

**DAUPHIN RIVER FIRST NATION
INDEPENDENT AUDITOR'S REPORT
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2020**

DAUPHIN RIVER FIRST NATION

MARCH 31, 2020

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of the Dauphin River First Nation ("First Nation") are the responsibility of management and have been approved by the Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of Chartered Professional Accountants of Canada and as such include certain amounts based on estimates or judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

The First Nation is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council review the First Nation's consolidated financial statements and recommends their approval to the membership. Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, to review the consolidated financial statements and the external auditor's report. The Chief and Council also consider and submit for approval by the Members, the engagement of the external auditors.

The consolidated financial statements have been audited by Fort Group Chartered Professional Accountants Inc. in accordance with Canadian generally accepted auditing standards on behalf of the members. Fort Group Chartered Professional Accountants Inc. have full and free access to Chief and Council.



Chief John Stagg

INDEPENDENT AUDITOR'S REPORT

To The Members of Dauphin River First Nation and Chief and Council:

Qualified Opinion

We have audited the accompanying consolidated financial statements of Dauphin River First Nation, which comprise the consolidated statement of financial position as at March 31 2020, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flow for the year then ended, and the notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis of Qualified Opinion paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Dauphin River First Nation as at March 31 2020, and the results of its operations and its cash flow for the year then ended, in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The financial statements do not include completed budgeted information. The exclusion of such information is a departure from Canadian public sector accounting standards as the comparison of budgeted to actual results is a significant measurement of performance.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization 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 qualified 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's 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 organization'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 organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the organization 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 representing the underlying transactions and events in a manner that achieved fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the organization to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Winnipeg, Manitoba
August 4, 2021

Port Group
**CHARTERED PROFESSIONAL
ACCOUNTANTS INC.**

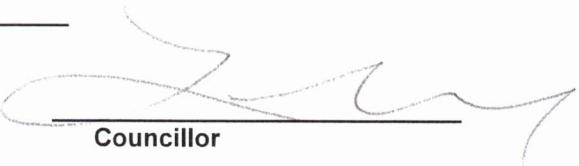
DAUPHIN RIVER FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
FINANCIAL ASSETS		
Cash (Note 2)	\$ 522,086	173,584
Cash in Ottawa Trusts (Note 3)	12,063	11,866
Accounts receivable and advances (Note 4)	4,460	5,140
Due from government and other government organizations (Note 5)	<u>1,747,800</u>	<u>2,257,441</u>
	<u>2,286,409</u>	<u>2,448,031</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	508,565	628,525
Due to government and other government organizations (Note 7)	1,343,521	1,433,387
Deferred revenue (Note 8)	42,365	22,562
Long-term debt (Note 9)	<u>1,271,035</u>	<u>1,351,831</u>
	<u>3,165,486</u>	<u>3,436,305</u>
NET DEBT	(879,077)	(988,274)
NON-FINANCIAL ASSETS		
Prepaid expenses	29,232	600
Tangible capital assets (Note 10)	37,337,636	16,146,437
Construction in progress (Notes 10 and 11)	<u>17,912,622</u>	<u>39,239,142</u>
	<u>55,279,490</u>	<u>55,386,179</u>
ACCUMULATED SURPLUS (Note 12)	<u>\$ 54,400,413</u>	<u>54,397,905</u>

APPROVED BY THE FIRST NATION:

Chief John Stagg


Councillor


Councillor

DAUPHIN RIVER FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2020

		2020	2019
		<u>Budget</u>	<u>Actual</u>
REVENUES			
Federal government			
Operating transfers (Note 13)	\$ -	3,740,713	2,771,952
Capital transfers (Note 13)	-	94,090	2,547,421
Provincial government			
Operating transfers (Note 13)	-	-	661,152
Capital transfers (Note 13)	-	-	2,054,409
Other revenue	<u>-</u>	<u>355,840</u>	<u>505,964</u>
	<u>-</u>	<u>4,190,643</u>	<u>8,540,898</u>
EXPENSES			
Education	-	171,335	335,449
Health	-	1,348,488	921,534
Economic development	-	(21,700)	176,511
Housing	-	21,831	23,585
Public works	-	278,879	238,115
Social services	-	644,649	615,300
Band government	-	1,071,850	1,248,282
Reoccupation project	-	-	-
Interest	-	26,707	31,592
Amortization	<u>-</u>	<u>646,096</u>	<u>520,541</u>
	<u>-</u>	<u>4,188,135</u>	<u>4,110,909</u>
ANNUAL SURPLUS (DEFICIT)		2,508	4,429,989
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>54,397,905</u>	<u>49,967,916</u>
ACCUMULATED SURPLUS, END OF YEAR	\$ -	<u>54,400,413</u>	<u>54,397,905</u>

DAUPHIN RIVER FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
YEAR ENDED MARCH 31, 2020

	2020		2019
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
ANNUAL SURPLUS (DEFICIT)	\$ _____ -	2,508	4,429,989
Tangible capital assets			
Acquisition of tangible capital assets	- _____	(510,775)	(4,707,360)
Amortization of tangible capital assets	- _____	646,096	520,541
	- _____	135,321	(4,186,819)
Other non-financial assets			
Consumption (acquisition) of prepaid expenses	- _____	(28,632)	- _____
CHANGE IN NET DEBT	- _____	109,197	243,170
NET DEBT, BEGINNING OF YEAR	(988,274)	(988,274)	(1,231,444)
NET DEBT, END OF YEAR	\$ (988,274)	(879,077)	(988,274)

DAUPHIN RIVER FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ 2,508	4,429,989
Add non-cash item(s):		
Amortization of tangible capital assets	<u>646,096</u>	<u>520,541</u>
	648,604	4,950,530
Change in non-cash working capital:		
Accounts receivable and advances	680	(5,050)
Due from government and other government organizations	509,641	(578,237)
Prepaid expenses	(28,632)	-
Accounts payable and accrued liabilities	(119,960)	(729,372)
Due to government and other government organizations	(89,866)	(99)
Deferred revenue	<u>19,803</u>	<u>7,126</u>
	940,270	3,644,898
CAPITAL ACTIVITIES		
Net increase in tangible capital assets and construction in progress	<u>(510,775)</u>	<u>(4,707,360)</u>
FINANCING ACTIVITIES		
Long-term debt repayment	<u>(80,796)</u>	<u>(77,846)</u>
CHANGE IN CASH	348,699	(1,140,308)
CASH, BEGINNING OF YEAR	<u>185,450</u>	<u>1,325,758</u>
CASH, END OF YEAR	<u>\$ 534,149</u>	<u>185,450</u>
CASH IS REPRESENTED BY:		
Cash	\$ 522,086	173,584
Cash in Ottawa Trust	<u>12,063</u>	<u>11,866</u>
	<u>\$ 534,149</u>	<u>185,450</u>

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting and Going Concern

Dauphin River First Nation ("Dauphin River") follows the Indigenous Services Canada (ISC) 2019-2020 Financial Reporting Requirements which requires that the consolidated financial statements be prepared in accordance with Canadian generally accepted accounting principles for governments, as defined in the Chartered Professional Accountants of Canada (CPA Canada) Public Sector Accounting Handbook.

The safety measures to combat COVID-19 (Coronavirus) and the government response continue to evolve and change quickly. It is councils opinion that the Organization has adequately adapted to the impact of this pandemic and will continue to maintain operations for the foreseeable future. While the council will continue to monitor and evaluate the implications of the pandemic, it is difficult to predict the extent and duration this pandemic could have on the future finances and operations of the Organization.

(b) Reporting entity

The First Nation is a non-profit Indian Band as defined by the Indian Act (Canada). The objective of the First Nation is to operate as the governing entity in providing services on the reserve in all areas.

(c) Principles of consolidation

All controlled entities are fully consolidated on a line-by-line basis. This method combines the accounts of distinct organizations. It requires uniform accounting policies for the organizations. Inter-organizational balances and transactions are eliminated under this method. This method reports the organizations as if they were one organization. These financial statements include the financial assets, liabilities, net debt, non-financial assets and results of operations for the following entities controlled or owned by the First Nation:

Dauphin River First Nation

Health Authority

CMHC Housing Authority

(d) Replacement reserve fund

The Replacement Reserve Fund represents amount that have been restricted in compliance with and agreement with the Canada Mortgage and Housing Corporation (CMHC). Under the terms of the agreement with CMHC, the replacement reserve account is to be credited with an amount of \$17,955 annually. These funds, along with accumulated interest, 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 CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are credited to interest first and then principal. At March 31, 2020 the Replacement Reserve Fund was held in a separate interest bearing account with a balance of \$39,419 (2019 - \$39,439). This account is underfunded by \$64,890 (2019 - \$73,517).

(e) Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, construction in progress, prepaid expenses and inventories of supplies.

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

(g) Tangible capital assets

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods or delivering services.

Tangible capital assets are reported at gross cost less accumulated amortization. Contributions received to assist in the acquisition of tangible capital assets are reported as deferred revenue and amortized to income at the same rate as the related asset.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

Amortization is provided for on a straight line basis at the rates in the table that follows. One-half of the annual amortization is charged in the year of acquisition and in the year of disposal.

Infrastructure	50 years
Buildings	12 to 50 years
CMHC Housing Authority	19 to 25 years
Computer equipment	5 years
Computer software	2 years
Equipment	5 years
Vehicles	5 years

(h) Net debt

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its liabilities less its financial assets. Net debt is comprised of two components, non-financial assets and accumulated surplus.

(i) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor and are recognized as revenue when used for the specific purpose identified by the contributor.

Fee and service revenue is deferred when received in advance of the fee being earned or the service being performed. The revenue is recognized when the fee is earned or the service is performed.

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Segmented information

The First Nation discloses segmented results of operations for the year in note 21 to the consolidated financial statements. The First Nation has segregated its activities into the following segments based on distinguishable groups of activities;

Health

Dauphin River Health Authority

Education

Dauphin River Education

Social

Social services

CMHC housing

Economic Development

Economic development program

Training and employment program

Public Works

Community services

Fire protection

Band Government

Band administration

Capital projects

Reoccupation Project

Band office

(k) Use of estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting periods presented. Estimates include amortization and amounts payable for services not billed yet at the time these financial statements were approved and amortization. Actual results could differ from these estimates.

(l) Financial instruments

Financial instruments held by the First Nation include cash, cash in Ottawa trusts, accounts receivable and advances, accounts payable and accrued liabilities, amounts due to/from government and other government organizations and long term debt. The First Nation initially measures its financial instruments at fair value when the asset or liability is first recognized.

The First Nation subsequently measures its financial instruments at cost or amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition less principal repayments, plus or minus the cumulative of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

2. CASH AND BANK INDEBTEDNESS	<u>2020</u>	<u>2019</u>
Unrestricted - operating	\$ 482,647	134,145
Externally restricted - CMHC	<u>39,439</u>	<u>39,439</u>
	<u><u>\$ 522,086</u></u>	<u><u>173,584</u></u>

The First Nation has a demand line of credit for \$50,000 (2019 - \$50,000) available from Royal Bank of Canada, of which \$nil (2019 - \$nil) was utilized at the year-end. This line of credit bears interest at prime plus 2% and is secured by future funding of ISC.

Restrictions on cash

The First Nation is subject to restrictions placed on its cash due to an agreement with CMHC as disclosed in note 1(d) to these consolidated financial statements. As at March 31, 2020, \$130,911 (2019 - \$112,956) was restricted for expenditures to be approved by CMHC.

3. TRUST FUNDS HELD BY THE FEDERAL GOVERNMENT

	<u>March 31, 2019</u>	<u>Additions 2020</u>	<u>Withdrawals 2020</u>	<u>March 31, 2020</u>
Revenue	\$ 11,506	197	-	11,703
Capital	<u>360</u>	<u>-</u>	<u>-</u>	<u>360</u>
	<u><u>\$ 11,866</u></u>	<u><u>197</u></u>	<u><u>-</u></u>	<u><u>12,063</u></u>

The trust funds 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. The management of these funds is primarily governed by Section 63 to 69 of the Indian Act.

4. ACCOUNTS RECEIVABLE AND ADVANCES

	<u>2020</u>	<u>2019</u>
Employee advances receivable	\$ 4,460	5,140

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

5. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

	<u>2020</u>	<u>2019</u>
ISC		
Admin & Sp Serv (NGNF-001)	\$ -	687
Basic needs (Q29W)	52,067	233,493
Special needs (Q2A6)	13,370	-
A&C Water (NTF6)	-	37,270
A&C Water (NTF8)	-	31,594
EIF B2016 (NTI7-001)	-	1,000
Planning Design and Construction (NTKB)	-	363,361
MJR Renos (Q38M)	28,840	143,467
Other Protection (NTM6)	-	9,158
Contributions (NTME)	-	10,304
Solid Waste (NTMG)	-	25,477
Remediation (NTV4-001)	-	7,355
Band Support	-	40,576
Covid (Q3FP)	33,033	-
Community Based Initiative (Q2BW)	46,341	-
Roads and Bridges (Q3AX)	40,000	-
Community Buildings (Q3B0)	71,160	-
Solid Waste (Q3B5)	60,000	-
Admin & Sup Serv (QZEA)	2,178	-
Recovery (Q3FQ)	10,000	-
CMHC subsidy	45,767	7,628
Health Canada		
Medical Transportation	8,760	9,787
Province of Manitoba - Emergency Measures Organization	<u>1,336,284</u>	<u>1,336,284</u>
	<u><u>\$ 1,747,800</u></u>	<u><u>2,257,441</u></u>

6. ACCOUNTS PAYABLE

	<u>2020</u>	<u>2019</u>
Trade payables	\$ 246,161	209,524
Source deductions payables	34,471	31,027
Other accrued liabilities	47,800	46,500
Holdbacks payable	<u>180,133</u>	<u>341,474</u>
	<u><u>\$ 508,565</u></u>	<u><u>628,525</u></u>

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

7. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

	<u>2020</u>	<u>2019</u>
ISC		
Accountable Advance - Flood	\$ 1,336,284	1,336,284
In-home Care (NPC5)	- 991	991
Negotiations (NGBA)	- 25,603	25,603
Water O&M (NTFZ)	- 15,969	15,969
Skill Link - Information & Communication (NP22)	- 300	300
Health Canada		
2012/13 Medical Transportation	- 3,581	3,581
2013/14 Medical Transportation	- 21,719	21,719
2014/15 Medical Transportation	- 14,408	14,408
2015/16 Home and Community Care	- 17,246	17,246
2016/17 Client Insured Service	- 3,622	3,622
2018 Recoveries	- (8,259)	(8,259)
2017/18 Medical Transport	5,420 -	-
Other	<u>1,817</u>	<u>1,923</u>
	<u>\$ 1,343,521</u>	<u>1,433,387</u>

8. DEFERRED REVENUE

	<u>Balance March 31, 2019</u>	<u>Funding Received 2020</u>	<u>Revenue Recognized 2020</u>	<u>Balance March 31, 2020</u>
<u>Federal Government</u>				
Health Canada Capital	\$ 2,553	- 2,553	2,553	-
ISC - Other				
Band operated school direct services	6,952	- 6,952	6,952	-
New paths teacher recruitment & retention	60	- 60	60	-
Skills Link Program	3,518	- 3,518	3,518	-
Skills link - information & communication technology work placement	28	- 28	28	-
Planning, design and construction	2,016	- 2,016	2,016	-
Other	7,435	- 7,435	7,435	-
Community Buildings	<u>-</u>	<u>71,160</u>	<u>28,795</u>	<u>42,365</u>
	<u>\$ 22,562</u>	<u>71,160</u>	<u>51,357</u>	<u>42,365</u>

Unspent ISC flexible capital funds for construction projects that are in progress at year end have been deferred.

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

9. LONG-TERM DEBT	<u>2020</u>	<u>2019</u>
CMHC Mortgage, bearing interest at 2.00%, repayable in blended monthly installments of \$4,616, maturing - November 1, 2038, secured by a Ministerial Guarantee	\$ 862,047	901,344
CMHC Mortgage, bearing interest at 1.05%, repayable in blended monthly installments of \$3,802, maturing - August 1, 2029, secured by a Ministerial Guarantee.	<u>408,988</u>	<u>450,487</u>
	<u>\$ 1,271,035</u>	<u>1,351,831</u>

The estimated principal repayment for the years ended is as follows:

March 31, 2021	\$ 80,118
2022	81,331
2023	82,564
2024	83,817
2025	85,092
Thereafter	<u>858,113</u>
	<u>\$ 1,271,035</u>

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

10. TANGIBLE CAPITAL ASSETS

	COST				ACCUMULATED AMORTIZATION			NET BOOK VALUE		
	Opening Balance	Additions	Transfer/ Disposals	Closing Balance	Opening Balance	Amortization	Disposals and write offs	Closing Balance	Total 2020	Total 2019
Tangible Capital Assets										
Infrastructure	\$ 269,061	16,278	-	285,339	29,612	5,542	-	35,154	250,185	239,449
Water and sewer	-	20,586,859	-	20,586,859	-	205,869	-	205,869	20,380,990	-
Buildings	15,851,312	1,117,281	-	16,968,593	1,363,893	350,086	-	1,713,979	15,254,614	14,487,419
CMHC housing	1,462,896	-	-	1,462,896	321,837	58,516	-	380,353	1,082,543	1,141,059
Docks	241,273	-	-	241,273	24,442	4,826	-	29,268	212,005	216,831
Computers	58,959	-	-	58,959	58,997	(38)	-	58,959	-	(38)
Computer software	8,075	-	-	8,075	8,075	-	-	8,075	-	-
Equipment	397,839	29,713	-	427,552	347,765	47,577	(14,540)	380,802	46,750	50,074
Health equipment	3,638	-	-	3,638	3,637	1	-	3,638	-	1
Vehicles	433,549	87,164	-	520,713	421,907	-	(11,743)	410,164	110,549	11,642
	<u>18,726,602</u>	<u>21,837,295</u>	<u>-</u>	<u>40,563,897</u>	<u>2,580,165</u>	<u>672,379</u>	<u>(26,283)</u>	<u>3,226,261</u>	<u>37,337,636</u>	<u>16,146,437</u>
Construction in progress										
Water and Sewer	20,547,941	38,918	(20,586,859)	-	-	-	-	-	-	20,547,941
New School	10,448,091	121,226	-	10,569,317	-	-	-	-	10,569,317	10,448,091
Waste Transfer	594,437	8,449	(602,886)	-	-	-	-	-	-	594,437
Health Centre	512,166	2,229	(514,395)	-	-	-	-	-	-	512,166
20 Unit Housing	7,136,507	61,848	-	7,198,355	-	-	-	-	7,198,355	7,136,507
Norman Stagg House	-	144,950	-	144,950	-	-	-	-	144,950	-
	<u>39,239,142</u>	<u>377,620</u>	<u>(21,704,140)</u>	<u>17,912,622</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,912,622</u>	<u>39,239,142</u>
TOTAL	\$ 57,965,744	22,214,915	(21,704,140)	58,476,519	2,580,165	672,379	(26,283)	3,226,261	55,250,258	55,385,579

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

11. CONSTRUCTION IN PROGRESS

The First Nation has started construction of a new school. As of March 31, 2020 project costs of \$10,569,317 for the new school have been included in construction in progress.

The First Nation has completed the water and sewer project. This project was funded by ISC and the Province of Manitoba. As of March 31, 2020 total project costs of \$20,624,129 have been included in tangible capital assets.

In the 2015/16 fiscal year, the First Nation received capital funding from First Nations Inuit Health Branch for the construction of a new health centre. As of March 31, 2020 the project has been completed. The total project costs of \$514,395 have been included in tangible capital assets.

During the 2016/17 fiscal year, the First Nation received funding for a 20 unit housing project from ISC. As of March 31, 2020, the total construction in progress for this project was \$7,198,355.

During the 2018/19 fiscal year, the First Nation received funding for waste transfer project from ISC. As of March 31, 2020 this project has been completed. The total project costs of \$602,886 have been included in tangible capital assets.

12. ACCUMULATED SURPLUS

	<u>2020</u>	<u>2019</u>
Accumulated Surplus in Replacement Reserve		
Balance, beginning of year	\$ 112,956	95,001
Net transfer allocation from operating fund	<u>17,955</u>	<u>17,955</u>
Balance, end of year	<u>130,911</u>	<u>112,956</u>
Accumulated Surplus in Trust Funds		
Balance, beginning of year	11,866	11,953
Transfer Ottawa Trust interest received	<u>197</u>	<u>(87)</u>
Balance, end of year	<u>12,063</u>	<u>11,866</u>
Accumulated Surplus in Tangible Capital Asset Fund		
Balance, beginning of year	53,870,973	49,694,458
Transfer TCA and construction in progress additions	<u>754,294</u>	<u>4,697,056</u>
Transfer amortization from operating fund	<u>(646,096)</u>	<u>(520,541)</u>
Balance, end of year	<u>53,979,171</u>	<u>53,870,973</u>
Accumulated Surplus (Deficit) in Operating Fund		
Balance, beginning of year	402,110	166,504
Excess of revenue over expenses	<u>2,508</u>	<u>4,429,989</u>
Net transfer allocation to replacement reserve fund	<u>(17,955)</u>	<u>(17,955)</u>
Transfer Ottawa Trust interest received	<u>(197)</u>	<u>87</u>
Transfer tangible capital asset / construction in progress additions	<u>(754,294)</u>	<u>(4,697,056)</u>
Transfer amortization to capital fund	<u>646,096</u>	<u>520,541</u>
Balance, end of year	<u>278,268</u>	<u>402,110</u>
Total Accumulated Surplus	\$ 54,400,413	<u>54,397,905</u>

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

13. GOVERNMENT TRANSFERS

	2020		
	Operating	Capital	Total
Federal government transfers:			
ISC revenue	\$ 2,116,900	-	2,116,900
Health Canada	1,623,813	2,556	1,626,369
Canada Mortgage and Housing Corporation	<u>-</u>	<u>91,534</u>	<u>91,534</u>
Total	<u>3,740,713</u>	<u>94,090</u>	<u>3,834,803</u>
Provincial government transfers:			
Manitoba Emergency Measures Organization	-	-	-
Province of Manitoba - Other	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 3,740,713</u></u>	<u><u>94,090</u></u>	<u><u>3,834,803</u></u>

	2019		
	Operating	Capital	Total
Federal government transfers:			
ISC revenue	\$ 1,543,602	2,547,421	4,091,023
Health Canada	1,128,516	-	1,128,516
Canada Mortgage and Housing Corporation	<u>99,834</u>	<u>-</u>	<u>99,834</u>
Total	<u>2,771,952</u>	<u>2,547,421</u>	<u>5,319,373</u>
Provincial government transfers:			
Manitoba Emergency Measures Organization	661,152	-	661,152
Province of Manitoba - Other	<u>-</u>	<u>2,054,409</u>	<u>2,054,409</u>
Total	<u>661,152</u>	<u>2,054,409</u>	<u>2,715,561</u>
	<u><u>\$ 3,433,104</u></u>	<u><u>4,601,830</u></u>	<u><u>8,034,934</u></u>

14. BAND EMPLOYEE BENEFITS

It is a requirement of both the Pension Benefits Standards Act (1985) and the Income Tax Act that payroll deductions (employee and employer share) be held in a separate trust bank account by the First Nation pending remittance to the appropriate institution so that the First Nation is current with its remittances. Under the Income Tax Act (EI, CPP, and tax, where applicable), remittances deducted in a month must be remitted by the 15th of the next month to the Receiver General.

At March 31, 2020, the First Nation is current with its payroll remittances to the Receiver General and has government remittances payable of \$34,471 (2019 - \$31,027) included in accounts payable and accrued liabilities. However, payroll deductions are not being held in a separate trust bank account by the First Nation.

**DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020**

15. BUDGETED FIGURES

The unaudited budget figures have been provided for comparison purposes and have been derived from the estimates approved by Chief and Council.

16. RISK MANAGEMENT

(a) Credit risk

Credit risk is the risk that a counterparty will default on its financial liabilities.

Financial assets which potentially subject the First Nation to credit risk and concentrations of credit risk consist principally of accounts receivable.

Management manages credit risk associated with accounts receivable by pursuing collections when they are due.

(b) Interest rate risk

Interest rate risk is the risk that debt servicing costs will vary unfavourably according to interest rate fluctuations.

It is management's opinion that the First Nation is exposed to interest rate price risk due to the CMHC loans being at a fixed interest rate.

(c) Liquidity risk

Liquidity risk is the risk that the First Nation will not be able to meet its financial obligations related to financial liabilities as they come due. Financial liabilities consist of accounts payable and accrued liabilities, deferred revenue, loan advances, long term debt, and a severance liability. Accounts payable and accrued liabilities are paid in the normal course of operations and except under certain exceptions, no later than three months.

The First Nation's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due. As at March 31, 2020, the First Nation has a bank balance of \$534,150 (2019 - \$185,451), receivables of \$1,752,260 (2019 - \$2,262,581) a demand line of credit for \$50,000 (2019 - \$50,000) and a net debt position of \$(879,077) (2019 - \$988,274). As at March 31, 2020, the First Nation has utilized \$nil (2019 - \$nil) under its demand line of credit. Management of the First Nation are working to reduce the net debt through maximization of revenues and careful management of expenditures.

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

17. EXPENSES BY OBJECT

	2020	2019
Amortization	\$ 646,096	520,541
Bank charges and interest	29,942	33,316
Insurance	35,664	33,573
Meeting costs	11,201	5,854
Office supplies	83,227	12,729
Professional services	258,805	235,276
Recoveries	6,554	57,738
Rental	49,000	82,110
Salaries and benefits	1,020,239	1,220,921
Supplies and services	1,547,467	1,196,794
Telephone	47,448	39,634
Travel	281,940	482,235
Utilities	<u>170,552</u>	<u>190,188</u>
	<u><u>\$ 4,188,135</u></u>	<u><u>4,110,909</u></u>

18. LEGAL PROCEEDINGS - FLOODING

Dauphin River First Nation, the Government of Canada and the Province of Manitoba are negotiating a Comprehensive Settlement Agreement (CSA) which will include all parties dropping all legal action taken against each other as a result of flooding on the First Nation. The CSA has been agreed to in principle in December of 2014 and will be signed once the document is complete.

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

19. SEGMENTED INFORMATION

	HEALTH			EDUCATION			SOCIAL		
	Budget 2020	2020	2019	Budget 2020	2020	2019	Budget 2020	2020	2019
REVENUES									
Federal Government									
Operating Transfers	\$ -	1,620,846	1,128,407	-	162,120	460,819	-	531,976	536,517
Capital Transfers		5,523	109			1,117,114		-	-
Provincial Government									
Operating Transfers	-	-	-	-	-	-	-	-	-
Capital Transfers	-	-	-	-	-	1,401,456	-	-	-
Other	-	-	-	-	-	-	-	-	-
	-	1,626,369	1,128,516	-	162,120	2,979,389	-	531,976	536,517
EXPENSES									
Salaries and benefits	-	731,794	587,357	-	73,980	114,106	-	44,796	37,563
Debt servicing	-	-	-	-	-	-	-	-	-
Amortization	-	24,528	13,444	-	15,538	22,873	-	-	-
Other	-	616,694	334,177	-	97,355	221,343	-	599,853	577,737
	-	1,373,016	934,978	-	186,873	358,322	-	644,649	615,300
ANNUAL SURPLUS (DEFICIT)	\$ -	253,353	193,538	-	(24,753)	2,621,067	-	(112,673)	(78,783)

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

19. SEGMENTED INFORMATION

	ECONOMIC DEVELOPMENT			PUBLIC WORKS			HOUSING		
	Budget 2020	2020	2019	Budget 2020	2020	2019	Budget 2020	2020	2019
REVENUES									
Federal Government									
Operating Transfers	\$ -	-	-	-	134,049	197,342	-	91,534	92,206
Capital Transfers	-	2,149	1,258,800	-	100,000	28,469	-	300,000	-
Provincial Government									
Operating Transfers	-	-	-	-	-	-	-	-	-
Capital Transfers	-	-	579,261	-	-	73,692	-	-	-
Other	-	-	374,412	-	-	-	-	76,116	76,116
	-	2,149	2,212,473	-	234,049	299,503	-	467,650	168,322
EXPENSES									
Salaries and benefits	-	-	-	-	67,766	64,643	-	-	-
Debt servicing	-	-	-	-	-	-	-	22,065	23,076
Amortization	-	-	-	-	290,640	158,747	-	58,516	58,516
Other	-	(21,700)	176,511	-	211,113	173,472	-	21,831	23,585
	-	(21,700)	176,511	-	569,519	396,862	-	102,412	105,177
ANNUAL SURPLUS (DEFICIT)	\$ -	23,849	2,035,962	-	(335,470)	(97,359)	-	365,238	63,145

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

19. SEGMENTED INFORMATION

	BAND GOVERNMENT			REOCCUPATION PROJECT			ADJUSTMENTS		
	Budget 2020	2020	2019	Budget 2020	2020	2019	Budget 2020	2020	2019
REVENUES									
Federal Government									
Operating Transfers	\$ -	828,971	349,033	-	-	7,628	-	-	-
Capital Transfers		57,635	142,929	-	-	-	-	-	-
Provincial Government									
Operating Transfers	-	-	661,152	-	-	-	-	-	-
Capital Transfers	-	-	-	-	-	-	-	-	-
Other		279,724	55,436	-	-	-	-	-	-
		1,166,330	1,208,550	-	-	7,628	-	-	-
EXPENSES									
Salaries and benefits	-	101,903	417,252	-	-	-	-	-	-
Debt servicing	-	4,642	8,516	-	-	-	-	-	-
Amortization	-	256,874	266,961	-	-	-	-	-	-
Other		969,947	831,030	-	-	-	-	-	-
		1,333,366	1,523,759	-	-	-	-	-	-
ANNUAL SURPLUS (DEFICIT)	\$ -	(167,036)	(315,209)	-	-	7,628	-	-	-

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

19. SEGMENTED INFORMATION

	CONSOLIDATED TOTAL		
	Budget 2020	2020	2019
REVENUES			
Federal Government			
Operating Transfers	-	3,369,496	2,771,952
Capital Transfers	-	465,307	2,547,421
Provincial Government			
Operating Transfers	-	-	661,152
Capital Transfers	-	-	2,054,409
Other	<u>-</u>	<u>355,840</u>	<u>505,964</u>
	<u>-</u>	<u>4,190,643</u>	<u>8,540,898</u>
EXPENSES			
Salaries and benefits	-	1,020,239	1,220,921
Debt servicing	-	26,707	31,592
Amortization	-	646,096	520,541
Other	<u>-</u>	<u>2,495,093</u>	<u>2,337,855</u>
	<u>-</u>	<u>4,188,135</u>	<u>4,110,909</u>
ANNUAL SURPLUS (DEFICIT)	<u>-</u>	<u>2,508</u>	<u>4,429,989</u>