

Dehcho First Nations Master Trust

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INDEPENDENT AUDITORS' REPORT

To the Trustee of Dehcho First Nations Master Trust

We have audited the accompanying financial statements of Dehcho First Nations Master Trust, which comprise the statement of financial position as at December 31, 2016 and the statements of change in trust capital, revenue and expenditures, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparations and fair presentation of the 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 entity'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 financial statements.

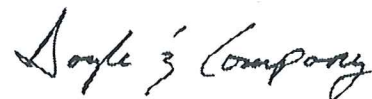
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Dehcho First Nations Master Trust as at December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Edmonton, Alberta

June 2, 2017



Chartered Professional Accountants

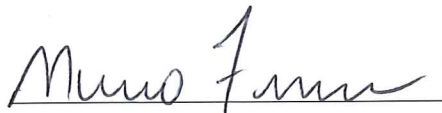
Dehcho First Nations Master Trust

Statement of Financial Position

As at December 31, 2016

	2016	2015
	\$	\$
ASSETS		
Current		
Cash	148,558	113,183
Accounts receivable (Note 4)	40,471	50,640
	189,029	163,823
Investments (Note 5)	18,880,110	17,908,126
	19,069,139	18,071,949
LIABILITIES		
Current		
Accounts payable	12,001	12,002
TRUST CAPITAL		
Master Trust	423,413	423,270
Community Development Fund	3,298,620	3,100,445
Economic Development Fund	3,245,318	3,078,294
Elders Heritage Fund	927,743	872,861
Education Fund	2,036,513	1,938,834
Immediate Opportunities Fund	7,074,593	6,760,915
Land Acquisition Fund	2,050,938	1,885,328
	19,057,138	18,059,947
	19,069,139	18,071,949

Approved on behalf of the trust:

 Trustee

Dehcho First Nations Master Trust

Statement of Changes in Trust Capital

For the year ended December 31, 2016

	Balance, beginning of year	Share of excess of revenue over expenditures	Balance, end of year
	\$	\$	\$
Master Trust	423,270	143	423,413
Community Development Fund	3,100,445	198,175	3,298,620
Economic Development Fund	3,078,294	167,024	3,245,318
Elders Heritage Fund	872,861	54,882	927,743
Education Fund	1,938,834	97,679	2,036,513
Immediate Opportunities Fund	6,760,915	313,678	7,074,593
Land Acquisition Fund	1,885,328	165,610	2,050,938
	18,059,947	997,191	19,057,138

The accompanying notes form part of these financial statements

Dehcho First Nations Master Trust

Statement of Revenues and Expenditures

For the year ended December 31, 2016

	2016	2015
	\$	\$
Revenue		
Dividend income	133,452	154,710
Foreign income	102,014	94,655
Interest income	122,835	119,659
Other income	58,162	58,761
Secondary income	1,289	3,372
	417,752	431,157
Expenditures		
Foreign taxes	13,488	16,305
Interest on bond redemption	77	4,158
Investment management board expenses	203,890	187,420
Investment management fees	145,500	156,442
Legal fees	-	4,869
Professional fees	16,863	18,112
Trustee fees	46,029	46,244
	425,847	433,550
Excess (deficiency) of revenue over expenditures before other items	(8,095)	(2,393)
Other revenue (expenditures)		
Gain on sale of investments	167,260	481,148
Foreign exchange gain (loss)	221,532	(241,005)
Return of capital adjustment	6,572	7,574
Unrealized gain (loss) on investments	609,922	(408,797)
	1,005,286	(161,080)
Excess (deficiency) of revenue over expenditures	997,191	(163,473)

The accompanying notes form part of these financial statements

Dehcho First Nations Master Trust

Statement of Cash Flows

For the year ended December 31, 2016

	2016	2015
	\$	\$
Operating Activities		
Cash paid to suppliers	(419,282)	(422,003)
Investing Activities		
Proceeds received on sale of investments	2,559,646	3,960,438
Purchase of investments	(2,104,989)	(3,486,470)
	454,657	473,968
Increase in Cash During the Year	35,375	51,965
CASH - Beginning of year	113,183	61,218
CASH - End of year	148,558	113,183

The accompanying notes form part of these financial statements

Dehcho First Nations Master Trust

Notes to the Financial Statements

December 31, 2016

1. Nature of Operations

Dehcho First Nations Master Trust (the "Trust") was settled effective March 8, 2006 for the purpose of receiving the Settlement Funds and Economic Development Funding and to enable the Dehcho First Nations to identify and implement economic development opportunities in relation to the Mackenzie Gas Project.

The beneficiaries of the Trust are:

- i) The Dehcho First Nations,
- ii) Each of the Dehcho First Nations (Acho Dene Koe First Nation, Deh Gah Got'ie First Nation, K'agee Tu First Nation, Natlodeeche First Nation, Liidli Kue First Nation, Na'ahde First Nation, Pehdzeh Ki First Nation, Sambaa K'e Dene Band, Tthek'edeli First Nation, West Point First Nation, Fort Liard Métis Local 67, Fort Providence Métis Council, Fort Simpson Métis Local 52),
- iii) Members of the Dehcho First Nations, and
- iv) Any other trust that may be established for the benefit of the Dehcho First Nations pursuant to the terms of this Trust.

CIBC Trust Corporation of Canada acts as the Corporate Trustee for the Trust.

2. Trust

Dehcho First Nations Master Trust is unincorporated and these financial statements therefore include only those assets, liabilities, revenues, and expenditures of the Trust, and do not include all of the assets, liabilities, revenues, and expenditures of the beneficiaries. Accordingly, no charges have been made in the accounts for salaries or interest accruing to the beneficiaries. No provision has been made for income taxes as income of the Trust is taxed in the hands of the beneficiaries.

3. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(a) Cash and Cash Equivalents

Cash and cash equivalents consist of funds held on deposit at a financial institution and in money market funds that readily available. These funds are on deposit with CIBC Wood Gundy investment accounts.

(b) Investments

Investments are recorded at fair value. Unrealized gains and losses as a result of fair value adjustments at year end are included in other revenue (expenditures) for the year.

(c) Revenue Recognition

Investment transactions are accounted for as of the trade date, interest income is accrued daily and dividend income is recognized when paid or payable. Realized gains and losses from investment transactions are calculated on an average cost basis.

Dehcho First Nations Master Trust

Notes to the Financial Statements

December 31, 2016

3. Significant Accounting Policies - continued

(d) Trust Funds

The Master Trust is for the purpose of receiving Settlement Funds and Economic Development Funding and redistribute the funds received to the other six Trust Funds.

The Community Development Fund is to foster development of economic capabilities for the community through community owned enterprises and ventures, which will provide employment, training, and business experience to Members, and develop permanent facilities for the benefits of the community.

The Economic Development Fund is to foster development of economic capabilities for the community through community owned enterprises and ventures, with profit as its primary goal, which will provide employment, training, and business experience to Members, develop permanent facilities for the benefits of the community and create an income for the Dehcho First Nations on a medium to long-term basis.

The Elders Heritage Fund is viewed as an investment in the Dehcho First Nations cultural future. This Fund will distribute half of its income annually to the Dehcho First Nations for the purposes of the Elders Heritage Fund and invest the other half of the income as capital. Every five years one half of the capital appreciation earned in the Elders Heritage Fund will be distributed to the Dehcho First Nations for the purposes of the Elders Heritage Fund.

The Education Fund is to advance the education of the Dehcho people through the provision of scholarships, fellowships, bursaries, grants, loans and other forms of assistance to Members wishing to pursue further education. The Fund could also provide educational institutions, facilities, programs, resources, and opportunities for Dehcho First nations people of all ages and educational achievement. The Fund will last into perpetuity, while maintaining an income for the present and future generations of students, regardless of age.

The Immediate Opportunities Fund is to foster development of economic capabilities among Members of the Dehcho First Nations through loans, investments, grants, loan guarantees, and other forms of assistance to communality of individually-owned enterprises and ventures, with profit as the primary motive, which will provide employment, training, or business experience to members, with an emphasis on building occupational and management skills.

The Land Acquisition Fund is meant to have the longest outlook of all the Dehcho First Nations Funds. Every twenty-five years this Fund will disburse twenty-five percent of the capital appreciation over the previous twenty-five years. These proceeds are to be used in the purchase of real estate, which encompasses anything from undeveloped land, to developing an urban reserve, to investment in real estate.

Dehcho First Nations Master Trust

Notes to the Financial Statements

December 31, 2016

3. Significant Accounting Policies - continued

(e) Foreign Currency Translation

The Trust uses the temporal method to translate its foreign currency transactions and balances. Under this method, monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the financial position date. Non-monetary assets and liabilities are translated at the rates of exchange in effect on the date the assets were acquired or liabilities incurred, unless such items are carried at fair value in which case they are translated at the exchange rate in effect on the financial position date. Revenues and expenses are translated into Canadian dollars at the rate of exchange prevailing on the date the transaction occurred. Exchange gains or losses arising on translation or settlement of a foreign currency-denominated monetary item or a non-monetary item carried at market are included in operations for the year.

(f) Income Taxes

Currently the Trust is not recording income taxes as the taxable status of the Trust is being determined through the settlement negotiations of the Dehcho First Nations with the Government of Canada and a ruling by the Canada Revenue agency regarding its taxable status.

(g) Allocation of Expenses

The Trust allocates expenditures according to the fund from which the board of trustees approves the expenditure. The trustee takes into consideration the nature of the expenditure as well as the reason for undertaking the expenditure. Common costs including management fees, accounting and other professional fees are prorated based on the asset of each fund (excluding the Elder's Heritage Fund and the Education Fund) at the time that the expenditure is posted to the accounts.

(h) Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in operations in the period in which they become known.

Dehcho First Nations Master Trust

Notes to the Financial Statements

December 31, 2016

4. Accrued interest and dividends receivable

	2016	2015
	\$	\$
Community Development Fund	7,576	9,460
Economic Development Fund	6,607	8,524
Elders Heritage Fund	2,009	2,139
Education Fund	4,217	5,770
Immediate Opportunities Fund	15,865	20,053
Land Acquisition Fund	4,197	4,694
	40,471	50,640

5. Investments

	2016	2016	2015	2015
	Market	Cost	Market	Cost
	\$	\$	\$	\$
Master Trust	17,320	17,320	17,180	17,180
Community Development Fund	3,100,934	2,634,880	2,991,827	2,704,541
Economic Development Fund	2,667,998	2,285,414	2,642,165	2,390,844
Elders Heritage Fund	964,928	810,085	902,212	796,532
Education Fund	1,811,884	1,592,371	1,707,394	1,569,739
Immediate Opportunities Fund	5,955,548	5,343,844	5,904,188	5,567,070
Land Acquisition Fund	2,058,846	1,745,077	1,892,914	1,691,848
	16,577,458	14,428,991	16,057,880	14,737,754
IMB - CDF Account	248,469	248,469	169,060	169,060
IMB - EDF Account	556,593	556,593	445,028	445,028
IMB - EHF Account	71,871	71,871	76,962	76,962
IMB - IOF Account	1,425,719	1,425,719	1,159,196	1,159,196
	2,302,652	2,302,652	1,850,246	1,850,246
	18,880,110	16,731,643	17,908,126	16,588,000

6. Investment Management Board

The Investment Management Board has four accounts that relate to four of the trust funds: Community Development Fund, Economic Development Fund, Elders Heritage Fund, and Immediate Opportunities Fund. For the purposes of these financial statements, the revenues and expenditures associated with these accounts have been allocated to the related fund.

Dehcho First Nations Master Trust

Notes to the Financial Statements

December 31, 2016

7. Financial Instruments

The following sections describe the Trust's financial risk management objectives and policies and the Trust's financial risk exposures.

(a) Currency risk

The Investment Management Board review the portfolio on a regular basis and instructs the trustee to reallocate funds to match the risk profile as specified in the terms of the trust agreement.

(b) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market.

(c) Liquidity risk

Liquidity risk is the risk the trust may not be able to meet its obligations. The Trust has a comprehensive plan in place to meet their obligations as they come due which is primarily from cash flow from operations.

(d) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Trust is exposed to interest rate risk through its investments.

(e) Concentration risk

All of the assets of the trust are comprised of investment holdings held in accounts managed by one brokerage. The brokerage is affiliated with a major Canadian bank.

8. Secondary Income

The secondary income is the interest earned on the remaining cash balance in each of the CIBC Wood Gundy funds after transferring money to the CIBC Trust funds to cover expenditures.

9. Comparative Figures

Certain comparative figures have been restated to conform with current year's presentation.

Dehcho First Nations Master Trust

Schedule of Trust Fund Revenue and Expenditures by Fund

For the year ended December 31, 2016

	Master Trust	Community Development Fund	Economic Development Fund	Elders Heritage Fund	Education Fund	Immediate Opportunities Fund	Land Acquisition Fund
	\$	\$	\$	\$	\$	\$	\$
Revenue							
Dividend income	-	29,453	23,561	8,770	15,182	41,005	15,481
Foreign income	-	20,286	17,109	6,083	13,094	28,670	16,772
Interest income	3	18,686	20,296	5,311	10,046	59,339	9,154
Other income	-	10,472	9,045	2,746	5,576	25,482	4,841
Secondary income	-	166	86	200	169	453	215
	3	79,063	70,097	23,110	44,067	154,949	46,463
Expenses							
Foreign taxes	-	2,658	2,250	867	1,671	3,557	2,485
Interest on bond redemption	-	12	12	4	6	36	6
Investment management board expenses	-	41,981	41,981	-	-	76,234	43,694
Investment management fees	39	28,312	24,314	9,358	15,705	48,218	19,555
Trustee fees	-	8,055	8,055	2,301	4,603	18,412	4,603
Professional fees	-	2,951	2,951	843	1,686	6,745	1,686
	39	83,969	79,563	13,373	23,671	153,202	72,029
Excess (deficiency) of revenue over expenditures before other revenue and expenditures	(36)	(4,906)	(9,466)	9,737	20,396	1,747	(25,566)
Other revenue (expenditures)							
Gain on sale of investments	-	11,983	33,372	7,171	13,336	69,962	31,435
Return of capital adjustments	-	1,329	1,172	476	1,065	2,105	425
Gain (loss) on foreign exchange	-	60,547	61,596	7,966	16,118	90,941	(15,637)
Unrealized gain on investments	179	129,222	80,350	29,532	46,764	148,923	174,953
	179	203,081	176,490	45,145	77,283	311,931	191,176
Excess (deficiency) of revenue over expenditures	143	198,175	167,024	54,882	97,679	313,678	165,610

The accompanying notes form part of these financial statements