

**Consolidated Financial Statements of**

**DOKIS FIRST NATION**

**Year ended March 31, 2020**

**DOKIS FIRST NATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2020**

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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, 2020, 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, 2020, 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.

*Continued on next page*

### *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.

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.

*Continued on next page*

- 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 29, 2020

**DOKIS FIRST NATION**

## Consolidated Statement of Financial Position

March 31, 2020, with comparative figures for 2019

	2020	2019
<b>Financial assets:</b>		
Cash	\$ 5,363,078	\$ 3,989,496
Restricted cash - CMHC replacement and operating surplus reserves (note 2)	37,818	37,818
Short-term investments (note 3)	2,500	752,500
Accounts receivable (note 4)	881,380	600,229
Note receivable (note 5)	2,288,921	2,400,000
Funds held in trust by Indigenous Services Canada (note 6)	733,742	733,742
Investment in Migisi Hydro L.P. (note 7)	995	995
Investment in Migisi Development Corporation (note 8)	414,879	13,040
Investment in Ontario First Nation Sovereign Wealth L.P. (note 9)	2	2
Advances to Migisi Development Corporation	-	46,920
<b>Total financial assets</b>	<b>9,723,315</b>	<b>8,574,742</b>
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities	213,094	294,348
Deferred contributions (note 10)	5,735,522	3,975,996
Advances from Migisi Hydro L.P.	995	995
Long-term debt (note 11)	303,717	331,797
<b>Total financial liabilities</b>	<b>6,253,328</b>	<b>4,603,136</b>
<b>Net financial assets</b>	<b>3,469,987</b>	<b>3,971,606</b>
<b>Non-financial assets (note 12):</b>		
Tangible capital assets (note 19)	10,662,555	8,456,144
Prepaid expenses	124,497	110,192
<b>Total non-financial assets</b>	<b>10,787,052</b>	<b>8,566,336</b>
<b>Accumulated surplus (note 13)</b>	<b>\$ 14,257,039</b>	<b>\$ 12,537,942</b>

Contingent liabilities (note 14)

Economic dependence (note 15)

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, 2020, with comparative figures for 2019

	Budget	2020	2019
<b>Revenues:</b>			
Indigenous Services Canada (note 17)	\$ 3,558,555	\$ 4,188,211	\$ 2,063,428
Other	5,821,493	6,595,328	7,313,197
Deferred contributions, beginning of year	3,975,991	3,975,991	2,990,437
	13,356,039	14,759,530	12,367,062
<b>Expenses (by program area):</b>			
Band Government	647,139	671,259	600,310
Maintenance Management	1,352,819	740,282	902,749
Education	2,188,845	1,608,818	1,791,485
Social Services	168,371	259,305	290,679
New Relationship Fund	90,000	79,487	89,656
Community Programs	560,815	331,317	296,789
Band Enterprises	220,863	765,625	422,968
Health Services	1,744,620	1,561,417	1,430,311
Land Management	256,555	258,659	248,731
Memberships	-	-	9,255
Housing	2,040,632	265,509	233,129
Ontario First Nations Limited Partnership Distributions	-	508,115	562,015
Community Services	-	40,154	39,055
Culture & Recreation	55,302	56,041	50,018
Capital Projects	192,632	560,762	474,328
Total expenses	9,518,593	7,706,750	7,441,478
Excess of revenues over expenses from general operations	3,837,446	7,052,780	4,925,584
Deferred contributions, end of year	-	(5,735,522)	(3,975,996)
Excess of revenues over expenses before undernoted item	3,837,446	1,317,258	949,588
First Nation share of Migisi Development Corporation earnings (loss)	-	401,839	(75,677)
<b>Excess of revenues over expenses for the year</b>	<b>3,837,446</b>	<b>1,719,097</b>	<b>873,911</b>
<b>Accumulated surplus, beginning of year</b>	<b>12,537,942</b>	<b>12,537,942</b>	<b>11,664,031</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 16,375,388</b>	<b>\$ 14,257,039</b>	<b>\$ 12,537,942</b>

See accompanying notes to consolidated financial statements

**DOKIS FIRST NATION**

## Consolidated Statement of Changes in Net Assets

Year ended March 31, 2020 with comparative figures for 2019

	Budget	2020	2019
<b>Excess of revenues over expenses for the year</b>	\$ 3,837,446	\$ 1,719,097	\$ 873,911
Amortization of tangible capital assets	-	553,666	512,645
Acquisition of tangible capital assets	-	(2,760,077)	(1,020,868)
Change in prepaid expenses	-	(14,305)	-
<b>Increase (decrease) in net assets for the year</b>	3,837,446	(501,619)	365,688
<b>Net assets, beginning of year</b>	3,971,606	3,971,606	3,605,918
<b>Net assets, end of year</b>	\$ 7,809,052	\$ 3,469,987	\$ 3,971,606

See accompanying notes to consolidated financial statements

**DOKIS FIRST NATION**

## Consolidated Statement of Cash Flows

Year ended March 31, 2020 with comparative figures for 2019

	2020	2019
<b>Cash flows from operating activities:</b>		
Excess of revenues over expenses for the year	\$ 1,719,097	\$ 873,911
Non-cash charges to operations:		
Amortization of tangible capital assets	553,666	512,645
First Nation share of Migisi Development Corporation (earnings) loss	(401,839)	75,677
	1,870,924	1,462,233
Change in financial assets and liabilities relating to operations:		
Accounts receivable	(281,151)	(54,202)
Prepaid expenses	(14,305)	-
Accounts payable and accrued liabilities	(81,254)	149,286
Deferred contributions	1,759,526	985,559
Net change in cash from operating activities	3,253,740	2,496,033
<b>Cash flows from capital activities:</b>		
Cash used to acquire tangible capital assets	(2,760,077)	(1,020,868)
<b>Cash flows from financing activities:</b>		
Repayment of long-term debt	(28,080)	(27,642)
<b>Cash flows from investing activities:</b>		
Redemption of short-term investments	750,000	750,000
Receipt of payments on note receivable	111,079	-
Recovery of advances to (advances to) Migisi Development Corporation	46,920	(46,843)
Net change in cash from investing activities	907,999	750,000
<b>Net change in cash for the year</b>	<b>1,373,582</b>	<b>2,197,523</b>
Cash, beginning of year	3,989,496	1,791,973
<b>Cash, end of year</b>	<b>\$ 5,363,078</b>	<b>\$ 3,989,496</b>

See accompanying notes to consolidated financial statements

# **DOKIS FIRST NATION**

## **Notes to the Consolidated Financial Statements**

March 31, 2020

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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, 2020

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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
Powerlines	40 years
Networks	40 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.

# **DOKIS FIRST NATION**

## **Notes to the Consolidated Financial Statements**

March 31, 2020

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

(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 in the period they occur.

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

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, 2020

### **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**

	2020	2019
General accounts receivable	\$ 970,739	\$ 693,443
Member loans	1,493,470	1,543,170
Housing renovation loans	33,836	45,570
Government Remittances	51,443	38,062
Allowance for doubtful accounts	(1,668,108)	(1,720,016)
	\$ 881,380	\$ 600,229

### **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 Services Canada**

Funds Held in Trust by Indigenous Services 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, 2020

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

The Dokis First Nation recognized a gain of \$401,839 during 2020 related to the activities of the Migisi Development Corp. (2019 – loss of \$75,677) in the accompanying consolidated financial statements.

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

	2020	2019
Financial position		
Current assets	\$ 634,681	\$ 34,731
Investments and advances	2,071,119	2,427,229
Total assets	\$ 2,705,800	\$ 2,461,960
Liabilities		
Current	\$ 2,000	\$ 2,000
Other liabilities	-	46,920
Note Payable	2,288,921	2,400,000
Equity	414,879	13,040
	\$ 2,705,800	\$ 2,461,960

**DOKIS FIRST NATION**

## Notes to the Consolidated Financial Statements

March 31, 2020

**8. Investment and Advances to Migisi Development Corporation – continued**

	2020	2019
<b>Results of operations</b>		
Revenues	\$ -	\$ -
Expenses	1,354	47,918
Loss before undernoted item	(1,354)	(47,918)
Other Income		
Share of partnership earnings (loss)	403,193	(27,759)
Net Earnings (Loss)	\$ 401,839	\$ (75,677)

The investment balance consists of the following:

Balance, beginning of year	\$ 13,040	\$ 88,717
First Nation share of earnings (loss)	401,839	(75,677)
Balance, end of year	\$ 414,879	\$ 13,040

**9. Investment in Ontario First Nations Sovereign Wealth L.P.**

The First Nation is 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.

**DOKIS FIRST NATION****Notes to the Consolidated Financial Statements**

March 31, 2020

**10. Deferred contributions**

Deferred contributions consist of the following:

	2020	2019
Social Services	\$ 58,455	\$ 62,959
Band Support Funding	105,940	1,471
Land Management	153,712	167,962
Maintenance Management	202,939	394,184
Community Services	26,320	26,837
Health Services	805,884	701,147
Community Programs	221,655	126,139
Education	1,757,338	1,320,299
New Relationship Fund	15,495	12,143
Band Enterprise	404,444	530,922
Housing	1,808,413	386,413
Capital	174,927	245,520
	<b>\$5,735,522</b>	<b>\$3,975,996</b>

# DOKIS FIRST NATION

## Notes to the Consolidated Financial Statements

March 31, 2020

### 11. Long-term debt

	2020	2019
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 Services Canada.	154,212	167,597
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly blended payments of \$1,464 including interest at 1.82% per annum, maturing May 2020. Insured by Canada Mortgage and Housing Corporation. Secured by a guarantee from Indigenous Services Canada.	\$ 149,505	\$ 164,200
	<u>\$ 303,717</u>	<u>\$ 331,797</u>

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

2021	28,524
2022	28,977
2023	29,436
2024	29,903
2025	30,378
Subsequent years	156,499
	<u>\$ 303,717</u>

### 12. 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.

## DOKIS FIRST NATION

### Notes to the Consolidated Financial Statements

March 31, 2020

#### 13. Accumulated Surplus

	2020	2019
Unrestricted operating accumulated surplus	\$ (684,895)	\$ 228,980
First Nation Enterprises	414,879	13,040
Restricted Ontario First Nations Limited Partnership		
Distributions, 9.1 reporting	3,390,201	3,388,299
Restricted funds held in trust in Ottawa	733,742	733,742
Restricted social housing replacement reserve (CMHC)	44,274	49,534
Equity in tangible capital assets	10,358,838	8,124,347
	\$ 14,257,039	\$ 12,537,942

#### 14. 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, 2020 these loans amounted to \$416,231 (2019 - \$428,419).

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, 2020 these loans amounted to \$76,552 (2019 - \$79,761).

Indigenous Services Canada ("ISC") has guaranteed CMHC loans to the First Nation in the amount of \$303,717 (original \$637,600). Should the First Nation default on the loans and require payment by ISC, 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 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.

## **DOKIS FIRST NATION**

### Notes to the Consolidated Financial Statements

March 31, 2020

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#### **15. Economic dependence**

The First Nation has a funding arrangement with Indigenous Services 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.

#### **16. 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 First Nation is exposed to the following risks associated with financial instruments and transactions it is a party to:

##### *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 a financial obligation. The First Nation's main credit risk relate to its cash, including restricted 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 balances (including band member loans) totalling of \$2,449,488 (2019 - \$2,230,245) The First Nation manages this exposure through management's on-going monitoring of accounts receivable balances and collections. An allowance for uncollectible accounts is recorded when applicable.

The First Nation is also exposed to credit risk through its note receivable from Migisi Development Corporation in the amount of \$2,288,921. The First Nation evaluates the credit worthiness of any borrower prior to advancing any funds and this note is currently determined to be fully collectible.

##### *Liquidity risk*

Liquidity risk is the risk that the First Nation cannot repay its obligations when they become due to its creditors. The First Nation is exposed to liquidity risk in the accounts payable and accrued liabilities of \$213,094 (2019 - \$294,348). The First Nation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintains adequate cash resources to pay creditors including scheduled long-term debt payments when required.

## **DOKIS FIRST NATION**

### **Notes to the Consolidated Financial Statements**

March 31, 2020

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#### **17. Contribution arrangement funding provided by Indigenous Services Canada**

\$4,188,211 in funding was provided to the First Nation by Indigenous Services Canada. In the current year \$187,125 of the funding has been provided under set contribution funding arrangements (2019 - \$nil) all other amounts received are received under Block, Fixed or Grant funding arrangements and are allowed to be carried forward into the next fiscal year where surpluses have occurred. During the year, Set contributions have been converted to flexible arrangements which must be used before March 31, 2021.

#### **18. 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 \$96,354 (2019 - 85,190). 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.

**DOKIS FIRST NATION**

## Notes to the Consolidated Financial Statements

**March 31, 2020**

19. Tangible capital assets													
2020													
	Buildings	Water & Sewer	Lagoon	Roads/Bridges	Machinery & Equipment	Powerlines	Networks	CMHC Rental Buildings	Recreation Facility	Parking Lot	Fencing	Office Equipment	Totals
Cost													
Balance, beginning 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
Additions	538,309	320,896	-	709,472	229,502	407,131	125,525	409,892	-	-	-	19,350	2,760,077
Balance, end of year	7,539,638	2,507,133	1,055,121	2,154,967	1,858,201	407,131	125,525	1,782,144	580,610	74,206	28,070	231,070	18,343,816
Accumulated Amortization													
Balance, beginning 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
Amortization expense	193,875	51,573	52,756	44,210	128,143	10,178	3,138	28,922	-	7,421	-	33,450	553,666
Balance, end of year	2,751,894	1,529,638	633,072	540,964	1,133,017	10,178	3,138	298,716	580,610	27,929	28,070	144,035	7,681,261
Net book value	\$ 4,787,744	\$ 977,495	\$ 422,049	\$ 1,614,003	\$ 725,184	\$ 396,953	\$ 122,387	\$ 1,483,428	\$ -	\$ 46,277	\$ -	\$ 87,035	\$ 10,662,555
2019													
	Buildings	Water & Sewer	Lagoon	Roads/Bridges	Machinery & Equipment	Powerlines	Networks	CMHC Rental Buildings	Recreation Facility	Parking Lot	Fencing	Office Equipment	Totals
Cost													
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	1,020,868
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	\$ -	\$ -	\$ 1,102,458	\$ -	\$ 53,698	\$ -	\$ 101,135	\$ 8,456,144

# **DOKIS FIRST NATION**

## **Notes to the Consolidated Financial Statements**

March 31, 2020

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### **20. 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**

### **Notes to the Consolidated Financial Statements**

March 31, 2020

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#### **20. 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.

**DOKIS FIRST NATION**  
Notes to the Consolidated Financial Statements

March 31, 2020

**20. Segmented information (Continued)**

2020											
	Band Government	Community Infrastructure	Community Programs	Economic Development	Band Enterprises	Education	Social Development	Health Services	Housing	Capital	Totals
<b>Revenue</b>											
Indigenous Services Canada	\$ 561,479	\$ 615,303	\$ 41,000	\$ 70,818	\$ -	\$ -	\$ 44,697	\$ 1,179,274	\$ 1,476,788	\$ 198,852	\$ 4,188,211
Kinomoadziwin Education Body	-	-	-	-	-	2,139,481	-	-	-	-	2,139,481
Health Canada	-	-	-	-	-	-	-	48,813	-	-	48,813
Ontario First Nations Limited Partnership	-	-	-	-	-	-	-	-	-	892,812	892,812
CMHC	-	-	-	-	-	-	-	-	22,539	-	22,539
Ministry of Children, Community and Social Services	-	-	-	-	-	-	176,183	-	-	-	176,183
Deferred revenue, beginning of the year	169,433	394,184	38,980	126,139	530,922	1,320,299	62,959	701,142	386,413	245,520	3,975,991
Other	468,725	232,452	136,783	276,354	672,414	137,651	28,334	523,793	388,465	2,536,295	5,401,266
	1,199,637	1,241,939	216,763	473,311	1,203,336	3,597,431	312,173	2,453,022	2,274,205	2,980,667	16,845,296
<b>Expenses</b>											
Wages and benefits	540,312	377,023	81,399	196,989	82,875	433,160	86,329	792,531	149	-	2,590,767
Materials and program costs	225,828	363,259	76,283	44,943	441,727	1,122,316	172,976	652,653	233,567	45,662	3,379,216
Contracted services	154,748	-	18,000	89,385	241,023	53,342	-	106,586	-	-	663,084
Rents and financial expenses	9,031	-	-	-	-	-	-	-	2,871	-	11,902
Amortization expense	-	-	-	-	-	-	-	9,645	28,922	515,099	553,666
Program transfers and administration	5,019	298,718	(734)	(78,343)	593,007	231,275	(5,587)	86,057	797,569	-	2,696,675
	934,938	1,039,000	174,948	252,974	1,358,632	1,840,093	253,718	1,647,474	1,063,078	580,761	9,895,310
Deferred revenue, end of the year	(259,652)	(202,939)	(41,815)	(221,655)	(404,444)	(1,757,338)	(58,455)	(805,884)	(1,808,413)	(174,927)	(5,735,522)
<b>Total</b>	\$ 5,047	\$ -	\$ -	\$ (1,318)	\$ (559,740)	\$ -	\$ -	\$ (336)	\$ (597,286)	\$ 2,244,979	\$ 1,214,464

2019											
	Band Government	Community Infrastructure	Community Programs	Economic Development	Band Enterprises	Education	Social Development	Health Services	Housing	Capital	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
Kinomoadziwin Education Body	-	-	-	-	-	1,995,189	-	-	-	-	1,995,189
Health Canada	-	-	-	-	-	-	-	1,014,226	-	-	1,014,226
Ontario First Nations Limited Partnership	-	-	-	-	-	-	-	-	-	1,033,255	1,033,255
CMHC	-	-	-	-	-	-	-	-	32,900	-	32,900
Ministry of Children, Community and Social Services	-	-	-	-	-	-	267,775	-	-	-	267,775
Deferred revenue, beginning 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
Other	315,152	415,390	138,487	180,430	390,744	103,744	34,302	434,586	247,297	913,097	2,929,193
	1,139,476	1,245,738	217,709	423,741	926,589	3,111,784	353,637	2,127,218	631,652	1,269,640	12,326,403
<b>Expenses</b>											
Wages and benefits	507,786	401,887	88,069	150,188	90,789	383,085	78,052	656,850	42,864	-	2,395,570
Materials and program costs	202,054	490,034	63,807	84,777	328,014	1,282,685	210,127	82,775	150,057	-	3,351,793
Contracted services	119,555	10,534	17,853	49,259	4,165	89,665	-	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	-	749,268
	858,296	902,749	178,729	296,789	422,968	1,791,485	290,679	1,430,311	233,129	474,328	7,400,819
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)	(3,975,996)
<b>Total</b>	\$ 1,111,747	\$ (51,195)	\$ -	\$ 813	\$ (27,301)	\$ -	\$ -	\$ (4,242)	\$ 12,110	\$ 549,793	\$ 949,588

## **DOKIS FIRST NATION**

### **Notes to the Consolidated Financial Statements**

March 31, 2020

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#### **21. COVID-19**

The COVID-19 global outbreak was declared a pandemic by the World Health Organization in March 2020. The negative impact of COVID-19 in Canada and on the global economy has been significant. The global pandemic has disrupted economic activities and supply chains resulting in governments worldwide, and in Canada, enacting emergency measures to combat the spread of the virus and protect the economy.

These financial statements have been prepared based upon conditions existing at March 31, 2020 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at that date.

Although the disruption from the pandemic is expected to be temporary, given the dynamic nature of these circumstances, the duration and severity of the disruption and related financial impact cannot be reasonably estimated at this time. Government interventions and public health authority recommendations have resulted in changes to how and what the First Nation delivers to its members.

The Chief and Council and management of the First Nation will continue to monitor the situation and adjust as it sees necessary to maintain the health and safety of its employees and members.

At this time, the full potential impact of COVID-19 on the First Nation is not known.