



Rainy River First Nations
Consolidated Financial Statements
For the year ended March 31, 2019

**Rainy River First Nations
Consolidated Financial Statements
For the year ended March 31, 2019**

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

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 Chief and Council of Rainy River First Nations.

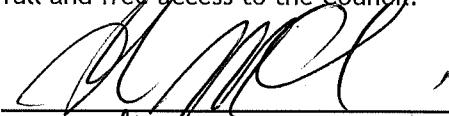
The consolidated financial statements have been prepared by management in accordance with Public Sector Accounting Principles. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has 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.



Chief



Councilor



Councilor

Independent Auditor's Report

To Management and Chief and Council of Rainy River First Nations

Opinion

We have audited the consolidated financial statements of Rainy River First Nations (the First Nation), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statement of operations, the consolidated statement of changes in accumulated surplus, the consolidated statement of changes in net financial assets and the consolidated statement of cash flows for the year then ended, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2019, and its results of operations, its changes in accumulated surplus, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of 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.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

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



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
July 31, 2019

Rainy River First Nations

Consolidated Statement of Financial Position

March 31	2019	2018
Financial assets		
Cash and cash equivalents (Note 2)	\$ 8,283,124	\$ 4,028,134
Term deposits (Note 3)	446,802	395,555
Accounts and loans receivable (Note 4)	1,066,438	1,051,484
Amounts due from government and other governmental Organizations (Note 5)	1,036,197	729,413
Advances to affiliated Companies (Note 6)	733,091	706,303
Trust funds held by federal government (Note 7)	725,549	661,698
Trust funds held by Rainy River District First Nations Trust	97,317	63,315
Portfolio investments, at cost (Note 8)	9,271,636	8,349,963
Government business enterprises and partnerships (Note 9)	14,690,304	16,074,918
	<hr/>	<hr/>
	36,350,458	32,060,783
Liabilities		
Accounts payable and accrued liabilities	807,088	992,553
Amounts due to government and other governmental Organizations (Note 10)	86,116	95,707
Deferred revenue (Note 11)	1,287,278	527,566
Long-term debt (Note 12)	11,956,559	12,810,220
	<hr/>	<hr/>
	14,137,041	14,426,046
Net financial assets (Page 8)	<hr/>	<hr/>
	22,213,417	17,634,737
Non-financial assets		
Tangible capital assets (Note 15)	20,150,881	19,471,803
Prepaid expense	58,525	43,684
	<hr/>	<hr/>
	20,209,406	19,515,487
Accumulated surplus (Page 7)	<hr/>	<hr/>
	\$ 42,422,823	\$ 37,150,224

Contingent liabilities (Note 21)

Approved on behalf of Council

Chief

Councilor

Councilor

Rainy River First Nations Consolidated Statement of Operations

For the year ended March 31	2019	2018
	Budget	Actual
Revenue		
Indigenous Services Canada	\$ 4,536,148	\$ 4,098,771
Ontario First Nations Limited Partnership	995,088	995,088
Health Canada	671,925	578,112
Ministry of Community and Social Services	604,044	565,040
Canada Mortgage and Housing Corporation	-	172,696
Ministry of Aboriginal Affairs	90,000	90,000
Ministry of Education	43,184	43,184
Other provincial grant revenue	235,650	120,611
Weechi-It-Te-Win Family Services Inc.	841,871	747,377
Fort Frances Tribal Area Health Authority	152,213	179,963
Shooniyyaa Wa-Biitong	67,294	67,294
Resource revenue	715,260	1,003,737
Miscellaneous programs	234,465	331,576
Housing rentals	-	329,158
Management fees from affiliated Companies	200,000	345,634
Portfolio investment income	-	355,887
Rainy River First Nations Trust	1,136,791	1,860,835
Income from investments in government business enterprises and partnerships	3,218,960	4,824,097
Income on trusts	-	97,854
Interest	20,000	101,476
Adjustment to prior years' funding	(61)	(60,791)
	13,762,832	16,847,599
	13,762,832	17,275,694
Expenditures		
Education	2,010,116	2,655,023
Community development	3,277,270	2,390,011
Band support/administration	862,013	1,506,513
Operations and maintenance	148,144	306,171
Housing	89,750	178,575
Social services	532,232	512,125
Economic development	59,548	1,852,048
Trust implementation	280,000	117,525
Cultural	1,038,345	599,678
Summer students	-	113,509
Water treatment	83,462	116,135
Flood claim	-	1,025
Waste water	59,394	64,709
Daycare	55,489	43,585
Capital	492,171	169,123
Amortization	913,794	949,245
	9,901,728	11,575,000
	9,901,728	11,588,413
Annual surplus	\$ 3,861,104	\$ 5,272,599
	\$ 3,861,104	\$ 5,687,281

Rainy River First Nations Consolidated Statement of Changes in Accumulated Surplus

For the year ended March 31	Budget	2019	2018
Accumulated surplus, beginning of year	\$ 37,150,224	\$ 37,150,224	\$ 31,462,943
Annual surplus	<u>3,861,104</u>	<u>5,272,599</u>	<u>5,687,281</u>
Accumulated surplus, end of year	\$ 41,011,328	\$ 42,422,823	\$ 37,150,224

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

For the year ended March 31	Budget	2019	2018
Annual surplus (Page 6)	\$ 3,861,104	\$ 5,272,599	\$ 5,687,281
Acquisition of tangible capital assets	(184,401)	(1,628,323)	(2,418,208)
Amortization of tangible capital assets	<u>913,794</u>	<u>949,245</u>	<u>913,794</u>
	<u>4,590,497</u>	<u>4,593,521</u>	<u>4,182,867</u>
Use (acquisition) of prepaid expenses	<u>-</u>	<u>(14,841)</u>	<u>(43,684)</u>
Net change in net financial assets	<u>4,590,497</u>	<u>4,578,680</u>	<u>4,139,183</u>
Net financial assets, beginning of year	<u>17,634,737</u>	<u>17,634,737</u>	<u>13,495,554</u>
Net financial assets, end of year	<u>\$ 22,225,234</u>	<u>\$ 22,213,417</u>	<u>\$ 17,634,737</u>

Rainy River First Nations Consolidated Statement of Cash Flows

For the year ended March 31	2019	2018
Cash flows from operating activities		
Annual surplus	\$ 5,272,599	\$ 5,687,281
Adjustments for		
Amortization of tangible capital assets	949,245	913,794
Net income from government business enterprises	<u>(4,824,097)</u>	<u>(4,228,543)</u>
	<u>1,397,747</u>	<u>2,372,532</u>
 Changes in non-cash working capital		
Accounts receivable	(14,954)	(238,583)
Amounts due from government	(306,784)	(10,940)
Prepaid expense	(14,841)	(43,684)
Trust funds	(97,853)	(92,485)
Accounts payable	(185,465)	253,984
Amounts due to government	(9,591)	56,042
Deferred revenue	<u>759,712</u>	<u>(723,986)</u>
	<u>130,224</u>	<u>(799,652)</u>
	<u>1,527,971</u>	<u>1,572,880</u>
 Cash flows from capital activities		
Purchase of tangible capital assets	<u>(1,628,323)</u>	<u>(2,418,208)</u>
 Cash flows from investing activities		
Repayment from (advances to) affiliated Companies	(26,788)	13,455
Distributions from (purchase of equity in) affiliated Companies	6,208,711	3,756,790
Withdrawal (purchase) of portfolio investments	(921,673)	(879,368)
Withdrawal (purchase) of term deposits	<u>(51,247)</u>	<u>(34,980)</u>
	<u>5,209,003</u>	<u>2,855,897</u>
 Cash flows from financing activities		
Repayment of long-term debt	<u>(853,661)</u>	<u>(885,133)</u>
 Net increase in cash and cash equivalents	<u>4,254,990</u>	<u>1,125,436</u>
 Cash and cash equivalents, beginning of year	<u>4,028,134</u>	<u>2,902,698</u>
 Cash and cash equivalents, end of year	<u>\$ 8,283,124</u>	<u>\$ 4,028,134</u>

Rainy River First Nations Notes to Consolidated Financial Statements

March 31, 2019

1. Summary of Significant Accounting Policies

Basis of Accounting	<p>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:</p> <ol style="list-style-type: none">1) accountable for the administration of their financial affairs and resources directly to the First Nation; and2) owned or controlled by the First Nation. <p>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:</p> <p style="margin-left: 40px;">Wildland Enterprises Ltd. Manitou Mounds Inc.</p> <p>Other long-term investments are reflected at cost as disclosed in Note 8.</p> <p>The First Nations' government business enterprises consist of investments in:</p> <p style="margin-left: 40px;">Long Sault Lumber Co. Ltd. Rainy River First Nations Power Corporation Rainy River First Nations Development Corporation Rainy River First Nations Solar General Partnership Inc.</p> <p>These investments are accounted for using the modified equity basis of accounting as disclosed in Note 8 to these consolidated financial statements.</p>
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Rainy River First Nations Notes to Consolidated Financial Statements

March 31, 2019

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. The First Nation's government business partnerships consist of partnership units held in:

Little Fork Land Holdings, LP
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 Nation (Note 16).

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 Nation does not capitalize interest charges as part of the cost of its tangible capital assets.

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

Amortization

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

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

Rainy River First Nations Notes to Consolidated Financial Statements

March 31, 2019

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. The First Nation assesses program surplus' at year-end and recognizes a liability for program funding expected to be recovered by the contributing agency.

Investments

The modified equity method of accounting is used to account for investments in the First Nations' business enterprises which the First Nation 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 Nation's 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.

Rainy River First Nations Notes to Consolidated Financial Statements

March 31, 2019

1. Summary of Significant Accounting Policies (continued)

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

Measurement Uncertainty 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.

Use of Estimates 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.

The estimates used in the preparation of these consolidated financial statements are the useful lives of tangible capital assets and accrued liabilities.

Rainy River First Nations Notes to Consolidated Financial Statements

March 31, 2019

2. Cash and Cash Equivalents

Cash and cash equivalents are comprised of the following:

	2019	2018
Unrestricted bank account balances	\$ 7,019,981	\$ 2,772,023
Internally restricted bank account balances		
Bank account restricted for the future repayment of the Solar Project Loan (Note 12)	<u>1,263,143</u>	<u>1,256,111</u>
	<u><u>\$ 8,283,124</u></u>	<u><u>\$ 4,028,134</u></u>

The First Nation has an approved unsecured operating line of credit with the Canadian Imperial Bank of Commerce (CIBC) in the amount of \$200,000, with interest at the CIBC prime rate (2.7% as at March 31, 2019) minus 1%. The line of credit was unutilized as at March 31, 2019.

3. Term Deposits

	2019	2019
CMHC replacement reserve - term deposits.		
Guaranteed investment certificates (GIC's) with interest rates from 1.80% to 2.50% and maturity dates from April 9, 2019, to March 30, 2020	<u>\$ 446,802</u>	<u>\$ 395,555</u>

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 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.

4. Accounts and Loans Receivable

	2019	2018
Loans receivable	\$ 25,863	\$ 30,163
Housing loans	29,961	29,961
Accounts receivable	1,066,439	1,051,484
Rents receivable	<u>413,508</u>	<u>475,287</u>
	<u><u>1,535,771</u></u>	<u><u>1,586,895</u></u>
Allowance for doubtful accounts	<u>469,333</u>	<u>535,411</u>
	<u><u>\$ 1,066,438</u></u>	<u><u>\$ 1,051,484</u></u>

Rainy River First Nations

Notes to Consolidated Financial Statements

March 31, 2019

5. Amounts Due from Government and Other Governmental Organizations

	2019	2018
Federal Government		
Indigenous Services Canada	\$ 727,995	\$ 424,182
Health Canada	93,583	-
Canada Mortgage and Housing Corporation	32,163	96,804
FedNor	-	100,000
Canada Revenue Agency	123,500	-
Provincial Government		
Ministry of Community and Social Services	36,354	24,820
Ministry of Aboriginal Affairs	9,000	-
Northern Ontario Heritage Fund Corporation (NOHFC)	-	80,000
Ministry of Education	12,590	3,607
Ministry of Health and Long-Term Care	1,012	-
	<u>\$ 1,036,197</u>	<u>\$ 729,413</u>

6. Advances to (from) Affiliated Companies

	Payment Terms	Interest Rate	2019	2018
Manitou Mounds Inc.	unspecified	unspecified	\$ 33,926	\$ 37,824
Manitou Mounds Foundation	unspecified	unspecified	(109,972)	(112,787)
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	112,462	117,462
Solar General Partnership, Inc.	unspecified	unspecified	(51)	(51)
Long Sault Lumber Co. Ltd.	unspecified	unspecified	527,440	511,189
Rainy River First Nations				
Power Corporation	unspecified	unspecified	(100)	(100)
Rainy River First Nations				
Development Corporation	unspecified	unspecified	<u>133,672</u>	<u>117,052</u>
			<u>1,138,743</u>	<u>1,111,955</u>
Allowance for doubtful advances			<u>405,652</u>	<u>405,652</u>
			<u>\$ 733,091</u>	<u>\$ 706,303</u>

Rainy River First Nations Notes to Consolidated Financial Statements

March 31, 2019

7. Trust Funds Held by Federal Government

	March 31, 2018	Additions 2019	Withdrawals 2019	March 31, 2019
Revenue Capital	\$ 603,438 58,260	\$ 63,851 -	\$ - -	\$ 667,289 58,260
	\$ 661,698	\$ 63,851	\$ -	\$ 725,549

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

	2019	2018
CIBC portfolio - Cash and cash equivalents	\$ 122,429	\$ (201,112)
CIBC portfolio - Canadian equity investments		
New Gold Inc. (quoted market value at March 31, 2019, of \$707,839).	2,484,315	2,484,315
Other Canadian equity investments (quoted market value at March 31, 2019, of \$4,490,592).	4,871,098	4,798,189
American equity investments (quoted market value at March 31, 2019, of \$740,103).	722,916	501,409
Foreign equity investments (quoted market value at March 31, 2019, of \$504,079).	525,150	660,117
Heritage investment account - mutual funds (quoted market value at March 31, 2019, of \$342,417).	342,837	-
Global infrastructure mutual fund (quoted market value at March 31, 2019, of \$80,638).	95,834	-
Investment in Senic River Mall Inc.	10	10
Investment in Rainy Lake Tribal Development Corporation	100,012	100,000
Investment in Rainy Lake Tribal Resource Management	<u>7,035</u>	<u>7,035</u>
	\$ 9,271,636	\$ 8,349,963

Rainy River First Nations Notes to Consolidated Financial Statements

March 31, 2019

9. 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.

Rainy River First Nations
Notes to Consolidated Financial Statements

March 31, 2019

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

Percentage ownership	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	Total
Carrying value, March 31, 2017	\$ 99,99%	40%	44.99%	100%	100%	50.99%	51%	100%	
Purchase of shares/units	\$ 1,243,108	\$ 124,281	\$ 3,555,864	\$ 780,261	\$ 100	\$ 11,276,512	\$ (235)	\$ (133,616)	\$ 15,603,167
Dividends /distributions	(60,178)	(96,581)	(2,124,648)	-	-	(2,718,491)	-	-	1,243,108
Share of net income (loss)	60,178	22,720	2,664,239	48,857	-	1,301,752	-	-	(4,999,896)
Carrying value, March 31, 2018	\$ 1,243,108	\$ 50,420	\$ 4,095,455	\$ 829,118	\$ 100	\$ 9,859,773	\$ (235)	\$ (2,821)	\$ 130,795
Purchase of shares/units	26,306	-	-	-	-	-	-	-	4,228,541
Dividends /distributions	(131,192)	(131,192)	(3,218,960)	110,772	-	(2,884,865)	-	-	26,306
Share of net income (loss)	131,192	254	1,948,955	-	-	2,634,369	548	(1,993)	(6,235,017)
Carrying value, March 31, 2019	\$ 1,269,414	\$ 50,674	\$ 2,825,450	\$ 939,890	\$ 100	\$ 9,609,277	\$ 313	\$ (4,814)	\$ 14,690,304
Balance comprised of:									
Shares/partners contributions	\$ 1,078,044	\$ 4,000	\$ 2,499	\$ 939,10	\$ 100	\$ 3,286,089	\$ 51	\$ 100	\$ 4,372,893
Share of cumulative net earnings	191,370	46,674	2,820,951	939,880	-	6,323,188	262	(4,914)	10,317,411
									4,824,097

During the year, the First Nation received management fees from related parties of \$345,634 (\$265,459 in 2018) comprised of \$270,634 from Manitou Forest Products Limited (\$265,459 in 2018), and \$75,000 from Rainy River First Nations Development Corporation (\$NLL in 2018).

Rainy River First Nations Notes to Consolidated Financial Statements

March 31, 2019

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

Rainy River First Nations Notes to Consolidated Financial Statements

March 31, 2019

10. Amounts Due to Government and Other Governmental Organizations

	2019	2018
Federal government - ISC	\$ -	\$ 61,161
Federal government - HST	36,201	34,546
Ministry of Community and Social Services	<u>49,915</u>	-
	<u><u>\$ 86,116</u></u>	<u><u>\$ 95,707</u></u>

Rainy River First Nations

Notes to Consolidated Financial Statements

March 31, 2019

11. Deferred Revenue

		2018	Funding received 2019	Revenue Recognized 2019	2019
Federal Government					
ISC					
Capital	\$ 11,097	\$ 367,859	\$ (283,504)	\$ 95,452	
Capital planning study	-	113,215	-	113,215	
LEDSP	2,279	-	-	2,279	
National child benefit	9,040	-	(2,296)	6,744	
Planning, MTSA					
Infrastructure	109,700	74,701	(184,401)	-	
Prevention services	51,700	-	(51,700)	-	
Community Readiness	-	34,548	-	34,548	
Child and Family Services	-	271,080	-	271,080	
Highway Development Plan	-	80,000	-	80,000	
Skills link program	38,020	-	(38,020)	-	
Health Canada - Jordan's Principle	67,518	169,000	(15,892)	220,626	
Provincial Government					
MCSS - Social Services	146,680	488,698	(565,040)	70,338	
Ontario Arts Council	-	119,620	(2,531)	117,089	
Other					
OFNLP	-	995,088	(995,088)	-	
Rainy River First Nations Trust					
Land claims	38,634	1,124,261	(1,113,876)	49,019	
Trust projects	1,770	835,022	(746,960)	89,832	
FFTAHS					
Healthy babies	-	37,196	(37,196)	-	
Jordan's Principle	25,000	-	(25,000)	-	
Diabetes - food security	2,750	-	(2,750)	-	
HBOT project	2,494	-	-	2,494	
IESO - Watershed program	2,134	-	(2,134)	-	
First Nations Land Management Resource Centre	18,750	34,250	(12,932)	40,068	
Weechi-It-Te-Win Community Care Family Preservation Worker	-	171,000	(76,506)	94,494	
	\$ 527,566	\$ 4,915,538	\$ (4,155,826)	\$ 1,287,278	

Revenue is deferred when the First Nation has not met the stipulations outlined in the funding agreement.

Rainy River First Nations Notes to Consolidated Financial Statements

March 31, 2019

12. Long-term Debt

	2019	2018
CMHC mortgage (new 10 unit), repayable in monthly installments of \$4,612 including interest at 1.43%, maturing March 1, 2027.	\$ 413,327	\$ 461,757
CMHC mortgage payable - 20051488003, repayable in monthly installments of \$4,410 including interest at 2.48%, maturing June 1, 2033.	672,271	712,245
CMHC mortgage payable - 20051488002, repayable in monthly installments of \$3,215 including interest at 1.50%, maturing June 1, 2032.	458,513	489,571
CMHC mortgage payable - 10618932004, repayable in monthly installments of \$4,353 including interest at 1.30%, maturing April 1, 2022.	155,895	205,132
CIBC demand loan, repayable in monthly installments of \$1,392 plus interest at prime minus 1% (2.90% effective rate), maturing September 1, 2025.	108,536	125,240
CIBC demand loan, repayable in monthly installments of \$667 plus interest at prime minus 1% (2.90% effective rate), maturing March 1, 2021.	16,000	24,000
CIBC demand loan, repayable in monthly installments of \$552 plus interest at prime minus 1% (2.90% effective rate), maturing November 1, 2022.	22,618	29,242
	<u>\$ 1,847,160</u>	<u>\$ 2,047,187</u>

Rainy River First Nations Notes to Consolidated Financial Statements

March 31, 2019

12. Long-term Debt (continued)

	2019	2018
Carried forward	\$ 1,847,160	\$ 2,047,187
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.	<u>10,109,399</u>	<u>10,763,033</u>
	<u>\$ 11,956,559</u>	<u>\$ 12,810,220</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
2020	\$ 986,528	\$ 355,826	\$ 1,342,354
2021	940,768	330,482	1,271,250
2022	1,057,152	301,086	1,358,238
2023	984,188	270,024	1,254,212
2024	1,114,564	238,908	1,353,472
Thereafter	<u>6,873,359</u>	<u>1,051,061</u>	<u>7,924,420</u>
	<u>\$ 11,956,559</u>	<u>\$ 2,547,387</u>	<u>\$ 14,503,946</u>

	2019	2018
Interest expense for the year on long-term debt	<u>\$ 376,720</u>	<u>\$ 398,219</u>

Rainy River First Nations
Notes to Consolidated Financial Statements

March 31, 2019

13. Government Transfers

	2019			2018		
	Operating	Capital	Total	Operating	Capital	Total
Federal government transfers:						
Indigenous Services Canada	\$ 3,826,364	\$ 272,407	\$ 4,098,771	\$ 3,463,995	\$ 544,361	\$ 4,008,356
Health Canada	578,112	-	578,112	673,994	-	673,994
Canada Mortgage and Housing Corporation	172,696	-	172,696	264,296	-	264,296
FedNor	-	-	-	100,000	-	100,000
	\$ 4,577,172	\$ 272,407	\$ 4,849,579	\$ 4,502,285	\$ 544,361	\$ 5,046,646

Provincial government transfers:

Ministry of Community and Social Services	\$ 565,040	\$ -	\$ 565,040	\$ 492,674	\$ -	\$ 492,674
Ministry of Aboriginal Affairs	90,000	-	90,000	90,000	-	90,000
Ministry of Education	43,184	-	43,184	43,184	-	43,184
Northern Ontario Heritage Fund Corporation (NOHFC)	-	-	120,611	264,937	-	264,937
Other provincial transfers	120,611	-	75,609	-	75,609	-
	\$ 818,835	\$ -	\$ 818,835	\$ 966,404	\$ -	\$ 966,404

Rainy River First Nations Notes to Consolidated Financial Statements

March 31, 2019

14. Accumulated Surplus

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

	2019	2018
Investment in tangible capital assets		
Tangible capital assets	\$ 20,150,881	\$ 19,471,803
Debt relating to tangible capital assets	(1,847,160)	(2,047,187)
Total investment in tangible capital assets	18,303,721	17,424,616
Operations	18,380,716	13,343,005
Equity in trusts	725,549	661,698
Equity in enterprises	4,580,905	5,311,884
Reserve Funds		
CMHC replacement reserve funds	406,932	409,021
Professional development reserve fund	25,000	-
	<u>\$ 42,422,823</u>	<u>\$ 37,150,224</u>

Rainy River First Nations has provided operating grants to Manitou Mounds Inc. of \$5,944,366 since inception of the facility, including \$472,413 in the current year.

Rainy River First Nations
Notes to Consolidated Financial Statements

March 31, 2019

15. Tangible Capital Assets

	2019						
	Land	Buildings and housing	Infrastructure	Equipment and Vehicles	Mounds Project	Computers	Total
Cost, beginning of year	\$ 9,641,478	\$ 15,609,848	\$ 6,026,339	\$ 3,412,732	\$ 2,053,904	\$ 160,437	\$ 36,904,738
Additions	982,782	238,051	73,500	333,900	-	-	1,628,323
Disposals	-	-	-	-	-	-	-
Cost, end of year	<u>10,624,260</u>	<u>15,847,899</u>	<u>6,099,839</u>	<u>3,746,722</u>	<u>2,053,904</u>	<u>160,437</u>	<u>38,533,061</u>
Accumulated amortization, beginning of year	-	8,828,560	4,120,872	2,831,500	1,491,566	160,437	17,432,935
Amortization	456,725	130,528	279,836	82,156	-	-	949,245
Disposals	-	-	-	-	-	-	-
Accumulated amortization, end of year	<u>9,285,285</u>	<u>4,251,400</u>	<u>3,111,336</u>	<u>1,573,722</u>	<u>160,437</u>	<u>18,382,180</u>	
Net carrying amount, end of year	<u><u>\$ 10,624,260</u></u>	<u><u>\$ 6,562,614</u></u>	<u><u>\$ 1,848,439</u></u>	<u><u>\$ 635,386</u></u>	<u><u>\$ 480,182</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 20,150,881</u></u>

Rainy River First Nations
Notes to Consolidated Financial Statements

March 31, 2019

15. Tangible Capital Assets (continued)

	2018						
	Land	Buildings and housing	Infrastructure	Equipment and Vehicles	Manitou Mounds Project	Computers	Total
Cost, beginning of year	\$ 9,257,032	\$ 13,833,765	\$ 6,026,339	\$ 3,155,053	\$ 2,053,904	\$ 160,437	\$ 34,486,530
Additions	384,446	1,776,083	-	257,679	-	-	2,418,208
Disposals	-	-	-	-	-	-	-
Cost, end of year	<u>9,641,478</u>	<u>15,609,848</u>	<u>6,026,339</u>	<u>3,412,732</u>	<u>2,053,904</u>	<u>160,437</u>	<u>36,904,738</u>
Accumulated amortization, beginning of year	-	8,381,357	3,992,793	2,586,465	1,409,410	149,116	16,519,141
Amortization	-	447,203	128,079	245,035	82,156	11,321	913,794
Disposals	-	-	-	-	-	-	-
Accumulated amortization, end of year	-	8,828,560	4,120,872	2,831,500	1,491,566	160,437	17,432,935
Net carrying amount, end of year	<u>\$ 9,641,478</u>	<u>\$ 6,781,288</u>	<u>\$ 1,905,467</u>	<u>\$ 581,232</u>	<u>\$ 562,338</u>	<u>-</u>	<u>\$ 19,471,803</u>

Rainy River First Nations Notes to Consolidated Financial Statements

March 31, 2019

16. Related Entities

The First Nation 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 Nation. 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, 2019, amount to \$120,963 (2018 - \$120,963).

The Rainy River First Nations 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, 2018, amount to \$80,928,183 (\$82,923,178 in 2017). During the year ended March 31, 2019, the First Nation received grants of \$1,860,835 (\$1,886,910 in 2018) 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 Nation. Separate financial statements of the Foundation and the Trust are available upon request.

17. Pension Plan

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

18. Economic Dependence

Rainy River First Nations receives a major portion of its revenues pursuant to a funding arrangement with Indigenous Services Canada (ISC).

19. 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 2019 was \$150,646 (\$148,792 in 2018).

Rainy River First Nations Notes to Consolidated Financial Statements

March 31, 2019

20. ISC Funding Reconciliation

Total funding as per ISC funding confirmation	\$ 4,396,592
Adjustment for changes in deferred revenue	(381,482)
Adjustment for estimated amounts to be recovered	<u>83,661</u>
ISC revenue	<u>\$ 4,098,771</u>

21. Contingent Liabilities

During the year, Rainy River First Nations received forgivable loans from Canadian Mortgage and Housing Corporation in the amount of \$22,050 (2018 - \$115,504) 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 Nation, in the course of its operations, is subject to lawsuits. As a policy, the First Nation will accrue for losses in instances where it is probable the liabilities will be incurred and where such liabilities can be reasonably estimated. At present, the First Nation has no reason to believe that there are any lawsuits which will have a significant impact on the First Nations' financial position.

22. 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.

23. Expenditure by Object

	2019	2018
Salaries, wages and employee benefits	\$ 2,480,567	\$ 2,586,504
Materials and supplies	7,699,424	7,594,398
Rents and financial expenses	268,915	310,115
Travel	176,848	183,602
Amortization	949,246	913,794
	<hr/> \$ 11,575,000	<hr/> \$ 11,588,413

Rainy River First Nations Notes to Consolidated Financial Statements

March 31, 2019

24. Segmented Information

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

Education

Education services 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 Nation 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 Nation Organization.

Operations and Maintenance

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

Other Services

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

25. 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
2019 Segment Disclosure**

	<u>For the year ended March 31, 2019</u>	<u>Operations and Support Maintenance</u>	<u>Band</u>	<u>Education</u>	<u>Social Services</u>	<u>Minor Capital</u>	<u>Other</u>	<u>Total</u>
Revenue								
ISG	\$ 528,289	\$ 140,279	\$ 2,461,847	\$ 62,571	\$ 639,436	\$ 266,349	\$ 4,098,771	
Canada	-	-	-	-	22,050	741,474	763,524	
Ontario	-	-	-	565,040	-	253,795	818,835	
Casino Rama	-	-	-	-	-	995,088	995,088	
Trust income	-	-	-	-	-	1,860,835	1,860,835	
Other Aboriginal Organizations	-	-	-	-	-	1,033,885	1,033,885	
Interest, rentals and other	555,742	-	-	-	-	6,781,710	7,337,452	
Adjustments to prior year funding	-	-	-	(60,791)	-	-	-	(60,791)
Administration	209,290	-	165,892	(123,483)	(65,571)	-	(143,719)	-
Transfers	-	-	-	-	(27,447)	(14,962)	-	-
	1,293,321	306,171	2,338,364	501,249	634,039	11,774,455	16,847,599	
Expenditures								
Salaries, wages and benefits	674,724	165,993	-	115,886	51,700	1,472,264	2,480,567	
Materials, supplies and capital	470,652	140,178	2,508,292	383,245	169,123	4,027,934	7,699,424	
Rents and financial expenses	258,454	-	-	-	-	10,461	268,915	
Travel	102,682	-	14,929	12,995	-	46,242	176,848	
Amortization	207,462	204,250	-	-	33,697	503,837	949,246	
	1,713,974	510,421	2,523,221	512,126	254,520	6,060,738	11,575,000	
Excess (deficiency) of revenue over expenditures	\$ (420,653)	\$ (204,250)	\$ (184,857)	\$ (10,877)	\$ 379,519	\$ 5,713,717	\$ 5,272,599	

**Rainy River First Nations
2018 Segment Disclosure**

	<u>For the year ended March 31, 2018</u>	<u>Band Support</u>	<u>Operations and Maintenance</u>	<u>Education</u>	<u>Social Services</u>	<u>Minor Capital</u>	<u>Other</u>	<u>Total</u>
Revenue								
ISC	\$ 464,993	\$ 136,380	\$ 2,291,866	\$ 69,332	\$ 644,967	\$ 400,819	\$ 4,008,357	
Canada	-	-	-	-	115,504	922,786	1,038,290	
Ontario	-	-	-	492,674	-	454,980	947,654	
Casino Rama	-	-	-	-	-	780,636	780,636	
Trust income	-	-	-	-	-	1,886,910	1,886,910	
Other Aboriginal Organizations	-	-	-	-	-	951,573	951,573	
Interest, rentals and other	441,741	-	-	-	-	7,221,524	7,663,265	
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	615,482	12,472,164	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)	\$ -	\$ -	\$ 38,689	\$ 6,423,902	\$ 5,687,281	