

DOKIS FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016

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DOKIS FIRST NATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
MARCH 31, 2016

The accompanying consolidated financial statements of the Dokis First Nation are the responsibility of management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to these consolidated financial statements. The preparation of the consolidated financial statements necessarily involves the use of estimates based on management's judgements, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future period.

The Dokis First Nation maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislature and regulatory requirements and reliable financial information is available on a timely basis for the preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Chief and Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by J. Austin Davey Professional Corporation, independent external auditors appointed by the Dokis First Nation. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Dokis First Nation consolidated financial statements


Chief


Councillor


Councillor

Councillor

Councillor


Councillor

J. AUSTIN DAVEY
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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, 2016, the consolidated statements of operations, 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 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 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 my audit opinion.

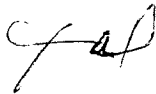
INDEPENDENT AUDITOR'S REPORT (CONT'D)

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, 2016 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 P 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

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

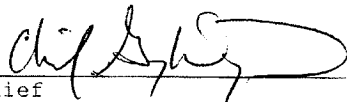
Sudbury, Ontario
October 24, 2016

DOKIS FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
YEAR ENDED MARCH 31

	<u>2016</u>	<u>2015</u>
FINANCIAL ASSETS		
Cash	\$1,645,783	\$1,570,593
Restricted cash (Note 2)	37,802	37,822
Short term investments (Note 3)	2,620,706	2,605,363
Accounts receivable	143,328	712,884
Note receivable (Note 4)	2,400,000	2,400,000
Funds held in Trust by Government of Canada (Note 5)	733,742	733,742
Investment in Migisi Hydro L.P. (Note 7)	<u>995</u>	<u>995</u>
Total Financial Assets	<u>7,582,356</u>	<u>8,061,399</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	178,030	890,248
Deferred contributions (Note 8)	1,996,218	1,810,967
Investments and advances to Migisi Development Corporation (Note 6)	289,788	315,213
Due to Migisi Hydro L.P.	995	995
Long-term debt (Note 9)	<u>2,934,256</u>	<u>2,965,449</u>
Total Financial Liabilities	<u>5,399,287</u>	<u>5,982,872</u>
NET FINANCIAL ASSETS	<u>2,183,069</u>	<u>2,078,527</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 10)	7,387,078	7,147,525
Prepaid expenses	<u>82,748</u>	<u>73,960</u>
Total non-financial assets	<u>7,469,826</u>	<u>7,221,485</u>
ACCUMULATED SURPLUS (Note 12)	<u>\$9,652,895</u>	<u>\$9,300,012</u>
CONTINGENT LIABILITY (Note 13)		

Approved on behalf of the
Dokis First Nation Council:


Chief

DOKIS FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31

	2016 <u>Budget</u>	2016 <u>Actual</u>	2015 <u>Actual</u>
REVENUE			
Indigenous and Northern Affairs Canada	\$3,460,872	\$3,460,872	\$2,964,165
Other - Federal contributions	904,118	903,118	804,538
Province of Ontario	524,186	524,186	493,889
Other	767,650	3,817,222	5,455,096
Deferred revenue, beginning of year	-	1,810,967	1,367,683
Deferred revenue, end of year	-	<u>(1,996,218)</u>	<u>(1,810,967)</u>
	<u>5,655,826</u>	<u>8,520,147</u>	<u>9,274,404</u>
EXPENDITURES			
Band Support Funding	487,649	513,185	501,787
Maintenance Management	797,701	1,056,109	695,166
Education	1,608,508	1,497,838	1,645,929
Social Services	196,830	236,041	205,789
Community Programs	481,554	835,012	1,785,109
Band Enterprises	-	891,284	860,495
Health Services	1,294,989	1,309,087	1,334,441
Land Management	279,536	198,834	341,195
Memberships	8,530	8,530	8,288
Ontario First Nations (2008) L.P.	-	604,734	500,362
Capital Projects	247,218	606,157	576,353
Community Services	-	16,012	43,772
Culture & Recreation	46,802	49,230	44,636
Housing	206,509	249,636	125,485
	<u>\$5,655,826</u>	<u>8,071,689</u>	<u>8,668,807</u>
REVENUE OVER EXPENDITURES	<u>\$ -</u>	448,458	605,597
EQUITY IN MIGISI DEVELOPMENT CORPORATION		<u>(95,575)</u>	<u>(96,325)</u>
EXCESS OF REVENUE OVER EXPENDITURES		<u>\$ 352,883</u>	<u>\$ 509,272</u>

DOKIS FIRST NATION
CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS
YEAR ENDED MARCH 31

	<u>2016</u>	<u>2015</u>
ACCUMULATED SURPLUS BEGINNING OF YEAR	\$9,300,012	\$9,425,451
EXCESS OF REVENUE OVER EXPENDITURES	<u>352,883</u>	<u>509,272</u>
Accumulated Surplus before adjustment	9,652,895	9,934,723
Adjustments:		
Audit adjustments	-	497
Decrease in Funds Held in Trust by the Government of Canada	<u>-</u>	<u>(635,208)</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$9,652,895</u>	<u>\$9,300,012</u>

DOKIS FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL ASSETS
YEAR ENDED MARCH 31

	<u>2016</u>	<u>2015</u>
EXCESS OF REVENUE OVER EXPENDITURES FOR THE YEAR	352,883	\$ 509,272
Amortization of tangible capital assets	400,347	437,436
Acquisition of tangible capital assets	(639,900)	(599,902)
Change in prepaid expenses	(8,788)	6,528
Audit adjustments	-	497
Decrease in Funds Held by the Government of Ottawa	<u>-</u>	<u>(635,208)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	104,542	(281,377)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>2,078,527</u>	<u>2,359,904</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$2,183,069</u>	<u>\$2,078,527</u>

DOKIS FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31

	<u>2016</u>	<u>2015</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 352,883	\$ 509,272
Items not involving cash		
Equity loss from Migisi Development Corporation	95,575	96,325
Amortization of tangible capital assets	<u>400,347</u>	<u>437,436</u>
	848,805	1,043,033
Change in non-cash assets relating to operations		
Accounts receivable	569,556	(122,815)
Accounts payable and accrued liabilities	(712,218)	697,255
Deferred contributions	185,251	443,284
Prepaid expenses	<u>(8,788)</u>	<u>6,528</u>
Net change in cash from operating activities	<u>882,606</u>	<u>2,067,285</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principle repayments of long-term debt	<u>(31,193)</u>	<u>(29,629)</u>
Net change in cash from financing activities	<u>(31,193)</u>	<u>(29,629)</u>
CASH FLOWS FROM CAPITAL ACTIVITIES		
Increase of tangible capital assets	<u>(639,900)</u>	<u>(599,902)</u>
Net change in cash from capital activities	<u>(639,900)</u>	<u>(599,902)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Restricted cash	20	(20)
Short-term investments	(15,343)	(24,805)
Investments and advances in Migisi Development Corporation	(121,000)	(1,500)
Funds Held in Trust in Ottawa	-	(35,448)
Audit adjustments	<u>-</u>	<u>497</u>
Net change in cash from investing activities	<u>(136,323)</u>	<u>(61,276)</u>
Net change in cash for the year	75,190	1,376,478
CASH AND CASH EQUIVILENTS, BEGINNING OF YEAR	<u>1,570,593</u>	<u>194,115</u>
CASH AND CASH EQUIVILENTS, END OF YEAR	<u>\$1,645,783</u>	<u>\$1,570,593</u>
SUPPLEMENTARY CASH FLOW INFORMATION:		
Interest received in year	<u>\$ 125,454</u>	<u>\$ 151,959</u>
Interest paid in year	<u>\$ 111,056</u>	<u>\$ 113,738</u>

DOKIS FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016

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 of Canada and the 2015-2016 Year-End Reporting Handbook of the Department of Indigenous and Northern Affairs 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 the 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, 2016

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.

c) 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, 2016

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 (2015-2016) of the Department of Indigenous and Northern Affairs 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, 2016

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>2016</u>	<u>2015</u>
Royal Bank - GIC	0.45%	\$2,096,954	\$2,085,000
Royal Bank - GIC	0.65%	521,252	517,863
Royal Bank - GIC	0.65%	<u>2,500</u>	<u>2,500</u>
		<u>\$2,620,706</u>	<u>\$2,605,363</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, 2016

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>2016</u>	<u>2015</u>
Balance, beginning of year	\$ <u>733,742</u>	<u>\$1,333,502</u>
Add:		
Interest	15,550	32,335
Right of way	<u>-</u>	<u>3,113</u>
	<u>15,550</u>	<u>35,448</u>
Deduct:		
Funds released from revenue account	<u>(15,550)</u>	<u>(635,208)</u>
Balance, end of year	\$ <u>733,742</u>	<u>\$ 733,742</u>

DOKIS FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016

6. INVESTMENT AND ADVANCES IN MIGISI DEVELOPMENT CORPORATION

Dokis First Nation recognized a loss of \$96,575 during 2016 (2015 - \$96,325) in the accompanying financial statements.

The following summarizes the assets, liabilities, deficit, revenues and expenses of Migisi Development Corporation for its March 31, 2016 fiscal year end.

	<u>2016</u>	<u>2015</u>
Assets		
Current	\$ 82,673	\$ 57,248
Investments and advances	<u>2,028,461</u>	<u>2,149,461</u>
	<u>\$2,111,134</u>	<u>\$2,206,709</u>
Liabilities and Equity		
Current	\$2,400,000	\$2,400,000
Equity	<u>(288,866)</u>	<u>(193,291)</u>
	<u>\$2,111,154</u>	<u>\$2,206,709</u>
Revenues	\$ -	\$ -
Expenses	<u>95,575</u>	<u>96,325</u>
Net loss	<u>\$ (95,575)</u>	<u>\$ (96,325)</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, 2016

8. DEFERRED CONTRIBUTIONS

Deferred contributions consist of the following:

	<u>2016</u>	<u>2015</u>
Indigenous and Northern Affairs Canada	\$ 885,142	\$ 719,051
Health Canada	204,143	184,496
Ministry of Community and Social Services	576	1,249
Ministry of Health and Long-Term Care	5,537	-
Canada Mortgage Housing Corporation	35,550	39,570
Other funding agencies	<u>865,270</u>	<u>866,601</u>
	<u>\$1,996,218</u>	<u>\$1,810,967</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.

DOKIS FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016

9. LONG-TERM DEBT

	<u>2016</u>	<u>2015</u>
1.82% mortgage payable, principal and interest of \$1,464 monthly, maturing September 1, 2019. Insured by Canada Mortgage and Housing Corporation. Secured by a guarantee from Aboriginal Affairs and Northern Development Canada.	\$ 206,756	\$ 220,429
6.29% loan payable, principal and interest of \$1,131 monthly, maturing December 31, 2016. Secured by specified property.	120,751	126,595
1.30% mortgage payable, principal and interest of \$1,290 monthly, maturing December 1, 2020. Insured by Canada Mortgage and Housing Corporation. Secured by a guarantee from Indigenous and Northern Affairs Canada.	206,749	218,525
3.95%, term loan, payable monthly principle repayment of NIL plus interest, maturing September 30, 2016. Secured by cash assignment of term deposits and GIC's.	<u>2,400,000</u>	<u>2,400,000</u>
	<u>\$2,934,256</u>	<u>\$2,965,449</u>

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

2017 -	\$2,432,918
2018 -	33,737
2019 -	34,589
2020 -	35,475
2021 -	36,398

DOKIS FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016

9. LONG-TERM DEBT (CONT'D)

Certain loans are due and are to be renegotiated within the next year. 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>2016</u>	<u>2015</u>
Interest expense on long-term debt	<u>\$111,056</u>	<u>\$113,738</u>

10. TANGIBLE CAPITAL ASSETS

2015		
COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE

	Balance Beginning	Additions	Disposals	Balance Ending	Balance Beginning	Amortization	Disposals	Balance Ending	Net 2015
Buildings	\$ 5,136,227	\$549,479	\$ -	\$5,685,706	\$1,664,008	\$142,143	\$ -	\$1,806,151	\$3,879,555
Water	2,028,722	-	-	2,028,722	1,222,765	50,718	-	1,273,483	755,239
Lagoon	1,055,121	-	-	1,055,121	316,536	52,756	-	369,292	685,829
Roads/Bridges	1,040,858	-	-	1,040,858	316,314	30,103	-	346,417	694,441
Machinery/Equipment	970,440	-	-	970,440	650,794	47,590	-	698,384	272,056
CMHC Rental Buildings	1,002,381	-	-	1,002,381	183,952	24,232	-	208,184	197,794
Recreation Facility	580,610	-	-	580,610	508,008	72,602	-	580,610	-
Parking Lot	17,206	-	-	17,206	6,203	1,721	-	7,924	9,282
Fencing	28,070	-	-	28,070	14,035	2,807	-	16,842	11,228
Office Equipment	13,397	50,423	-	63,820	5,358	12,764	-	18,122	45,698
	<u>\$11,873,032</u>	<u>\$599,902</u>	<u>\$ -</u>	<u>\$12,472,934</u>	<u>\$4,887,973</u>	<u>\$437,436</u>	<u>\$ -</u>	<u>\$5,325,409</u>	<u>\$7,147,525</u>
				-19-					

DOKIS FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016

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>2016</u>	<u>2015</u>
Operating accumulated surplus (Exhibit 1)	\$ 58,533	\$ (829)
Restricted Ontario First Nations Limited Partnership (Exhibit 2)	2,460,729	2,342,379
Equity in tangible capital assets (Exhibit 3)	6,688,757	6,418,011
Funds held in Trust by Government of Canada (Note 5)	733,742	733,742
Equity in First Nation Business Enterprises (Note 6)	<u>(288,866)</u>	<u>(193,291)</u>
	<u>\$9,652,895</u>	<u>\$9,300,012</u>

DOKIS FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016

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) Indigenous and Northern Affairs Canada ("INAC") has guaranteed a CMHC loan to the First Nation in the amount of \$206,756 (original - \$332,000) and an on-reserve housing construction loan of \$206,749 (original - \$305,600). Should the First Nation default on the loans and require payment by INAC, 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, 2016

14. RECONCILIATION OF INAC FUNDING TO FIRST NATION INAC REVENUE

	<u>2016</u>	<u>2015</u>
INAC Funding Per Confirmation	\$3,460,872	\$2,964,915
INAC Revenue as reported	3,460,872	2,964,915
Audit Adjustments		
Prior year recoveries	-	(750)
Adjusted INAC Revenue as reported	<u>3,460,872</u>	<u>2,964,165</u>
Add: Deferred Revenue, Beginning of Year		
Lands & Estates	-	27,563
Maintenance management	274,467	218,905
Community programs	63,582	45,605
Education	260,198	326,919
Capital	119,939	157,572
Social services	<u>865</u>	<u>705</u>
	<u>719,051</u>	<u>777,269</u>
Less: Deferred Revenue, End of Year		
Lands & Management	115,919	-
Maintenance management	197,302	274,467
Community programs	6,574	63,582
Education	395,545	260,198
Capital	168,127	119,939
Social services	<u>1,675</u>	<u>865</u>
	<u>885,142</u>	<u>719,051</u>
INAC Net Revenue for the Year	<u>\$3,294,781</u>	<u>\$3,022,383</u>

DOKIS FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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 area follows:

	<u>2016</u>	<u>2015</u>
Salaries and benefits	\$1,921,907	\$1,939,048
Amortization	400,347	437,436
Interest - long term debt	111,056	113,738
Other	5,638,379	6,178,585
	<u>\$8,071,689</u>	<u>\$8,668,807</u>

16. BAND MEMBERS LOANS

Band members loans and advances at March 31, 2016 are comprised of:

	<u>2016</u>	<u>2015</u>
Band members housing loans and advances	\$1,592,450	\$1,444,150
Less: allowance for doubtful accounts	<u>(1,592,450)</u>	<u>(1,444,150)</u>
	<u>\$ -</u>	<u>\$ -</u>

Loans from Band members represent 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 \$68,666 (2015 - \$65,091). 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, 2016

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 \$143,328 (2015-\$712,884) 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.

