

**DAUPHIN RIVER FIRST NATION
INDEPENDENT AUDITOR'S REPORT
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021**

DAUPHIN RIVER FIRST NATION

MARCH 31, 2021

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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 the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgements of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

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 external auditors, Fort Group Chartered Professional Accountants Inc., conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to the financial management of Dauphin River First Nation and meet when required.



Chief Lawrence Letander

INDEPENDENT AUDITOR'S REPORT

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

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 2021, and the consolidated statement of operations, 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, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Dauphin River First Nation as at March 31 2021, 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 Opinion

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 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.

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 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 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 First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements including the disclosures, and whether the consolidated financial statements 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 First Nation 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.

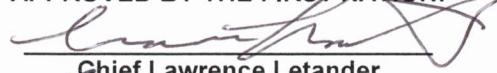
Winnipeg, Manitoba
February 25, 2022

**CHARTERED PROFESSIONAL
ACCOUNTANTS INC.**

DAUPHIN RIVER FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
FINANCIAL ASSETS		
Cash (Note 2)	\$ 1,507,847	522,086
Cash in Ottawa Trusts (Note 3)	12,208	12,063
Accounts receivable and advances (Note 4)	1,950	4,460
Due from government and other government organizations (Note 5)	<u>282,992</u>	<u>1,747,800</u>
	<u>1,804,997</u>	<u>2,286,409</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	654,973	474,094
Due to government and other government organizations (Note 7)	17,965	1,377,992
Deferred revenue (Note 8)	27,606	42,365
Long-term debt (Note 9)	<u>1,191,384</u>	<u>1,271,035</u>
	<u>1,891,928</u>	<u>3,165,486</u>
NET DEBT	(86,931)	(879,077)
NON-FINANCIAL ASSETS		
Prepaid expenses	35,391	29,232
Tangible capital assets (Note 10)	44,023,550	37,337,636
Construction in progress (Notes 10 and 11)	<u>10,597,452</u>	<u>17,912,622</u>
	<u>54,656,393</u>	<u>55,279,490</u>
ACCUMULATED SURPLUS (Note 12)	<u>\$ 54,569,462</u>	<u>54,400,413</u>

APPROVED BY THE FIRST NATION:


 Chief Lawrence Letander

 Councillor


 Councillor

DAUPHIN RIVER FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2021

	2021	2020
	<u>Budget</u>	<u>Actual</u>
REVENUES		
Federal government		
Operating transfers (Note 13)	\$ 3,195,659	5,321,005
Capital transfers (Note 13)	50,000	50,000
Other revenue	<u>239,700</u>	<u>680,417</u>
	<u><u>3,485,359</u></u>	<u><u>6,051,422</u></u>
	<u><u>3,485,359</u></u>	<u><u>4,190,643</u></u>
EXPENSES		
Band government	920,147	2,583,260
Economic development	-	(21,700)
Education	162,296	213,254
Health	1,502,089	1,554,412
Housing	56,550	104,849
Public works	134,863	746,712
Social services	<u>596,564</u>	<u>679,886</u>
	<u><u>3,372,509</u></u>	<u><u>5,882,373</u></u>
	<u><u>3,372,509</u></u>	<u><u>4,188,135</u></u>
ANNUAL SURPLUS	112,850	169,049
		2,508
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>-</u>	<u>54,400,413</u>
		<u>54,397,905</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 112,850</u>	<u>54,569,462</u>
		<u>54,400,413</u>

DAUPHIN RIVER FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
YEAR ENDED MARCH 31, 2021

	2021	2020
	<u>Budget</u>	<u>Actual</u>
ANNUAL SURPLUS	<u>\$ 112,850</u>	<u>169,049</u>
Tangible capital assets		
Acquisition of tangible capital assets	-	(340,419)
Amortization of tangible capital assets	-	969,675
	<u> </u>	<u>646,096</u>
	<u> </u>	<u>629,256</u>
	<u> </u>	<u>135,321</u>
Other non-financial assets		
Acquisition of prepaid expenses	-	(6,159)
	<u> </u>	<u>(28,632)</u>
CHANGE IN NET DEBT	<u>112,850</u>	<u>792,146</u>
NET DEBT, BEGINNING OF YEAR	<u>(879,077)</u>	<u>(879,077)</u>
NET DEBT, END OF YEAR	<u>\$ (766,227)</u>	<u>(86,931)</u>
	<u> </u>	<u>(879,077)</u>

DAUPHIN RIVER FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ 169,049	2,508
Add non-cash item(s):		
Amortization of tangible capital assets	<u>969,675</u>	<u>646,096</u>
	1,138,724	648,604
Change in non-cash working capital:		
Accounts receivable and advances	2,510	680
Due from government and other government organizations	1,464,808	509,641
Prepaid expenses	(6,159)	(28,632)
Accounts payable and accrued liabilities	180,879	(119,960)
Due to government and other government organizations	(1,360,027)	(89,866)
Deferred revenue	<u>(14,759)</u>	<u>19,803</u>
	<u>1,405,976</u>	<u>940,270</u>
CAPITAL ACTIVITIES		
Net acquisition in tangible capital assets and construction in progress	<u>(340,419)</u>	<u>(510,775)</u>
FINANCING ACTIVITIES		
Long-term debt repayment	<u>(79,651)</u>	<u>(80,796)</u>
CHANGE IN CASH	985,906	348,699
CASH, BEGINNING OF YEAR	<u>534,149</u>	<u>185,450</u>
CASH, END OF YEAR	<u>\$ 1,520,055</u>	<u>534,149</u>
CASH IS REPRESENTED BY:		
Cash	\$ 1,507,847	522,086
Cash in Ottawa Trust	<u>12,208</u>	<u>12,063</u>
	<u>\$ 1,520,055</u>	<u>534,149</u>

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting and Going Concern

Dauphin River First Nation ("the First Nation") follows the Indigenous Services Canada (ISC) 2020-2021 Financial Reporting Requirements which requires that the consolidated financial statements be prepared in accordance with Canadian public sector accounting standards 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 First Nation 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 First Nation.

(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 amounts 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 fund 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. The replacement reserve fund is currently underfunded by \$65,215 (2020 - \$91,492) due to the fact that the operating reserve assets total \$83,651 (2020 - \$39,419) while the replacement reserve liability is \$148,866 (2020 - \$130,911).

(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 and prepaid expenses.

**DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021**

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 initially recorded at cost. 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 of tangible capital assets is recognized as an expense in the Statement of Operations.

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	25 years
Docks	50 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

Government transfers

Transfers from the Government of Canada are recognized as revenue in the year the entitlement has been authorized, when any eligibility criteria have been met and when the amount can be reasonably estimated.

Other revenue

Restricted other revenue is recognized as revenue in the year in which the related expenses are incurred and when the amount can be reasonably estimated and collection is reasonably assured.

Unrestricted other revenue is recognized when:

- services have been performed;
- goods have been delivered; and
- the amount has been received or is receivable, and when the amount can be reasonably estimated and collection is reasonably assured.

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Segmented information

The First Nation discloses segmented results of operations for the year in note 20 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

(k) Measurement Uncertainty

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. 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, 2021

2. CASH AND BANK INDEBTEDNESS

	<u>2021</u>	<u>2020</u>
Unrestricted - operating	\$ 1,424,196	482,647
Externally restricted - CMHC	<u>83,651</u>	<u>39,439</u>
	<u>\$ 1,507,847</u>	<u>522,086</u>

The First Nation has a demand line of credit for \$50,000 (2020 - \$50,000) available from Royal Bank of Canada, of which \$nil (2020 - \$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, 2021, \$148,866 (2020 - \$130,911) was restricted for expenditures to be approved by CMHC.

3. TRUST FUNDS HELD BY THE FEDERAL GOVERNMENT

	<u>March 31, 2020</u>	<u>Additions 2021</u>	<u>Withdrawals 2021</u>	<u>March 31, 2021</u>
Revenue	\$ 11,703	145	-	11,848
Capital	<u>360</u>	<u>-</u>	<u>-</u>	<u>360</u>
	<u>\$ 12,063</u>	<u>145</u>	<u>-</u>	<u>12,208</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>2021</u>	<u>2020</u>
Employee advances receivable	<u>\$ 1,950</u>	<u>4,460</u>

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

5. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

	<u>2021</u>	<u>2020</u>
ISC		
Admin & Sup Serv (QZEA)	\$ -	2,178
Basic needs (Q29W)	32,000	52,067
Community Based Initiative (Q2BW)	-	46,341
Community Buildings (Q3B0)	-	71,160
Covid (Q3FP)	-	33,033
MJR Renos (Q38M)	-	28,840
Perimeter Security (Q3SO)	6,268	-
Recovery (Q3FQ)	-	10,000
Roads and Bridges (Q3AX)	-	40,000
Solid Waste (Q3B5)	-	60,000
Special needs (Q2A6)	-	13,370
CMHC subsidy	7,087	45,767
Health Canada		
Aboriginal Diabetes Initiative (Q221)	272	-
Community Facilities O&M (Q302))	56,000	-
Medical Transportation (Q01D)	2,500	8,760
Assembly Of Manitoba Chiefs	170,426	-
Manitoba First Nations Casino Trust	8,439	-
Province of Manitoba - Emergency Measures Organization	-	<u>1,336,284</u>
	<u>\$ 282,992</u>	<u>1,747,800</u>

6. ACCOUNTS PAYABLE

	<u>2021</u>	<u>2020</u>
Trade payables	\$ 427,090	246,161
Other accrued liabilities	47,750	47,800
Holdbacks payable	180,133	180,133
	<u>\$ 654,973</u>	<u>474,094</u>

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

7. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

		<u>2021</u>	<u>2020</u>
ISC			
Accountable Advance - Flood		\$ -	1,336,284
Health Canada			
2017/18 Medical Transport (Q010)		5,420	5,420
Canada Revenue Agency		11,837	34,471
Other		<u>708</u>	<u>1,817</u>
		<u>\$ 17,965</u>	<u>1,377,992</u>

8. DEFERRED REVENUE	Balance March 31, <u>2020</u>	Funding Received <u>2021</u>	Revenue Recognized <u>2021</u>	Balance March 31, <u>2021</u>
<u>Federal Government</u>				
ISC - Other				
Community Buildings (Q3BK)	<u>\$ 42,365</u>	<u>-</u>	<u>14,759</u>	<u>27,606</u>

9. LONG-TERM DEBT		<u>2021</u>	<u>2020</u>
CMHC Mortgage, bearing interest at 0.71%, repayable in blended monthly installments of \$4,139, maturing - November 1, 2038, secured by a government guarantee		\$ 824,384	862,047
CMHC Mortgage, bearing interest at 0.68%, repayable in blended monthly installments of \$3,740, maturing - August 1, 2029, secured by a government guarantee.		<u>367,000</u>	<u>408,988</u>
		<u>\$ 1,191,384</u>	<u>1,271,035</u>

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

March 31, 2022	\$ 86,476
2023	87,078
2024	87,684
2025	88,295
2026	88,910
Thereafter	<u>752,941</u>
	<u>\$ 1,191,384</u>

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

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 2021	Total 2020
Tangible Capital Assets										
Infrastructure	\$ 285,339	-	-	285,339	35,154	5,707	-	40,861	244,478	250,185
Water and sewer	20,586,859	-	-	20,586,859	205,869	411,737	-	617,606	19,969,253	20,380,990
Buildings	16,968,593	-	7,655,589	24,624,182	1,713,979	437,817	-	2,151,796	22,472,386	15,254,614
CMHC housing	1,462,896	-	-	1,462,896	380,353	58,516	-	438,869	1,024,027	1,082,543
Docks	241,273	-	-	241,273	29,268	4,826	-	34,094	207,179	212,005
Computers	58,959	-	-	58,959	58,959	-	-	58,959	-	-
Computer software	8,075	-	-	8,075	8,075	-	-	8,075	-	-
Equipment	427,552	-	-	427,552	380,802	20,799	-	401,601	25,951	46,750
Health equipment	3,638	-	-	3,638	3,638	-	-	3,638	-	-
Vehicles	520,713	-	-	520,713	410,164	30,273	-	440,437	80,276	110,549
	<u>40,563,897</u>	<u>-</u>	<u>7,655,589</u>	<u>48,219,486</u>	<u>3,226,261</u>	<u>969,675</u>	<u>-</u>	<u>4,195,936</u>	<u>44,023,550</u>	<u>37,337,636</u>
Construction in progress										
New School	10,569,317	28,135	-	10,597,452	-	-	-	-	10,597,452	10,569,317
20 Unit Housing	7,198,355	157,169	(7,355,524)	-	-	-	-	-	-	7,198,355
Norman Stagg House	144,950	155,115	(300,065)	-	-	-	-	-	-	144,950
	<u>17,912,622</u>	<u>340,419</u>	<u>(7,655,589)</u>	<u>10,597,452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,597,452</u>	<u>17,912,622</u>
TOTAL	\$ 58,476,519	340,419	-	58,816,938	3,226,261	969,675	-	4,195,936	54,621,002	55,250,258

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

11. CONSTRUCTION IN PROGRESS

The First Nation has started construction of a new school. As of March 31, 2021 project costs of \$10,597,452 for the new school have been included in construction in progress.

The First Nation has completed construction of a 20-unit house during the year. This project was funded by ISC and the Province of Manitoba. As of March 31, 2021, total project costs of \$7,355,524 have been included in tangible capital assets.

The First Nation has completed construction of the Norman Stagg house during the year. This project was funded by ISC and the Province of Manitoba. As of March 31, 2021, total project costs of \$300,065 have been included in tangible capital assets.

12. ACCUMULATED SURPLUS

Accumulated Surplus in Replacement Reserve

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 130,911	112,956
Net transfer allocation from operating fund	<u>17,955</u>	<u>17,955</u>
Balance, end of year	<u>148,866</u>	<u>130,911</u>

Accumulated Surplus in Trust Funds

Balance, beginning of year	12,063	11,866
Transfer Ottawa Trust interest received	<u>145</u>	<u>197</u>
Balance, end of year	<u>12,208</u>	<u>12,063</u>

Accumulated Surplus (Deficit) in Tangible Capital Asset Fund

Balance, beginning of year	53,979,171	53,870,973
Debt repayments	79,704	-
Transfer TCA and construction in progress additions	340,419	754,294
Transfer amortization from operating fund	<u>(969,675)</u>	<u>(646,096)</u>
Balance, end of year	<u>53,429,619</u>	<u>53,979,171</u>

Accumulated Surplus (Deficit) in Operating Fund

Balance, beginning of year	278,268	402,110
Excess of revenue over expenses	169,049	2,508
Net transfer allocation to replacement reserve fund	<u>(17,955)</u>	<u>(17,955)</u>
Transfer Ottawa Trust interest received	<u>(145)</u>	<u>(197)</u>
Transfer debt repayments	<u>(79,704)</u>	<u>-</u>
Transfer tangible capital asset/construction in progress additions	<u>(340,419)</u>	<u>(754,294)</u>
Transfer amortization to capital fund	<u>969,675</u>	<u>646,096</u>
Balance, end of year	<u>978,769</u>	<u>278,268</u>

Total Accumulated Surplus

\$ 54,569,462 54,400,413

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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13. GOVERNMENT TRANSFERS

	<u>2021</u>		
	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
Federal government transfers:			
ISC revenue	\$ 2,784,321	-	2,784,321
Health Canada	2,450,110	50,000	2,500,110
Canada Mortgage and Housing Corporation	<u>86,574</u>	<u>-</u>	<u>86,574</u>
Total	<u>5,321,005</u>	<u>50,000</u>	<u>5,371,005</u>

	<u>2020</u>		
	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
Federal government transfers:			
ISC revenue	\$ 1,654,149	462,751	2,116,900
Health Canada	1,623,813	2,556	1,626,369
Canada Mortgage and Housing Corporation	<u>91,534</u>	<u>-</u>	<u>91,534</u>
Total	<u>3,369,496</u>	<u>465,307</u>	<u>3,834,803</u>

14. BUDGETED FIGURES

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

15. 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.

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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15. RISK MANAGEMENT (continued)

(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, 2021, the First Nation has a bank balance of \$1,520,055 (2020 - \$534,149), receivables of \$1,621,226 (2020 - \$1,752,260) a demand line of credit for \$50,000 (2020 - \$50,000). As at March 31, 2021, the First Nation has utilized \$nil (2020 - \$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.

16. EXPENSES BY OBJECT

	2021	2020
Amortization	\$ 969,675	646,096
Bank charges and interest	22,307	29,942
Insurance	51,387	35,664
Meeting costs	-	11,201
Office supplies	30,335	83,227
Other expenses	174,526	6,554
Professional services	244,951	258,805
Rental	64,434	49,000
Salaries and benefits	1,148,729	1,020,239
Supplies and services	2,630,363	1,547,467
Telephone	51,403	47,448
Travel	257,659	281,940
Utilities	<u>166,152</u>	<u>170,552</u>
	<u><u>\$ 5,882,373</u></u>	<u><u>4,188,135</u></u>

17. 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.

18. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to reflect the consolidated financial statement presentation adopted for the current year.

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

19. SEGMENTED INFORMATION

	HEALTH			EDUCATION			SOCIAL		
	Budget 2021	2021	2020	Budget 2021	2021	2020	Budget 2021	2021	2020
REVENUES									
Federal Government									
Operating Transfers	\$ 1,452,089	1,639,383	1,620,846	152,296	160,156	162,120	596,564	659,790	531,976
Capital Transfers			5,523						
Other	50,000	38,960	-	10,000	11,944	-	-	43	-
	<u>1,502,089</u>	<u>1,678,343</u>	<u>1,626,369</u>	<u>162,296</u>	<u>172,100</u>	<u>162,120</u>	<u>596,564</u>	<u>659,833</u>	<u>531,976</u>
EXPENSES									
Salaries and benefits	872,856	817,312	731,794	31,270	43,114	73,980	27,200	27,291	44,796
Debt servicing	-	-	-	-	-	-	-	-	-
Amortization	-	46,504	24,528	-	15,577	15,538	-	-	-
Other	629,233	690,596	616,694	131,026	154,563	97,355	569,364	652,595	599,853
	<u>1,502,089</u>	<u>1,554,412</u>	<u>1,373,016</u>	<u>162,296</u>	<u>213,254</u>	<u>186,873</u>	<u>596,564</u>	<u>679,886</u>	<u>644,649</u>
ANNUAL SURPLUS (DEFICIT)	\$ -	123,931	253,353	-	(41,154)	(24,753)	-	(20,053)	(112,673)

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

19. SEGMENTED INFORMATION

	ECONOMIC DEVELOPMENT			PUBLIC WORKS			HOUSING		
	Budget 2021	2021	2020	Budget 2021	2021	2020	Budget 2021	2021	2020
REVENUES									
Federal Government									
Operating Transfers	\$ -	-	-	134,863	163,172	134,049	89,400	86,574	91,534
Capital Transfers	-	-	2,149	-	-	100,000	-	-	300,000
Other	-	-	-	-	-	-	80,000	76,116	76,116
	<u>-</u>	<u>-</u>	<u>2,149</u>	<u>134,863</u>	<u>163,172</u>	<u>234,049</u>	<u>169,400</u>	<u>162,690</u>	<u>467,650</u>
EXPENSES									
Salaries and benefits	-	-	-	28,600	31,381	67,766	-	-	-
Debt servicing	-	-	-	-	-	-	25,000	14,336	22,065
Amortization	-	-	-	-	509,591	290,640	-	58,516	58,516
Other	-	-	(21,700)	106,263	205,740	211,113	31,550	31,997	21,831
	<u>-</u>	<u>-</u>	<u>(21,700)</u>	<u>134,863</u>	<u>746,712</u>	<u>569,519</u>	<u>56,550</u>	<u>104,849</u>	<u>102,412</u>
ANNUAL SURPLUS (DEFICIT)	\$ -	-	23,849	-	(583,540)	(335,470)	112,850	57,841	365,238

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19. SEGMENTED INFORMATION

	BAND GOVERNMENT			CONSOLIDATED TOTAL		
	Budget 2021	2021	2020	Budget 2021	2021	2020
REVENUES						
Federal Government						
Operating Transfers	\$ 770,447	2,611,930	828,971	3,195,659	5,321,005	3,369,496
Capital Transfers	50,000	50,000	57,635	50,000	50,000	465,307
Other	99,700	553,354	279,724	239,700	680,417	355,840
	<u>920,147</u>	<u>3,215,284</u>	<u>1,166,330</u>	<u>3,485,359</u>	<u>6,051,422</u>	<u>4,190,643</u>
EXPENSES						
Salaries and benefits	183,576	229,631	101,903	1,143,502	1,148,729	1,020,239
Debt servicing	-	-	4,642	25,000	14,336	26,707
Amortization	-	339,487	256,874	-	969,675	646,096
Other	736,571	2,014,142	969,947	2,204,007	3,749,633	2,495,093
	<u>920,147</u>	<u>2,583,260</u>	<u>1,333,366</u>	<u>3,372,509</u>	<u>5,882,373</u>	<u>4,188,135</u>
ANNUAL SURPLUS (DEFICIT)	\$ -	632,024	(167,036)	112,850	169,049	2,508