

# Dehcho First Nations Master Trust

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\* Operates as a Professional Corporation

**INDEPENDENT AUDITORS' REPORT**

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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, 2014 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.

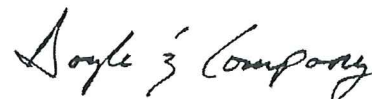
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

**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, 2014, 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 19, 2015



Chartered Accountants

# Dehcho First Nations Master Trust

## Statement of Financial Position

As at December 31, 2014

	2014	2013
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash (Note 9)	61,218	60,434
Accounts receivable (Note 4)	44,234	45,378
	105,452	105,812
<b>Investments (Note 6)</b>	18,125,968	17,148,708
	18,231,420	17,254,520
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable	8,000	16,380
<b>TRUST CAPITAL</b>		
Master Trust	423,094	422,632
Community Development Fund	3,122,765	2,816,830
Economic Development Fund	3,105,899	2,948,303
Elders Heritage Fund	857,232	802,342
Education Fund	1,942,414	1,872,940
Immediate Opportunities Fund	6,875,488	6,600,754
Land Acquisition Fund	1,896,528	1,774,339
	18,223,420	17,238,140
	18,231,420	17,254,520

Approved on behalf of the trust:

\_\_\_\_\_  
Trustee

# Dehcho First Nations Master Trust

## Statement of Changes in Trust Capital

For the year ended December 31, 2014

	Balance, beginning of year \$	Prior period adjustment (Note 9) \$	Share of excess of revenue over expenditures \$	Balance, end of year \$
Master Trust	421,641	991	462	423,094
Community Development Fund	2,807,068	9,762	305,935	3,122,765
Economic Development Fund	2,938,411	9,892	157,596	3,105,899
Elders Heritage Fund	784,813	17,529	54,890	857,232
Education Fund	1,867,943	4,997	69,474	1,942,414
Immediate Opportunities Fund	6,590,705	10,049	274,734	6,875,488
Land acquisition Fund	1,767,125	7,214	122,189	1,896,528
	<b>17,177,706</b>	<b>60,434</b>	<b>985,280</b>	<b>18,223,420</b>

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, 2014**

	2014	2013
	\$	\$
<b>Revenue</b>		
Dividend income	197,794	189,546
Foreign income	83,514	55,300
Interest income	169,817	145,980
Other income	67,823	84,674
Secondary income	5,507	4,329
	<b>524,455</b>	<b>479,829</b>
<b>Expenditures</b>		
Accounting	-	5,136
Foreign taxes	12,452	7,355
Investment management board expenses	132,731	192,634
Investment management and trustee fees	214,180	249,325
Legal fees	1,608	3,014
Overdraft fees	-	24
Professional fees	5,526	13,270
	<b>366,497</b>	<b>470,758</b>
<b>Excess of revenue over expenditures before other items</b>	<b>157,958</b>	<b>9,071</b>
<b>Other revenue (expenditures)</b>		
Gain (loss) on sale of investments	254,967	279,490
Foreign exchange gain (loss)	(11,801)	-
Return of capital adjustment	3,911	5,939
Unrealized gain (loss) on investments	580,245	662,383
	<b>827,322</b>	<b>947,812</b>
<b>Excess of revenue over expenditures</b>	<b>985,280</b>	<b>956,883</b>

The accompanying notes form part of these financial statements

# Dehcho First Nations Master Trust

## Statement of Cash Flows

For the year ended December 31, 2014

	2014
	\$
<b>Operating Activities</b>	
Cash paid to suppliers	(374,877)
<b>Investing Activities</b>	
Proceeds received on sale of investments	2,318,292
Purchase of investments	(1,942,631)
	375,661
<b>Increase in Cash During the Year</b>	784
<b>CASH - Beginning of year</b>	60,434
<b>CASH - End of year</b>	61,218

The accompanying notes form part of these financial statements

# Dehcho First Nations Master Trust<sup>7</sup>

## Notes to the Financial Statements

December 31, 2014

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### 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, Sambia K'e Dene Band, Tthek'edeli First Nation, West Point First Nation, Fort Liard Metis Local 67, Fort Providence Metis Council, Fort Simpson Metis 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) 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 income for the year.

#### (b) Revenue Recognition

Investment transactions are accounted for as of the trade date, interest income is accrued daily and dividend income is recognized on the ex-dividend date. 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, 2014

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### 3. Significant Accounting Policies - continued

#### (c) 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 community 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, 2014

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### 3. Significant Accounting Policies - continued

#### (d) 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. Depreciation or amortization of assets translated at historical exchange rates is translated at the same exchange rates as the assets to which it relates. 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.

#### (e) 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.

#### (f) 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 understaking 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.

#### (g) 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, 2014

**4. Accrued interest and dividends receivable**

	2014	2013
	\$	\$
Community Development Fund	8,176	8,225
Economic Development Fund	7,464	7,593
Elders Heritage Fund	1,778	1,922
Education Fund	4,842	4,849
Immediate Opportunities Fund	17,830	18,552
Land Acquisition Fund	4,144	4,237
	44,234	45,378

**5. Investments**

	2014 Market \$	2014 Cost \$	2013 Market \$	2013 Cost \$
Unassigned Master Trust	-	-	(245)	-
Community Development Fund	17,009	17,009	16,800	16,799
Economic Development Fund	3,194,342	2,826,509	2,889,913	2,759,959
Elders Heritage Fund	3,121,070	2,793,899	2,964,901	2,726,483
Education Fund	961,671	833,363	906,283	802,051
Immediate Opportunities Fund	1,715,696	1,513,823	1,649,650	1,499,295
Land acquisition Fund	7,186,828	6,607,787	6,912,786	6,438,611
	1,929,352	1,675,684	1,808,620	1,598,750
	18,125,968	16,268,074	17,148,708	15,841,948

**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, 2014

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### 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. Prior Period Adjustment

The cash balances from the trust accounts were not reflected in the financial statements last year.

The impact on the financial statements is an increase in cash in the prior year and a corresponding increase to the trust capital of each of the funds.

### 10. Comparative Figures

Certain comparative figures have been restated to conform with current year's presentation. The prior year figures were audited by another accounting firm.

# Dehcho First Nations Master Trust

## Schedule of Trust Fund Revenue and Expenditures by Fund

For the year ended December 31, 2014

	Master Trust	Community Development Fund	Economic Development Fund	Elders Heritage Fund	Education Fund	Immediate Opportunities Fund	Land Acquisition Fund
	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>							
Dividend income	-	39,848	33,793	12,154	22,637	68,170	21,194
Foreign income	-	16,332	14,144	4,600	11,086	25,308	12,044
Interest income	7,810	26,954	30,114	6,232	14,178	76,355	13,680
Other income	-	11,658	10,767	2,975	5,946	31,136	5,341
	<b>7,810</b>	<b>94,792</b>	<b>88,818</b>	<b>25,961</b>	<b>53,847</b>	<b>200,969</b>	<b>52,259</b>
<b>Expenses</b>							
Foreign taxes	-	2,795	2,356	682	2,033	2,606	1,980
Investment management board expenses	-	27,329	27,329	-	-	62,464	15,609
Investment management and trustee fees	-	39,591	36,305	13,070	21,987	76,411	26,816
Legal fees	-	331	331	-	-	757	189
Professional fees (recovery)	-	1,004	1,004	(735)	(39)	4,331	(39)
	<b>-</b>	<b>71,050</b>	<b>67,325</b>	<b>13,017</b>	<b>23,981</b>	<b>146,569</b>	<b>44,555</b>
<b>Excess of revenue over expenditures before other revenue and expenditures</b>	<b>7,810</b>	<b>23,742</b>	<b>21,493</b>	<b>12,944</b>	<b>29,866</b>	<b>54,400</b>	<b>7,704</b>
<b>Other revenue (expenditures)</b>							
Gain on sale of investments	-	24,052	31,472	9,391	35,600	106,544	47,907
Return of capital adjustments	-	889	827	375	404	1,184	232
Loss on foreign exchange	101	(2,320)	(4,009)	(228)	(490)	(3,715)	(1,140)
Unrealized gain (loss) on investments	(7,449)	259,572	107,813	32,408	4,094	116,321	67,486
	<b>(7,348)</b>	<b>282,193</b>	<b>136,103</b>	<b>41,946</b>	<b>39,608</b>	<b>220,334</b>	<b>114,485</b>
<b>Excess of revenue over expenditures</b>	<b>462</b>	<b>305,935</b>	<b>157,596</b>	<b>54,890</b>	<b>69,474</b>	<b>274,734</b>	<b>122,189</b>

The accompanying notes form part of these financial statements