

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, 2015 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.

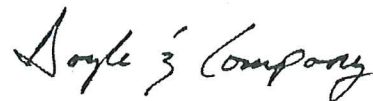
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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, 2015, 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

May 15, 2016



Chartered Accountants

Dehcho First Nations Master Trust

Statement of Financial Position

As at December 31, 2015

	2015	2014
	\$	\$
ASSETS		
Current		
Cash	113,183	61,218
Accounts receivable (Note 4)	50,640	44,234
	163,823	105,452
Investments (Note 5)	17,908,126	18,125,968
	18,071,949	18,231,420
LIABILITIES		
Current		
Accounts payable	12,002	8,000
TRUST CAPITAL		
Master Trust	423,270	423,094
Community Development Fund	3,100,445	3,122,765
Economic Development Fund	3,078,294	3,105,899
Elders Heritage Fund	872,861	857,232
Education Fund	1,938,834	1,942,414
Immediate Opportunities Fund	6,760,915	6,875,488
Land Acquisition Fund	1,885,328	1,896,528
	18,059,947	18,223,420
	18,071,949	18,231,420

Approved on behalf of the trust:

_____ Trustee

Dehcho First Nations Master Trust

Statement of Changes in Trust Capital

For the year ended December 31, 2015

	Balance, beginning of year	Share of excess of revenue over expenditures	Balance, end of year
	\$	\$	\$
Master Trust	423,094	176	423,270
Community Development Fund	3,122,765	(22,320)	3,100,445
Economic Development Fund	3,105,899	(27,605)	3,078,294
Elders Heritage Fund	857,232	15,629	872,861
Education Fund	1,942,414	(3,580)	1,938,834
Immediate Opportunities Fund	6,875,488	(114,573)	6,760,915
Land acquisition Fund	1,896,528	(11,200)	1,885,328
	18,223,420	(163,473)	18,059,947

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, 2015

	2015	2014
	\$	\$
Revenue		
Dividend income	154,710	197,793
Foreign income	94,655	83,514
Interest income	119,659	169,818
Other income	58,761	67,823
Secondary income	3,372	5,507
	431,157	524,455
Expenditures		
Foreign taxes	16,305	12,452
Interest on bond redemption	4,158	-
Investment management board expenses	187,420	132,731
Investment management and trustee fees	202,686	214,180
Legal fees	4,869	1,608
Professional fees	18,112	5,526
	433,550	366,497
Excess of revenue over expenditures before other items	(2,393)	157,958
Other revenue (expenditures)		
Gain (loss) on sale of investments	481,148	254,967
Foreign exchange gain (loss)	(241,005)	(11,801)
Return of capital adjustment	7,574	3,911
Unrealized gain (loss) on investments	(408,797)	580,245
	(161,080)	827,322
Excess of revenue over expenditures	(163,473)	985,280

The accompanying notes form part of these financial statements

Dehcho First Nations Master Trust

Statement of Cash Flows

For the year ended December 31, 2015

	2015	2014
	\$	\$
Operating Activities		
Cash paid to suppliers	(422,003)	(374,877)
Investing Activities		
Proceeds received on sale of investments	3,960,438	2,318,292
Purchase of investments	(3,486,470)	(1,942,631)
	473,968	375,661
Increase in Cash During the Year	51,965	784
CASH - Beginning of year	61,218	60,434
CASH - End of year	113,183	61,218

The accompanying notes form part of these financial statements

Dehcho First Nations Master Trust

Notes to the Financial Statements

December 31, 2015

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, Samba 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) 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, 2015

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 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, 2015

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 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.

(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, 2015

4. Accrued interest and dividends receivable

	2015	2014
	\$	\$
Community Development Fund	9,460	8,176
Economic Development Fund	8,524	7,464
Elders Heritage Fund	2,139	1,778
Education Fund	5,770	4,842
Immediate Opportunities Fund	20,053	17,830
Land Acquisition Fund	4,694	4,144
	50,640	44,234

5. Investments

	2015	2015	2014	2014
	Market	Cost	Market	Cost
	\$	\$	\$	\$
Master Trust	17,180	17,180	17,009	17,009
Community Development Fund	3,160,888	2,873,602	3,194,342	2,826,509
Economic Development Fund	3,087,192	2,835,872	3,121,070	2,793,899
Elders Heritage Fund	979,174	873,494	961,671	833,363
Education Fund	1,707,394	1,569,739	1,715,696	1,513,823
Immediate Opportunities Fund	7,063,384	6,726,266	7,186,828	6,607,787
Land acquisition Fund	1,892,914	1,691,848	1,929,352	1,675,684
	17,908,126	16,588,001	18,125,968	16,268,074

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, 2015

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, 2015

	Master Trust	Community Development Fund	Economic Development Fund	Elders Heritage Fund	Education Fund	Immediate Opportunities Fund	Land Acquisition Fund
	\$	\$	\$	\$	\$	\$	\$
Revenue							
Dividend income	-	32,698	27,292	9,359	17,084	50,222	18,056
Secondary income	-	739	541	143	245	1,113	591
Foreign income	-	18,387	15,562	5,322	12,012	27,606	15,766
Interest income	8,319	17,910	19,969	5,381	9,124	50,143	8,814
Other income	-	10,376	9,241	2,737	5,481	26,157	4,769
	8,319	80,110	72,605	22,942	43,946	155,241	47,996
Expenses							
Foreign taxes	-	3,564	3,018	1,006	2,353	3,284	3,079
Interest on bond redemption	-	660	680	157	351	1,949	362
Investment management board expenses	-	38,590	38,590	-	-	88,200	22,041
Investment management and trustee fees	-	37,741	34,399	12,009	21,007	72,120	25,409
Legal fees	-	1,003	1,003	-	-	2,291	573
Professional fees (recovery)	-	3,370	3,370	6	1,611	8,145	1,611
	-	84,928	81,060	13,178	25,322	175,989	53,075
Excess of revenue over expenditures before other revenue and expenditures	8,319	(4,818)	(8,455)	9,764	18,624	(20,748)	(5,079)
Other revenue (expenditures)							
Gain on sale of investments	-	76,448	74,848	28,981	69,823	176,363	54,684
Return of capital adjustments	-	1,272	1,115	502	805	3,179	700
Loss on foreign exchange	(101)	(58,227)	(57,587)	(7,738)	(15,628)	(87,226)	(14,497)
Unrealized gain (loss) on investments	(8,042)	(36,995)	(37,526)	(15,880)	(77,204)	(186,141)	(47,008)
	(8,143)	(17,502)	(19,150)	5,865	(22,204)	(93,825)	(6,121)
Excess of revenue over expenditures	176	(22,320)	(27,605)	15,629	(3,580)	(114,573)	(11,200)

The accompanying notes form part of these financial statements