



RAINY RIVER FIRST NATIONS

Financial Statements
For the year ended March 31, 2014

RAINY RIVER FIRST NATIONS

Financial Statements

For the year ended March 31, 2014

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Independent Auditor's Report

To the Members of Rainy River First Nations

We have audited the accompanying financial statements of Rainy River First Nations, which comprise the statement of financial position as at March 31, 2014, and the statements of operations, changes in net debt, changes in accumulated surplus, tangible capital assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Rainy River First Nations as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada

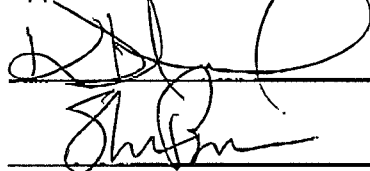
Chartered Accountants, Licensed Public Accountants

Winnipeg, Manitoba
June 25, 2014

RAINY RIVER FIRST NATIONS Statement of Financial Position

March 31	2014	2013
Financial Assets		
Cash and cash equivalents (Note 2)	\$ 1,154,902	\$ 689,064
Accounts and loans receivable (Note 3)	946,995	461,534
Amounts due from government and other governmental organizations (Note 4)	282,137	683,752
Advances to affiliated companies (Note 5)	717,009	685,779
Trust funds held by federal government	432,066	317,236
Portfolio investments, at cost (Note 7)	214,286	107,143
Enterprises, at modified equity (Note 8)	412,626	446,020
	<u>4,160,021</u>	<u>3,390,528</u>
Liabilities		
Accounts payable and accrued liabilities (Note 9)	1,005,227	516,811
Amounts due to government and other government organizations (Note 10)	103,679	66,140
Deferred revenue (Note 11)	1,124,942	1,295,894
Long-term debt (Note 12)	2,560,028	2,746,097
	<u>4,793,876</u>	<u>4,624,942</u>
Net debt (Page 5)	<u>(633,855)</u>	<u>(1,234,414)</u>
Non-Financial Assets		
Tangible capital assets (Page 7)	12,831,691	13,442,005
Prepaid expense	30,660	51,639
	<u>12,862,351</u>	<u>13,493,644</u>
Accumulated surplus (Page 6)	<u>\$ 12,228,496</u>	<u>\$ 12,259,230</u>

Approved on behalf of Council



Councillor

Councillor

RAINY RIVER FIRST NATIONS Statement of Operations

For the year ended March 31

2014

2013

	Budget	Actual	Actual
Revenue (Note 23)	\$ 8,008,382	\$ 7,424,927	\$ 7,035,629
Expenditures			
Education	1,763,870	1,867,774	1,742,702
Community Programs	1,716,118	1,640,749	1,374,522
Band Support	796,213	1,101,170	998,427
Operations and Maintenance	647,811	837,727	652,371
Housing	328,647	507,910	493,507
Welfare	451,016	477,956	540,354
Economic Development	481,665	264,465	69,926
Claims	234,000	155,727	205,229
Cultural	-	100,088	3,558
Training and Employment	125,165	95,492	75,539
Water Treatment	83,462	89,813	80,152
Flood Claim	45,018	85,008	47,386
Medical Transportation	73,391	64,300	69,450
Waste Water	59,395	63,168	60,596
Daycare	50,311	55,780	50,123
CMHC Replacement Reserve	-	-	547
	6,856,082	7,407,127	6,464,389
Excess of revenue over expenditures before other items	1,152,300	17,800	571,240
Other Items			
Management fees from affiliated companies	125,000	305,769	485,012
Adjustment to prior years' funding	-	(90,000)	-
Adjustment to current year funding	-	(14,829)	(26,140)
Cultural development - Manitou Mounds	(1,125,471)	(249,474)	(291,430)
	(1,000,471)	(48,534)	167,442
Annual surplus (deficit) (Page 6)	\$ 151,829	\$ (30,734)	\$ 738,682

RAINY RIVER FIRST NATIONS Statement of Changes in Net Debt

For the year ended March 31	2014	2013
Annual surplus (deficit) (Page 4)	\$ (30,734)	\$ 738,682
Acquisition of tangible capital assets	(159,987)	(562,735)
Amortization of tangible capital assets	770,301	756,020
	579,580	931,967
Use of prepaid expenses	20,979	(24,598)
Decrease in net debt	600,559	907,369
Net debt, beginning of year	(1,234,414)	(2,141,783)
Net debt, end of year	\$ (633,855)	\$ (1,234,414)

RAINY RIVER FIRST NATIONS **Statement of Changes in Accumulated Surplus**

For the year ended March 31

	Operations	Capital	Equity in Enterprises	Equity in Trusts	Restricted Reserve				Total Restricted	Total
					10 Unit (1997)	New Units (2002)	10 Unit (2005/06)	14 Unit (2006/07)		
Balance, March 31, 2012	\$ 623,902	\$ 10,715,092	\$ (322,246)	\$ 309,631	\$ 10,478	\$ 90,849	\$ 44,432	\$ 48,410	\$ 194,169	\$ 11,520,548
Annual surplus (deficit) (Page 4)	1,553,882	(756,020)	(68,702)	7,605	133	606	564	614	1,917	738,682
Allocation to restricted funds	(32,400)	-	-	-	3,500	8,500	8,500	11,900	32,400	-
Repayment/advances of long-term debt	(174,100)	174,100	-	-	-	-	-	-	-	-
Purchase of tangible capital assets	(562,735)	562,735	-	-	-	-	-	-	-	-
Balance, March 31, 2013	1,408,549	10,695,907	(390,948)	317,236	14,111	99,955	53,496	60,924	228,486	12,259,230
Annual surplus (deficit) (Page 4)	656,358	(770,301)	(33,594)	114,830	122	863	462	526	1,973	(30,734)
Allocation to restricted funds	(32,400)	-	-	-	3,500	8,500	8,500	11,900	32,400	-
Repayment/advances of long-term debt	(186,068)	186,068	-	-	-	-	-	-	-	-
Purchase of tangible capital assets	(159,987)	159,987	-	-	-	-	-	-	-	-
Balance, March 31, 2014	\$ 1,686,452	\$ 10,271,661	\$ (424,542)	\$ 432,066	\$ 17,733	\$ 109,318	\$ 62,458	\$ 73,350	\$ 262,859	\$ 12,228,486

The accompanying notes are an integral part of these financial statements.

RAINY RIVER FIRST NATIONS
Statement of Tangible Capital Assets

For the year ended March 31

2014 2013

	Reserve Land	Buildings	Equipment and Vehicles	Computers	Manitou Mounds Project	Infrastructure	Total	Total
Cost, beginning of year	\$ 3,969,000	\$ 12,728,309	\$ 2,180,989	\$ 126,474	\$ 2,053,904	\$ 6,026,339	\$ 27,085,015	\$ 26,522,280
Additions	-	-	159,987	-	-	-	159,987	562,735
Cost, end of year	3,969,000	12,728,309	2,340,976	126,474	2,053,904	6,026,339	27,245,002	27,085,015
Accumulated amortization, beginning of year	-	6,878,474	2,090,798	126,474	1,080,785	3,466,479	13,643,010	12,888,990
Amortization	-	474,369	71,698	-	82,156	142,078	770,301	756,020
Accumulated amortization, end of year	-	7,352,843	2,162,496	126,474	1,162,941	3,608,557	14,413,311	13,643,010
Net book value	\$ 3,969,000	\$ 5,375,466	\$ 178,480	\$ -	\$ 890,963	\$ 2,417,782	\$ 12,831,691	\$ 13,442,005

The accompanying notes are an integral part of these financial statements.

RAINY RIVER FIRST NATIONS

Statement of Cash Flows

For the year ended March 31	2014	2013
Cash Flows from Operating Activities		
Annual surplus (deficit)	\$ (30,734)	\$ 738,682
Adjustments for		
Amortization of tangible capital assets	770,301	756,020
Net income from commercial enterprises	33,594	68,702
	<u>773,161</u>	<u>1,563,404</u>
Changes in non-cash working capital		
Accounts receivable	(485,461)	36,518
Amounts due from government	401,615	(438,216)
Prepaid expense	20,978	(24,598)
Trust funds	(114,830)	(7,605)
Accounts payable	488,416	(24,417)
Amounts due to government	37,539	7,140
Deferred revenue	(170,952)	48,533
	<u>177,305</u>	<u>(402,645)</u>
	<u>950,466</u>	<u>1,160,759</u>
Cash Flows from Capital Activities		
Purchase of tangible capital assets	(159,987)	(562,735)
Cash Flows from Investing Activities		
Advances to affiliated companies	(31,230)	339,343
Purchase of shares in affiliated companies	(200)	(489,935)
Purchase of Portfolio investments	(107,143)	(107,143)
	<u>(138,573)</u>	<u>(257,735)</u>
Cash Flows from Financing Activities		
Repayment of long-term debt	(186,068)	(645,694)
Long-term debt advances	-	471,594
	<u>(186,068)</u>	<u>(174,100)</u>
Net increase in cash and cash equivalents	465,838	166,189
Cash and cash equivalents, beginning of year	689,064	522,875
Cash and cash equivalents, end of year	\$ 1,154,902	\$ 689,064

RAINY RIVER FIRST NATIONS

Notes to Financial Statements

For the year ended March 31, 2014

1. Summary of Significant Accounting Policies

a) Basis of Accounting

These financial statements have been prepared in accordance with generally accepted accounting principles for local government entities, as defined in the Canadian Institute of Chartered Accountants Public Sector Accounting and Auditing Handbook.

b) Reporting Entity

The Rainy River First Nations Reporting entity includes the Rainy River First Nations government and all related entities that are controlled by the First Nation.

c) Basis of Presentation

Under the modified equity method of accounting, only the First Nation's investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustments were determined to be required for accounting policies of the enterprises that are different from those of the First Nation.

Organizations accounted for on a modified equity basis include:

Rainy Lake Tribal Resource Management Inc.
Senic River Mall Inc.
Rainy Lake Tribal Development Corporation
Wildland Enterprises Ltd.
Long Sault Lumber Co. Ltd.
Manitou Mounds Inc.
Rainy River First Nations Power Corporation
Rainy River First Nations Economic Development Corporation

These financial statements do not include a related charitable foundation, the resources of which cannot be accessed by the First Nations (Note 15).

d) 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 the 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.

RAINY RIVER FIRST NATIONS Notes to Financial Statements

For the year ended March 31, 2014

1. Summary of Significant Accounting Policies (continued)

d) Revenue Recognition (continued)

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.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Rentals and other fees are recognized in the month that the related unit is rented or the fee for service is provided.

Interest income is recognized in accordance with terms of the related instrument.

e) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Certain tangible capital assets for which historical cost information is not available have been recorded at current fair market values discounted by a relevant inflation factor. The First Nation does not capitalize interest charges as part of the cost of its tangible capital assets.

Certain assets which have historical or cultural value including works of art, historical documents as well as historical and cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made. Intangibles, Crown lands that have not been purchased by the First Nation, forests, water, and other natural resources are not recognized as tangible capital assets.

f) Amortization

Amortization is calculated on the cost, net of contribution, on a straight-line basis over the following number of years:

Buildings	25 years
Equipment and vehicles	5 years
Computers	3 years
Manitou Mounds Project	25 years
Infrastructure	30 to 40 years

RAINY RIVER FIRST NATIONS

Notes to Financial Statements

For the year ended March 31, 2014

1. Summary of Significant Accounting Policies (continued)

g) Program Surpluses

Programs funded by government agencies may be subject to recovery by the contributing agencies in accordance with funding arrangements.

h) Portfolio Investments

Portfolio investments are accounted for at cost.

i) Replacement Reserves

The replacement reserve accounts are funded by an annual transfer from earnings based on amounts specified in agreements with CMHC.

j) Financial Instruments

The First Nations' financial instruments consist of cash and cash equivalents, amounts due from (to) government and other governmental organizations, accounts and loans receivable, advances to affiliated companies, investments, accounts payable and accrued liabilities, and long-term debt. Unless otherwise noted, it is management's opinion that the First Nations is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value unless otherwise noted.

k) Trust Funds

Trust funds are held in trust by AANDC. Revenue on trust funds is recognized in accordance with terms of the related instrument.

l) Measurement Uncertainty

Estimates are used to accrue revenues and expenditures in circumstances where the actual accrued revenues are unknown at the time the financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonable possible amount, as there is whenever estimates are used.

RAINY RIVER FIRST NATIONS Notes to Financial Statements

For the year ended March 31, 2014

2. Cash and Cash Equivalents

Under the terms of the agreements with CMHC, the replacement reserve account is to be credited in the amount of \$32,400 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 (CDIC) or as may otherwise be approved by CDIC from time to time. The funds in the account may only be used as approved By CMHC. Withdrawals are charged to interest first and then principal. Cash and cash equivalents is comprised of the following:

	2014	2013
Externally Restricted		
CMHC Replacement Reserve - Term deposits	\$ 240,247	\$ 238,274
Unrestricted	914,655	450,790
	<u>\$ 1,154,902</u>	<u>\$ 689,064</u>

The First Nation has an approved unsecured operating line of credit with the Canadian Imperial Bank of Commerce (CIBC) in the amount of \$200,000, with interest at the CIBC prime rate (3% as at March 31, 2014) minus 1%. The line of credit was unutilized as at March 31, 2014.

3. Accounts and Loans Receivable

	2014	2013
Loans receivable (Page 46)	\$ 36,758	\$ 36,706
Housing loans (Page 46)	29,961	29,961
Accounts receivable (Page 47)	946,996	461,534
Rents receivable (Page 49)	309,038	272,069
	<u>1,322,753</u>	<u>800,270</u>
Allowance for doubtful accounts	375,758	338,736
	<u>\$ 946,995</u>	<u>\$ 461,534</u>

RAINY RIVER FIRST NATIONS

Notes to Financial Statements

For the year ended March 31, 2014

4. Amounts Due from Government and Other Governmental Organizations

	2014	2013
Federal Government		
Aboriginal Affairs and Northern Development Canada	\$ 139,119	\$ 606,747
Health Canada	8,526	17,109
Provincial Government		
Ministry of Community and Social Services	131,304	59,896
Ministry of Health and Long-Term Care	3,188	-
	<u>\$ 282,137</u>	<u>\$ 683,752</u>

5. Advances to Affiliated Companies

	Payment Terms	Interest Rate	2014	2013
Manitou Mounds Inc.	unspecified	unspecified	\$ 10,118	\$ 12,442
Manitou Mounds Foundation	unspecified	unspecified	(119,483)	(121,630)
Manitou Forest Products Limited	unspecified	unspecified	505,652	505,652
Rainy Lake Tribal Development Corp.	unspecified	unspecified	35,714	99,393
Wildland Enterprises Ltd.	unspecified	unspecified	12,362	10,912
Senic River Mall Inc.	unspecified	unspecified	92,742	92,742
Long Sault Lumber Co. Ltd.	unspecified	unspecified	585,756	491,920
Rainy River Power Corporation	unspecified	unspecified	(100)	-
Rainy River Economic Development Corporation	unspecified	unspecified	(100)	-
			<u>1,122,661</u>	<u>1,091,431</u>
Allowance for doubtful advances			<u>405,652</u>	<u>405,652</u>
			<u>\$ 717,009</u>	<u>\$ 685,779</u>

RAINY RIVER FIRST NATIONS Notes to Financial Statements

For the year ended March 31, 2014

6. Trust Funds Held by Federal Government

	March 31 2013	Additions 2014	Withdrawals 2014	March 31 2014
Revenue	\$ 258,976	\$ 114,830	\$ -	\$ 373,806
Capital	58,260	-	-	58,260
	\$ 317,236	\$ 114,830	\$ -	\$ 432,066

Trust finds 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 Sections 63 to 69 of the Indian Act.

7. Portfolio Investments, at Cost

	2014	2013
Rainy River Resources (quoted market value \$336,968)	\$ 214,286	\$ 107,143

RAINY RIVER FIRST NATIONS Notes to Financial Statements

For the year ended March 31, 2014

8. Enterprises, at Modified Equity

	Rainy Lake Tribal Resource Management Inc.	Sente River Mill Inc.	Rainy Lake Tribal Development Corporation	Wildland Enterprises Ltd.	Long Sault Lumber Co. Ltd.	Rainy River First Nations Power Corp.	RRFN Economic Development Corporation	Manitou Mounds Inc.	Total
Percentage ownership	16 2/3%	33 1/3%	16 2/3%	100%	100%			non-share	
Carrying value, March 31, 2012	\$ -	\$ (60,055)	\$ 42,874	\$ (9,608)	\$ 51,476	\$ -	\$ -	\$ -	\$ 24,787
Purchases of shares	100	-	489,836	-	-	-	-	-	489,936
Share of net income (loss)	7,342	1,573	(76,212)	(1,409)	-	-	-	-	(68,702)
Carrying value, March 31, 2013	7,442	(58,482)	456,497	(10,913)	51,476	-	-	-	445,020
Purchase of shares	-	-	-	-	-	100	100	-	200
Share of net income (loss)	2,469	5,169	(39,782)	(1,450)	-	-	-	-	(33,594)
Carrying value, March 31, 2014	\$ 9,911	\$ (53,313)	\$ 416,715	\$ (12,363)	\$ 51,476	\$ 100	\$ 100	\$ -	\$ 412,826
Balance comprised of:									
Shares	\$ 100	\$ 10	\$ 525,649	\$ 10	\$ 10	\$ 100	\$ 100	\$ -	\$ 526,879
Share of cumulative net earnings (1)	9,811	(53,323)	(108,834)	(12,373)	262,308	-	-	-	87,569
Cumulative management fees received (1)	-	-	-	-	(16,488)	-	-	-	(16,488)
Loss, net of management fees pre - 1994 (1)	-	-	-	-	(194,354)	-	-	-	(194,354)
	\$ 9,911	\$ (53,313)	\$ 416,715	\$ (12,363)	\$ 51,476	\$ 100	\$ 100	\$ -	\$ 412,826

(1) Figures are cumulative from the commencement of accounting for these investments under the equity method April 1, 1994. Loss, net of management fees for the period prior to April 1, 1994 is shown separately.

Rainy River First Nations has provided operating grants to Manitou Mounds Inc. of \$3,960,190 since inception of the facility, including \$249,474 in the current year.

During the year, the First Nation received management fees from related parties of \$305,769 (\$485,012 in 2013) comprised of \$226,290 from Manitou Forest Products (\$273,813 in 2013), \$- from Rainy Lake Tribal Development Corporation (\$147,352 in 2013) and \$79,479 from Long Sault Lumber Co. Ltd. (\$63,847 in 2013).

RAINY RIVER FIRST NATIONS Notes to Financial Statements

For the year ended March 31, 2014

9. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are appropriations of \$50,000 for the Community Care program for expenditures committed to in the 2013/14 fiscal year which will be incurred in the coming year.

10. Due to Government and Other Government Organizations

	2014	2013
Federal government - AANDC	\$ 40,000	\$ 66,140
Federal government - GST	63,679	-
	<u>\$ 103,679</u>	<u>\$ 66,140</u>

11. Deferred Revenue

	2013	Funding received 2014	Revenue Recognized 2014	2014
Federal Government				
AANDC				
Capital	\$ 316,695	\$ 314,544	\$ 333,659	\$ 297,580
Governance strategic Plan	25,000	-	25,000	-
Provincial Government				
Ministry of Community and Social Services				
Welfare	-	489,908	398,882	91,026
Ministry of Aboriginal Affairs				
Flood Claim	45,018	85,730	100,737	30,011
New relationship fund	64,623	-	64,623	-
Other				
OFNLP	480,563	644,908	544,218	581,253
Rainy River First Nations Trust				
Land Claims	-	206,250	196,507	9,743
Trust Projects	363,995	723,976	972,642	115,329
	<u>\$ 1,295,894</u>		<u>\$ 1,124,942</u>	

Revenue is deferred when the first nation has not met the stipulations that the funding is to be expended on programs as outlined in the funding agreement.

RAINY RIVER FIRST NATIONS Notes to Financial Statements

For the year ended March 31, 2014

12. Long-term Debt

	2014	2013
CMHC mortgage (new 10 unit), repayable in monthly installments of \$4,612 including interest at 1.67%, maturing March 1, 2027.	\$ 646,480	\$ 690,658
CMHC mortgage payable - 20051488003, repayable in monthly installments of \$4,409.62 including interest at 1.67%, maturing June 1, 2033.	871,029	907,680
CMHC mortgage payable - 20051488002, repayable in monthly installments of \$3,215 including interest at 1.65%, maturing June 1, 2032.	607,889	636,220
CMHC mortgage payable - 10618932004, repayable in monthly installments of \$4,353 including interest at 1.80%, maturing April 1, 2022.	392,740	437,489
CIBC demand loan (Manitou Mounds), repayable in monthly installments of \$1,905 plus interest at prime minus 1.00%, (2.00% effective rate) maturing January 1, 2016.	41,890	64,750
CIBC demand loan (new school bus)	-	9,300
	\$ 2,560,028	\$ 2,746,097

RAINY RIVER FIRST NATIONS Notes to Financial Statements

For the year ended March 31, 2014

12. Long-term Debt (continued)

The above noted mortgages are secured by a first charge mortgage against the respective rental property and Ministerial Guarantees from Aboriginal Affairs and Northern Development Canada. The other loans are secured by a specific lien against the assets purchased with the proceeds.

Payments of principal required over the next five years and thereafter are as follows:

2015	\$ 181,377
2016	179,986
2017	163,410
2018	166,211
2019	169,060
Thereafter	<u>1,699,984</u>
	<u>\$ 2,560,028</u>

Interest payments required over the next five years and thereafter are as follows:

2015	\$ 40,548
2016	38,409
2017	35,655
2018	32,853
2019	30,005
Thereafter	<u>168,519</u>
	<u>\$ 345,989</u>

RAINY RIVER FIRST NATIONS Notes to Financial Statements

For the year ended March 31, 2014

13. Government Transfers

	2014			2013		
	Operating	Capital	Total	Operating	Capital	Total
Federal government transfers:						
Aboriginal Affairs and Northern Development Canada	\$ 3,170,261	\$ -	\$ 3,170,261	\$ 2,944,805	\$ -	\$ 2,944,805
Health Canada	403,759	-	403,759	399,410	35,889	435,299
Canada Mortgage and Housing Corporation	168,200	-	168,200	163,084	-	163,084
	3,742,220	-	3,742,220	3,507,299	35,889	3,543,188
Provincial government transfers	604,158	-	604,158	594,036	-	594,036
	\$ 4,346,378	\$ -	\$ 4,346,378	\$ 4,101,335	\$ 35,889	\$ 4,137,224

RAINY RIVER FIRST NATIONS Notes to Financial Statements

For the year ended March 31, 2014

14. Annual Surplus Net of Capital Related Revenues and Amortization

	2014	2013
Annual surplus (deficit)	\$ (30,734)	\$ 738,682
Less capital related revenues included in annual surplus:		
Federal government transfers for capital (Note 11)	-	(35,889)
Provincial government transfers for capital (Note 11)	-	-
Other capital asset purchases	(159,987)	(598,624)
	(190,721)	104,169
Add amortization expense included in annual surplus	770,301	756,020
Annual surplus net of capital related revenues and amortization	\$ 579,580	\$ 860,189

15. Related Entities

The First Nations exercises significant influence over the Manitou Mounds Foundation since the Foundation's Board of Directors consist of the First Nations' Chief and Councillors. The Foundation was established to raise funds for the purpose of making gifts to qualified donees, specifically for the preservation, maintenance and development of the ancestral burial grounds of the First Nations. The Foundation is incorporated under the laws of the Province of Ontario and is a registered Charity under the Income Tax Act. Net assets of the Foundation as at March 31, 2014 amount to \$121,836.

The First Nations also exercises significant influence over the Rainy River First Nations Trust since the Trust's Financial Trustees are appointed by the First Nations' Chief and Councillors. The Trust was established to hold the proceeds of the First Nations' land claims settlement for the benefit of the community. The Trust was created under the laws of the Province of Ontario. Net assets of the Trust as at December 31, 2013 amount to \$81,091,946 (\$80,715,821 in 2012). During the year ended March 31, 2013, the First Nation received grants of \$1,169,149 (\$874,467 in 2013) from the Trust.

The net assets and results from operations of the Foundation and the Trust are not included in the statements of the First Nations. Separate financial statements of the Foundation and the Trust are available upon request.

16. Pension Plan

The First Nation has a defined contribution pension plan for full-time employees. The First Nation matches employee contributions at 5% or 8.425% of the employee salary. As a defined contribution pension plan, the First Nation has no further liability or obligation for future contributions to fund future benefits to plan members.

RAINY RIVER FIRST NATIONS
Notes to Financial Statements**For the year ended March 31, 2014**

17. Economic Dependence

Rainy River First Nations receives a major portion of its revenues pursuant to a funding arrangement with AANDC.

18. Federal Assistance Payments

The CMHC projects have received federal assistance through CMHC pursuant to Section 56.1 of the National Housing Act to enable the project to provide housing to low income individuals. The amount of assistance received in 2014 was \$168,200 (\$163,084 in 2013).

19. AANDC Funding Reconciliation

Total funding as per AANDC funding confirmation	\$ 3,126,147
Add: Adjustment for changes in deferred revenue	<u>44,114</u>
AANDC revenue (Note 23)	<u>\$ 3,170,261</u>

20. Contingency

During the year, Rainy River First Nations received a forgivable loan from the Canadian Mortgage and Housing Corporation in the amount of \$16,000 as part of the Reserve Residential Rehabilitation Program. The loan is forgivable over a five year period, contingent upon the stipulation that the property associated with the loan is owned and operated by Rainy River First Nations and is occupied by band members. The full amount of the loan has been recognized as revenue as there is no intention to sell or dispose of the property and will remain occupied by band members over the term of the loan.

RAINY RIVER FIRST NATIONS Notes to Financial Statements

For the year ended March 31, 2014

21. Segmented Information

Rainy River First Nations is a First Nation government that provides a wide range of services to the members of its community. For management reporting purposes the First Nations' operations and activities are organized and reported by Program. Programs were created for the purpose of recording specific activities in accordance with specific regulations, restrictions or limitations. These activities can also be categorized into segments. The following significant segments have been identified and as such are separately disclosed:

Education

Education Services contains activities that provide education to Band members for primary, secondary schooling and sponsorship to attend post secondary institutions.

Health

Health Services contains activities that provide medical services to Band members.

Economic Development

This segment contains activities that provide financial support or support by other means to Band members that is aimed at developing band members and organizations situated on the First Nation reserve that is aimed at developing the community and businesses.

Housing

Housing contains activities that provide housing and repairs and maintenance to Band members' housing.

Social Services

This segment contains activities that provide financial support or support by other means to band members that is aimed at developing both the individual as well as the community.

Band Government

This segment contains activities that are necessary for the management and governance of the First Nation organization.

Operations and Maintenance

This segment contains all activities that relate to the maintenance of land, buildings and infrastructure of the First Nation.

Community Services

This segment contains activities that provide financial support or support by other means to band members that is aimed at developing the community.

RAINY RIVER FIRST NATIONS
Notes to Financial Statements

For the year ended March 31, 2014

21. Segmented Information (continued)

	Education			Health			Economic Development		
	Budget 2014	Actual 2014	Actual 2013	Budget 2014	Actual 2014	Actual 2013	Budget 2014	Actual 2014	Actual 2013
Revenues									
Federal government operating transfers	\$ 1,952,509	\$ 1,952,509	\$ 1,921,316	\$ 354,311	\$ 354,311	\$ 396,563	\$ 45,092	\$ 45,092	\$ 44,288
Federal government capital transfers	-	-	-	-	-	-	-	-	-
Provincial government operating transfers	-	-	-	-	-	-	-	-	-
Provincial government capital transfers	-	-	-	-	-	-	-	-	-
Income from investments in government business enterprises	-	-	-	-	-	-	-	-	-
Other revenue	3,706	3,706	-	576,584	576,583	521,633	239,586	227,946	16,988
Total revenue	1,956,215	1,956,215	1,921,316	930,895	930,894	918,196	284,678	273,038	61,276
Expenses									
Salaries and Benefits	80,000	92,487	90,020	337,140	350,161	329,643	-	37,705	-
Amortization	-	-	16,001	-	13,668	16,830	-	-	-
Other expenses	1,683,870	1,775,287	1,636,681	578,516	518,499	493,191	481,665	226,760	69,926
Total expenses	1,763,870	1,867,774	1,742,702	915,656	882,328	841,664	481,665	264,465	69,926
Annual surplus (deficit)	\$ 192,345	\$ 88,441	\$ 178,614	\$ 15,239	\$ 48,566	\$ 76,532	\$ (196,987)	\$ 8,573	\$ (8,650)

RAINY RIVER FIRST NATIONS
Notes to Financial Statements

For the year ended March 31, 2014

21. Segmented Information (continued)

	Housing			Social Services			Band Government		
	Budget 2014	Actual 2014	Actual 2013	Budget 2014	Actual 2014	Actual 2013	Budget 2014	Actual 2014	Actual 2013
Revenues									
Federal government operating transfers	\$ 211,397	\$ 152,200	\$ 163,083	\$ 129,041	\$ 129,041	\$ 147,544	\$ 455,879	\$ 433,969	\$ 363,602
Federal government capital transfers	-	-	-	-	-	-	-	-	-
Provincial government operating transfers	-	-	-	402,948	398,881	454,068	45,018	100,738	100,159
Provincial government capital transfers	-	-	-	-	-	-	-	-	-
Income from investments in government business enterprises	-	-	-	-	-	-	-	-	-
Other revenue	193,272	281,033	275,014	-	-	-	238,400	653,720	810,124
Total revenue	404,669	433,233	438,097	531,989	527,922	601,632	739,297	1,188,427	1,293,885
Expenses									
Salaries and Benefits	-	1,341	300	101,390	83,268	80,502	503,500	507,483	468,068
Amortization	-	308,750	308,750	-	-	-	-	153,548	140,733
Other expenses	328,647	197,819	184,457	381,764	441,660	518,124	337,631	525,147	412,012
Total expenses	328,647	507,910	493,507	483,154	524,928	598,626	841,231	1,186,178	1,020,813
Annual surplus (deficit)	\$ 76,022	\$ (74,677)	\$ (55,410)	\$ 48,835	\$ 2,994	\$ 3,006	\$ (101,934)	\$ 2,249	\$ 273,072

RAINY RIVER FIRST NATIONS
Notes to Financial Statements

For the year ended March 31, 2014

21. Segmented Information (continued)

	Operations and Maintenance			Community Services				Total	
	Budget	Actual	Actual	Budget	Actual	Actual	Budget	Actual	Actual
	2014	2014	2013	2014	2014	2013	2014	2014	2013
Revenues									
Federal government operating transfers	\$ 925,158	\$ 627,577	\$ 436,456	\$ 47,522	\$ 47,522	\$ 25,334	\$ 4,120,909	\$ 3,742,221	\$ 3,518,186
Federal government capital transfers	-	-	-	-	-	-	-	-	-
Provincial government operating transfers	-	-	-	39,789	39,916	39,789	487,755	539,535	594,036
Provincial government capital transfers	-	-	-	-	-	-	-	-	-
Income from investments in government business enterprises	-	-	-	-	-	-	-	-	-
Other revenue	46,942	17,400	33,813	2,226,228	1,688,552	1,725,302	3,524,718	3,448,940	3,382,874
Total revenue	972,100	644,977	470,269	2,313,539	1,775,990	1,790,425	8,133,382	7,730,696	7,495,096
Expenses									
Salaries and Benefits	120,861	146,767	171,151	113,602	132,108	171,283	1,256,593	1,351,320	1,310,967
Amortization	-	294,335	271,705	-	-	-	-	770,301	766,019
Other expenses	669,807	549,606	350,263	2,263,060	1,405,031	1,024,774	6,724,960	5,639,809	4,689,428
Total expenses	790,668	990,708	793,119	2,376,662	1,537,139	1,196,057	7,981,553	7,761,430	6,756,414
Annual surplus (deficit)	\$ 181,432	\$ (345,731)	\$ (322,850)	\$ (63,123)	\$ 238,851	\$ 594,368	\$ 151,829	\$ (30,734)	\$ 738,682

RAINY RIVER FIRST NATIONS Notes to Financial Statements

For the year ended March 31, 2014

22. Subsequent event

Subsequent to year end Rainy River First Nations Power Corporation's subsidiary Rainy River Solar Partnership entered into a purchase agreement with ATS Automation to purchase 3 FIT contracts with the Ontario Power Authority to generate solar power to be sold back to Ontario Power Authority. The total cost of these contracts are \$25,000,000. The Solar partnership has entered into agreements to construct solar panel farms with an estimated cost of \$100,000,000. The First Nation has invested \$6,000,000 funded by contributions from the trust.

23. Schedule of Revenue

	Budget 2014	Actual 2014	Actual 2013
Federal Government			
Aboriginal Affairs and Northern Development Canada	\$ 3,467,842	\$ 3,170,261	\$ 2,944,805
Health Canada	403,759	403,759	435,299
Canada Mortgage and Housing Corporation	227,397	168,200	163,084
Provincial Government			
Ministry of Community and Social Services	442,737	438,797	493,877
Ministry of Aboriginal Affairs	109,641	165,361	100,159
General			
Rainy River First Nations Trust	1,143,367	1,169,149	662,991
OFNLP	1,125,471	544,218	979,627
Weechi-It-Te-Win Family Services Inc.	452,598	452,598	391,437
Rentals and fees	193,272	281,033	275,013
Miscellaneous programs	212,845	288,207	266,028
Fort Frances Tribal Area Health Authority	121,486	121,486	127,697
Ontario Power Authority	-	-	110,000
Shooniiyaa Biidoong	71,017	77,173	67,499
Interest	20,000	13,905	9,508
Interest on Trust Funds	-	114,830	7,605
Pwi-Di-Goo-Zing Ne-Yaa-Zhing Non-Profit Advisory Services Inc.	1,000	-	1,000
Hydro One	15,950	15,950	-
	\$ 8,008,382	\$ 7,424,927	\$ 7,035,629

RAINY RIVER FIRST NATIONS

Notes to Financial Statements

For the year ended March 31, 2014

24. Schedule of Expenditures by object

	Budget 2014	Actual 2014	Actual 2013
Education	\$ 1,621,339	\$ 1,733,612	\$ 1,607,127
Salaries and benefits	1,602,195	1,620,752	1,465,331
Program delivery costs	1,765,791	1,449,325	1,151,089
Amortization	-	770,302	756,020
Operating and maintenance	712,810	724,652	374,866
Welfare	264,495	373,591	394,296
Travel	253,906	203,434	212,388
Professional fees	93,000	166,192	129,841
Student transportation	119,754	134,328	119,503
Office	50,600	77,077	57,026
Insurance	87,085	68,355	64,456
Interest on long-term debt	257,359	47,096	71,147
Bad debts	4,948	36,532	34,171
Interest and bank charges	2,800	1,879	2,019
Land and other claims	20,000	-	32,359
	\$ 6,856,082	\$ 7,407,127	\$ 6,471,639

25. Budget

The budget adopted by Council was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared without accounting for the impact of adopting PSAB generally accepted accounting principles and the implementation of the tangible capital asset policy.

26. Contingencies

The First Nation, in the course of its operations, is subject to lawsuits. As a policy, the First Nation will accrue for losses in instances where it is probable the liabilities will be incurred and where such liabilities can be reasonably estimated. At present, the First Nation has no reason to believe that there are any lawsuits which will have a significant impact on the First Nation's financial position.