

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

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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.

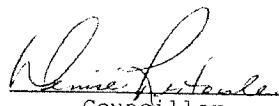
The Dokis First Nation maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislature and regulatory requirements and reliable financial information is available on a timely 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.

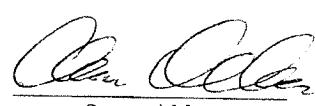
The consolidated financial statements have been audited by J. Austin Davey Professional Corporation, independent external auditors appointed by the Dokis First Nation. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the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

  
Chief

Councillor

  
Councillor

Councillor

  
Councillor

Councillor

**J. AUSTIN DAVEY**  
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, 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

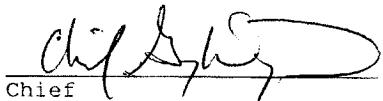
Authorized to practice public  
Accounting by the Chartered  
Professional Accountants of  
Ontario

Sudbury, Ontario  
October 24, 2016

## DOKIS FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
YEAR ENDED MARCH 31

|  | <u>2016</u>               | <u>2015</u>               |
|--|---------------------------|---------------------------|
| <b>FINANCIAL ASSETS</b>  |                           |                           |
| 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<br>of Canada (Note 5)                | 733,742                   | 733,742                   |
| Investment in Migisi Hydro L.P.<br>(Note 7)                            | <u>995</u>                | <u>995</u>                |
| <b>Total Financial Assets</b>  | <b><u>7,582,356</u></b>   | <b><u>8,061,399</u></b>   |
| <b>FINANCIAL LIABILITIES</b>   |                           |                           |
| Accounts payable and accrued<br>liabilities                            | 178,030                   | 890,248                   |
| Deferred contributions (Note 8)  | 1,996,218                 | 1,810,967                 |
| Investments and advances to Migisi<br>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>          |
| <b>Total Financial Liabilities</b>                                     | <b><u>5,399,287</u></b>   | <b><u>5,982,872</u></b>   |
| <b>NET FINANCIAL ASSETS</b>  | <b><u>2,183,069</u></b>   | <b><u>2,078,527</u></b>   |
| <b>NON-FINANCIAL ASSETS</b>  |                           |                           |
| Tangible capital assets (Note 10)                                      | 7,387,078                 | 7,147,525                 |
| Prepaid expenses   | <u>82,748</u>             | <u>73,960</u>             |
| <b>Total non-financial assets</b>                                      | <b><u>7,469,826</u></b>   | <b><u>7,221,485</u></b>   |
| <b>ACCUMULATED SURPLUS (Note 12)</b>                                   | <b><u>\$9,652,895</u></b> | <b><u>\$9,300,012</u></b> |
| <b>CONTINGENT LIABILITY (Note 13)</b>                                  |                           |                           |

Approved on behalf of the  
Dokis First Nation Council:


Chief

## DOKIS FIRST NATION

CONSOLIDATED STATEMENT OF OPERATIONS  
YEAR ENDED MARCH 31

|  | 2016<br><u>Budget</u> | 2016<br><u>Actual</u> | 2015<br><u>Actual</u> |
|--|-----------------------|-----------------------|-----------------------|
| <b>REVENUE</b>                           |                       |                       |                       |
| 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>-</u>              | <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>      |
| <b>EXPENDITURES</b>                      |                       |                       |                       |
| 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<br>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<br>EXPENDITURES FOR THE YEAR   | 352,883            | \$ 509,272         |
| Amortization of tangible<br>capital assets            | 400,347            | 437,436            |
| Acquisition of tangible<br>capital assets             | (639,900)          | (599,902)          |
| Change in prepaid expenses                            | (8,788)            | 6,528              |
| Audit adjustments                                     | -                  | 497                |
| Decrease in Funds Held by<br>the Government of Ottawa | -                  | <u>(635,208)</u>   |
| INCREASE (DECREASE) IN NET FINANCIAL<br>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>        |
|---|--------------------|--------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                    |                    |                    |
| 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>     |
| Change in non-cash assets relating to operations              | 848,805            | 1,043,033          |
| 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>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |                    |                    |
| 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>    |
| <b>CASH FLOWS FROM CAPITAL ACTIVITIES</b>                     |                    |                    |
| 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>   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                    |                    |                    |
| Restricted cash   | 20                 | (20)               |
| Short-term investments  | (15,343)           | (24,805)           |
| Investments and advances in<br>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          |
| <b>CASH AND CASH EQUIVILENTS, BEGINNING<br/>OF YEAR</b>       | <u>1,570,593</u>   | <u>194,115</u>     |
| <b>CASH AND CASH EQUIVILENTS, END OF YEAR</b>                 | <u>\$1,645,783</u> | <u>\$1,570,593</u> |
| <b>SUPPLEMENTARY CASH FLOW INFORMATION:</b>                   |                    |                    |
| Interest received in year                                     | \$ 125,454         | \$ 151,959         |
| 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                        | -<br><u>15,550</u> | 3,113<br><u>35,448</u> |
| Deduct:                             |                    |                        |
| Funds released from revenue account | (15,550)           | (635,208)              |
| 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><u>\$1,996,218</u></u> | <u><u>\$1,810,967</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.

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> |

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

10. TANGIBLE CAPITAL ASSETS

|                       | COST                |                  |                          | ACCUMULATED AMORTIZATION |                    |                   | NET BOOK VALUE |                    |                    |  |
|-----------------------|---------------------|------------------|--------------------------|--------------------------|--------------------|-------------------|----------------|--------------------|--------------------|--|
|                       | Balance Beginning   | Additions        | Disposals                | Balance Ending           | Balance Beginning  | Amortization      | Disposals      | Balance Ending     | Net 2016           |  |
| Buildings             | \$ 5,685,706        | \$ 395,916       | \$ -                     | \$ 6,081,622             | \$ 1,806,151       | \$ 152,041        | \$ -           | \$ 1,958,192       | \$ 4,123,430       |  |
| Water                 | 2,028,722           | -                | -                        | 2,028,722                | 1,273,483          | 50,718            | -              | 1,324,201          | 704,521            |  |
| Lagoon                | 1,055,121           | -                | -                        | 1,055,121                | 369,292            | 52,756            | -              | 422,048            | 633,073            |  |
| Roads/Bridges         | 1,040,858           | -                | -                        | 1,040,858                | 346,417            | 30,103            | -              | 376,520            | 664,338            |  |
| Machinery/Equipment   | 970,440             | 243,985          | -                        | 1,214,425                | 71,988             | -                 | -              | 770,372            | 444,053            |  |
| CMHC Rental Buildings | 1,002,381           | -                | -                        | 1,002,381                | 208,184            | 25,450            | -              | 233,634            | 768,747            |  |
| Recreation Facility   | 580,610             | -                | -                        | 580,610                  | 580,610            | -                 | -              | -                  | -                  |  |
| Parking Lot           | 17,206              | -                | -                        | 17,206                   | 7,924              | 1,721             | -              | 9,645              | 7,561              |  |
| Fencing               | 28,000              | -                | -                        | 28,070                   | 16,842             | 2,807             | -              | 19,649             | 8,421              |  |
| Office Equipment      | 63,820              | -                | -                        | 63,820                   | 18,122             | 12,764            | -              | 30,886             | 32,934             |  |
|                       | <u>\$12,472,934</u> | <u>\$639,901</u> | <u>\$ -</u>              | <u>\$13,112,835</u>      | <u>\$5,325,409</u> | <u>\$400,348</u>  | <u>\$ -</u>    | <u>\$5,725,757</u> | <u>\$7,387,078</u> |  |
| COST                  |                     |                  | ACCUMULATED AMORTIZATION |                          |                    | NET BOOK VALUE    |                |                    |                    |  |
| 2015                  |                     |                  | 2015                     |                          |                    | 2015              |                |                    |                    |  |
| Balance Beginning     |                     |                  | Balance Ending           |                          |                    | Balance Beginning |                |                    |                    |  |
| Additions             |                     |                  | Disposals                |                          |                    | Amortization      |                |                    |                    |  |
| 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            | 794,197            |  |
| 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> |  |

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<br>(Exhibit 1)                        | \$ 58,533                 | \$ (829)                  |
| Restricted Ontario First Nations<br>Limited Partnership (Exhibit 2) | 2,460,729                 | 2,342,379                 |
| Equity in tangible capital assets<br>(Exhibit 3)                    | 6,688,757                 | 6,418,011                 |
| Funds held in Trust by Government<br>of Canada (Note 5)             | 733,742                   | 733,742                   |
| Equity in First Nation Business<br>Enterprises (Note 6)             | <u>(288,866)</u>          | <u>(193,291)</u>          |
|   | <u><u>\$9,652,895</u></u> | <u><u>\$9,300,012</u></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               | <u>\$3,460,872</u> | <u>\$2,964,915</u> |
| 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,<br>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                             | 865                | 705                |
|   | <u>719,051</u>     | <u>777,269</u>     |
| Less: Deferred Revenue,<br>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                             | 1,675              | 865                |
|   | <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  
YEAR ENDED MARCH 31, 2016

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                     | <u>5,638,379</u>          | <u>6,178,585</u>          |
|                           | <u><u>\$8,071,689</u></u> | <u><u>\$8,668,807</u></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> | <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.

