northern Affairs Canada) 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, 2018

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, 2018

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, 2018

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, and 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, 2018

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

	2018	2017
	\$	\$
Due from members		
Member advances	<u>1,540</u>	<u>2,531</u>
Due from Government and other Government Organizations:		
Indigenous Services Canada	<u>162,990</u>	113,470
First Nation Health Authority	<u>4,089</u>	-
Province of BC	<u>901</u>	-
Public Service Bodies Rebate	<u>459</u>	726
	<u>168,439</u>	114,196
Due from others:		
Others	<u>24,935</u>	17,170
	<u>194,914</u>	133,897

DEASE RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2018

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.

	2018	2017
	\$	\$
Dease River Development Corporation	676,165	676,165
Yukon Indian Development Corporation	76,388	107,335
Kaska Energy Corp.	(9,016)	(9,016)
	<hr/> 743,537	<hr/> 774,484

As disclosed in the Independent Auditor's Report, the financial information of Dease River Development Corporation had not been audited for prior periods and not available for 2018 fiscal year, the financial information of Yukon Indian Development Corporation and Kaska Energy Corp. were not available.

During the year, the company received \$12,500 of dividend from Yukon Indian Development Corporation.

5. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

	2018 Revenue	2018 Capital	2018 Total	2017 Total
	\$	\$	\$	\$
Balance, beginning of year	23	68,660	68,683	67,019
Interest earnings	-	1,873	1,873	1,664
Balance, end of year	<hr/> 23	<hr/> 70,533	<hr/> 70,556	<hr/> 68,683

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
	\$	\$
Accounts payable and accrued liabilities	158,221	446,354
Due to ISC	741,106	526,470
Due to government agencies	5,425	9,212
Wages and benefits payable	8,470	8,185
Due to Health Canada	-	36,646
	<hr/> 913,222	<hr/> 1,026,867

7. DEFERRED REVENUE

	2018	2017
	\$	\$
ISC	767,031	151,847
Others	426,064	482,460
	<hr/> 1,193,095	<hr/> 634,307

DEASE RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2018

8. DUE TO GOVERNMENT BUSINESS ENTERPRISES

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

	2018	2017
	\$	\$
Dease River Development Corporation	115,475	235,435

During the year, the First Nation paid \$386,300 (2017: \$399,582) to DRDC for operational maintenance, water system and renovation projects funded by ISC.

During the year, the First Nation sold fuel to DRDC in the amount of \$30,597 (2017: \$17,453).

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

	2018	2017
	\$	\$
Kaska Drilling Limited Partnership	47,746	47,746
Kaska Oil and Gas Limited Partnership	48,201	48,201
	<hr/> 95,947	<hr/> 95,947

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.

DEASE RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2018

10. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated amortization				2018 net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	
Buildings	\$ 5,059,097	-	-	\$ 5,059,097	\$ 3,571,512	\$ 252,955	\$ -	\$ 3,824,467 1,234,630
Computer equipment	148,627	-	-	148,627	137,413	5,607	-	143,020 5,607
Equipment	550,006	-	-	550,006	444,710	13,459	-	458,169 91,837
Automotive	887,549	87,987	(713,985)	261,551	743,456	39,231	(699,120)	83,567 177,984
Infrastructure	4,033,188	375,587	-	4,408,775	1,741,187	220,439	-	1,961,626 2,447,149
	10,678,467	463,574	(713,985)	10,428,056	6,638,278	531,691	(699,120)	6,470,849 3,957,207

	Cost			Accumulated amortization				2017 Net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	
Buildings	\$ 4,873,390	185,707	-	\$ 5,059,097	\$ 3,318,557	\$ 252,955	\$ -	\$ 3,571,512 1,487,585
Computer equipment	148,627	-	-	148,627	131,805	5,608	-	137,413 11,214
Equipment	534,457	15,549	-	550,006	431,251	13,459	-	444,710 105,296
Automotive	835,985	51,564	-	887,549	706,274	37,182	-	743,456 144,093
Infrastructure	3,768,906	264,282	-	4,033,188	1,539,528	201,659	-	1,741,187 2,292,001
	10,161,365	517,102	-	10,678,467	6,127,415	510,863	-	6,638,278 4,040,189

DEASE RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2018

11. ACCUMULATED SURPLUS

	2018 \$	2017 \$
Restricted		
Ottawa Trust Fund	70,557	68,683
Unrestricted		
Band Administration	(939,018)	(678,970)
Business Enterprise Fund	660,090	678,537
Net Invested in Tangible Capital Assets	3,964,207	4,047,189
	3,685,279	4,046,756
	3,755,836	4,115,439

12. EXPENSES BY OBJECT

	2018 Budget	2018 Actual	2017 Actual
	\$	\$	\$
Administration	-	47,200	53,909
Advertising and promotion	-	689	689
Amortization	-	531,693	510,863
Contractors	-	863,146	808,000
Cost of sales	-	195,461	182,910
Election	-	-	12,673
Fuel and oil	-	23,353	17,106
Insurance	-	23,795	23,469
Materials and supplies	-	81,935	58,311
Office expenses	-	176,085	54,874
Other expenses	-	13,833	14,309
Professional fees	-	197,064	140,945
Program expenses	-	144,578	97,035
Repairs and maintenance	-	68,330	124,543
Social Development	-	26,961	20,464
Travel	-	98,461	75,847
Utilities	-	67,830	58,809
Vehicle expenses	-	8,050	4,912
Wages and benefits	-	557,889	561,943
	3,126,353	2,821,611	

DEASE RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2018

13. 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 be 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, 2018 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.

14. ECONOMIC DEPENDENCE

Dease River First Nation receives a significant portion of its revenue from Indigenous Services Canada and First Nation Health Authority. 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, 2018

15. SEGMENTED INFORMATION

	Band Administration			Education			Health and Wellness		
	2018 Budget \$	2018 Actual \$	2017 Actual \$	2018 Budget \$	2018 Actual \$	2017 Actual \$	2018 Budget \$	2018 Actual \$	2017 Actual \$
Revenues									
ISC	-	311,880	362,609	-	8,258	7,039	-	-	-
FNHA	-	-	-	-	-	-	-	352,193	355,546
Province of British Columbia	-	-	-	-	-	-	-	-	5,500
Funding from First Nation Organizations	-	5,500	19,800	-	-	-	-	25,000	-
Other revenue	-	32,903	(35,950)	-	8,674	11,961	-	(19,540)	(38,782)
Total revenue	-	350,283	346,459	-	16,932	19,000	-	357,653	322,264
Expenses									
Program expenses	-	16,493	-	-	9,985	11,000	-	35,563	28,205
Contractors	-	115,496	83,775	-	-	8,000	-	44,572	38,987
Wages and benefits	-	203,937	187,654	-	-	-	-	77,182	134,001
Amortization	-	531,693	510,863	-	-	-	-	-	-
Travel	-	861	3,903	-	-	-	-	30,200	43,805
Repairs and maintenance	-	-	-	-	-	-	-	-	1,720
Other expenses	-	117,036	89,189	-	-	-	-	111,017	75,129
Total expenses	-	985,516	875,384	-	9,985	19,000	-	298,534	321,847
Annual surplus (deficit)	-	(635,233)	(528,925)	-	6,947	-	-	59,119	417

DEASE RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2018

15. SEGMENTED INFORMATION, continued

	Social Development			Child and Family			Community Infrastructure		
	2018 Budget \$	2018 Actual \$	2017 Actual \$	2018 Budget \$	2018 Actual \$	2017 Actual \$	2018 Budget \$	2018 Actual \$	2017 Actual \$
Revenues									
ISC	-	62,390	62,808	-	-	-	-	1,622,480	1,021,410
Province of British Columbia	-	-	-	-	60,000	-	-	-	-
Funding from First Nation Organizations	-	-	-	-	141,143	191,700	-	-	-
Other revenue	-	5,872	(2,957)	-	50,305	(101,665)	-	(724,562)	(44,682)
Total revenue	-	68,262	59,851	-	251,448	90,035	-	897,918	976,728
Expenses									
Program expenses	-	160	2,470	-	63,781	35,330	-	-	1,589
Contractors	-	-	-	-	86,022	17,438	-	427,196	543,961
Wages and benefits	-	36,457	36,022	-	-	-	-	110,283	78,815
Travel	-	-	-	-	45,291	20,414	-	-	-
Repairs and maintenance	-	-	-	-	2,271	-	-	19,257	113,963
Other expenses	-	27,062	21,359	-	54,083	16,853	-	100,052	91,972
Total expenses	-	63,679	59,851	-	251,448	90,035	-	656,788	830,300
Annual surplus (deficit)	-	4,583	-	-	-	-	-	241,130	146,428

DEASE RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2018

15. SEGMENTED INFORMATION, continued

	Capital Maintenance			Land and Resources			Economic Development		
	2018 Budget \$	2018 Actual \$	2017 Actual \$	2018 Budget \$	2018 Actual \$	2017 Actual \$	2018 Budget \$	2018 Actual \$	2017 Actual \$
Revenues									
ISC	-	167,418	136,269	-	-	-	-	86,322	98,340
Province of British Columbia	-	-	-	-	-	-	-	67,509	63,569
Funding from First Nation Organizations	-	-	-	-	12,000	33,841	-	208,728	93,683
Gain (loss) from portfolio investments	-	-	-	-	-	-	-	638	62,279
Other revenue	-	(1,816)	20,123	-	14,518	(25,825)	-	285,510	250,879
Total revenue	-	165,602	156,392	-	26,518	8,016	-	648,707	568,750
Expenses									
Program expenses	-	-	-	-	66	5,934	-	18,530	12,506
Contractors	-	15,023	1,000	-	18,575	1,736	-	156,261	113,103
Wages and benefits	-	64,903	53,324	-	-	-	-	65,127	72,128
Cost of sales	-	-	-	-	-	-	-	195,461	182,910
Travel	-	1,500	-	-	5,267	55	-	15,342	7,670
Repairs and maintenance	-	46,801	5,042	-	-	-	-	-	3,818
Other expenses	-	42,215	-	-	2,610	291	-	212,722	165,676
Total expenses	-	170,442	59,366	-	26,518	8,016	-	663,443	557,811
Annual surplus (deficit)	-	(4,840)	97,026	-	-	-	-	(14,736)	10,939

DEASE RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2018

15. SEGMENTED INFORMATION, continued

	Business Enterprise Fund			Ottawa Trust Fund			Consolidated totals		
	2018 Budget \$	2018 Actual \$	2017 Actual \$	2018 Budget \$	2018 Actual \$	2017 Actual \$	2018 Budget \$	2018 Actual \$	2017 Actual \$
Revenues									
ISC	-	-	-	-	-	-	-	2,258,748	1,688,475
FNHA	-	-	-	-	-	-	-	352,193	355,546
Province of British Columbia	-	-	-	-	-	-	-	127,509	69,069
Funding from First Nation Organizations	-	-	-	-	-	-	-	392,371	339,024
Income (loss) from GBEs	-	(18,447)	(65,956)	-	-	-	-	(18,447)	(65,956)
Gain (loss) from portfolio investments	-	-	-	-	-	-	-	638	62,279
Other revenue	-	-	-	-	1,874	1,664	-	(346,262)	34,766
Total revenue	-	(18,447)	(65,956)	-	1,874	1,664	-	2,766,750	2,483,203
Expenses									
Program expenses	-	-	-	-	-	-	-	144,578	97,034
Contractors	-	-	-	-	-	-	-	863,145	808,000
Wages and benefits	-	-	-	-	-	-	-	557,889	561,944
Amortization	-	-	-	-	-	-	-	531,693	510,863
Cost of sales	-	-	-	-	-	-	-	195,461	182,910
Travel	-	-	-	-	-	-	-	98,461	75,847
Repairs and maintenance	-	-	-	-	-	-	-	68,329	124,543
Other expenses	-	-	-	-	-	-	-	666,797	460,469
Total expenses	-	-	-	-	-	-	-	3,126,353	2,821,610
Annual surplus (deficit)	-	(18,447)	(65,956)	-	1,874	1,664	-	(359,603)	(338,407)