

DOKIS FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2014

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 YEAR ENDED MARCH 31, 2014

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DOKIS FIRST NATION  
YEAR ENDED MARCH 31, 2014

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of the Dokis 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. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Dokis First Nation maintains a system of internal accounting and administrative controls. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Dokis First Nation assets are appropriately accounted for and adequately safeguarded.

The Dokis First Nation's Chief and Council are responsible for ensuring that management fulfils its responsibilities for financial reporting and ultimately responsible for reviewing and approving the consolidated financial statements.

Chief and Council review the Dokis First Nation's consolidated financial statements for issuance to the members and recommend their approval. Chief and Council meet to discuss and to review the annual report, the financial statements and the external auditors report. The Chief and Council take this information into consideration when approving the consolidated financial statements for issuance to the members. The Chief and Council also consider the engagement of the external auditors.

The consolidated financial statements have been audited by J. Austin Davey, Professional Corporation in accordance with Canadian generally accepted auditing standards on behalf of the organization.

D. Lestoue A. O. C. O. Ock  
Chief Councillor Councillor

Councillor

Councillor

Councillor

# ***J. AUSTIN DAVEY***

**PROFESSIONAL CORPORATION**

**174 DOUGLAS STREET W. SUDBURY, ONTARIO P3E 1G1**

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## INDEPENDENT AUDITOR'S REPORT

### **To Chief and Council of Dokis First Nation**

#### ***Report on the Consolidated Financial Statements***

I have audited the accompanying consolidated financial statements of the Dokis First Nation which comprise the consolidated statement of financial position as at March 31, 2014, the consolidated statements of operations and accumulated surplus, changes in net debt 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 consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

#### ***Auditor's Responsibility***

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethics 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 judgement, 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 controls relevant to the entity'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 entity's internal controls. 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for audit opinion.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

***Opinion***

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Dokis First Nation as at March 31, 2014 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

***Other Matter***

My examination was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information included in Schedule A through J is presented for the purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic consolidated financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.



J. AUSTIN DAVEY  
Professional Corporation  
Chartered Professional Accountant  
Licenced Public Accountant

Sudbury, Ontario  
October 3, 2014

Authorized to practice public  
Accounting by the Chartered  
Professional Accountants of  
Ontario

DOKIS FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
YEAR ENDED MARCH 31

	<u>2014</u>	<u>2013</u>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 194,115	\$ 242,001
Restricted cash (Note 2)	37,802	32,203
Short term investments (Note 3)	2,580,558	2,555,993
Accounts receivable	590,069	183,673
Note Receivable (Note 4)	2,400,000	-
Funds held in Trust by Government of Canada (Note 5)	1,333,502	1,301,793
Advances in Migisi Development Corporation (Note 6)	-	101,422
Investment in Migisi Hydro L.P. (Note 7)	<u>995</u>	<u>-</u>
Total Financial Assets	<u>7,137,041</u>	<u>4,417,085</u>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities	192,993	163,923
Deferred contributions (Note 8)	1,367,683	1,522,332
Investments and advances to Migisi Development Corporation (Note 6)	220,388	-
Due to Migisi Hydro L.P.	995	-
Long-term debt (Note 9)	<u>2,995,078</u>	<u>623,481</u>
Total Financial Liabilities	<u>4,777,137</u>	<u>2,309,736</u>
<b>NET DEBT</b>	<u>2,359,904</u>	<u>2,107,349</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 10)	6,985,059	6,860,920
Prepaid expenses	<u>80,488</u>	<u>75,538</u>
Total non-financial assets	<u>7,065,547</u>	<u>6,936,458</u>
<b>ACCUMULATED SURPLUS (Note 12)</b>	<u>\$9,425,451</u>	<u>\$9,043,807</u>
<b>CONTINGENT LIABILITY (Note 13)</b>		
Approved on behalf of the Dokis First Nation Council:		
<i>Denise Tedesco.</i>		
Chief		

DOKIS FIRST NATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
YEAR ENDED MARCH 31

	<u>2014 Budget</u>	<u>2014 Actual</u>	<u>2013 Actual</u>
<b>REVENUE</b>			
Aboriginal Affairs and Northern Development Canada	\$3,160,795	\$3,160,795	\$ 2,587,774
Other - Federal contributions	923,459	855,131	804,808
Province of Ontario	364,032	435,694	443,617
Other	680,234	3,622,519	2,320,609
Deferred revenue, beginning of year	-	1,522,332	1,770,029
Deferred revenue, end of year	<u>-</u>	<u>(1,367,683)</u>	<u>(1,522,332)</u>
	<u>5,128,520</u>	<u>8,228,788</u>	<u>6,404,505</u>
<b>EXPENDITURES</b>			
Band Support Funding	489,868	511,561	522,454
Maintenance Management	635,850	581,683	679,327
Education	1,464,962	1,661,575	1,486,424
Social Services	183,063	197,747	168,859
Community Programs	288,823	1,390,974	575,741
Band Enterprises	-	334,019	600,283
Health Services	1,188,768	1,406,956	1,218,684
Lands and Estates	35,574	27,829	29,186
Memberships	7,966	7,966	7,600
Ontario First Nations (2008) L.P.	-	272,204	847,800
Capital Projects	709,158	1,070,016	524,632
Community Services	-	15,331	21,404
Culture & Recreation	42,670	43,205	50,143
Housing	<u>81,818</u>	<u>102,691</u>	<u>75,820</u>
	<u>\$5,128,520</u>	<u>7,623,757</u>	<u>6,808,357</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ -</u>	<u>605,031</u>	<u>(403,852)</u>
<b>EQUITY IN MIGISI DEVELOPMENT CORPORATION</b>		<u>(223,387)</u>	<u>(500)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>		<u>381,644</u>	<u>(404,352)</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>		<u>9,043,807</u>	<u>9,448,159</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>		<u>\$9,425,451</u>	<u>\$9,043,807</u>

## DOKIS FIRST NATION

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT  
YEAR ENDED MARCH 31

	<u>2014</u>	<u>2013</u>
EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR	\$ 381,644	\$ (404,352)
Amortization of tangible capital assets	456,151	440,895
Acquisition of tangible capital assets	(603,022)	(151,239)
Proceeds on disposal of capital assets	22,732	-
Change in prepaid expenses	<u>(4,950)</u>	<u>45,730</u>
INCREASE (DECREASE) IN NET DEBT	252,555	(68,966)
NET DEBT, BEGINNING OF YEAR	<u>2,107,349</u>	<u>2,176,315</u>
NET DEBT, END OF YEAR	<u>\$2,359,904</u>	<u>\$2,107,349</u>

## DOKIS FIRST NATION

CONSOLIDATED STATEMENT OF CASH FLOWS  
YEAR ENDED MARCH 31

	<u>2014</u>	<u>2013</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	\$ 381,644	\$ (404,352)
Items not involving cash		
Equity loss from Migisi Development Corporation	223,387	500
Amortization of tangible capital assets	456,151	440,895
Loss on disposal of capital assets	<u>21,732</u>	<u>—</u>
	1,082,914	37,043
Change in non-cash assets relating to operations		
Accounts receivable	(406,396)	19,263
Accounts payable and accrued liabilities	29,070	(57,239)
Deferred contributions	(154,649)	(247,697)
Prepaid expenses	<u>(4,950)</u>	<u>45,730</u>
Net change in cash from operating activities	<u>545,989</u>	<u>(202,900)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principle repayments of long-term debt	(28,403)	(41,438)
Proceeds on long-term debt	<u>2,400,000</u>	<u>—</u>
Net change in cash from financing activities	<u>2,371,597</u>	<u>(41,438)</u>
<b>CASH FLOWS FROM CAPITAL ACTIVITIES</b>		
Increase of tangible capital assets	(603,022)	(151,239)
Proceeds on disposal of capital assets	<u>1,000</u>	<u>—</u>
Net change in cash from capital activities	<u>(602,022)</u>	<u>(151,239)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Restricted cash	(5,599)	(5,440)
Short-term investments	(24,565)	(25,890)
Note receivable	<u>(2,400,000)</u>	<u>—</u>
Investments and advances in Migisi Development Corporation	98,423	(500)
Due from Migisi Hydro L.P.	995	—
Funds held in Trust in Ottawa	(31,709)	(29,927)
Investments in Migisi Hydro L.P.	<u>(995)</u>	<u>—</u>
Net change in cash from investing activities	<u>(2,363,450)</u>	<u>(61,757)</u>
Net change in cash for the year	<u>(47,886)</u>	<u>(457,334)</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>242,001</u>	<u>699,335</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 194,115</u>	<u>\$ 242,001</u>
<b>SUPPLEMENTARY CASH FLOW INFORMATION:</b>		
Interest received in year	<u>\$ 127,816</u>	<u>\$ 67,807</u>
Interest paid in year	<u>\$ 91,304</u>	<u>\$ 23,273</u>

## DOKIS FIRST NATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2014

Dokis First Nation is a First Nation located in Monetville in the Province of Ontario. The First Nation, under the direction of its Chief and Council and management, operates various programs for the benefit of its members, including municipal services, health services, education, housing and other services. The First Nation is a not-for-profit entity and is not taxable under the Canadian Income Tax Act.

#### 1. SIGNIFICANT ACCOUNTING POLICIES

The Consolidated Financial Statements are the representations of management and have been prepared in accordance with Canadian public sector accounting standards prescribed for government entities as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants and the 2013-2014 Year-End Reporting Handbook of the Department of Aboriginal Affairs and Northern Development Canada. The following is a summary of the significant accounting policies followed in the preparation of these financial statements:

##### a) Reporting Entity and Basis of Consolidation

These consolidated financial statements include the assets, liabilities, accumulated surplus, revenues and expenses of Dokis First Nation.

The reporting entity includes the Dokis First Nation government and all related entities which are accountable for the First Nation and are either owned or controlled by the First Nation.

The consolidated financial statements include the assets, liabilities, and results of operations of the following entities, which are inactive and have no assets:

- Dokis Forestry Corporation Inc.
- Migisi Power Corporation
- Migisi Power Authority Inc.
- Migisi Utility Authority Inc.
- Migisi Tax Authority Inc.

Government business enterprises are accounted for using the modified equity method. The business enterprise's accounting principles are not adjusted to conform with those of the First Nation and inter-organization transactions and balances are not eliminated. The government business enterprise included during the year is Migisi Development Corporation.

DOKIS FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Basis of Accounting

Revenues and expenditures are reported using the accrual basis of accounting. Revenues are recognized as they are earned and measureable. Expenditures are recognized as they are incurred and measureable as a result of receipts of goods or services and the creation of a legal obligation to pay.

c) Cash and Cash Equivalents

Cash and cash equivalents consists of cash on hand and balances held by major financial institutions.

d) Short-Term Investments

Short-term investments are recorded at cost, which approximates market value. The investments are generally held for short-term unspecified purposes and are generally comprised of guaranteed investments certificates and have maturities within one year.

e) Tangible Capital Assets

Tangible capital assets are recorded at cost. The First Nation provides for the amortization using the straight-line method designed to amortize the cost, less any residual value, of the tangible capital assets over the estimated useful life of the asset. The annual amortization rates are as follows:

Buildings	40 years	Straight-Line
Water & sewer	20 and 40 years	Straight-Line
Roads & bridges	30 and 40 years	straight-line
Vehicles & equipment	10 years	straight-line
Parking lot	10 years	straight-line
Fencing	10 years	straight-line
Recreation facility	5 years	straight-line
Office equipment	5 years	straight-line

DOKIS FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f) Revenue Recognition and Deferred Contributions

Revenue from government grants and contributions are recognized in the period that the events giving rise to the government transfer have occurred as long as the transfer is authorized and the amount can reasonably be estimated.

Funding received under the funding arrangement, which relates to a subsequent fiscal period and the unexpected portions of contributions received for specific purposes are reflected as deferred contributions in the year of receipt and are recognized as revenue in the period in which all recognition criteria have been met. Other revenues are recorded on the accrual basis.

g) Non-financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the First Nation because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the First Nation unless they are sold.

h) Use of Estimates

The preparation of consolidated financial statements in conformity with the Canadian generally accepted accounting principles generally accepted for First Nations as described in the Year-End Reporting Handbook (2013-2014) of the Department of Aboriginal Affairs and Northern Development Canada requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reported period. By their nature, these estimates are subject to measurement uncertainty, the effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in their financial statements are certain accounts receivable, allowance for doubtful accounts, certain deferred contributions, amounts repayable to certain funders, certain long-term investments and estimated useful lives of tangible capital assets.

DOKIS FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2014

2. RESTRICTED CASH

Restricted cash is comprised of bank account balances supporting Canada Mortgage and Housing Corporation (CMHC) replacement reserve. Under the terms of agreements with CMHC amounts are to be credited annually to replacement reserves. These funds must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation. Withdrawals are credited to interest first and then principal.

3. SHORT-TERM INVESTMENTS

Short-term investments are presented at cost value which approximates their fair market value and consists of:

	<u>Rate</u>	<u>2014</u>	<u>2013</u>
Royal Bank - GIC	1.00%	\$2,064,306	\$2,043,848
Royal Bank - GIC	0.8%	513,752	509,645
Royal Bank - GIC	0.8%	<u>2,500</u>	<u>2,500</u>
		<u>\$2,580,558</u>	<u>\$2,555,993</u>

4. NOTE RECEIVABLE

Note receivable from Migisi Development Corporation. The note is non-interest bearing and is due on demand. The note is not secured.

DOKIS FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2014

5. FUNDS HELD IN TRUST BY GOVERNMENT OF CANADA

Funds held in trust are comprised of funds held in Ottawa trust accounts and arise from monies derived from capital or revenue sources as outlined in the Indian Act. These funds are subject to audit by the office of the Auditor General of Canada.

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	<u>\$1,301,793</u>	<u>\$1,271,866</u>
Add:		
Interest	32,887	29,927
Mineral sales	(6,400)	-
Road access	55	-
Right of way	<u>5,167</u>	<u>-</u>
	<u>31,709</u>	<u>29,927</u>
Balance, end of year	<u>\$1,333,502</u>	<u>\$1,301,793</u>

DOKIS FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2014

6. INVESTMENT AND ADVANCES IN MIGISI DEVELOPMENT CORPORATION (CONT'D)

Dokis First Nation recognized a loss of \$223,387 during 2014 (2013-(\$500)) in the accompanying financial statements.

The following summarizes the assets, liabilities, deficit, revenues and expenses of Migisi Development Corporation for its March 31, 2014 fiscal year end.

	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
Current	\$ 152,074	\$ 101,423
Investments and advances	<u>2,150,961</u>	<u>24,999</u>
	<u><u>\$2,303,035</u></u>	<u><u>\$ 126,422</u></u>
<b>Liabilities and Equity</b>		
Current	\$2,400,000	\$ -
Equity	<u>(96,965)</u>	<u>126,422</u>
	<u><u>\$2,303,035</u></u>	<u><u>\$ 126,422</u></u>
 Revenues	\$ -	\$ -
Expenses	<u>223,387</u>	<u>500</u>
 Net loss	<u><u>\$ (223,387)</u></u>	<u><u>\$ (500)</u></u>

7. INVESTMENT IN MIGISI HYDRO L.P.

Dokis First Nation holds a controlling partnership interest in Migisi Hydro L.P. The partnership is between Dokis First Nation (which holds 99.5% interest) and other corporations. The investment is being accounted for using the cost method.

DOKIS FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2014

8. DEFERRED CONTRIBUTIONS

Deferred contributions consist of the following:

	<u>2014</u>	<u>2013</u>
Aboriginal Affairs and Northern Development Canada	\$ 777,269	\$ 786,831
Health Canada	318,707	492,583
Ministry of Community and Social Services	2,406	2,640
Human Resources Skills Development Canada	18,707	25,002
Canada Mortgage Housing Corporation	43,590	47,610
Other funding agencies	<u>207,004</u>	<u>167,666</u>
	<u><u>\$1,367,683</u></u>	<u><u>\$1,522,332</u></u>

Unexpended contributions received for specific purposes are reflected as deferred contributions in the year of receipt and are recognized as revenue in the period in which all recognition criteria have been met.

For additional information refer to Schedules A to A5 of these financial statements.

DOKIS FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2014

9. LONG-TERM DEBT

	<u>2014</u>	<u>2013</u>
2.61% mortgage payable, principal and interest of \$1,546 monthly, maturing September 1, 2014. Insured by Canada Mortgage and Housing Corporation. Secured by a guarantee from Aboriginal Affairs and Northern Development Canada.	\$ 233,452	\$ 245,773
6.29% loan payable, principal and interest of \$1,131 monthly, maturing May 31, 2015. Secured by specified property.	131,890	137,044
2.56% mortgage payable, principal and interest of \$1,411 monthly, maturing December 1, 2015. Insured by Canada Mortgage and Housing Corporation. Secured by a guarantee from Aboriginal Affairs and Northern Development Canada.	229,736	240,664
3.95%, term loan, payable monthly principle repayment of NIL plus interest, maturing September 27, 2015. Secured by cash assignment of term deposits and GIC's.	<u>2,400,000</u>	- <u>\$2,995,078</u>
	<u>\$ 623,481</u>	

Scheduled principal repayments over the next five year are estimated as follows:

2015 -	\$ 250,058
2016 -	2,417,245
2017 -	17,913
2018 -	18,613
2019 -	19,346

DOKIS FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2014

9. LONG-TERM DEBT (CONT'D)

Certain loans are due and are to be renegotiated within the next year. The full balance of these loans have been shown as repayable in 2015. Management has no reason to believe that the loans will not be renewed and the creditor will not demand repayment of these loans during the next fiscal year.

	<u>2014</u>	<u>2013</u>
Interest expense on long-term debt	<u>\$ 91,304</u>	<u>\$ 21,903</u>

DOKIS FIRST NATION  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 YEAR ENDED MARCH 31, 2014

10. TANGIBLE CAPITAL ASSETS

	COST			ACCUMULATED AMORTIZATION			NET BOOK VALUE	
	Balance Beginning	Additions	Disposals	Balance Beginning	Amortization	Disposals	Balance Ending	Total 2014
Buildings	\$ 5,122,472	\$ 13,755	\$ -	\$ 5,136,227	\$1,535,603	\$1,664,008	\$3,472,219	\$3,586,869
Water	2,028,722	-	2,028,722	1,172,047	50,718	-	1,222,765	805,957
Lagoon	1,055,121	-	1,055,121	263,780	52,756	-	316,536	738,585
Roads/Bridges	489,829	551,029	-	1,040,858	286,211	30,103	316,314	724,544
Machinery/Equipment	964,678	38,238	32,476	970,440	612,948	47,590	(9,744)	650,794
CMHC Rental Buildings	1,002,381	-	1,002,381	160,702	23,250	-	183,952	818,429
Recreation Facility	580,610	-	580,610	391,886	116,122	-	508,008	72,602
Parking Lot	17,206	-	17,206	4,482	1,721	-	6,203	11,003
Fencing	28,070	-	28,070	11,228	2,807	-	14,035	12,724
Office Equipment	13,397	-	13,397	2,679	2,679	-	5,358	16,842
<u>\$11,302,486</u>	<u>\$603,022</u>	<u>\$ 32,476</u>	<u>\$11,873,032</u>	<u>\$4,441,566</u>	<u>\$456,151</u>	<u>\$ (9,744)</u>	<u>\$4,887,973</u>	<u>\$6,985,059</u>

DOKIS FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2014

11. NON-FINANCIAL ASSETS

Tangible capital assets and prepaid expenses are accounted for as assets by the First Nation because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the First Nation unless they are sold.

12. ACCUMULATED SURPLUS

Accumulated surplus (deficit) is comprised of the following:

	<u>2014</u>	<u>2013</u>
Operating accumulated deficit (Exhibit 1)	\$ (156,892)	\$ (145,162)
Restricted Ontario First Nations Limited Partnership (Exhibit 2)	2,119,890	1,688,379
Equity in tangible capital assets (Exhibit 3)	6,225,916	6,072,375
Funds held in Trust by Government of Canada (Note 5)	1,333,502	1,301,793
Equity in First Nation Business Enterprises (Note 6)	<u>(96,965)</u>	<u>126,422</u>
	<u><u>\$9,425,451</u></u>	<u><u>\$9,043,807</u></u>

DOKIS FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2014

13. CONTINGENT LIABILITY

a) Loan Guarantees

- (i) The First Nation has provided a guarantee of up to \$600,000 for band members housing mortgages and member loans with the Bank of Montreal.
- (ii) Aboriginal Affairs and Northern Development Canada ("AANDC") has guaranteed a CMHC loan to the First Nation in the amount of \$233,967 (original - \$332,000) and an on-reserve housing construction loan of \$230,233 (original - \$305,600). Should the First Nation default on the loans and require payment by AANDC, the amount will be deducted from the First Nation's funds held in trust by the Government of Canada.

b) Government Funding

The First Nation has entered into contribution arrangements with various government funding agencies. All such programs are subject to audit by the various governments with repayable audit adjustments to the funding agency government. Audit adjustments, if any, are recorded in the accounts in the year in which the liability is determined.

DOKIS FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2014

14. RECONCILIATION OF AANDC FUNDING TO FIRST NATION AANDC REVENUE

	<u>2014</u>	<u>2013</u>
AANDC Funding Per Confirmation	<u>\$3,160,795</u>	<u>\$2,587,774</u>
AANDC Revenue as reported	<u>3,160,795</u>	<u>2,587,774</u>
Add: Deferred Revenue, Beginning of Year		
Lands & Estates	19,818	14,928
Maintenance management	152,012	149,401
Community programs	59,182	70,322
Education	461,600	520,083
Capital	<u>94,219</u>	<u>120,194</u>
	<u>786,381</u>	<u>874,928</u>
Less: Deferred Revenue, End of Year		
Lands & Estates	27,563	19,818
Maintenance management	218,905	152,012
Community programs	45,605	59,182
Education	326,919	461,600
Capital	157,572	94,219
Social services	<u>705</u>	<u>-</u>
	<u>777,269</u>	<u>786,831</u>
AANDC Net Revenue for the Year	<u>\$3,169,907</u>	<u>\$2,675,871</u>

DOKIS FIRST NATION

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15. EXPENDITURE BY OBJECT

As required by the Public Sector Accounting Board reporting requirements these financial statements report on expenditures by functions. The First Nation's expenditures by object are as follows:

	<u>2014</u>	<u>2013</u>
Salaries and benefits	\$1,885,246	\$1,799,171
Amortization	456,151	440,895
Interest and bank charges	99,252	30,837
Other	<u>5,183,108</u>	<u>4,537,454</u>
	<u><u>\$7,623,757</u></u>	<u><u>\$6,808,357</u></u>

16. BAND MEMBERS LOANS

Band members loans and advances at March 31, 2014 are comprised of:

	<u>2014</u>	<u>2013</u>
Band members loans and advances	\$ 1,329,930	\$ 1,340,788
Less: allowance for doubtful accounts	<u>(1,329,930)</u>	<u>(1,340,788)</u>
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Loans due from Band members represents the amount of advances due with respect to approved housing loans. The Band members have a legal obligation to repay the full amount of approved loans. Interest is charged on these loans at a rate of 0%.

17. EMPLOYEE FUTURE BENEFITS

The First Nation provides a defined contribution plan for eligible employees. Members are required to contribute 5.5% of their salary. The Dokis First Nation contributes 5.5% to the member's contribution account. Employer contributions to the plan by the First Nation during the year amounted to \$61,782 (2013 - \$66,920). Employer contributions match the employee's contributions for current service, are expensed during the year in which the services are rendered and represent the total pension obligation of the First Nation.

DOKIS FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2014

18. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an organization assuming or transferring to another party, one or more financial risks described below.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Dokis First Nation's main credit risk relates to its cash, restricted cash, short-term investments, accounts receivable and note receivable.

Credit risk associated with cash, restricted cash and short-term investments is minimized by ensuring these financial assets are placed with large reputable financial institutions with high credit ratings.

Dokis First Nation is exposed to credit risk through its accounts receivable of \$590,069 (2013-\$183,673) of which is comprised of amounts due from governments, and government funded organization, but also includes amounts due from Dokis First Nation members and other receivables. Dokis First Nation measures its exposure to credit risks to accounts receivable based on how long the accounts have been outstanding and management's analysis of the account and creating an allowance for bad debts when applicable. In the opinion of the Dokis First Nations' management the credit risk exposure to the Dokis First Nation is low and unchanged from the prior year.

The Dokis First Nation is exposed to credit risk through its note receivable of \$2,400,000.

Liquidity Risk

Liquidity risk is the risk that the Dokis First Nation cannot repay its obligations when they become due to its creditors. Dokis First Nation is exposed to this risk relating to its accounts payable, accrued liabilities and long-term debt.

Dokis First Nation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due. In the opinion of management the liquidity risk exposure to Dokis First Nation is low.

Interest Rate Risk

Dokis First Nation is exposed to interest rate risk in respect to interest paid on its short-term investments which fluctuate from time to time. In the opinion of management the interest rate risk exposure to the Dokis First Nation is low.