



**Rainy River First Nations**  
**Consolidated Financial Statements**  
**For the year ended March 31, 2015**

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For the year ended March 31, 2015

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## Rainy River First Nations Management's Responsibility for the Consolidated Financial Statements

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The accompanying consolidated financial statements of Rainy River First Nations and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council of Rainy River First Nations.

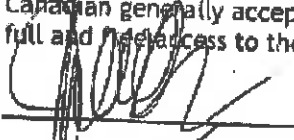
The consolidated financial statements have been prepared by management in accordance with Public Sector Accounting Principles. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has 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 Rainy River First Nations Council 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 Council reviews the First Nation's consolidated financial statements and meets 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, and to review the annual report, the consolidated financial statements and the external auditor's report.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP have full and free access to the Council.

  
\_\_\_\_\_ Chief

  
\_\_\_\_\_ Councilor

\_\_\_\_\_  
Councilor



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375 Scott Street  
Fort Frances ON P9A 1H1 Canada

## Independent Auditor's Report

### To the Members of Rainy River First Nations

We have audited the accompanying consolidated financial statements of Rainy River First Nations, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statement of operations, consolidated statement of changes in net debt, consolidated statement of changes in accumulated surplus, consolidated statement of tangible capital assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Rainy River First Nations as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Other Matters

Rainy River First Nations has also prepared another set of financial statements for the year ended March 31, 2015 in accordance with Canadian public sector accounting standards. However, these financial statements include unaudited supplementary schedules which present detailed program revenues and expenditures prepared to assist management of Rainy River First Nations to meet the reporting requirements of various funding agencies. Our audit report on the other set of financial statements was issued to Chief and Council of Rainy River First Nations and was dated September 2, 2015.

*BDO CANADA LLP*


Chartered Professional Accountants, Licensed Public Accountants

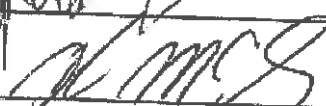
Fort Frances, Ontario  
September 2, 2015

# Rainy River First Nations Consolidated Statement of Financial Position

March 31	2015	Restated (Note 2) 2014
<b>Financial assets</b>		
Cash and cash equivalents (Note 3)	\$ 1,621,883	\$ 1,154,902
Accounts and loans receivable (Note 4)	464,128	946,995
Amounts due from government and other governmental organizations (Note 5)	296,355	282,137
Advances to affiliated Companies (Note 6)	805,925	704,647
Trust funds held by federal government	487,897	432,066
Portfolio investments, at cost (Note 8)	2,689,852	214,286
Enterprises, at modified equity (Note 9)	20,688,909	1,041,988
	<u>27,054,949</u>	<u>4,777,021</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	668,348	1,005,227
Amounts due to government and other government organizations (Note 10)	103,679	103,679
Deferred revenue (Note 11)	1,002,818	1,124,942
Long-term debt (Note 12)	17,477,755	2,560,028
	<u>19,252,600</u>	<u>4,793,876</u>
<b>Net debt (Page 6)</b>	<u>7,802,349</u>	<u>(16,855)</u>
<b>Non-financial assets</b>		
Tangible capital assets (Page 8)	16,647,326	17,065,658
Prepaid expense	25,188	30,660
	<u>16,672,514</u>	<u>17,096,318</u>
<b>Accumulated surplus (Page 7)</b>	<u>\$ 24,474,863</u>	<u>\$ 17,079,463</u>

Approved on behalf of Council

 Councillor

 Councillor

## Rainy River First Nations Consolidated Statement of Operations

	Restated (Note 2) 2014		
For the year ended March 31	2015		
	Budget	Actual	Actual
Revenue (Note 22)	\$ 8,122,679	\$ 17,262,607	\$ 7,479,031
Expenditures			
Education	1,763,870	1,915,898	1,867,774
Community Programs	1,816,128	1,725,036	1,640,749
Band Support	1,341,180	1,271,908	1,101,170
Operations and Maintenance	837,967	790,655	837,727
Housing	-	472,122	507,910
Welfare	422,027	487,696	477,956
Economic Development	45,092	2,552,329	264,465
Claims	234,000	143,430	155,727
Cultural	990,565	43,074	100,088
Training and Employment	81,827	69,143	95,492
Water Treatment	83,462	86,267	89,813
Flood Claim	56,679	66,931	85,008
Medical Transportation	73,391	68,193	64,300
Waste Water	59,395	55,171	63,168
Daycare	50,311	58,457	55,780
	7,855,894	9,806,310	7,407,127
Excess of revenue over expenditures before other items	266,785	7,456,297	71,904
Other Items			
Management fees from affiliated companies	125,000	268,804	305,769
Adjustment to prior years' funding	-	(9,120)	(90,000)
Adjustment to current year funding	-	5,950	(14,829)
Cultural development - Manitou Mounds	(250,000)	(326,531)	(249,474)
	(125,000)	(60,897)	(48,534)
Annual surplus (Page 7)	\$ 141,785	\$ 7,395,400	\$ 23,370

## Rainy River First Nations Consolidated Statement of Changes in Net Debt

For the year ended March 31	2015	Restated (Note 2) 2014
Annual surplus (Page 5)	\$ 7,395,400	\$ 23,370
Acquisition of tangible capital assets	(237,639)	(159,987)
Amortization of tangible capital assets	<u>655,971</u>	<u>770,301</u>
	7,813,732	633,684
Use of prepaid expenses	<u>5,472</u>	<u>20,979</u>
Increase in net debt	7,819,204	654,663
Net debt, beginning of year	<u>(16,855)</u>	<u>(671,518)</u>
Net surplus (debt), end of year	<u>\$ 7,802,349</u>	<u>\$ (16,855)</u>

# Rainy River First Nations Consolidated Statement of Changes in Accumulated Surplus

For the year ended March 31, 2015

	Operations	Capital	Equity in Enterprises	Equity in Trusts	10 Unit (1997)	New Units (2002)	Restricted Reserve			Total
							10 Unit (2005/06)	14 Unit (2006/07)	Restricted	
Balance, March 31, 2013, as previously stated	\$ 1,408,549	\$ 10,695,907	\$ (390,948)	\$ 317,236	\$ 14,111	\$ 99,955	\$ 53,496	\$ 60,924	\$ 228,486	\$ 17,259,230
Prior period error correction (Note 2)	(10,922)	4,233,967	573,818	-	-	-	-	-	-	4,796,863
Balance, March 31, 2013, restated	1,397,627	14,929,874	182,870	317,236	14,111	99,955	53,496	60,924	228,486	17,056,093
Annual surplus (deficit) (Page 5)	656,361	(770,301)	20,507	114,830	122	863	462	526	1,973	23,370
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	1,675,533	14,505,628	203,377	432,066	17,733	109,318	62,458	73,350	262,859	17,079,463
Annual surplus (deficit) (Page 5)	7,494,283	(655,971)	499,250	55,831	135	835	477	560	2,007	7,395,400
Allocation to restricted funds	(32,400)	-	-	-	3,500	8,500	8,500	11,900	32,400	-
Repayment/advances of long-term debt	(180,850)	180,850	-	-	-	-	-	-	-	-
Purchase of tangible capital assets	(237,639)	237,639	-	-	-	-	-	-	-	-
Transfers	(4,876,654)	-	4,887,706	-	-	-	(6,760)	(4,292)	(11,052)	-
Balance, March 31, 2015	\$ 3,842,273	\$ 14,268,146	\$ 5,590,333	\$ 487,897	\$ 21,368	\$ 118,653	\$ 64,675	\$ 81,518	\$ 286,214	\$ 24,474,863

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

**Rainy River First Nations  
Consolidated Statement of Tangible Capital Assets**

	For the year ended March 31						Restated (Note 2)	
							2015	2014
	Reserve Land	Other Land	Buildings	Equipment and Vehicles	Computers	Manitou Mounts Project Infrastructure	Total	Total
Cost, beginning of year	\$ 3,969,000	\$ 4,233,967	\$ 12,728,309	\$ 2,340,976	\$ 126,474	\$ 2,053,904	\$ 31,478,969	\$ 31,318,982
Additions	24,815	-	41,436	171,388	-	-	237,639	159,987
Cost, end of year	3,993,815	4,233,967	12,769,745	2,512,364	126,474	2,053,904	31,716,608	31,478,969
Accumulated amortization, beginning of year	-	-	7,352,843	2,162,496	126,474	1,162,941	14,413,311	13,643,010
Amortization	-	-	342,629	89,108	-	82,156	142,078	770,301
Accumulated amortization, end of year	-	-	7,695,472	2,251,604	126,474	1,245,097	15,069,282	14,413,311
Net book value	\$ 3,993,815	\$ 4,233,967	\$ 5,074,273	\$ 260,760	\$ -	\$ 808,807	\$ 16,647,326	\$ 17,065,658

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

# Rainy River First Nations Consolidated Statement of Cash Flows

For the year ended March 31	2015	2014
<b>Cash flows from operating activities</b>		
Annual surplus	\$ 7,395,400	\$ 23,370
Adjustments for		
Amortization of tangible capital assets	655,971	770,301
Net loss (income) from government business enterprises	(499,250)	(20,510)
	<u>7,552,121</u>	<u>773,161</u>
<b>Changes in non-cash working capital</b>		
Accounts receivable	482,867	(485,461)
Amounts due from government	(14,218)	401,615
Prepaid expense	5,472	20,978
Trust funds	(55,831)	(114,830)
Accounts payable	(336,879)	488,416
Amounts due to government	-	37,539
Deferred revenue	(122,124)	(170,952)
	<u>(40,713)</u>	<u>177,305</u>
	<u>7,511,408</u>	<u>950,466</u>
<b>Cash flows from capital activities</b>		
Purchase of tangible capital assets	<u>(237,639)</u>	<u>(159,987)</u>
<b>Cash Flows from Investing Activities</b>		
Advances to affiliated companies	(101,278)	(31,230)
Purchase of shares in affiliated companies	(19,147,671)	(200)
Purchase of Portfolio investments	<u>(2,475,566)</u>	<u>(107,143)</u>
	<u>(21,724,515)</u>	<u>(138,573)</u>
<b>Cash flows from financing activities</b>		
Repayment of long-term debt	(180,850)	(186,068)
Long-term debt advances	<u>15,098,577</u>	<u>-</u>
	<u>14,917,727</u>	<u>(186,068)</u>
<b>Net increase in cash and cash equivalents</b>	<u>466,981</u>	<u>465,838</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>1,154,902</u>	<u>689,064</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,621,883</u>	<u>\$ 1,154,902</u>

# Rainy River First Nations

## Notes to Consolidated Financial Statements

For the year ended March 31, 2015

### 1. Summary of Significant Accounting Policies

#### Basis of Accounting

These consolidated 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, and include all organizations, operations and activities that are:

- 1) accountable for the administration of their financial affairs and resources directly to the First Nations; and
- 2) owned or controlled by the First Nations.

This includes all aspects of band operations including provision of social, educational, administration and operational services, as well as, the results of First Nations enterprises on a modified equity method as disclosed in Note 9 to these consolidated financial statements.

Other long-term investments are reflected at cost as disclosed in Note 8.

Government business enterprises are separate legal entities which do not rely on the government for funding. The First Nations' government business enterprises consist of investments in:

Rainy Lake Tribal Resource Management Inc.  
Senic River Mall Inc.  
Rainy Lake Tribal Development Corporation  
Long Sault Lumber Co. Ltd.  
Manitou Mounds Inc.  
Rainy River First Nations Power Corporation  
Rainy River First Nations Development Corporation  
Rainy River First Nations Solar General Partnership Inc.

These investments are accounted for using the modified equity basis of accounting.

Government business partnerships are contractual arrangements between the government reporting entity and a party or parties outside of the government reporting entity. Government business partnerships are separate legal entities which do not rely on the government for funding. The First Nations' government business partnerships consist of partnership units held in:

Ozaanaman Engineering, LP  
Onikaajigan Construction, LP  
Rainy River First Nations Solar Limited Partnership

These investments are accounted for using the modified equity basis of accounting.

# Rainy River First Nations

## Notes to Consolidated Financial Statements

For the year ended March 31, 2015

### 1. Summary of Significant Accounting Policies (continued)

#### Basis of Accounting (continued)

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

#### Cash and Cash Equivalents

Management considers all highly liquid investments with maturities of three months or less at acquisition to be cash equivalents.

#### 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 Nations 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 Nations, forests, water, and other natural resources are not recognized as tangible capital assets.

#### 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

#### 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 consolidated financial instruments. The fair value of these financial instruments approximates their carrying value unless otherwise noted.

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## Rainy River First Nations Notes to Consolidated Financial Statements

For the year ended March 31, 2015

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### 1. Summary of Significant Accounting Policies (continued)

#### Program Surpluses

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

#### Investments

The modified equity method of accounting is used to account for investments in the First Nations' business enterprises which the First Nations owns and controls. Under this method, the investment is initially recorded at cost and the carrying value is adjusted annually thereafter to include the First Nations' pro rata share of post acquisition earnings.

Other investments (where control does not exist) are accounted for following the cost method of accounting. Under this method, the investment is recorded at cost and earnings from the investment are recognized only to the extent received or receivable.

#### 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, which include legislative grants, 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 consolidated 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.

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.

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## Rainy River First Nations Notes to Consolidated Financial Statements

For the year ended March 31, 2015

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### 1. Summary of Significant Accounting Policies (continued)

<b>Replacement Reserves</b>	The replacement reserve accounts are funded by an annual transfer from earnings based on amounts specified in agreements with CMHC.
<b>Trust Funds</b>	Trust funds are held in trust by AANDC. Revenue on trust funds is recognized in accordance with terms of the related instrument.
<b>Measurement Uncertainty</b>	Estimates are used to accrue revenues and expenditures in circumstances where the actual accrued revenues are unknown at the time the consolidated financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in the consolidated 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.
<b>Use of Estimates</b>	<p>The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles 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 period. Actual results could differ from management's best estimates as additional information becomes available in the future.</p> <p>The estimates used in the preparation of these consolidated financial statements are the useful lives of tangible capital assets and accrued liabilities.</p>

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## Rainy River First Nations Notes to Consolidated Financial Statements

**For the year ended March 31, 2015**

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### **2. Prior Period Error Correction**

During the current year, the First Nations determined that its investment in Wildland Enterprises Ltd. is an investment in another government organization. The First Nations had previously accounted for this investment using the modified equity method. In accordance with the CPA Canada Public Sector Accounting Handbook, other government organizations are to be consolidated. The First Nations has corrected the accounting for its investment in Wildland Enterprises Ltd. and has made the necessary consolidating adjustments. The correction of this prior period error has resulted in a \$4,233,967 increase in the First Nations' tangible capital assets at March 31, 2014, an increase in the First Nations' investment in enterprises, at modified equity of \$12,362 at March 31, 2014, a \$12,362 decrease in the First Nations' advanced to affiliated Companies as at March 31, 2014, an increase of \$4,233,967 in the First Nations' accumulated surplus as at April 1, 2013, and has had no effect on the First Nations' annual surplus for the March 31, 2014, year end.

During the current year, the First Nations also determined that its investment in Long Sault Lumber Co. Ltd. did not correctly account for Long Sault Lumber Co. Ltd.'s investment in Manitou Forest Products Limited. Long Sault Lumber Co. Ltd. had incorrectly accounted for its investment in Manitou Forest Products Limited using the cost method. For purposes of the First Nations' investment in Long Sault Lumber Co. Ltd., Manitou Forest Products Limited should have been consolidated in the financial statements of Long Sault Lumber Co. Ltd. As a result of the correction of this prior period error, the First Nations' investment in enterprises, at modified equity has increased by \$617,000 as at March 31, 2014, the April 1, 2014 accumulated surplus has increased by \$562,896, and the annual surplus for the year ended March 31, 2014, increased by \$54,103.

## Rainy River First Nations Notes to Consolidated Financial Statements

For the year ended March 31, 2015

### 3. 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:

	<u>2015</u>	<u>2014</u>
Externally restricted		
CMHC replacement reserve - term deposits	\$ 272,191	\$ 240,247
Unrestricted	<u>1,349,692</u>	<u>914,655</u>
	<u>\$ 1,621,883</u>	<u>\$ 1,154,902</u>

The First Nations 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, 2015) minus 1%. The line of credit was unutilized as at March 31, 2015.

### 4. Accounts and Loans Receivable

	<u>2015</u>	<u>2014</u>
Loans receivable (Page 31)	\$ 32,992	\$ 36,758
Housing loans (Page 31)	29,961	29,961
Accounts receivable (Page 31)	464,129	946,996
Rents receivable (Page 31)	<u>346,548</u>	<u>309,038</u>
	873,630	1,322,753
Allowance for doubtful accounts	<u>409,502</u>	<u>375,758</u>
	<u>\$ 464,128</u>	<u>\$ 946,995</u>

# Rainy River First Nations Notes to Consolidated Financial Statements

For the year ended March 31, 2015

## 5. Amounts Due from Government and Other Governmental Organizations

	2015	2014
Federal Government		
Aboriginal Affairs and Northern Development Canada	\$ 227,796	\$ 139,119
Health Canada	14,230	8,526
Canada Mortgage and Housing Corporation	20,375	-
Provincial Government		
Ministry of Community and Social Services	33,954	131,304
Ministry of Health and Long-Term Care	-	3,188
	<u>\$ 296,355</u>	<u>\$ 282,137</u>

## 6. Advances to Affiliated Companies

	Payment Terms	Interest Rate	2015	2014
Manitou Mounds Inc.	unspecified	unspecified	\$ 9,866	\$ 10,118
Manitou Mounds Foundation	unspecified	unspecified	(119,498)	(119,483)
Manitou Forest Products Limited	unspecified	unspecified	405,652	505,652
Rainy Lake Tribal Development Corp.	unspecified	unspecified	35,714	35,714
Senic River Mall Inc.	unspecified	unspecified	92,742	92,742
Solar General Partnership, Inc.	unspecified	unspecified	204	-
Long Sault Lumber Co. Ltd.	unspecified	unspecified	650,025	585,756
Ozaanaman Engineering, LP	unspecified	unspecified	(4,000)	-
Rainy River First Nations Power Corporation	unspecified	unspecified	(100)	(100)
Rainy River First Nations Development Corporation	unspecified	unspecified	140,972	(100)
			<u>1,211,577</u>	<u>1,110,299</u>
Allowance for doubtful advances			<u>405,652</u>	<u>405,652</u>
			<u>\$ 805,925</u>	<u>\$ 704,647</u>

## Rainy River First Nations Notes to Consolidated Financial Statements

For the year ended March 31, 2015

### 7. Trust Funds Held by Federal Government

	March 31, 2014	Additions 2015	Withdrawals 2015	March 31, 2015
Revenue	\$ 373,806	\$ 55,831	\$ -	\$ 429,637
Capital	58,260	-	-	58,260
	<u>\$ 432,066</u>	<u>\$ 55,831</u>	<u>\$ -</u>	<u>\$ 487,897</u>

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 Sections 63 to 69 of the Indian Act.

### 8. Portfolio Investments, at cost

	2015	2014
Cash and cash equivalents	\$ 32,015	\$ -
Canadian equity investments		
Rainy River Resources (quoted market value at March 31, 2014, of \$336,968)	-	214,286
New Gold Inc. (quoted market value at March 31, 2015, of \$1,166,957)	1,289,301	-
Other Canadian equity investments (quoted market value at March 31, 2015, of \$403,924)	410,813	-
American equity investments (quoted market value at March 31, 2015, of \$300,895)	298,988	-
Foreign equity investments (quoted market value at March 31, 2015, of \$233,842)	238,735	-
Bond Funds (market value at March 31, 2015, of \$418,625)	420,000	-
	<u>\$ 2,689,852</u>	<u>\$ 214,286</u>

# Rainy River First Nations Notes to Consolidated Financial Statements

For the year ended March 31, 2015

## 9. Enterprises, at Modified Equity

	Rainy Lake Barrametta Management Inc.	Sault Ste. Marie Mill Inc.	Rainy Lake Barrametta Corporation	Sturgeon Enterprise, LP	Orinadillon Camden No. 1 LP	Long Sault Lumber Co. Ltd.	Rainy River First Nations Power Corporation	Rainy River First Nations Power Limited Partnership	Rainy River Wood Milling Sawmills of Partnership LP	Amik Economic Development Corporation	Manitou Hounds Inc.	Residual (Note 2)
Percentage ownership	36.67%	33.33%	16.67%	40%	44.90%	100%	100%	50.79%	51%	100%	100%	Total
Carrying value March 31, 2013	\$ 7,442	\$ 158,489	\$ 485,497	\$ -	\$ -	\$ 414,372	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,011,829
Proportion of share issues	2,469	5,189	(35,283)	-	-	34,109	-	-	-	-	-	21,395
Carrying value, March 31, 2014	9,911	163,678	450,214	4,000	4,499	448,481	-	19,119,376	31	100	-	1,041,988
Proportion of share issues	111,859	15,140	23,788	-	123,265	41,584	-	372,959	172	-	-	15,147,956
Carrying value, March 31, 2015	(103,948)	(12,462)	(23,574)	(19,000)	(118,766)	(41,103)	(100)	(15,900,000)	(141)	(99,226)	(1)	(15,163,907)
	\$ (103,948)	\$ (12,462)	\$ (23,574)	\$ (19,000)	\$ (118,766)	\$ (41,103)	\$ (100)	\$ (15,900,000)	\$ (141)	\$ (99,226)	\$ (1)	\$ (15,163,907)
BLADES composed of:												
Debt/Partners' Contributions	\$ 100	\$ 10	\$ 525,548	\$ 4,000	\$ 4,499	\$ 10	\$ 100	\$ 11,119,376	\$ 31	\$ 100	\$ 1	\$ 10,472,295
Share of net income	(2,174)	(32,463)	(89,056)	-	(73,185)	(29,891)	-	(523,999)	(543)	(99,226)	(1)	(1,378,958)
Carrying value, March 31, 2015	(2,174)	(32,463)	(89,056)	-	(73,185)	(29,891)	-	(523,999)	(543)	(99,226)	(1)	(1,378,958)
Less: net of management fees	-	-	-	-	-	(16,481)	-	-	-	-	-	(16,481)
Net (1994-11)	-	-	-	-	-	(46,372)	-	-	-	-	-	(46,372)
	\$ (2,174)	\$ (32,463)	\$ (89,056)	\$ (19,000)	\$ (73,185)	\$ (46,372)	\$ (100)	\$ (523,999)	\$ (543)	\$ (99,226)	\$ (1)	\$ (1,425,330)

(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 Hounds Inc. of \$4,267,361 since inception of the facility, including \$307,171 in the current year. During the year, the First Nations received management fees from related parties of \$268,804 (\$305,769 in 2014) comprised of \$218,804 from Manitou Forest Products Limited (\$226,290 in 2014), \$50,000 from Manitou Hounds Inc. (\$Nil in 2014) and \$Nil from Long Sault Lumber Co. Ltd. (\$79,479 in 2014).

## Rainy River First Nations Notes to Consolidated Financial Statements

For the year ended March 31, 2015

### 10. Due to Government and Other Governmental Organizations

	2015	2014
Federal government - AANDC	\$ 40,000	\$ 40,000
Federal government - HST	63,679	63,679
	<u>\$ 103,679</u>	<u>\$ 103,679</u>

### 11. Deferred Revenue

	2014	Funding received 2015	Revenue Recognized 2015	2015
<b>Federal Government</b>				
AANDC				
Capital	\$ 297,580	\$ 319,120	\$ 460,721	\$ 155,979
<b>Provincial Government</b>				
Ministry of Community and Social Services				
Welfare	91,026	421,068	388,377	123,717
Ministry of Aboriginal Affairs				
Flood Claim	30,011	53,337	83,348	-
<b>Other</b>				
OFNLP	581,253	659,312	560,798	679,767
Rainy River First Nations Trust				
Land Claims	9,743	201,007	183,214	27,536
Trust Projects	115,329	6,673,444	6,772,954	15,819
	<u>\$ 1,124,942</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,002,818</u>

Revenue is deferred when the First Nations 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 Consolidated Financial Statements

For the year ended March 31, 2015

## 12. Long-term Debt

	2015	2014
CMHC mortgage (new 10 unit), repayable in monthly installments of \$4,612 including interest at 1.67%, maturing March 1, 2027	\$ 601,561	\$ 646,480
CMHC mortgage payable - 20051488003, repayable in monthly installments of \$4,409.62 including interest at 1.67%, maturing June 1, 2033	832,318	871,029
CMHC mortgage payable - 20051488002, repayable in monthly installments of \$3,215 including interest at 1.65%, maturing June 1, 2032	579,088	607,889
CMHC mortgage payable - 10618932004, repayable in monthly installments of \$4,353 including interest at 1.80%, maturing April 1, 2022	347,181	392,740
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	19,030	41,890
Solar Project Loan - Due to Rainy River Bridge Loan Limited Partnership, interest accrued quarterly at the rate of 13.50% per annum, repayable upon the receipt of other debt or equity financing, or of cash distributions in respect of LP Units owned in Rainy River First Nations Solar Limited Partnership, or at the option of the First Nations, secured by a claim on the cash distributions allocated to all LP Units held, a general security agreement excluding the LP Units and shares in Rainy River First Nations Solar General Partner Inc., and a limited recourse guarantee of James D. Leonard II	15,098,577	
	<u>\$ 17,477,755</u>	<u>\$ 2,560,028</u>

## Rainy River First Nations Notes to Consolidated Financial Statements

**For the year ended March 31, 2015**

### 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:

Year	Amount
2016	\$ 182,326
2017	162,796
2018	165,587
2019	168,426
2020	171,313
Thereafter	<u>16,627,307</u>
	<u>\$ 17,477,755</u>

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

Year	Amount
2016	\$ 35,769
2017	36,269
2018	33,478
2019	30,639
2020	27,753
Thereafter	<u>151,118</u>
	<u>\$ 315,026</u>

With respect to the above Solar Project Loan, one-half of the interest accrued was payable when accrued and one-half was added to the principal. Financing fees of \$234,943 were incurred to execute the credit facility, paid on November 5, 2014.

Subsequent to March 31, 2015, additional financing was obtained from The Toronto-Dominion Bank, resulting in the mandatory repayment in full of the loan with Rainy River Bridge Loan Limited Partnership.

# Rainy River First Nations Notes to Financial Statements

For the year ended March 31, 2015

## 13. Government Transfers

	2015			2014		
	Operating	Capital	Total	Operating	Capital	Total
Federal government transfers:						
Aboriginal Affairs and Northern Development Canada	\$ 3,293,940	\$ -	\$ 3,293,940	\$ 3,170,261	\$ -	\$ 3,170,261
Health Canada	467,506	-	467,506	403,759	-	403,759
Canada Mortgage and Housing Corporation	191,012	-	191,012	168,200	-	168,200
	3,952,458	-	3,952,458	3,742,220	-	3,742,220
Provincial government transfers	559,671	-	559,671	604,158	-	604,158
	\$ 4,512,129	\$ -	\$ 4,512,129	\$ 4,346,378	\$ -	\$ 4,346,378

## Rainy River First Nations Notes to Consolidated Financial Statements

**For the year ended March 31, 2015**

### **14. Annual Surplus Net of Capital Related Revenues and Amortization**

	2015	2014
Annual surplus	\$ 7,395,400	\$ 23,370
Less capital related revenues included in annual surplus:		
Provincial government transfers for capital (Note 11)	-	-
Other capital asset purchases	(237,639)	(159,987)
	<b>7,157,761</b>	<b>(136,617)</b>
Add amortization expense included in annual surplus	655,971	770,301
Annual surplus net of capital related revenues and amortization	<b>\$ 7,813,732</b>	<b>\$ 633,684</b>

### **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, 2015 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, 2014, amount to \$79,251,955 (\$81,091,946 in 2013). During the year ended March 31, 2015, the First Nations received grants of \$6,956,167 (\$1,169,149 in 2014) 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.

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## Rainy River First Nations Notes to Consolidated Financial Statements

For the year ended March 31, 2015

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### 16. Pension Plan

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

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### 17. Economic Dependence

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

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### 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 2015 was \$191,012 (\$168,200 in 2014).

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### 19. AANDC Funding Reconciliation

Total funding as per AANDC funding confirmation	\$ 3,152,339
Add: Adjustment for changes in deferred revenue	<u>141,601</u>
AANDC revenue (Note 22)	<u>\$ 3,293,940</u>

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### 20. Contingency

During the year, Rainy River First Nations received forgivable loans from the Canadian Mortgage and Housing Corporation in the amount of \$32,000 (2014 - \$16,000) as part of the Reserve Residential Rehabilitation Program. These loans are forgivable over a five year period, contingent upon the stipulation that the properties associated with the loans are owned and operated by Rainy River First Nations and is occupied by band members. The full amount of the loans has been recognized as revenue as there is no intention to sell or dispose of the properties and will remain occupied by band members over the term of the loans.

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## Rainy River First Nations Notes to Consolidated Financial Statements

For the year ended March 31, 2015

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### 21. Segmented Information

Rainy River First Nations is a First Nations 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 Nations 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 Nations Organization.

#### Operations and Maintenance

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

#### 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 Consolidated Financial Statements

For the year ended March 31, 2015

## 21. Segmented Information (continued)

	Education		Health		Economic Development	
	Budget 2015	Actual 2015	Budget 2015	Actual 2015	Budget 2015	Actual 2015
Revenues						
Federal government operating transfers	\$ 1,977,954	\$ 1,952,509	\$ 409,825	\$ 409,825	\$ 45,748	\$ 45,748
Federal government capital transfers	-	-	-	-	-	-
Provincial government operating transfers	-	-	-	-	-	-
Provincial government capital transfers	-	-	-	-	-	-
Income from investments in government business enterprises	-	-	-	-	-	-
Other revenue	-	3,706	580,584	597,797	540,806	9,020,657
<b>Total revenue</b>	<b>1,977,954</b>	<b>1,956,215</b>	<b>990,399</b>	<b>1,007,622</b>	<b>586,554</b>	<b>9,066,405</b>
Expenses						
Salaries and benefits	80,000	92,487	367,250	415,850	45,092	94,508
Amortization	-	-	-	13,668	-	-
Other expenses	1,683,870	1,825,035	607,149	568,855	529,167	2,457,821
<b>Total expenses</b>	<b>1,763,870</b>	<b>1,917,522</b>	<b>974,399</b>	<b>998,373</b>	<b>574,259</b>	<b>2,552,329</b>
<b>Annual surplus</b>	<b>\$ 214,084</b>	<b>\$ 69,318</b>	<b>\$ 16,000</b>	<b>\$ 9,249</b>	<b>\$ 12,295</b>	<b>\$ 8,573</b>

**Rainy River First Nations**  
**Notes to Consolidated Financial Statements**

**For the year ended March 31, 2015**

**21. Segmented Information (continued)**

	Housing		Social Services		Band Government	
	Budget 2015	Actual 2015	Budget 2015	Actual 2015	Budget 2015	Actual 2015
<b>Revenues</b>						
Federal government operating transfers	\$ -	\$ 150,262	\$ 114,668	\$ 114,668	\$ 471,344	\$ 414,917
Federal government capital transfers	-	-	-	-	-	-
Provincial government operating transfers	-	-	315,615	388,378	56,679	83,348
Provincial government capital transfers	-	-	-	-	-	-
Income from investments in government business enterprises	-	-	-	-	-	-
Other revenue	-	278,342	-	5,950	238,400	1,476,173
<b>Total revenue</b>	-	428,604	430,283	508,996	766,623	1,974,438
<b>Expenses</b>						
Salaries and benefits	-	1,200	95,585	76,265	527,600	585,704
Amortization	-	235,052	-	-	-	153,548
Other expenses	-	235,670	347,742	432,733	341,092	599,590
<b>Total expenses</b>	-	472,122	443,327	508,998	868,692	1,338,842
<b>Annual surplus (deficit)</b>	\$ -	\$ (43,518)	\$ (13,044)	\$ (2)	\$ (102,069)	\$ 635,596
						\$ 56,353

# Rainy River First Nations Notes to Consolidated Financial Statements

For the year ended March 31, 2015

## 21. Segmented Information (continued)

	Operations and Maintenance			Community Services			Total	
	Budget 2015	Actual 2015	Actual 2014	Budget 2015	Actual 2015	Actual 2014	Budget 2015	Actual 2015 2014
<b>Revenues</b>								
Federal government operating transfers	\$ 898,164	\$ 742,184	\$ 611,577	\$ 56,150	\$ 56,150	\$ 47,522	\$ 3,974,043	\$ 3,911,708
Federal government capital transfers	-	-	-	-	-	-	-	\$ 3,726,221
Provincial government operating transfers	-	-	-	84,789	87,945	39,916	457,083	559,671
Provincial government capital transfers	-	-	-	-	-	-	-	539,535
Income from investments in government business enterprises	-	-	-	-	-	-	-	-
Other revenue	58,150	58,151	33,400	2,398,614	1,612,535	1,688,552	3,816,554	3,519,044
<b>Total revenue</b>	<b>956,314</b>	<b>800,335</b>	<b>644,977</b>	<b>2,539,553</b>	<b>1,756,630</b>	<b>1,775,990</b>	<b>8,247,680</b>	<b>17,528,241</b>
<b>Expenses</b>								
Salaries and benefits	159,611	235,005	214,461	295,510	299,593	258,747	1,570,648	1,798,983
Amortization	-	253,702	294,335	-	-	-	-	1,568,680
Other expenses	824,213	443,386	481,912	2,205,013	1,114,598	1,278,392	6,535,246	655,970
<b>Total expenses</b>	<b>980,824</b>	<b>932,093</b>	<b>990,708</b>	<b>2,500,523</b>	<b>1,414,191</b>	<b>1,537,139</b>	<b>8,105,894</b>	<b>7,972,641</b>
<b>Annual surplus (deficit)</b>	<b>\$ (24,510)</b>	<b>\$ (131,758)</b>	<b>\$ (345,731)</b>	<b>\$ 39,030</b>	<b>\$ 342,439</b>	<b>\$ 238,851</b>	<b>\$ 141,786</b>	<b>\$ 739,600</b>
								<b>\$ 23,370</b>

## Rainy River First Nations Notes to Consolidated Financial Statements

For the year ended March 31, 2015

### 22. Schedule of Revenue

	Budget 2015	Actual 2015	Actual 2014
Federal Government			
Aboriginal Affairs and Northern Development Canada	\$ 3,449,919	\$ 3,293,940	\$ 3,170,261
Health Canada	467,496	467,506	403,759
Canada Mortgage and Housing Corporation	40,750	191,012	168,200
Provincial Government			
Ministry of Community and Social Services	355,404	431,323	438,797
Ministry of Aboriginal Affairs	101,679	128,348	165,361
General			
Rainy River First Nations Trust	1,071,416	6,956,167	1,169,149
OFNLP	1,240,565	560,798	544,218
Weechi-It-Te-Win Family Services Inc.	456,598	468,276	452,598
Rentals and fees	-	278,342	281,033
Miscellaneous programs	733,774	4,313,467	342,311
Fort Frances Tribal Area Health Authority	121,486	127,021	121,486
Gain (loss) on disposal of investments	-	(94,389)	-
Shooniiyaa Wa-Biitong	62,592	62,592	77,173
Interest	20,000	22,373	13,905
Interest on Trust Funds	-	55,831	114,830
Pwi-Di-Goo-Zing Ne-Yaa-Zhing Non-Profit Advisory Services Inc.	1,000	-	-
Hydro One	-	-	15,950
	<u>\$ 8,122,679</u>	<u>\$ 17,262,607</u>	<u>\$ 7,479,031</u>

## Rainy River First Nations Notes to Consolidated Financial Statements

For the year ended March 31, 2015

### 23. Schedule of Expenditures, by object

	Budget 2015	Actual 2015	Actual 2014
Education	\$ 1,621,339	\$ 1,783,456	\$ 1,733,612
Salaries and benefits	1,540,167	1,829,650	1,620,752
Program delivery costs	3,090,717	3,875,066	1,449,325
Amortization	-	655,971	770,302
Operating and maintenance	822,376	578,456	724,652
Welfare	255,612	354,723	373,591
Travel	152,144	190,746	203,434
Professional fees	93,000	179,366	166,192
Student transportation	119,754	125,610	134,328
Office	75,400	82,028	77,077
Insurance	62,585	71,151	68,355
Interest on long-term debt	-	44,441	47,096
Bad debts	-	33,744	36,532
Interest and bank charges	2,800	1,901	1,879
Land and other claims	20,000	-	-
	<u>\$ 7,855,894</u>	<u>\$ 9,806,309</u>	<u>\$ 7,407,127</u>

### 24. 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.

### 25. Contingencies

The First Nations, in the course of its operations, is subject to lawsuits. As a policy, the First Nations 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 Nations has no reason to believe that there are any lawsuits which will have a significant impact on the First Nations' financial position.

