



**Rainy River First Nations**  
**Consolidated Financial Statements**  
For the year ended March 31, 2018

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For the year ended March 31, 2018

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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.

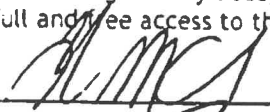
The First Nation maintains systems of internal accounting and administrative controls of high quality consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately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

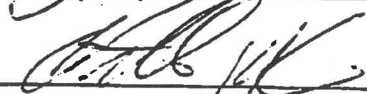
The Council reviews the First Nations' consolidated financial statements and meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party 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.

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\_\_\_\_\_ Chief

  
\_\_\_\_\_ Councilor

  
\_\_\_\_\_ Councilor



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## Independent Auditor's Report

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### 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, 2018, and the consolidated statement of operations, the consolidated statement of changes in accumulated surplus, the consolidated statement of changes in net assets, and the 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, 2018, 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, 2018, 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 July 26, 2018.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario  
July 26, 2018

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

## Rainy River First Nations Consolidated Statement of Financial Position

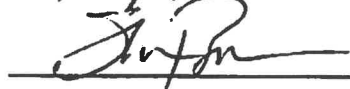
March 31	2018	2017
<b>Financial assets</b>		
Cash and cash equivalents (Note 2)	\$ 4,423,689	\$ 3,263,273
Accounts and loans receivable (Note 3)	1,051,484	812,900
Amounts due from government and other governmental Organizations (Note 4)	729,413	718,473
Advances to affiliated Companies (Note 5)	706,303	719,758
Trust funds held by federal government (Note 6)	661,698	600,450
Trust funds held by Rainy River District First Nations Trust	63,315	32,078
Portfolio investments, at cost (Note 7)	8,349,963	7,470,595
Government business enterprises and partnerships (Note 8)	16,074,918	15,603,167
	<u>32,060,783</u>	<u>29,220,694</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	992,553	738,570
Amounts due to government and other governmental Organizations (Note 9)	95,707	39,665
Deferred revenue (Note 10)	527,566	1,251,552
Long-term debt (Note 11)	12,810,220	13,695,353
	<u>14,426,046</u>	<u>15,725,140</u>
<b>Net financial assets (Page 7)</b>	<u>17,634,737</u>	<u>13,495,554</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 14)	19,471,803	17,967,389
Prepaid expense	43,684	-
	<u>19,515,487</u>	<u>17,967,389</u>
<b>Accumulated surplus (Page 6)</b>	<u>\$ 37,150,224</u>	<u>\$ 31,462,943</u>

### Contingent liabilities (Note 20)

Approved on behalf of Council



Councilor



Councilor

## Rainy River First Nations Consolidated Statement of Operations

For the year ended March 31

2018

2017

	Budget	Actual	Actual
<b>Revenue</b>			
Indigenous Services Canada	\$ 4,475,830	\$ 4,008,356	\$ 4,256,613
Health Canada	741,512	673,994	498,070
Canada Mortgage and Housing Corporation	132,064	264,296	327,071
Ministry of Community and Social Services	644,089	492,674	461,853
Ministry of Aboriginal Affairs	134,427	90,000	90,000
Ministry of Education	43,184	43,184	48,551
Other provincial grant revenue	326,315	340,546	60,744
Ontario First Nations Limited Partnership	780,636	780,636	781,659
Weechi-It-Te-Win Family Services Inc.	739,571	724,571	666,642
Resource revenue	25,000	2,037,204	287,000
Miscellaneous programs	346,547	451,633	159,660
Rentals and fees	-	298,798	277,166
Management fees from affiliated companies	125,000	262,199	324,432
Fort Frances Tribal Area Health Authority	66,073	168,174	93,897
Gain on portfolio investments	-	363,400	144,020
Rainy River First Nations Trust	2,752,313	1,886,910	1,304,461
Income from investments in government business enterprises and partnerships	-	4,228,543	5,186,660
Shooniyaa Wa-Biitong	-	40,078	36,601
Income on trusts	-	92,485	83,128
Interest	20,000	29,004	20,350
Adjustment to prior years' funding	-	(991)	(6,893)
	<b>11,352,561</b>	<b>17,275,694</b>	<b>15,101,685</b>
<b>Expenditures</b>			
Education	1,923,932	2,273,765	2,130,898
Community development	2,420,158	2,386,541	2,027,106
Band support/administration	841,013	1,551,329	1,640,051
Operations and maintenance	148,144	314,967	353,168
Housing	-	277,751	355,613
Social services	526,467	497,183	538,100
Economic development	1,493,984	1,885,937	1,740,430
Trust implementation	245,000	144,559	132,670
Cultural	780,636	488,475	330,156
Summer students	-	101,477	54,285
Water treatment	83,462	84,192	102,301
Flood claim	-	7,106	95,858
Waste water	59,395	60,313	43,791
Daycare	55,147	37,266	35,071
Capital	1,132,011	563,758	498,161
Amortization	762,822	913,794	762,823
	<b>10,472,171</b>	<b>11,588,413</b>	<b>10,840,482</b>
<b>Annual surplus</b>	<b>\$ 880,390</b>	<b>\$ 5,687,281</b>	<b>\$ 4,261,203</b>

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**Rainy River First Nations**

**Consolidated Statement of Changes in Accumulated Surplus**

<b>March 31</b>	<b>2018</b>	<b>2017</b>
Accumulated surplus, beginning of year	\$ 31,462,943	\$ 27,201,740
Annual surplus	<u>5,687,281</u>	<u>4,261,203</u>
Accumulated surplus, end of year	<u>\$ 37,150,224</u>	<u>\$ 31,462,943</u>

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

For the year ended March 31	2018	2017
Annual surplus (Page 6)	\$ 5,687,281	\$ 4,261,203
Acquisition of tangible capital assets	(2,418,208)	(1,578,932)
Amortization of tangible capital assets	913,794	762,823
	4,182,867	3,445,094
Use (acquisition) of prepaid expenses	(43,684)	63,206
Net change in net financial assets	4,139,183	3,508,300
Net financial assets, beginning of year	13,495,554	9,987,254
Net financial assets, end of year	\$ 17,634,737	\$ 13,495,554



## Rainy River First Nations Consolidated Statement of Cash Flows

For the year ended March 31	2018	2017
<b>Cash flows from operating activities</b>		
Annual surplus	\$ 5,687,281	\$ 4,261,203
Adjustments for		
Amortization of tangible capital assets	913,794	762,823
Net income from government business enterprises	(4,228,543)	(5,186,659)
	<u>2,372,532</u>	<u>(162,633)</u>
<b>Changes in non-cash working capital</b>		
Accounts receivable	(238,583)	(173,362)
Amounts due from government	(10,940)	(516,412)
Prepaid expense	(43,684)	63,206
Trust funds	(92,485)	(83,128)
Accounts payable	253,984	173,347
Amounts due to government	56,042	(4,658)
Deferred revenue	(723,986)	913,313
	<u>(799,652)</u>	<u>372,306</u>
	<u>1,572,880</u>	<u>209,673</u>
<b>Cash flows from capital activities</b>		
Purchase of tangible capital assets	(2,418,208)	(1,578,932)
<b>Cash flows from investing activities</b>		
Advances to affiliated Companies	13,455	79,716
Distributions from (purchase of equity in) affiliated Companies	3,756,790	3,815,544
Withdrawal (purchase) of portfolio investments	(879,368)	(2,644,442)
	<u>2,890,877</u>	<u>1,250,818</u>
<b>Cash flows from financing activities</b>		
Repayment of long-term debt	(885,133)	(702,836)
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>1,160,416</u>	<u>(821,277)</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>3,263,273</u>	<u>4,084,550</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 4,423,689</u>	<u>\$ 3,263,273</u>

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

**March 31, 2018**

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### **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 the provision of social, educational, administration and operational services, as well as, the proportionate consolidation of other government Organizations which include:

Wildland Enterprises Ltd.

Other long-term investments are reflected at cost as disclosed in Note 7.

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:

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 as disclosed in Note 8 to these consolidated financial statements.

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## Rainy River First Nations Notes to Consolidated Financial Statements

**March 31, 2018**

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

**Basis of Accounting  
(continued)**

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.

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

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## Rainy River First Nations

### Notes to Consolidated Financial Statements

**March 31, 2018**

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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

**March 31, 2018**

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

<b>Financial Instruments</b>	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.
<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 ISC. 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>

## Rainy River First Nations Notes to Consolidated Financial Statements

**March 31, 2018**

### 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:

	2018	2017
Externally restricted		
CMHC replacement reserve - term deposits	\$ 395,555	\$ 360,575
Unrestricted	4,028,134	2,902,698
	<u>\$ 4,423,689</u>	<u>\$ 3,263,273</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 (2.7% as at March 31, 2018) minus 1%. The line of credit was unutilized as at March 31, 2018.

### 3. Accounts and Loans Receivable

	2018	2017
Loans receivable	\$ 30,163	\$ 21,593
Housing loans	29,961	29,961
Accounts receivable	1,051,484	812,900
Rents receivable	475,287	457,387
	<u>1,586,895</u>	<u>1,321,841</u>
Allowance for doubtful accounts	535,411	508,941
	<u>\$ 1,051,484</u>	<u>\$ 812,900</u>

## Rainy River First Nations Notes to Consolidated Financial Statements

March 31, 2018

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

	2018	2017
<b>Federal Government</b>		
Indigenous Services Canada	\$ 424,182	\$ 488,574
Health Canada	-	19,125
Canada Mortgage and Housing Corporation	96,804	176,809
FedNor	100,000	-
<b>Provincial Government</b>		
Ministry of Community and Social Services	24,820	24,820
Ministry of Northern Development and Mines	-	9,145
Northern Ontario Heritage Fund Corporation (NOHFC)	80,000	-
Ministry of Education	3,607	-
	<b>\$ 729,413</b>	<b>\$ 718,473</b>

### 5. Advances to Affiliated Companies

	Payment Terms	Interest Rate	2018	2017
Manitou Mounds Inc.	unspecified	unspecified	\$ 37,824	\$ 23,663
Manitou Mounds Foundation	unspecified	unspecified	(112,787)	(115,482)
Manitou Forest Products Limited	unspecified	unspecified	405,652	405,652
Rainy Lake Tribal Development Corporation	unspecified	unspecified	35,714	35,714
Senic River Mall Inc.	unspecified	unspecified	117,462	92,742
Solar General Partnership, Inc.	unspecified	unspecified	(51)	(51)
Long Sault Lumber Co. Ltd.	unspecified	unspecified	511,189	488,580
Ozaanaman Engineering Limited	unspecified	unspecified	-	(40,000)
Rainy River First Nations Power Corporation	unspecified	unspecified	(100)	(100)
Rainy River First Nations Development Corporation	unspecified	unspecified	117,052	234,692
			<b>1,111,955</b>	<b>1,125,410</b>
Allowance for doubtful advances			<b>405,652</b>	<b>405,652</b>
			<b>\$ 706,303</b>	<b>\$ 719,758</b>

## Rainy River First Nations Notes to Consolidated Financial Statements

**March 31, 2018**

### 6. Trust Funds Held by Federal Government

	March 31, 2017	Additions 2018	Withdrawals 2018	March 31, 2018
Revenue	\$ 542,190	\$ 61,248	\$ -	\$ 603,438
Capital	58,260	-	-	58,260
	<u>\$ 600,450</u>	<u>\$ 61,248</u>	<u>\$ -</u>	<u>\$ 661,698</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.

### 7. Portfolio Investments, at cost

	2018	2017
CIBC portfolio - Cash and cash equivalents	\$ (201,112)	\$ 728,696
CIBC portfolio - Canadian equity investments		
New Gold Inc. (quoted market value at March 31, 2018, of \$2,073,843).	2,484,315	866,699
Other Canadian equity investments (quoted market value at March 31, 2018, of \$4,594,509).	4,798,189	4,688,272
American equity investments (quoted market value at March 31, 2018, of \$488,176).	501,409	463,175
Foreign equity investments (quoted market value at March 31, 2018, of \$675,528).	660,117	616,708
Investment in Senic River Mall Inc.	10	10
Investment in Rainy Lake Tribal Development Corporation	100,000	100,000
Investment in Rainy Lake Tribal Resource Management	7,035	7,035
	<u>\$ 8,349,963</u>	<u>\$ 7,470,595</u>



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

**March 31, 2018**

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**8. Government Business Enterprises and Partnerships, at modified equity**

**Little Fork Land Holdings, LP**

Little Fork Land Holdings, LP is a limited partnership that was created for the purpose of carrying on the business of real estate rental.

**Ozaanaman Engineering, LP**

Ozaanaman Engineering, LP is a limited partnership that was created for the purpose of carrying on the business of engineering and consulting.

**Onikaajigan Construction, LP**

Onikaajigan Construction, LP is a limited partnership that was created for the purpose of carrying on the business of construction and general contracting. Subsequent to year-end, the First Nation has provided notice to the other partners of its intent to withdraw from the partnership, which will result in the dissolution of Onikaajigan Construction, LP in accordance with the partnership agreement.

**Long Sault Lumber Company Ltd.**

Long Sault Lumber Company Ltd. is a Corporation that was created for the purpose of investing in businesses in the lumber industry.

**Rainy River First Nations Power Corporation**

Rainy River First Nations Power Corporation is a Corporation that was created for the purpose of holding partnership units in Rainy River First Nations Solar Limited Partnership in trust for Rainy River First Nations.

**Rainy River First Nations Solar Limited Partnership**

Rainy River First Nations Solar Limited Partnership is a limited partnership that was created for the purpose of the construction and operation of three ground mounted photovoltaic systems designed to supply usable power for the Ontario Power Authority.

**Rainy River First Nations Development Corporation**

Rainy River First Nations Development Corporation is a Corporation that was created for the purpose of developing business activities for the Rainy River First Nations. Activities include training, consulting and a significant portfolio of ventures.

**Manitou Mounds Inc.**

Manitou Mounds Inc. is a Corporation that was created for the purpose of operating a cultural and historical centre.

# Rainy River First Nations Notes to Consolidated Financial Statements

March 31, 2018

## 8. Government Business Enterprises and Partnerships, at modified equity (continued)

	Little Fork Land Holdings, LP	Ozaanaman Engineering, LP	Onikaajigan Construction, LP	Long Sault Lumber Company Ltd.	Rainy River First Nations Power Corporation	Rainy River First Nations Solar Limited Partnership	Rainy River First Nations Solar General Partnership Inc.	Rainy River First Nations Development Corporation	Manitou Mounds Inc.	Total
Percentage ownership	99.99%	40%	44.99%	100%	100%	50.995%	51%	100%	non-share	
Carrying value, March 31, 2016	\$ -	\$ 47,948	\$ 2,329,147	\$ 765,132	\$ 100	\$ 11,184,048	\$ (361)	\$ (93,962)	\$ -	\$ 14,232,052
Purchases of shares/units	-	-	-	-	-	-	-	-	-	-
Dividends/distribution	-	-	(2,000,000)	-	-	(1,815,544)	-	-	-	(3,815,544)
Share of net income (loss)	-	76,333	3,226,717	15,129	-	1,908,008	126	(39,654)	-	5,186,659
Carrying value, March 31, 2017	-	124,281	3,555,864	780,261	100	11,276,512	(235)	(133,616)	-	15,603,167
Purchase of shares/units	1,243,108	-	-	-	-	-	-	-	-	1,243,108
Dividends/distributions	(60,178)	(96,581)	(2,124,648)	-	-	(2,718,491)	-	-	-	(4,999,898)
Share of net income (loss)	60,178	22,720	2,664,239	48,857	-	1,301,752	-	130,795	-	4,228,541
Carrying value, March 31, 2018	\$ 1,243,108	\$ 50,420	\$ 4,095,455	\$ 829,118	\$ 100	\$ 9,859,773	\$ (235)	\$ (2,821)	\$ -	\$ 16,074,918
Balance comprised of:										
Shares/partners contributions	\$ 1,182,930	\$ 4,000	\$ 4,499	\$ 10	\$ 100	\$ 6,170,954	\$ 51	\$ 100	\$ -	\$ 7,362,644
Share of cumulative net earnings	60,178	46,420	4,090,956	829,108	-	3,688,819	(286)	(2,921)	-	8,712,274
	\$ 1,243,108	\$ 50,420	\$ 4,095,455	\$ 829,118	\$ 100	\$ 9,859,773	\$ (235)	\$ (2,821)	\$ -	\$ 16,074,918

Rainy River First Nations has provided operating grants to Manitou Mounds Inc. of \$5,585,447 since inception of the facility, including \$557,242 in the current year.

During the year, the First Nations received management fees from related parties of \$265,459 (\$324,432 in 2017) comprised of \$265,459 from Manitou Forest Products Limited (\$324,432 in 2017) and \$NIL from Manitou Mounds Inc. (\$NIL in 2017).

# Rainy River First Nations Notes to Consolidated Financial Statements

March 31, 2018

## 8. Government Business Enterprises and Partnerships, at modified equity (continued)

	Little Fork Land Holdings, LP	Orzaman Engineering, LP	Onikaajien Construction, LP	Long Sault Lumber Company Ltd.	Rainy River First Nations Power Corporation	Rainy River First Nations Solar Limited Partnership	Rainy River First Nations Solar General Partnership Inc.	Rainy River First Nations Development Corporation	Manitou Mounds Inc.
Financial position									
Current assets	\$ 1,243,108	\$ 128,742	\$ 14,497,484	\$ 1,213,252	\$ 100	\$ 11,907,890	\$ 100	\$ 124,600	\$ 21,235
Long-term assets			698,101	1,174,770		123,334,895	(556)	5,366	14,233
	1,243,108	128,742	15,195,785	2,388,022	100	135,242,785	(456)	129,966	35,468
Current liabilities									
Long-term liabilities		2,692	5,290,724	482,762		8,205,938	5	15,690	83
			799,588	1,076,142		108,276,334		117,097	37,824
		2,692	6,090,312	1,558,904		116,482,272	5	132,787	37,907
Share capital									
Net equity (deficit), end of year	1,243,108	126,050	9,105,473	829,108	100	18,760,513	100	100	
							(561)	(2,921)	(2,439)
	1,243,108	126,050	9,105,473	829,118	100	18,760,513	(461)	(2,821)	(2,439)
	1,243,108	128,742	15,195,785	2,388,022	100	135,242,785	(456)	129,966	35,468
Results of operations									
Revenues	\$ 64,918	\$ 63,885	\$ 78,878,355	\$ 3,041,702	\$	\$ 19,605,236	\$	\$ 324,312	\$ 645,573
Operating expenses	4,740	7,082	72,956,508	2,992,845		17,051,767		193,517	648,012
	60,178	56,803	5,921,847	48,857		2,553,469		130,795	(2,439)
Net income (loss)		310,700	7,901,109	780,251		21,537,419	(561)	(133,716)	
Net equity (deficit), beginning of year	(60,178)	(241,453)	(4,718,483)			(5,330,375)			
Dividends/distributions									
Partnership units purchased	1,243,108								
Net equity (deficit), end of year	1,243,108	126,050	9,105,473	829,108		18,760,513	(561)	(2,921)	(2,439)

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## Rainy River First Nations Notes to Consolidated Financial Statements

**March 31, 2018**

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**9. Amounts Due to Government and Other Governmental Organizations**

	<u>2018</u>	<u>2017</u>
Federal government - ISC	\$ 61,161	\$ -
Federal government - HST	<u>34,546</u>	<u>39,665</u>
	<u>\$ 95,707</u>	<u>\$ 39,665</u>

## Rainy River First Nations Notes to Consolidated Financial Statements

March 31, 2018

### 10. Deferred Revenue

	2017	Funding received 2018	Revenue Recognized 2018	2018
<b>Federal Government</b>				
ISC				
Capital	\$ 155,830	\$ 357,633	\$ 502,366	\$ 11,097
Land and economic development service program	29,338	-	27,059	2,279
National child benefit Planning, MTSA	-	21,300	12,260	9,040
Infrastructure	-	179,000	69,300	109,700
Prevention services	-	51,700	-	51,700
Semi-detached housing	115,489	-	115,489	-
Skills link program	38,020	-	-	38,020
Health Canada - Jordan's Principle	-	188,000	120,482	67,518
<b>Provincial Government</b>				
Ministry of Community and Social Services				
Welfare	186,725	452,629	492,674	146,680
Ministry of Aboriginal Affairs				
First Nations land management	-	18,750	-	18,750
<b>Other</b>				
OFNLP	-	780,636	780,636	-
Rainy River First Nations Trust				
Land claims	-	225,000	186,366	38,634
Trust projects	614,428	1,087,885	1,700,543	1,770
FFTAHA - Healthy babies				
Healthy babies	37,196	37,196	74,392	-
Jordan's Principle	-	25,000	-	25,000
Diabetes - food security	-	2,750	-	2,750
HBOT project	9,614	-	7,120	2,494
IESO - Watershed program	20,487	-	18,353	2,134
Other deferred revenue - Watershed program	44,425	-	44,425	-
	<u>\$ 1,251,552</u>	<u>\$ 3,427,479</u>	<u>\$ 4,151,465</u>	<u>\$ 527,566</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

**March 31, 2018**

### 11. Long-term Debt

	2018	2017
CMHC mortgage (new 10 unit), repayable in monthly installments of \$4,612 including interest at 1.43%, maturing March 1, 2027.	\$ 461,757	\$ 509,452
CMHC mortgage payable - 20051488003, repayable in monthly installments of \$4,410 including interest at 1.67%, maturing June 1, 2033.	712,245	752,937
CMHC mortgage payable - 20051488002, repayable in monthly installments of \$3,215 including interest at 1.65%, maturing June 1, 2032.	489,571	520,049
CMHC mortgage payable - 10618932004, repayable in monthly installments of \$4,353 including interest at 1.80%, maturing April 1, 2022.	205,132	253,579
CIBC demand loan, repayable in monthly installments of \$1,392 plus interest at prime minus 1% (1.70% effective rate), maturing September 1, 2025.	125,240	141,944
CIBC demand loan, repayable in monthly installments of \$667 plus interest at prime minus 1% (1.70% effective rate), maturing March 1, 2021.	24,000	32,000
CIBC demand loan, repayable in monthly installments of \$552 plus interest at prime minus 1% (1.70% effective rate), maturing November 1, 2022.	29,242	35,866
	<b>\$ 2,047,187</b>	<b>\$ 2,245,827</b>

## Rainy River First Nations Notes to Consolidated Financial Statements

**March 31, 2018**

### 11. Long-term Debt (continued)

	2018	2017
Carried forward	\$ 2,047,187	\$ 2,245,827
Solar Project Loan - Due to Toronto-Dominion Bank, interest only payments paid monthly for the first 15 months at the rate of 3.24% per annum followed by fixed payments of principal (as determined by repayment schedule) plus interest, paid semi-annually beginning on August 15, 2016, maturing February 15, 2030.	10,763,033	11,449,526
	<u>\$ 12,810,220</u>	<u>\$ 13,695,353</u>

The above noted mortgages are secured by a first charge mortgage against the respective rental property and Ministerial Guarantees from Indigenous Services 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:

	Principal Repayments	Interest	Total
2019	\$ 857,366	\$ 376,367	\$ 1,233,733
2020	986,190	353,073	1,339,263
2021	942,665	325,494	1,268,159
2022	1,058,746	296,401	1,355,147
2023	985,414	265,654	1,251,068
Thereafter	7,979,839	918,369	8,898,208
	<u>\$ 12,810,220</u>	<u>\$ 2,535,358</u>	<u>\$ 15,345,578</u>

	2018	2017
Interest expense for the year on long-term debt	<u>\$ 398,219</u>	<u>\$ 425,141</u>

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

March 31, 2018

## **12. Government Transfers**

	2018			2017		
	Operating	Capital	Total	Operating	Capital	Total
Federal government transfers:						
Indigenous Services Canada	\$ 3,505,990	\$ 502,366	\$ 4,008,356	\$ 3,659,013	\$ 597,600	\$ 4,256,613
Health Canada	673,994	-	673,994	498,070	-	498,070
Canada Mortgage and Housing Corporation	264,296	-	264,296	327,071	-	327,071
FedNor	100,000	-	100,000	-	-	-
	<u>\$ 4,544,280</u>	<u>\$ 502,366</u>	<u>\$ 5,046,646</u>	<u>\$ 4,484,154</u>	<u>\$ 597,600</u>	<u>\$ 5,081,754</u>
Provincial government transfers:						
Ministry of Community and Social Services	\$ 492,674	\$ -	\$ 492,674	\$ 461,853	\$ -	\$ 461,853
Ministry of Aboriginal Affairs	90,000	-	90,000	90,000	-	90,000
Ministry of Education	43,184	-	43,184	48,551	-	48,551
Northern Ontario Heritage Fund Corporation (NOHFC)	264,937	-	264,937	-	-	-
Other provincial transfers	75,609	-	75,609	60,744	-	60,744
	<u>\$ 966,404</u>	<u>\$ -</u>	<u>\$ 966,404</u>	<u>\$ 661,148</u>	<u>\$ -</u>	<u>\$ 661,148</u>



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## Rainy River First Nations Notes to Consolidated Financial Statements

**March 31, 2018**

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### 13. Accumulated Surplus

The First Nation segregates its accumulated surplus in the following categories:

	<u>2018</u>	<u>2017</u>
Investment in tangible capital assets		
Tangible capital assets	\$ 19,471,803	\$ 17,967,389
Debt relating to tangible capital assets	(2,047,187)	(2,245,827)
Total investment in tangible capital assets	17,424,616	15,721,562
Operations	13,343,005	10,613,343
Equity in trusts	661,698	600,359
Equity in enterprises	5,311,884	4,153,638
Replacement reserves	409,021	374,041
	<u>\$ 37,150,224</u>	<u>\$ 31,462,943</u>

# Rainy River First Nations

## Notes to Consolidated Financial Statements

March 31, 2018

### 14. Tangible Capital Assets

	2018					
	Land	Buildings and housing	Infrastructure	Equipment and Vehicles	Manitou Mounds Project	Computers
Cost, beginning of year	\$ 9,257,032	\$ 13,833,765	\$ 6,026,339	\$ 3,155,053	\$ 2,053,904	\$ 160,437
Additions	384,446	1,776,083	-	257,679	-	-
Disposals	-	-	-	-	-	-
Cost, end of year	9,641,478	15,609,848	6,026,339	3,412,732	2,053,904	160,437
Accumulated amortization, beginning of year	-	8,381,357	3,992,793	2,586,465	1,409,410	149,116
Amortization	-	447,203	128,079	245,035	82,156	11,321
Disposals	-	-	-	-	-	-
Accumulated amortization, end of year	-	8,828,560	4,120,872	2,831,500	1,491,566	160,437
Net carrying amount, end of year	\$ 9,641,478	\$ 6,781,288	\$ 1,905,467	\$ 581,232	\$ 562,338	\$ -
						\$ 19,471,803

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

**March 31, 2018**

**14. Tangible Capital Assets (continued)**

						2017
	Land	Buildings and housing	Infrastructure	Equipment and Vehicles	Manitou Mounds Project	Computers
Cost, beginning of year	\$ 9,012,032	\$ 12,769,745	\$ 6,026,339	\$ 2,885,141	\$ 2,053,904	\$ 160,437
Additions	245,000	1,064,020	-	269,912	-	-
Disposals	-	-	-	-	-	-
Cost, end of year	9,257,032	13,833,765	6,026,339	3,155,053	2,053,904	160,437
Accumulated amortization, beginning of year	-	8,038,415	3,864,714	2,388,140	1,327,254	137,795
Amortization	-	342,942	128,079	198,325	82,156	11,321
Disposals	-	-	-	-	-	-
Accumulated amortization, end of year	-	8,381,357	3,992,793	2,586,465	1,409,410	149,116
Net carrying amount, end of year	\$ 9,257,032	\$ 5,452,408	\$ 2,033,546	\$ 568,588	\$ 644,494	\$ 11,321
						\$ 17,967,389

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## Rainy River First Nations

### Notes to Consolidated Financial Statements

**March 31, 2018**

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#### **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 Councilors. 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, 2018, amount to \$120,963 (2017 - \$121,578).

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 Councilors. 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, 2017, amount to \$82,923,178 (\$81,439,127 in 2016). During the year ended March 31, 2018, the First Nations received grants of \$1,886,910 (\$1,304,461 in 2017) from the Trust.

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

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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 Indigenous Services Canada (ISC).

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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 2018 was \$148,792 (\$150,262 in 2017).

## Rainy River First Nations Notes to Consolidated Financial Statements

**March 31, 2018**

### 19. ISC Funding Reconciliation

Total funding as per ISC funding confirmation	\$ 3,975,176
Adjustment for changes in deferred revenue	116,841
Estimated amounts to be recovered	<u>(83,661)</u>
ISC revenue	<u>\$ 4,008,356</u>

### 20. Contingent Liabilities

During the year, Rainy River First Nations received forgivable loans from the Canadian Mortgage and Housing Corporation in the amount of \$115,504 (2017 - \$112,900) 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 are 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 they are expected to remain occupied by Band members over the term of the loans.

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.

### 21. 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.

### 22. Expenditure by Object

	2018	2017
Salaries, wages and employee benefits	\$ 2,586,504	\$ 2,444,765
Materials and supplies	7,594,398	7,193,193
Rents and financial expenses	310,115	303,340
Travel	183,602	136,361
Amortization	<u>913,794</u>	<u>762,823</u>
	<u>\$ 11,588,413</u>	<u>\$ 10,840,482</u>

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## Rainy River First Nations Notes to Consolidated Financial Statements

**March 31, 2018**

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### **23. 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 include activities that provide education to Band members for primary, secondary schooling and sponsorship to attend post secondary institutions.

#### Capital

This segment is responsible for all the capital asset activities occurring in the First Nations during the year, included housing construction and renovations.

#### 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.

#### Other Services

The First Nations provide a wide variety of other services, including youth employment projects, economic development, housing activities and others.

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### **24. Comparative Figures**

The comparative amounts presented in the consolidated financial statements have been reclassified to conform to the current year's presentation.

# Rainy River First Nations 2018 Segment Disclosure

For the year ended March 31, 2018

For the year ended March 31, 2018							
	Band		Operations and				
	Support	Maintenance	Education	Social Services	Minor Capital	Other	Total
Revenue							
ISC	\$ 464,993	\$ 136,380	\$ 2,291,866	\$ 69,332	\$ 728,628	\$ 317,157	\$ 4,008,356
Canada	-	-	-	-	115,504	922,786	1,038,290
Ontario	-	-	-	492,674	-	473,730	966,404
Casino Rama	-	-	-	-	-	780,636	780,636
Trust income	-	-	-	-	-	1,886,910	1,886,910
Other Aboriginal Organizations	-	-	-	-	-	932,823	932,823
Interest, rentals and other	441,741	-	-	-	-	7,221,525	7,663,266
Adjustments to prior year funding	-	-	-	(991)	-	-	(991)
Administration	324,315	-	-	(3,000)	(104,335)	(216,980)	-
Transfers	-	178,586	(147,016)	(60,832)	(40,654)	69,916	-
	1,231,049	314,966	2,144,850	497,183	699,143	12,388,503	17,275,694
Expenditures							
Salaries, wages and benefits	851,835	193,888	-	98,178	-	1,442,603	2,586,504
Materials, supplies and capital	422,569	121,078	2,134,258	383,005	563,758	3,969,730	7,594,398
Rents and financial expenses	184,891	-	-	-	-	125,224	310,115
Travel	92,034	-	10,592	16,000	-	64,976	183,602
Amortization	218,783	236,247	-	-	13,035	445,729	913,794
	1,770,112	551,213	2,144,850	497,183	576,793	6,048,262	11,588,413
Excess (deficiency) of revenue over expenditures	\$ (539,063)	\$ (236,247)	\$ -	\$ -	\$ 122,350	\$ 6,340,241	\$ 5,687,281

# Rainy River First Nations 2017 Segment Disclosure

For the year ended March 31, 2017	Band Support	Operations and Maintenance	Education	Social Services	Minor Capital	Other	Total
<b>Revenue</b>							
ISC	\$ 445,993	\$ 130,808	\$ 2,136,924	\$ 79,247	\$ 597,600	\$ 866,041	\$ 4,256,613
Canada	-	-	-	-	125,109	700,032	825,141
Ontario	-	-	-	461,853	9,145	190,150	661,148
Casino Rama	-	-	-	-	-	763,306	763,306
Trust income	-	-	-	-	-	1,304,461	1,304,461
Other Aboriginal Organizations	-	-	-	-	-	797,140	797,140
Interest, rentals and other	454,307	-	-	-	-	6,046,462	6,500,769
Adjustments to prior year funding	-	-	-	-	-	(6,893)	(6,893)
Administration	93,371	4,500	-	(3,000)	-	(63,271)	-
Transfers	-	197,146	(245,780)	-	(42,040)	59,074	-
	<b>993,671</b>	<b>332,454</b>	<b>1,891,144</b>	<b>538,100</b>	<b>689,814</b>	<b>10,656,502</b>	<b>15,101,685</b>
<b>Expenditures</b>							
Salaries, wages and benefits	863,992	197,624	-	85,912	-	1,297,237	2,444,765
Materials, supplies and capital	478,113	134,830	1,991,081	440,996	498,161	3,650,012	7,193,193
Rents and financial expenses	223,612	-	-	-	-	79,728	303,340
Travel	74,333	-	11,033	11,192	-	39,803	136,361
Amortization	218,783	241,665	-	-	-	302,375	762,823
	<b>1,858,833</b>	<b>574,119</b>	<b>2,002,114</b>	<b>538,100</b>	<b>498,161</b>	<b>5,369,155</b>	<b>10,840,482</b>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>\$ (865,162)</b>	<b>\$ (241,665)</b>	<b>\$ (110,970)</b>	<b>\$ -</b>	<b>\$ 191,653</b>	<b>\$ 5,287,347</b>	<b>\$ 4,261,203</b>