

Consolidated Financial Statements of

DOKIS FIRST NATION

Year ended March 31, 2021

DOKIS FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

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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.

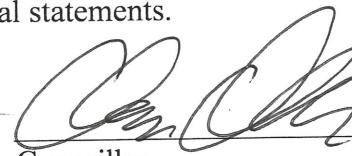


Chief



R.F. V. S.

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, 2021, 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, 2021, 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.

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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.

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- 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
August 3, 2021

DOKIS FIRST NATION

Consolidated Statement of Financial Position

March 31, 2021, with comparative figures for 2020

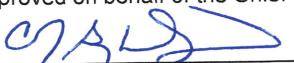
	2021	2020 (restated - note 23)
Financial assets:		
Cash	\$ 7,628,178	\$ 5,997,765
Restricted cash - CMHC replacement and operating surplus reserves (note 2)	37,818	37,818
Short-term investments (note 3)	2,500	2,500
Accounts receivable (note 4)	705,334	881,380
ILMF settlement receivable (note 22)	26,923,951	-
Funds held in trust by Indigenous Services Canada (note 6)	733,742	733,742
Due from Migisi Hydro L.P. (note 5 and 23)	1,621,049	1,620,054
Investment in Migisi Hydro L.P. (note 7)	1,067,379	450,611
Investment in Okikendawt Hydro L.P. (note 23)	2,027,539	2,027,539
Investment in Ontario First Nation Sovereign Wealth L.P. (note 9)	2	2
Total financial assets	40,747,492	11,751,411
Financial liabilities:		
Accounts payable and accrued liabilities	1,105,918	215,145
Deferred contributions (note 10)	6,742,115	5,735,522
Due to Okikendawt Hydro and Dokis Community Trust (note 22)	26,000,000	-
Advances from Migisi Hydro L.P.	995	-
Investments held in trust for Migisi Hydro L.P (note 5 and 23)	2,027,539	2,027,539
Long-term debt (note 11)	613,653	303,717
Total financial liabilities	36,490,220	8,281,923
Net financial assets	4,257,272	3,469,488
Non-financial assets (note 12):		
Tangible capital assets (note 19)	12,212,277	10,662,555
Prepaid expenses	132,711	124,497
Total non-financial assets	12,344,988	10,787,052
Accumulated surplus (note 13)	\$ 16,602,260	\$ 14,256,540

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 _____ Councillor

DOKIS FIRST NATION

Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2021, with comparative figures for 2020

	Budget	2021	2020 (restated - note 23)
Revenues:			
Indigenous Services Canada (note 17)	\$ 4,546,914	\$ 3,891,685	\$ 4,188,211
Other (note 22)	5,954,511	7,435,964	6,595,328
Repayable to funders	-	(94,601)	-
Deferred contributions, beginning of year	5,735,522	5,735,522	3,975,991
	16,236,947	16,968,570	14,759,530
Expenses (by program area):			
Band Government	835,280	693,845	671,259
Maintenance Management	1,302,408	690,552	740,282
Education	2,492,455	1,721,631	1,608,818
Social Services	170,675	309,403	259,305
New Relationship Fund	85,000	77,933	79,487
Community Programs	573,686	474,548	331,317
Band Enterprises	211,350	1,537,559	766,978
Health Services	1,847,989	1,463,357	1,561,417
Land Management	267,226	246,245	258,659
Housing	2,533,311	458,010	265,509
Ontario First Nations Limited Partnership Distributions	-	168,213	508,115
Community Services	-	9,221	40,154
Culture & Recreation	56,302	56,348	56,041
Capital Projects	125,754	589,638	560,762
Total expenses	10,501,436	8,496,503	7,708,103
Excess of revenues over expenses from general operations	5,735,511	8,472,067	7,051,427
Deferred contributions, end of year	-	(6,742,115)	(5,735,522)
Excess of revenues over expenses before undernoted item	5,735,511	1,729,952	1,315,905
First Nation share of Migisi L.P. earnings	-	615,768	403,193
ILMF claim settlement (note 22)	-	26,000,000	-
Contribution to the Okikendawt Hydro and Dokis Community Trust (note 22)	-	(26,000,000)	-
Excess of revenues over expenses for the year	5,735,511	2,345,720	1,719,098
Accumulated surplus, beginning of year	14,256,540	14,256,540	12,537,442
Accumulated surplus, end of year	\$ 19,992,051	\$ 16,602,260	\$ 14,256,540

See accompanying notes to consolidated financial statements

DOKIS FIRST NATION

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2021 with comparative figures for 2020

	Budget	2021	2020 (restated - note 23)
Excess of revenues over expenses for the year	\$ 5,735,511	\$ 2,345,720	\$ 1,719,098
Amortization of tangible capital assets	-	622,810	553,666
Acquisition of tangible capital assets	-	(2,172,532)	(2,760,077)
Change in prepaid expenses	-	(8,214)	(14,305)
Increase (decrease) in net assets for the year	5,735,511	787,784	(501,618)
Net assets, beginning of year	3,469,488	3,469,488	3,971,106
Net assets, end of year	\$ 9,204,999	\$ 4,257,272	\$ 3,469,488

See accompanying notes to consolidated financial statements

DOKIS FIRST NATION

Consolidated Statement of Cash Flows

Year ended March 31, 2021 with comparative figures for 2020

	2021	2020
		(restated note 23)
Cash flows from operating activities:		
Excess of revenues over expenses for the year	\$ 2,345,720	\$ 1,719,098
Non-cash charges to operations:		
Amortization of tangible capital assets	622,810	553,666
First Nation share of Migisi Development L.P. (earnings)	(615,768)	(403,193)
	<u>2,352,762</u>	<u>1,869,571</u>
Change in financial assets and liabilities relating to operations:		
Accounts receivable	176,046	(281,151)
ILMF settlement receivable	(26,923,951)	-
Prepaid expenses	(8,214)	(14,305)
Accounts payable and accrued liabilities	890,773	(81,254)
Due to Okikendawt Hydro and Dokis Community Trust	26,000,000	-
Deferred contributions	1,006,593	1,759,526
	<u>3,494,009</u>	<u>3,252,387</u>
Cash flows from capital activities:		
Cash used to acquire tangible capital assets	(2,172,532)	(2,760,127)
Cash flows from financing activities:		
Proceeds of long-term debt	349,600	-
Repayment of long-term debt	(39,664)	(28,080)
	<u>309,936</u>	<u>(28,080)</u>
Cash flows from investing activities:		
Redemption of short-term investments	-	750,000
Distribution from Okikendawt Hydro L.P.	-	600,000
Receipt of payments on note receivable	-	112,432
Recovery of advances to (advances to) Migisi Development Corporation	(1,000)	46,920
Net change in cash from investing activities	(1,000)	1,509,352
Net change in cash for the year	1,630,413	1,973,532
Cash, beginning of year	5,997,765	4,024,233
Cash, end of year	\$ 7,628,178	\$ 5,997,765

See accompanying notes to consolidated financial statements

DOKIS FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2021

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.
- Migisi Development Corporation

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 Hydro L.P. is 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, 2021

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, 2021

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, note 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, 2021

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 2021 at an interest rate of 0.75% per annum.

4. Accounts Receivable

	2021	2020
General accounts receivable	\$ 889,576	\$ 970,739
Member loans	1,418,056	1,493,470
Housing renovation loans	28,582	33,836
Government Remittances	69,210	51,443
Allowance for doubtful accounts	(1,700,090)	(1,668,108)
	\$ 705,334	\$ 881,380

5. Due from Migisi Hydro L.P.

The amounts due from the Migisi Hydro L.P., 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, 2021

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.

The Dokis First Nation recognized a gain of \$615,768 during 2021 related to the activities of the Migisi Hydro L.P. (2020 – \$403,193) in the accompanying consolidated financial statements.

The following summarizes the assets, liabilities, deficiency, revenues and expenses of Migisi Hydro L.P.:

	2021	2020
Financial position		
Current assets	\$ 799,591	\$ 760,252
Investments and advances	2,647,594	2,071,165
Total assets	<u>\$ 3,447,185</u>	<u>\$ 2,831,417</u>
Liabilities		
Current	\$ -	\$ -
Due to Migisi Development Corporation	2,379,806	2,379,806
Equity	1,067,379	451,611
	<u>\$ 3,447,185</u>	<u>\$ 2,831,417</u>

DOKIS FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2021

7. Investment and Advances to Migisi Hydro L.P. – continued

	2021	2020
Results of operations		
Revenues	\$ -	\$ -
Expenses	- -	- -
Loss before undernoted item	- -	- -
Other Income		
Share of partnership earnings	615,768	403,193
Net Earnings	<u>\$ 615,768</u>	<u>\$ 403,193</u>

The investment balance consists of the following:

Balance, beginning of year	\$ 451,611	\$ 48,418
First Nation share of earnings	615,768	403,193
Balance, end of year	<u>\$ 1,067,379</u>	<u>\$ 451,611</u>

8. Investment in Migisi Development Corporation

The Dokis First Nation is the sole shareholder of the Migisi Development Corporation, which serves as the general partner to the Migisi L.P. The assets, liabilities and activities of the Migisi Development Corporation are consolidated into these financial statements.

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, 2021

10. Deferred contributions

Deferred contributions consist of the following:

	2021	2020
Social Services	\$ 89,608	\$ 58,455
Band Support Funding	82,889	105,940
Land Management	203,766	153,712
Maintenance Management	246,823	202,939
Community Services	30,196	26,320
Health Services	832,776	805,884
Community Programs	501,651	221,655
Education	2,561,897	1,757,338
New Relationship Fund	-	15,495
Band Enterprise	418,272	404,444
Housing	1,543,516	1,808,413
Capital	230,721	174,927
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	\$6,742,115	\$5,735,522

DOKIS FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2021

11. Long-term debt

	2021	2020
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly blended payments of \$1,257 including interest at 0.76% per annum, maturing December 2025. Insured by Canada Mortgage and Housing Corporation. Secured by a guarantee from Indigenous Services Canada.	140,559	154,212
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly blended payments of \$1,394 including interest at 0.68% per annum, maturing October 2025. Insured by Canada Mortgage and Housing Corporation. Secured by a guarantee from Indigenous Services Canada.	134,230	149,505
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly blended payments of \$1,566 including interest at 0.73% per annum, maturing July 2025. Insured by Canada Mortgage and Housing Corporation. Secured by a guarantee from Indigenous Services Canada.	\$ 338,864	\$ -
	<hr/>	<hr/>
	\$ 613,653	\$ 303,717

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

2022	46,300
2023	46,636
2024	46,973
2025	47,314
2026	47,655
Subsequent years	378,775
	<hr/>
	\$ 613,653

DOKIS FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2021

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.

13. Accumulated Surplus

	2021	2020 (restated – note 23)
Unrestricted operating accumulated surplus	\$ (1,018,438)	\$ (721,126)
First Nation Enterprises	1,066,379	450,611
Restricted Ontario First Nations Limited Partnership		
Distributions, 9.1 reporting	3,959,844	3,390,201
Restricted funds held in trust in Ottawa	733,742	733,742
Restricted social housing replacement reserve (CMHC)	49,714	44,274
Claim negotiation reserve	212,395	-
Equity in tangible capital assets	11,598,624	10,358,838
	\$ 16,602,261	\$ 14,256,540

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, 2021 these loans amounted to \$134,449 (2020 - \$416,231).

The First Nation is contingently liable as a guarantor with the Caisse Populaire Alliance Limitee for band members housing mortgages. At March 31, 2021 these loans amounted to \$798,583 (2020 - \$76,552).

Indigenous Services Canada (“ISC”) has guaranteed CMHC loans to the First Nation in the amount of \$613,653 (original \$987,200). 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.

DOKIS FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2021

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.

c) Contingencies:

The First Nation has received a complaint of unjust dismissal during the year. The First Nation intends to defend its actions, but at this time the outcome is undeterminable. Should an amount, if any, become payable, recognition of this amount will be recorded in the period in which it becomes known.

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.

DOKIS FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2021

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 \$2,405,424 (2020 - \$2,549,488) The First Nation manages this exposure though management's on-going monitoring of accounts receivable balances and collections. An allowance for uncollectible accounts is recoded when applicable.

The First Nation is also exposed to credit risk through amounts due from from Migisi Hydro L.P. in the amount of \$1,621,049 (2020 - \$1,620,054). 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 \$1,105,918 (2020 - \$215,145). 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.

17. Contribution arrangement funding provided by Indigenous Services Canada

\$3,891,685 in funding was provided to the First Nation by Indigenous Services Canada. In the current year \$4,631 of the funding has been provided under set contribution funding arrangements (2020 - \$187,125) 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 flexible surpluses have occurred. During the year, the set funding received for funerals and burials was fully expended.

DOKIS FIRST NATION

Notes to the Consolidated Financial Statements

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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 \$95,542 (2020 - \$96,354). 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, 2021

19. Tangible capital assets

	2021												
	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	\$ 7,539,638	\$ 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
Additions	292,382	279,832	-	88,663	92,733	-	87,354	1,188,590	-	-	-	142,978	2,172,532
Balance, end of year	7,832,020	2,786,965	1,055,121	2,243,630	1,950,934	407,131	212,879	2,970,734	580,610	74,206	28,070	374,048	20,516,348
Accumulated Amortization													
Balance, beginning 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
Amortization expense	196,451	58,569	52,756	44,728	136,824	10,178	3,138	62,752	-	6,901	-	50,513	622,810
Balance, end of year	2,948,345	1,588,207	685,828	585,692	1,269,841	20,356	6,276	361,468	580,610	34,830	28,070	194,548	8,304,071
Net book value	\$ 4,883,675	\$ 1,198,758	\$ 369,293	\$ 1,657,938	\$ 681,093	\$ 386,775	\$ 206,603	\$ 2,609,266	\$ -	\$ 39,376	\$ -	\$ 179,500	\$ 12,212,277
	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
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
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
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
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

DOKIS FIRST NATION

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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, 2021

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.

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Notes to the Consolidated Financial Statements

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20. Segmented information (Continued)

	2021												
	Band Government	Community Infrastructure	Community Programs	Economic Development	Band Enterprises	Education	Social Development	Health Services	Housing	Capital	OFNLP	Totals	
Revenue													
Indigenous Services Canada	\$ 608,552	\$ 999,872	\$ 42,000	\$ 501,219	\$ -	\$ 20,619	\$ 80,985	\$ 1,197,780	\$ 314,904	\$ 125,754	\$ -	\$ 3,891,685	
Kinoomadzwin Education Body	-	-	-	-	-	2,406,372	-	-	-	-	-	2,406,372	
Health Canada	-	-	-	-	-	-	-	503	-	-	-	503	
Ontario First Nations Limited Partnership	-	-	-	-	-	-	-	-	-	-	873,736	873,736	
CMHC	-	-	-	-	-	-	-	-	30,097	-	-	30,097	
Ministry of Children, Community and Social Services	-	-	-	-	-	242,583	-	-	-	-	-	242,583	
Deferred revenue, beginning 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	
Other	358,092	188,904	89,837	297,174	1,636,103	249,146	16,988	441,351	270,094	2,109,170	-	5,656,859	
	1,226,296	1,391,715	173,652	1,020,048	2,040,547	4,433,475	399,011	2,445,518	2,423,508	2,409,851	873,736	18,837,357	
Expenses													
Wages and benefits	564,455	406,557	97,800	168,745	74,326	461,455	73,814	703,969	2,309	-	-	2,553,430	
Materials and program costs	214,121	283,995	37,622	257,916	983,925	1,246,297	235,589	621,035	424,836	6,598	-	4,311,934	
Contracted services	154,377	-	8,080	47,887	479,308	13,879	-	127,505	-	-	-	831,036	
Rents and financial expenses	7,137	-	-	-	-	-	-	-	1,943	-	-	9,080	
Amortization expense	-	-	-	-	-	-	-	10,848	28,922	583,040	-	622,810	
Program transfers and administration	(11,612)	454,381	(46)	43,849	(138,654)	149,947	-	143,953	1,091,089	-	304,093	2,037,000	
	928,478	1,144,933	143,456	518,397	1,398,905	1,871,578	309,403	1,607,310	1,549,099	589,638	304,093	10,365,290	
Deferred revenue, end of the year	(286,655)	(246,823)	(30,196)	(501,651)	(418,272)	(2,561,897)	(89,608)	(832,776)	(1,543,516)	(230,721)	-	(6,742,115)	
Total	\$ 11,163	\$ (41)	-	\$ -	\$ 223,370	\$ -	\$ -	\$ 5,432	\$ (669,107)	\$ 1,589,492	\$ 569,643	\$ 1,729,952	
	2020												
	Band Government	Community Infrastructure	Community Programs	Economic Development	Band Enterprises	Education	Social Development	Health Services	Housing	Capital	OFNLP	Totals	
Revenue													
Indigenous Services Canada	\$ 561,479	\$ 615,303	\$ 41,000	\$ 70,818	\$ -	\$ -	\$ 44,697	\$ 1,179,274	\$ 1,476,788	\$ 198,852	\$ -	\$ 4,188,211	
Kinoomadzwin 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	491,260	2,536,295	-	5,504,061	
	1,199,637	1,241,939	216,763	473,311	1,203,336	3,597,431	312,173	2,453,022	2,377,000	2,980,667	892,812	16,948,091	
Expenses													
Wages and benefits	540,311	377,023	81,399	196,989	82,875	433,160	86,329	792,531	149	-	-	2,590,766	
Materials and program costs	225,828	363,259	76,283	44,943	441,727	1,122,316	172,976	652,655	233,567	45,662	-	3,379,216	
Contracted services	154,748	-	18,000	89,385	242,376	53,342	-	106,586	-	-	-	664,437	
Rents and financial expenses	9,031	-	-	-	-	-	-	-	2,871	-	-	11,902	
Amortization expense	-	-	-	-	-	-	-	9,645	28,922	515,100	-	553,667	
Program transfers and administration	5,019	298,718	(734)	(78,343)	624,739	231,275	(5,587)	86,057	644,622	-	890,910	2,696,676	
	934,937	1,039,000	174,948	252,974	1,390,364	1,840,093	253,718	1,647,474	910,131	560,762	890,910	9,896,664	
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)	
Total	\$ 5,048	\$ -	\$ -	\$ 220,337	\$ (591,472)	\$ -	\$ -	\$ (336)	\$ (341,544)	\$ 2,244,978	\$ 1,902	\$ 1,315,905	

DOKIS FIRST NATION

Notes to the Consolidated Financial Statements

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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, 2021 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.

22. Indian Land Management Fund (ILMF) specific claim settlement

During the year, the Dokis First Nation reached a settlement agreement with Canada in the amount of \$26,923,951 for a specific claim relating to the Indian Land Management Fund dating back to 1908. Included in the compensation is \$923,951 for costs incurred by the First Nation in the negotiation of the settlement. An amount of \$691,265 (2020 – 232,686) has been recorded in other revenue in these financial statements related to these amounts.

The balance of the settlement, \$26,000,000 will be contributed to the Okikendawt Hydro and Dokis Community Trust upon receipt, to serve the long term benefit of the beneficiaries of the Trust.

DOKIS FIRST NATION

Notes to the Consolidated Financial Statements

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23. Adjustment to Investments in Migisi Development Corporation and Migisi Hydro L.P.

During the year, it was noted that the Migisi Development Corporation holds the limited partnership units of the Okikendawt Hydro L.P. in trust for the beneficial owner of the units, the Migisi Hydro L.P. As a result of the structure, the prior period figures have been adjusted to reflect the fact that the Migisi Hydro L.P. would have recorded gains in the investment, using the modified equity method, to reflect its share in the earnings of the Okikendawt Hydro L.P. These gains include \$47,418 in opening accumulated surplus on April 1, 2019 and gains of \$403,193 during the year ended March 31, 2020. Previously, these gains had been recorded as increases in the investment of the Migisi Development Corporation and accordingly, a corresponding reduction in the value of that investment has been recorded.

As a result of this change in accounting treatment, it was noted that the Migisi Development Corporation has an accumulated deficit of \$35,232 and as a result, is treated as an other government organization with its assets, liabilities and activities being consolidated into these financial statements.