

PRIVATE AND CONFIDENTIAL

Indigenous and Northern Affairs Canada  
40 Elm Street, Suite 290  
Rainbow Centre - 2nd floor  
SUDBURY, ON  
P3C 1S8

RECEIVED

JUL 31 2019

July 31, 2019

Indigenous Services Canada  
Services aux Autochtones Canada  
Sudbury

To whom it may concern:

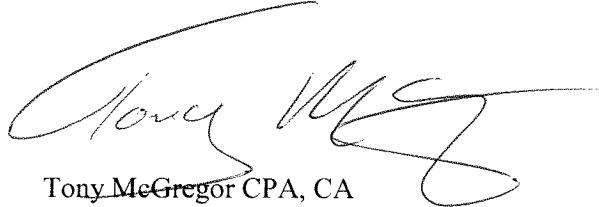
**Re: Dokis First Nation**

Please find enclosed the Consolidated Financial Statements for the Dokis First Nation for the year ended March 31, 2019 and the Schedule of Remuneration and Expenses for Chief and Council, for publishing on INAC's website.

If you have any questions please do not hesitate to contact the office.

Yours truly,

FREELANDT CALDWELL REILLY LLP



Tony McGregor CPA, CA

Encl/  
62012

**Consolidated Financial Statements of**  
**DOKIS FIRST NATION**

**Year ended March 31, 2019**

**DOKIS FIRST NATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

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### MANAGEMENT'S RESPONSIBILITY STATEMENT

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 judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

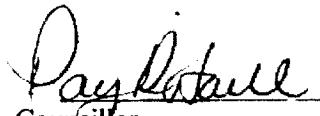
The Dokis First Nation's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available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

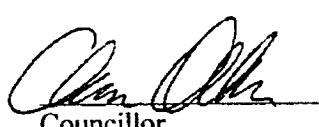
The Chief and Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

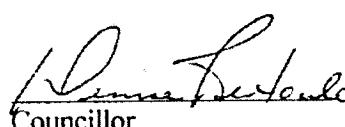
The consolidated financial statements have been audited by Freelandt Caldwell Reilly LLP, independent external auditors appointed by the Dokis First Nation. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Dokis First Nation's consolidated financial statements.

  
Chief

  
Councillor

  
Councillor

  
Councillor

  
Councillor

  
Councillor

## INDEPENDENT AUDITORS' REPORT

To: **The Members of the Dokis First Nation**

### *Opinion*

We have audited the consolidated financial statements of the Dokis First Nation, which comprise the statement of financial position as at March 31, 2019, and the statements of operations and accumulated surplus, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Dokis First Nation as at March 31, 2019, and its financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

### *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

*Continued next page*

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**FREELANDT CALDWELL REILLY LLP**

*Freelandt Caldwell Reilly LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Sudbury, Canada  
July 18, 2019

**DOKIS FIRST NATION**  
 Consolidated Statement of Financial Position

March 31, 2019, with comparative figures for 2018

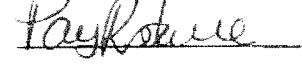
	2019	2018 (restated note 9)
<b>Financial assets:</b>		
Cash	\$ 3 989 496	\$ 1 791 973
Restricted cash - CMHC replacement and operating surplus reserves (note 2)	37 818	37 818
Short-term investments (note 3)	752 500	1,502,500
Accounts receivable (note 4)	600,229	546,027
Note receivable (note 5)	2 400,000	2,400,000
Funds held in trust by Indigenous and Northern Affairs Canada (note 6)	733 742	733,742
Investment in Migisi Hydro L.P. (note 7)	995	995
Investment in Migisi Development Corporation (note 9)	13,040	88,717
Investment in Ontario First Nation Sovereign Wealth L.P. (note 20)	2	2
Advances to Migisi Development Corporation	46,920	77
<b>Total financial assets</b>	<b>8 574,742</b>	<b>7,101,851</b>
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities	294,348	145 062
Deferred contributions (note 8)	3 975 996	2 990 437
Advances from Migisi Hydro L.P.	995	995
Long-term debt (note 10)	331 797	359 439
<b>Total financial liabilities</b>	<b>4 603 136</b>	<b>3 495,933</b>
<b>Net financial assets</b>	<b>3 971 606</b>	<b>3 605 918</b>
<b>Non-financial assets (note 11):</b>		
Tangible capital assets (note 18)	8 456 144	7 947 921
Prepaid expenses	110 192	110,192
<b>Total non-financial assets</b>	<b>8 566 336</b>	<b>8 058,113</b>
<b>Accumulated surplus (note 12)</b>	<b>\$ 12 537 942</b>	<b>\$ 11 664,031</b>

Contingent liabilities (note 13)

Economic dependence (note 14)

See accompanying notes to consolidated financial statements

Approved on behalf of the Chief and Council of the Dokis First Nation

 Chief  
 Councillor  Councillor  Councillor  
 Councillor  Councillor

## DOKIS FIRST NATION

### Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2019, with comparative figures for 2018

	Budget	2019	2018 (restated note 9)
<b>Revenues:</b>			
Indigenous and Northern Affairs Canada (note 16)	\$ 1,887,649	\$ 2,063,428	\$ 3,317,720
Other	5,634,003	7,313,197	5,145,157
Repayable to funders	-	-	(9,496)
Deferred contributions, beginning of year	2,990,437	2,990,437	2,194,110
	10,512,089	12,367,062	10,647,491
<b>Expenses (by program area):</b>			
Band Government	592,008	600,310	573,252
Maintenance Management	975,202	902,749	637,043
Education	2,133,348	1,791,485	1,563,546
Social Services	168,670	290,679	273,435
New Relationship Fund	90,000	89,656	89,853
Community Programs	495,215	296,789	443,534
Band Enterprises	95,100	422,968	225,209
Health Services	1,821,375	1,430,311	1,338,730
Land Management	339,040	248,731	195,007
Memberships	9,255	9,255	9,000
Housing	778,385	233,129	261,959
Ontario First Nations Limited Partnership Distributions	-	562,015	417,818
Community Services	-	39,055	29,363
Culture & Recreation	54,683	50,018	52,312
Capital Projects	109,517	474,328	584,526
Total expenses	7,661,798	7,441,478	6,694,587
Excess of revenues over expenses from general operations	2,850,291	4,925,584	3,952,904
Deferred contributions, end of year	-	(3,975,996)	(2,990,437)
Excess of revenues over expenses before undernoted item	2,850,291	949,588	962,467
First Nation share of Migisi Development Corporation earnings (loss)	-	(75,677)	426,408
Transfer to CMHC Reserve	-	-	53,802
<b>Excess of revenues over expenses for the year</b>	<b>2,850,291</b>	<b>873,911</b>	<b>1,442,677</b>
<b>Accumulated surplus, beginning of year</b>	<b>11,664,031</b>	<b>11,664,031</b>	<b>10,221,354</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 14,514,322</b>	<b>\$ 12,537,942</b>	<b>\$ 11,664,031</b>

See accompanying notes to consolidated financial statements

**DOKIS FIRST NATION**

## Consolidated Statement of Changes in Net Assets

Year ended March 31, 2019 with comparative figures for 2018

	Budget	2019	2018 (restated - note 9)
<b>Excess of revenues over expenses for the year</b>	\$ 2,850,291	\$ 873,911	\$ 1,442,677
Amortization of tangible capital assets	-	512,645	516,240
Acquisition of tangible capital assets	-	(1,020,868)	(1,045,509)
<b>Increase in net assets for the year</b>	2,850,291	365,688	913,408
<b>Net assets, beginning of year</b>	3,605,918	3,605,918	2,692,510
<b>Net assets, end of year</b>	\$ 6,456,209	\$ 3,971,606	\$ 3,605,918

See accompanying notes to consolidated financial statements

## DOKIS FIRST NATION

### Consolidated Statement of Cash Flows

Year ended March 31, 2019 with comparative figures for 2018

	2019	2018
	(restated - note 9)	
<b>Cash flows from operating activities:</b>		
Excess of revenues over expenses for the year	\$ 873,911	\$ 1,442,677
Non-cash charges to operations:		
Amortization of tangible capital assets	512,645	516,240
First Nation share of Migisi Development Corporation earnings (loss)	75,677	(426,408)
	1,462,233	1,532,509
Change in financial assets and liabilities relating to operations:		
Accounts receivable	(54,202)	(85,600)
Accounts payable and accrued liabilities	149,286	(19,684)
Advances to Migisi Development Corporation	(46,843)	-
Deferred contributions	985,559	796,328
Net change in cash from operating activities	2,496,033	2,223,553
<b>Cash flows from capital activities:</b>		
Cash used to acquire tangible capital assets	(1,020,868)	(1,045,509)
<b>Cash flows from financing activities:</b>		
Repayment of long-term debt	(27,642)	(27,237)
<b>Cash flows from investing activities:</b>		
Short-term investments	750,000	(1,500,000)
Investment in Ontario First Nation Sovereign Wealth L.P.	-	(2)
Net change in cash from investing activities	750,000	(1,500,002)
<b>Net change in cash for the year</b>	<b>2,197,523</b>	<b>(349,195)</b>
Cash, beginning of year	1,791,973	2,141,168
<b>Cash, end of year</b>	<b>\$ 3,989,496</b>	<b>\$ 1,791,973</b>

See accompanying notes to consolidated financial statements

# **DOKIS FIRST NATION**

## Notes to the Consolidated Financial Statements

March 31, 2019

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The Dokis First Nation is a First Nation community located on the boundaries that separate the Districts of Parry Sound, Sudbury and Nipissing, South-West of Lake Nipissing on the French River. The First Nation, under the direction of its Chief and Council and management, operate various programs for the benefit of its members including municipal services, health services, economic development, housing, education, and other services.

### **1. Significant accounting policies**

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards for local government entities established by the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants of Canada. The significant accounting policies are summarized as follows:

(a) Reporting entity and basis of consolidation:

These consolidated financial statements include the assets, liabilities, accumulated surpluses/deficits, revenues and expenses of the entities that have been determined to be accountable to Dokis First Nation (“the First Nation”) and are either owned or under the control of the First Nation.

The consolidated financial statements include the assets, liabilities, and results of operations of the following entities which are currently inactive:

- 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 of accounting. The business enterprise’s accounting principles are not adjusted to conform with those of the First Nation and inter-organizational transactions and balances are not eliminated. The investments in the Migisi Development Corporation and the Migisi Hydro L.P. are accounted for using this method.

Other investments in non-controlled entities are recorded at the lower of cost and net realizable value and include the investment in Ontario First Nation Sovereign Wealth L.P.

# **DOKIS FIRST NATION**

## Notes to the Consolidated Financial Statements

March 31, 2019

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### **1. Significant accounting policies, continued**

#### **(b) Basis of accounting:**

Revenues and expenses are reported using the accrual basis of accounting. Revenues are recognized as they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

#### **(c) Tangible capital assets:**

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

Buildings	40 years
Water & Sewer	20-40 years
Roads & bridges	30-40 years
Lagoon	20 years
Machinery & equipment	10 years
Parking lot	10 years
Fencing	10 years
Recreation facility	5 years
Office equipment	5 years

#### **(d) Revenue recognition and deferred contributions:**

Revenues 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; the eligibility criteria, if any, have been met; and the amount can reasonably be estimated. Funding received under the funding arrangements, which relate to a subsequent fiscal period and the unexpended 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 of the recognition criteria have been met. Other revenues are recorded on the accrual basis when earned and the amount can be reasonably estimated and collection is reasonably assured. Revenue related to fees and services are recognized when the fee is earned or the service is performed.

### **1. Significant accounting policies, continued**

# **DOKIS FIRST NATION**

## Notes to the Consolidated Financial Statements

March 31, 2019

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### **(e) Use of estimates:**

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the consolidated financial statements and reported amounts of certain revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the consolidated financial statements in future periods could be significant. Amounts specifically affected by estimates in these consolidated financial statements are certain accounts receivable, allowance for doubtful accounts, useful lives of tangible capital assets, certain deferred contributions, amounts repayable to certain funders and fair value determinations.

### **(f) Financial instruments:**

#### *Measurement of financial instruments*

The First Nation initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The First Nation subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equity securities that are quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in operations.

Financial assets measured at amortized cost include cash, restricted cash, funds held in trust in by Indigenous and Northern Affairs Canada, accounts receivable, short-term investments and note receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

# **DOKIS FIRST NATION**

Notes to the Consolidated Financial Statements

March 31, 2019

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## **2. Restricted Cash - CMHC replacement and operating surplus reserves**

Under the terms of agreements with Canada Mortgage and Housing Corporation (“CMHC”) amounts are to be credited annually to replacement reserves and, where applicable, may be credited to the subsidy surplus and operating 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 or as may otherwise be approved by Canada Mortgage and Housing Corporation. Withdrawals are credited to interest first and then principal.

## **3. Short-term Investments**

Short-term investments consists of a guaranteed investment certificate with a maturity date of May 2019 at an interest rate of 0.5% per annum.

## **4. Accounts Receivable**

	2019	2018
Accounts receivable	\$ 693,443	\$ 646,921
Member loans	1,543,170	1,555,184
Housing renovation loans	45,570	55,370
Government Remittances	38,062	22,276
Allowance for doubtful accounts	(1,720,016)	(1,733,724)
	<hr/>	<hr/>
	\$ 600,229	\$ 546,027

## **5. Note Receivable**

The note receivable from Migisi Development Corporation, a controlled business enterprise of the First Nation, is non-interest-bearing, unsecured and due on demand.

## **6. Funds Held in Trust by Indigenous and Northern Affairs Canada**

Funds Held in Trust by Indigenous and Northern Affairs Canada arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

## **DOKIS FIRST NATION**

### Notes to the Consolidated Financial Statements

March 31, 2019

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#### **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 modified equity method.

#### **8. Deferred contributions**

Deferred contributions consist of the following:

	2019	2018
Social Services	\$ 62,958	\$ 6,705
Band Support Funding	1,471	-
Land Management	167,962	155,060
Maintenance Management	394,184	158,749
Culture and Recreation	-	690
Community Services	26,837	29,352
Health Services	701,149	560,096
Community Programs	126,139	46,931
Education	1,320,299	1,012,851
New Relationship Fund	12,143	11,799
Band Enterprise	530,922	535,845
Housing	386,413	309,283
Capital	245,519	163,076
	<hr/> <b>\$3,975,996</b>	<hr/> <b>\$2,990,437</b>

# **DOKIS FIRST NATION**

## Notes to the Consolidated Financial Statements

March 31, 2019

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### **9. Investment and Advances to Migisi Development Corporation**

The Dokis First Nation recognized a loss of \$75,677 during 2019 related to the activities of the Migisi Development Corp. (2018 – net earnings of \$426,408) in the accompanying consolidated financial statements.

The comparative figures reflect a prior period adjustment made based on a re-evaluation of an investment held by the Migisi Development Corporation over which it is considered to have significant influence. The adjustment was made to record the applicable 2018 equity adjustment. The following comparative balances have been adjusted to reflect this change; share of partnership income increased by \$427,444, investment in Migisi Development Corp. increased by \$427,444.

The following summarizes the assets, liabilities, deficiency, revenues and expenses of Migisi Development Corporation:

	2019	2018 (restated)
Financial position		
Current assets	\$ 34,738	\$ 34,812
Investments and advances	2,427,229	2,454,983
Total assets	<u>\$ 2,461,967</u>	<u>\$ 2,489,800</u>
Liabilities		
Current	\$ 2,000	\$ 1,000
Other liabilities	46,927	83
Note Payable	2,400,000	2,400,000
Equity	13,040	88,717
	<u>\$ 2,461,967</u>	<u>\$ 2,489,800</u>

## **DOKIS FIRST NATION**

Notes to the Consolidated Financial Statements

March 31, 2019

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### **9. Investment and Advances to Migisi Development Corporation (continued)**

#### **Results of operations**

Revenues	\$ -	\$ -
Expenses	47,918	1,036
Loss before undernoted item	(47,918)	(1,036)
Other Income		
Share of partnership earnings (loss)	(27,759)	427,445
Net Earnings (Loss)	\$ (75,677)	\$ 426,408

The investment balance consists of the following:

Balance, beginning of year	\$ 88,717	\$ (337,691)
First Nation share of earnings (loss)	(75,677)	426,408
Balance, end of year	\$ 13,040	\$ 88,717

## **DOKIS FIRST NATION**

Notes to the Consolidated Financial Statements

March 31, 2019

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### **10. Long-term debt**

	2019	2018
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly blended payments of \$1,290 including interest at 1.30% per annum, maturing December 2020. Insured by Canada Mortgage and Housing Corporation. Secured by a guarantee from Indigenous and Northern Affairs Canada.	167,597	180,810
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly blended payments of \$1,464 including interest at 1.82% per annum, maturing September 2019. Insured by Canada Mortgage and Housing Corporation. Secured by a guarantee from Indigenous and Northern Affairs Canada.	\$ 164,200	\$ 178,629
	<hr/> \$ 331,797	<hr/> \$ 359,439

Estimated principal re-payments, assuming renewal under similar terms and conditions, are as follows:

2020	\$ 28,080
2021	28,524
2022	28,977
2023	29,436
2024	29,903
Subsequent years	186,877
	<hr/> \$ 331,797

# **DOKIS FIRST NATION**

Notes to the Consolidated Financial Statements

March 31, 2019

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## **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 to members 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**

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	2019	2018 (restated – Note 9)
Unrestricted operating accumulated surplus	\$ 228,980	\$ 274,725
First Nation Enterprises	13,040	88,717
Restricted Ontario First Nations Limited Partnership		
Distributions, 9.1 reporting	3,388,299	3,071,095
Restricted funds held in trust in Ottawa	733,742	733,742
Restricted social housing replacement reserve (CMHC)	49,534	53,801
Equity in tangible capital assets	8,124,347	7,441,951
	<hr/> \$ 12,537,942	<hr/> \$ 11,664,031

## **13. Contingent liabilities**

### a) Loan guarantees:

The First Nation is contingently liable as a guarantor with the Bank of Montreal for up to \$1,150,000 of band members housing mortgages and member loans. At March 31, 2019 these loans amounted to \$428,419 (2018 - \$307,137). At March 31, 2019 a member of Council has received \$181,734 related to this mortgage program and has an approved borrowing limit of up to \$280,500.

The First Nation is contingently liable as a guarantor with the Caisse Populaire Alliance Limitee for up to \$80,000 of band members housing mortgages. At March 31, 2019 these loans amounted to \$79,761 (2018 - \$nil).

Indigenous and Northern Affairs Canada (“INAC”) has guaranteed CMHC loans to the First Nation in the amount of \$331,797 (original \$637,600). 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.

# **DOKIS FIRST NATION**

Notes to the Consolidated Financial Statements

March 31, 2019

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## **13. Contingent Liabilities (Continued)**

### **b) Government funding:**

The First Nation has entered into accountable contribution arrangements with several government funding agencies. All such programs are subject to audit by the various government agencies. Should these audits result in recoveries of grants, the amount of these recoveries would be recorded in the accounts in the year in which they are determined.

## **14. Economic dependence**

The First Nation has a funding arrangement with Indigenous and Northern Affairs Canada which provides funds to administer operations and provide services to its members in accordance with the terms of the funding arrangement.

As this funding arrangement provides the First Nation's major source of revenue, its ability to continue viable operations are dependent upon maintaining this funding arrangement.

## **15. Financial instruments**

Transactions in financial instruments may result in an organization assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the consolidated financial statements in assessing the extent of the risk related to financial instruments. The First Nation is exposed to the following risks in respect of certain financial instruments held:

### *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. The First Nation's main credit risk relate to its cash, accounts receivable and note receivable.

Credit risk associated with cash is minimized by ensuring these financial assets are placed with financial institutions with high credit ratings.

The First Nation is exposed to credit risk through its accounts receivables and band member loans of \$2,230,245 (2018 - \$2,279,751), exposure level is low and unchanged from the prior year.

The First Nation is also exposed to credit risk through its note receivable from Migisi Development Corporation in the amount of \$2,400,000 which is unchanged from prior year. The First Nation

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### Notes to the Consolidated Financial Statements

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evaluates the credit worthiness of any borrower prior to advancing any funds and this note is currently determined to be fully collectible.

#### **15. Financial instruments (continued)**

##### *Liquidity risk*

The First Nation is exposed to liquidity risk in the accounts payable and accrued liabilities of \$294,348 (2018 - \$145,062). Liquidity risk is the risk that the First Nation cannot repay its obligations when they become due to its creditors. The First Nation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintains adequate assets in order to repay creditors when required.

#### **16. Contribution arrangement funding provided by Indigenous and Northern Affairs Canada**

\$2,063,428 in funding was provided to the First Nation by Indigenous and Northern Affairs Canada. In the current year none of the funding has been provided under contribution funding arrangements (2018 - \$7,220) all current year amounts received are received under Block or Fixed funding arrangements and are allowed to be carried forward into the next fiscal year where surpluses have occurred.

#### **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 in the year amounted to \$85,190 (2018 - 84,280). Employer contributions match the employee's contributions for current service and are expensed during the year in which the services are rendered and represent the total pension obligation of the First Nation.

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**18. Tangible capital assets**

2019											
Cost	Buildings	Water & Sewer	Lagoon	Roads/Bridges	Machinery & Equipment	CMHC Rental Buildings	Recreation Facility	Parking Lot	Fencing	Office Equipment	Totals
Balance, beginning of year	\$ 6,503,505	\$ 2,062,918	\$ 1,055,121	\$ 1,433,865	\$ 1,414,781	\$ 1,352,047	\$ 580,610	\$ 17,206	\$ 28,070	\$ 149,748	\$ 14,597,871
Additions	497,824	123,319	-	11,630	248,918	20,205	-	57,000	-	61,972	1,020,848
Disposals	-	-	-	-	(35,000)	-	-	-	-	-	(35,000)
Balance, end of year	7,001,329	2,186,237	1,055,121	1,445,495	1,628,699	1,372,252	580,610	74,206	28,070	211,720	15,583,739
Accumulated Amortization											
Balance, beginning of year	2,377,602	1,426,492	527,560	456,112	931,182	241,122	580,610	13,087	25,263	70,920	6,649,950
Disposals	-	-	-	-	(35,000)	-	-	-	-	-	(35,000)
Amortization expense	180,417	51,573	52,756	40,642	108,692	28,672	-	7,421	2,807	39,665	512,645
Balance, end of year	2,558,019	1,478,065	580,316	496,754	1,004,874	269,794	580,610	20,508	28,070	110,585	7,127,595
Net book value	\$ 4,443,310	\$ 708,172	\$ 474,805	\$ 948,741	\$ 623,825	\$ 1,162,458	\$ -	\$ 53,698	\$ -	\$ 101,135	\$ 8,456,144
2018											
Cost	Buildings	Water & Sewer	Lagoon	Roads/Bridges	Machinery & Equipment	CMHC Rental Buildings	Recreation Facility	Parking Lot	Fencing	Office Equipment	Totals
Balance, beginning of year	\$ 6,081,622	\$ 2,028,722	\$ 1,055,121	\$ 1,417,970	\$ 1,276,840	\$ 1,002,381	\$ 580,610	\$ 17,206	\$ 28,070	\$ 63,820	\$ 13,552,362
Additions	421,883	34,196	-	15,895	137,941	349,666	-	-	-	85,928	1,045,509
Balance, end of year	6,503,505	2,062,918	1,055,121	1,433,865	1,414,781	1,352,047	580,610	17,206	28,070	149,748	- 14,597,871
Accumulated Amortization											
Balance, beginning of year	2,110,233	1,374,919	474,804	416,051	839,158	260,463	580,610	11,366	22,456	43,650	6,133,710
Adjustments	-	-	-	-	-	(39,154)	-	-	-	-	(39,154)
Amortization expense	267,369	51,573	52,756	40,061	92,024	19,813	-	1,721	2,807	27,270	55,394
Balance, end of year	2,377,602	1,426,492	527,560	456,112	931,182	241,122	580,610	13,087	25,263	70,920	6,649,950
Net book value	\$ 4,125,903	\$ 636,426	\$ 527,561	\$ 977,753	\$ 483,599	\$ 1,110,925	\$ -	\$ 4,119	\$ 2,807	\$ 78,828	\$ 7,947,921

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### **19. Segmented information**

The Dokis First Nation is a diversified government institution that provides a wide range of services to its members, including band government, community infrastructure, economic development, education, social development, community services, housing, and other services. For management reporting purposes the First Nation's operations and activities are organized and reported by fund. Funds are created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide and are as follows:

#### **Band Government**

The band government function is responsible for carrying out all general band related services. This includes the setting of policies and procedures to be carried out throughout the First Nation's operations as well as overseeing the financial reporting activities of each department. The band government function also includes the activities of the Chief and Council.

#### **Community Infrastructure**

The community infrastructure department is responsible for providing public services, which include fire protection, road construction and maintenance, sanitation, water and the operation and upkeep of many of the buildings within the First Nation.

#### **Community Programs**

The community program department is responsible for is responsible for the operations of the library, community fundraising, management of the New Relationship Fund.

#### **Economic Development**

The economic development department is responsible for the identification and development of economic opportunities that will benefit the First Nation and its members. It also obtains funding for training and development opportunities to be carried out by its members and the employment of summer students.

#### **Band Enterprises**

This department is responsible for the operations of business activities carried out, including the rental of equipment and other activities.

# **DOKIS FIRST NATION**

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## **19. Segmented information (Continued)**

### **Education**

The education department is responsible for services provided to elementary and secondary schools primarily through service contracts with provincially funded school boards. The education department is also responsible for the tutoring of members and providing funding for post-secondary initiatives undertaken by students of the First Nation.

### **Social Development**

The social development department provides services under the Provincial Ontario Works Program which include financial support initiatives as well as employment training initiatives.

### **Health Services**

The community services department is responsible for the management of health and long-term care programs as well as programs for the development and engagement of the youth of the First Nation.

### **Housing**

The housing segment reports the activities of the CMHC projects, including revenues, subsidies and expenses of the operation of each of the three phases currently in operation.

### **Capital**

The capital department is responsible for the construction and purchasing of capital items to be used by the various departments within the First Nation. This department utilizes labour within the First Nation as well as contracts with third party entities.

### **OFNLP**

The OFNLP segment is responsible for reporting the funds received and spent under the Ontario First Nations (2008) Limited Partnership agreement. The funds must be spent in adherence with the agreement and under the following categories: community development, health, education, economic development, and cultural development.

19. Segmented information (Continued)

	2019										2018			
	Band	Government	Community Infrastructure	Community Programs	Economic Development	Band Enterprises	Education	Social Development	Health Services	Housing	Capital	OFNLP		Totals
<b>Revenue</b>														
Indigenous and Northern Affairs Canada	\$ 669,264	\$ 671,599	\$ 37,381	\$ 196,380	\$ -	\$ -	\$ 44,855	\$ 208,310	\$ 42,172	\$ 193,467	\$ -	\$ -	\$ 2,063,428	
Kinoondiziwin Education Body	-	-	-	-	-	-	1,995,189	-	-	-	-	-	-	1,995,189
Health Canada	-	-	-	-	-	-	-	-	1,014,226	-	-	-	-	1,014,226
Ontario First Nations Limited Partnership	-	-	-	-	-	-	-	-	-	-	-	-	-	1,033,255
CMHC	-	-	-	-	-	-	-	-	-	32,900	-	-	-	32,900
Ministry of Children, Community and Social Services	155,060	158,749	41,841	46,931	\$35,845	1,012,851	267,775	-	-	-	-	-	-	267,775
Deferred revenue, beginning of the year	315,152	415,390	138,987	180,430	390,744	103,744	6,705	560,096	309,283	163,076	-	-	-	2,990,437
Other	1,139,476	1,245,738	217,709	423,741	926,589	3,111,1784	353,637	2,127,218	631,652	1,269,640	879,219	-	-	2,990,437
<b>Expenses</b>														
Wages and benefits	507,786	401,887	88,069	150,188	90,789	383,085	78,052	656,850	42,864	-	-	-	-	2,399,570
Materials and program costs	202,054	490,034	63,807	84,777	328,014	1,282,085	210,127	540,238	150,057	-	-	-	-	3,351,793
Contracted services	119,555	105,344	17,853	49,259	4,165	89,065	-	82,775	2,200	-	-	-	-	376,006
Rents and financial expenses	8,401	-	-	-	-	-	-	-	-	3,136	-	-	-	11,537
Amortization expense	-	-	-	-	-	-	-	-	9,645	28,672	474,328	-	-	512,645
Program transfers and administration	20,500	294	9,000	12,565	-	-	36,050	2,500	140,803	6,200	-	-	-	521,356
Program transfers and administration	838,296	902,749	173,729	296,789	422,968	1,791,485	290,679	1,430,311	233,129	474,328	-	-	-	749,268
Deferred revenue, end of the year	(169,433)	(394,184)	(38,980)	(126,139)	(530,922)	(1,320,299)	(62,958)	(701,149)	(386,413)	(245,519)	-	-	-	(3,975,906)
<b>Total</b>	<b>\$ 111,747</b>	<b>\$ (51,195)</b>	<b>\$ -</b>	<b>\$ 813</b>	<b>\$ (27,301)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (4,242)</b>	<b>\$ 12,110</b>	<b>\$ 549,793</b>	<b>\$ 357,863</b>	<b>\$ 949,588</b>	<b>\$ -</b>	<b>\$ 949,588</b>
<b>Revenue</b>														
Band	Government	Community Infrastructure	Community Programs	Economic Development	Band Enterprises	Education	Social Development	Health Services	Housing	Capital	OFNLP		Totals	
<b>Revenue</b>														
Indigenous and Northern Affairs Canada	\$ 536,294	\$ 535,081	\$ 37,381	\$ 122,466	\$ -	\$ 1,857,081	\$ 52,819	\$ 3,468	\$ -	\$ 173,128	\$ -	\$ -	\$ 3,317,720	
Health Canada	-	-	-	-	-	-	-	1,410,430	-	-	-	-	1,410,430	
Ontario First Nations Limited Partnership	-	-	-	-	-	-	-	-	-	-	-	-	817,730	
CMHC	-	-	-	-	-	-	-	-	-	278,803	-	-	278,803	
Ministry of Children, Community and Social Services	176,894	109,464	31,927	37,750	573,396	644,042	194,219	-	-	-	-	-	194,219	
Deferred revenue, beginning of the year	429,608	151,245	144,061	302,981	214,021	75,274	2,273	333,104	191,094	94,166	-	-	2,194,110	
Other	1,142,796	795,792	213,369	463,197	787,417	2,576,397	280,140	1,877,355	545,891	1,31,270	653,867	-	2,434,499	
<b>Expenses</b>														
Wages and benefits	425,999	335,305	84,236	146,230	65,875	275,343	78,919	619,229	43,606	-	-	-	-	2,074,842
Materials and program costs	170,913	336,033	71,655	188,999	111,089	1,141,880	203,065	195,878	25,999	102,686	-	-	-	2,548,217
Contracted services	152,771	-	7,447	169,402	7,100	18,243	-	94,595	2,200	-	-	-	-	451,758
Rents and financial expenses	9,043	-	-	-	-	-	-	-	6,290	-	-	-	-	15,333
Amortization expense	-	-	-	-	-	-	-	-	7,662	26,738	48,1840	-	-	516,240
Program transfers and administration	18,533	(34,315)	81,190	(61,097)	41,145	128,080	(8,549)	421,266	157,126	-	417,818	-	-	1,088,197
Program transfers and administration	777,259	637,043	171,528	443,534	235,209	1,563,546	273,435	1,338,730	261,059	584,526	417,818	-	-	6,694,587
Deferred revenue, end of the year	(155,060)	(158,749)	(41,841)	(46,931)	(535,845)	(1,012,851)	(6,705)	(560,096)	(309,283)	(163,076)	-	-	-	2,990,437
<b>Total</b>	<b>\$ 210,477</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (27,268)</b>	<b>\$ 26,363</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (21,471)</b>	<b>\$ (25,351)</b>	<b>\$ 561,668</b>	<b>\$ 236,049</b>	<b>\$ -</b>	<b>\$ 962,467</b>	

<b>Dept</b>	<b>Band Government</b>	<b>Community Infrastructure</b>	<b>Community Programs</b>	<b>Economic Development</b>	<b>Band Enterprises</b>	<b>Education</b>	<b>Social Development</b>	<b>Health Services</b>	<b>Housing</b>	<b>Capital</b>	<b>OFNLP</b>
Programs	Band Support - Sch 4 Land Management Membership	Maintenance Management - Sch 7	Culture and Recreation - Sch 8 Community Services - Sch 9 New Relationship - Sch 12 First Nation Business Enterprise	Community Programs Community Programs	Band Enterprises - Sch 15	the operations of the Social Services					

## **DOKIS FIRST NATION**

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### **20. Investment in Ontario First Nations Sovereign Wealth L.P.**

During the prior year, the First Nation invested in 1 share of the Ontario First Nations Asset Management Corporation, and a 0.5915% interest in the Ontario First Nations Sovereign Wealth Limited Partnership. The Partnership and Corporation control a partnership that owns shares of Hydro One and hold capital wealth funds. The investment has been reflected in the accompanying consolidated financial statements using the cost method at \$2. During the year, there were no other contributions made to the Partnership. Also, the First Nation did not receive any distributions from the Partnership.