

Rainy River First Nations
Consolidated Financial Statements
For the year ended March 31, 2021

Rainy River First Nations
Consolidated Financial Statements
For the year ended March 31, 2021

Contents

Management's Responsibility for the Consolidated Financial Statements	2
Independent Auditor's Report	3
Financial Statements	
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations	6
Consolidated Statement of Changes in Accumulated Surplus	7
Consolidated Statement of Changes in Net Financial Assets	8
Consolidated Statement of Cash Flows	9
Notes to Consolidated Financial Statements	10
2021 Segment Disclosure	32
2020 Segment Disclosure	33

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 the consolidated financial statements are the responsibility of management and have been approved by Chief and Council of Rainy River First Nations.

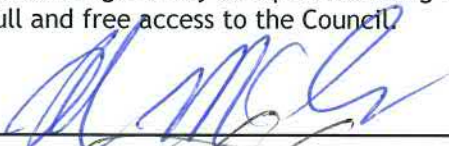
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management 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 Nations' 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, 2021, 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 consolidated financial position of the First Nation as at March 31, 2021, and its consolidated results of operations, its consolidated changes in accumulated surplus, its consolidated changes in net financial assets, and its consolidated 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
April 12, 2022

Rainy River First Nations Consolidated Statement of Financial Position

March 31	2021	2020
Financial assets		
Cash and cash equivalents (Note 2)	\$ 16,652,264	\$ 9,620,393
Term deposits (Note 3)	503,197	500,758
Accounts and loans receivable (Note 4)	1,645,213	1,531,957
Amounts due from government organizations (Note 5)	158,961	213,246
Advances to affiliated Companies (Note 6)	610,330	513,162
Trust funds held by federal government (Note 7)	4,476	788,163
Trust funds held by Rainy River District First Nations Trust	165,355	131,655
Portfolio investments, at cost (Note 8)	11,407,803	11,144,728
Government business enterprises and business partnerships (Note 9)	12,524,401	13,109,642
	<u>43,672,000</u>	<u>37,553,704</u>
Liabilities		
Accounts payable and accrued liabilities	938,046	1,461,377
Amounts due to government organizations (Note 10)	70,329	79,778
Deferred revenue (Note 11)	3,275,450	920,275
Long-term debt (Note 12)	13,745,084	11,583,286
	<u>18,028,909</u>	<u>14,044,716</u>
Net financial assets (Page 8)	<u>25,643,091</u>	<u>23,508,988</u>
Non-financial assets		
Tangible capital assets (Note 15)	27,116,240	22,928,590
Inventory	9,539	9,899
Prepaid expense	32,915	53,262
	<u>27,158,694</u>	<u>22,991,751</u>
Accumulated surplus (Note 14)	<u>\$ 52,801,785</u>	<u>\$ 46,500,739</u>

Contingent liabilities (Note 20)

Approved on behalf of Council


_____ Chief

Councilor

Councilor

Rainy River First Nations Consolidated Statement of Operations

For the year ended March 31	2021		2020
	Budget	Actual	Actual
Revenue			
Indigenous Services Canada	\$ 5,949,381	\$ 5,502,825	\$ 4,865,315
Health Canada	719,569	735,887	806,840
Canada Mortgage and Housing Corporation	40,020	1,180,019	151,677
Other federal grant revenue	168,564	131,852	104,951
Ontario First Nations Limited Partnership	845,075	845,075	863,911
Ministry of Community and Social Services	190,333	433,583	469,410
Ministry of Aboriginal Affairs	213,311	211,733	85,000
Ministry of Education	43,184	43,184	43,184
Other provincial grant revenue	224,053	141,349	181,790
Weechi-It-Te-Win Family Services Inc.	1,160,789	1,175,999	1,179,392
Fort Frances Tribal Area Health Authority	567,863	481,928	233,637
Shooniyaa Wa-Biitong	-	102,456	180,427
Grand Council Treaty #3	86,450	459,663	421,644
Resource revenue	607,649	1,751,501	1,469,341
Miscellaneous programs	231,060	35,007	246,750
Housing rentals	-	344,390	355,083
Management fees from affiliated Companies	200,000	370,445	347,599
Portfolio investment income	-	309,551	277,747
Rainy River First Nations Trust	2,494,870	1,095,793	1,213,153
Income from investments in government business enterprises and business partnerships	1,283,000	4,416,823	4,030,587
Income on trusts	-	100,775	96,952
Interest	57,000	35,636	154,209
	15,082,171	19,905,474	17,778,599
Expenses			
Band support and administration	1,608,170	2,018,120	1,765,095
Education	2,791,687	2,568,690	2,738,119
Economic development	771,156	1,984,067	2,623,853
Health services	971,927	1,824,608	1,200,435
Community development	3,736,074	939,028	1,501,244
Family and community services	983,040	1,168,376	1,066,820
Capital maintenance	616,255	771,125	506,292
Social services	249,909	518,059	529,810
Operations and maintenance	498,763	427,752	388,163
Housing	346,934	584,614	465,721
Water treatment	113,672	158,050	132,112
Waste water	57,590	99,874	66,853
Trust implementation	217,823	138,440	150,508
Cultural	-	361,772	435,106
Summer students	-	41,853	130,552
	12,963,000	13,604,428	13,700,683
Annual surplus	\$ 2,119,171	\$ 6,301,046	\$ 4,077,916

Rainy River First Nations

Consolidated Statement of Changes in Accumulated Surplus

For the year ended March 31	Budget	2021	2020
Accumulated surplus, beginning of year	\$ 46,500,739	\$ 46,500,739	\$ 42,422,823
Annual surplus	<u>2,119,171</u>	<u>6,301,046</u>	<u>4,077,916</u>
Accumulated surplus, end of year	<u>\$ 48,619,910</u>	<u>\$ 52,801,785</u>	<u>\$ 46,500,739</u>

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

For the year ended March 31	Budget	2021	2020
Annual surplus (Page 6)	\$ 2,119,171	\$ 6,301,046	\$ 4,077,916
Acquisition of tangible capital assets	(7,072,952)	(5,455,777)	(3,725,999)
Amortization of tangible capital assets	-	1,268,127	948,290
	(4,953,781)	2,113,396	1,300,207
Use (acquisition) of inventory	-	360	(9,899)
Use (acquisition) of prepaid expenses	-	20,347	5,263
Net change in net financial assets	(4,953,781)	2,134,103	1,295,571
Net financial assets, beginning of year	23,508,988	23,508,988	22,213,417
Net financial assets, end of year	\$ 18,555,207	\$ 25,643,091	\$ 23,508,988

Rainy River First Nations Consolidated Statement of Cash Flows

For the year ended March 31	2021	2020
Cash flows from operating activities		
Annual surplus	\$ 6,301,046	\$ 4,077,916
Adjustments for		
Amortization of tangible capital assets	1,268,127	948,290
Net income from government business enterprises	(4,416,823)	(4,030,587)
	<u>3,152,350</u>	<u>995,619</u>
 Changes in non-cash working capital		
Accounts receivable	(113,256)	(465,519)
Amounts due from government organizations	54,285	822,951
Inventory	360	(9,899)
Prepaid expense	20,347	5,263
Trust funds	749,987	(96,952)
Accounts payable	(523,331)	654,289
Amounts due to government organizations	(9,449)	(6,338)
Deferred revenue	2,355,175	(367,003)
	<u>2,534,118</u>	<u>536,792</u>
	<u>5,686,468</u>	<u>1,532,411</u>
 Cash flows from capital activities		
Purchase of tangible capital assets	(5,455,777)	(3,725,999)
 Cash flows from investing activities		
Repayment from (advances to) affiliated Companies	(97,168)	215,215
Distributions from (purchase of equity in) affiliated Companies	5,002,064	5,615,963
Withdrawal (purchase) of portfolio investments	(263,075)	(1,873,092)
Withdrawal (purchase) of term deposits	(2,439)	(53,956)
	<u>4,639,382</u>	<u>3,904,130</u>
 Cash flows from financing activities		
Repayment of long-term debt	2,161,798	(373,273)
 Net increase in cash and cash equivalents	<u>7,031,871</u>	<u>1,337,269</u>
 Cash and cash equivalents, beginning of year	<u>9,620,393</u>	<u>8,283,124</u>
 Cash and cash equivalents, end of year	<u>\$ 16,652,264</u>	<u>\$ 9,620,393</u>

Rainy River First Nations Notes to Consolidated Financial Statements

March 31, 2021

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 Chartered Professional Accountants (CPA) Canada Public Sector Accounting 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 Nation; and
- 2) owned or controlled by the First Nation.

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. Accounting policies of consolidated and proportionately consolidated entities are conformed to those of the First Nation and inter-organizational balances and transactions are eliminated upon consolidation. Other Government Organizations include:

Manitou Community Holdings Trust
Manitou Business Management Trust
Manitou Holdings Limited Partnership
Manitou Mounds Inc.
Rainy River First Nations Community Trust
Rainy River First Nations Development Corporation
Rainy River First Nations Power Corporation
Wildland Enterprises Ltd.
Ziibi Anishinaabe Investments Inc.

The First Nations' government business enterprises consist of investments in:

Little Fork Land Holdings Limited Partnership (LP)
Enterprises held through Manitou Community Holdings Trust
Enterprises held through Manitou Business Management Trust

These investments are accounted for using the modified equity basis of accounting as disclosed in Note 9 to these consolidated financial statements.

Rainy River First Nations Notes to Consolidated Financial Statements

March 31, 2021

1. Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

Business partnerships are contractual arrangements between the government reporting entity and a party or parties outside of the government reporting entity. The First Nations' government business partnerships consist of partnership units held in:

Aazhogan Limited Partnership
Onikaajigan Construction, LP
Rainy River First Nations Solar Limited Partnership

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

Under the modified equity method of accounting, only the First Nation's investment in the entity and the First Nation's portion of the entity's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the entity that are different from those of the First Nation and inter-organizational balances and transactions are not eliminated.

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.

Rainy River First Nations

Notes to Consolidated Financial Statements

March 31, 2021

1. Summary of Significant Accounting Policies (continued)

Amortization	<p>Amortization is calculated on the cost of tangible capital assets, on a straight-line basis over the following number of years:</p> <table><tr><td>Buildings</td><td>25 years</td></tr><tr><td>Equipment and vehicles</td><td>5 years</td></tr><tr><td>Computers</td><td>3 years</td></tr><tr><td>Manitou Mounds Project</td><td>25 years</td></tr><tr><td>Infrastructure</td><td>30 to 40 years</td></tr></table>	Buildings	25 years	Equipment and vehicles	5 years	Computers	3 years	Manitou Mounds Project	25 years	Infrastructure	30 to 40 years
Buildings	25 years										
Equipment and vehicles	5 years										
Computers	3 years										
Manitou Mounds Project	25 years										
Infrastructure	30 to 40 years										
Program Surpluses	<p>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.</p>										
Investments	<p>Portfolio 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. The carrying value of a portfolio investment is written down to its net realizable amount if a decline in value is determined to be other than temporary.</p>										
Revenue Recognition	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Rentals and other fees are recognized in the month that the related unit is rented or the fee for service is provided.</p> <p>Interest income is recognized in accordance with terms of the related instrument.</p>										

Rainy River First Nations Notes to Consolidated Financial Statements

March 31, 2021

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	<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 allowance for doubtful accounts receivable, the useful lives of tangible capital assets and accrued liabilities.</p>

Rainy River First Nations

Notes to Consolidated Financial Statements

March 31, 2021

2. Cash and Cash Equivalents

Cash and cash equivalents are comprised of the following:

	2021	2020
Unrestricted bank account balances	\$ 15,383,934	\$ 8,345,823
Internally restricted bank account balances		
Bank account restricted for the future repayment of the Solar Project Loan (Note 12)	1,268,330	1,274,570
	<u>\$ 16,652,264</u>	<u>\$ 9,620,393</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 (2.45% as at March 31, 2021) minus 1%. The line of credit was unutilized as at March 31, 2021.

3. Term Deposits

	2021	2020
CMHC replacement reserve - term deposits.		
Guaranteed investment certificates (GIC's) with interest rates from 0.30% to 0.75% and maturity dates from April 9, 2021, to March 30, 2022	\$ 503,197	\$ 500,758

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

	2021	2020
Loans receivable	\$ 30,553	\$ 36,236
Housing loans	29,961	29,961
Accounts receivable	1,645,213	1,531,957
Rents receivable	401,971	412,598
	<u>2,107,698</u>	<u>2,010,752</u>
Allowance for doubtful accounts	462,485	478,795
	<u>\$ 1,645,213</u>	<u>\$ 1,531,957</u>

Rainy River First Nations Notes to Consolidated Financial Statements

March 31, 2021

5. Amounts Due from Governmental Organizations

	2021	2020
Federal Government		
Indigenous Services Canada	\$ 78,589	\$ 81,238
Health Canada	43,326	79,191
Canada Mortgage and Housing Corporation	18,624	12,640
Provincial Government		
Ministry of Community and Social Services	-	4,547
Ministry of Aboriginal Affairs	8,500	8,500
Ministry of Health and Long-Term Care	9,922	7,793
Ministry of Fisheries and Oceans	-	19,337
	<u>\$ 158,961</u>	<u>\$ 213,246</u>

6. Advances to (from) Affiliated Companies

	Payment Terms	Interest Rate	2021	2020
Manitou Mounds Foundation	unspecified	unspecified	\$ (104,587)	\$ (107,025)
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	112,462
Solar General Partnership, Inc.	unspecified	unspecified	(51)	(51)
Long Sault Lumber Co. Ltd.	unspecified	unspecified	490,813	472,062
Ziibi Anishinaabe Investments Inc.	unspecified	unspecified	75,979	-
			<u>1,015,982</u>	<u>918,814</u>
Allowance for doubtful advances			<u>405,652</u>	<u>405,652</u>
			<u>\$ 610,330</u>	<u>\$ 513,162</u>

Rainy River First Nations Notes to Consolidated Financial Statements

March 31, 2021

7. Trust Funds Held by Federal Government

	March 31, 2020	Additions 2021	Withdrawals 2021	March 31, 2021
Revenue	\$ 729,903	\$ 67,074	\$ (792,501)	\$ 4,476
Capital	58,260	-	(58,260)	-
	<u>\$ 788,163</u>	<u>\$ 67,074</u>	<u>\$ (850,761)</u>	<u>\$ 4,476</u>

Trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

8. Portfolio Investments, at cost

	2021	2020
CIBC portfolio - cash and cash equivalents	\$ 193,202	\$ 502,763
CIBC portfolio - Heritage investment account - high interest savings account	349,679	348,704
CIBC portfolio - equity investments		
New Gold Inc. (quoted market value at March 31, 2021, of \$1,204,567).	2,484,315	2,484,315
Other Canadian equity investments (quoted market value at March 31, 2021, of \$6,984,295).	6,868,099	6,343,745
American equity investments (quoted market value at March 31, 2021, of \$602,640).	592,095	724,271
Foreign equity investments (quoted market value at March 31, 2021, of \$690,680).	697,891	520,007
Global infrastructure mutual fund (quoted market value at March 31, 2021, of \$83,288).	95,422	93,866
Investment in Senic River Mall Inc.	10	10
Investment in Rainy Lake Tribal Development Corporation	100,012	100,012
Investment in Rainy Lake Tribal Resource Management	7,035	7,035
Investment in Indigenous Diabetes Wound Care	20,000	20,000
Investment in Boundary Waters Forest Management Corp.	43	-
	<u>\$ 11,407,803</u>	<u>\$ 11,144,728</u>

Rainy River First Nations Notes to Consolidated Financial Statements

March 31, 2021

9. Government Business Enterprises and Business Partnerships, at modified equity

Ozaanaman Engineering, LP

Ozaanaman Engineering, LP is a business partnership that was created for the purpose of carrying on the business of engineering and consulting. It operated under a shared control agreement.

Manitou Community Holdings Trust

Manitou Community Holdings Trust was created for purposes of managing investments for the benefit of Rainy River First Nations.

Aazhogan Limited Partnership

Aazhogan Limited Partnership is a business partnership that was created for the purpose of the purchase and operation of an international bridge.

Onikaajigan Construction, LP

Onikaajigan Construction, LP is a business 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.

Manitou Business Management Trust

Manitou Business Management Trust was created for purposes of managing investments for the benefit of Rainy River First Nations.

Rainy River First Nations Solar Limited Partnership

Rainy River First Nations Solar Limited Partnership is a business 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.

Little Fork Land Holdings, LP

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

Rainy River First Nations Notes to Consolidated Financial Statements

March 31, 2021

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

	Ozaanaman Engineering, LP	Onikaajigan Construction, LP	Aazhogan Limited Partnership	Rainy River First Nations Solar Limited Partnership	Little Fork Land Holdings, LP	Manitou Community Holdings Trust Investments	Manitou Business Management Trust Investments	Total
Percentage ownership	40%	44.99%	50%	51%	100%	100%	100%	
Carrying value, March 31, 2019	\$ 50,674	\$ 2,825,450	\$ -	\$ 9,609,590	\$ 1,269,414	\$ 939,890	\$ -	\$ 14,695,018
Purchase of shares/units/partners capital	-	-	-	-	-	-	-	-
Dividends/distributions/return of partners capital	(49,261)	(2,820,951)	-	(2,600,065)	(145,686)	-	-	(5,615,963)
Share of net income (loss)	(1,413)	1,297,599	-	2,517,752	145,686	70,963	-	4,030,587
Carrying value, March 31, 2020	-	1,302,098	-	9,527,277	1,269,414	1,010,853	-	13,109,642
Purchase of shares/units/partners capital	-	-	52,383	-	-	-	-	52,383
Dividends/distributions/return of partners capital	-	(1,099,534)	-	(3,823,012)	(131,901)	-	-	(5,054,447)
Share of net income (loss)	-	(25,660)	(35,558)	3,650,535	131,901	692,147	3,458	4,416,823
Carrying value, March 31, 2021	\$ -	\$ 176,904	\$ 16,825	\$ 9,354,800	\$ 1,269,414	\$ 1,703,000	\$ 3,458	\$ 12,524,401
Balance comprised of:								
Shares/partners contributions	\$ -	\$ 4,499	\$ 52,383	\$ 51	\$ 800,457	\$ 10	\$ 100	\$ 857,500
Share of cumulative net earnings	-	172,405	(35,558)	9,354,749	468,957	1,702,990	3,358	11,666,901
	\$ -	\$ 176,904	\$ 16,825	\$ 9,354,800	\$ 1,269,414	\$ 1,703,000	\$ 3,458	\$ 12,524,401

During the year, the First Nation received management fees from related parties of \$370,445 (\$347,599 in 2020) comprised of \$370,445 from Manitou Forest Products Limited (\$272,599 in 2020), and \$NIL from Rainy River First Nations Development Corporation (\$75,000 in 2020).

Rainy River First Nations Notes to Consolidated Financial Statements

March 31, 2021

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

	Ozaanaman Engineering, LP	Onikaajigan Construction, LP	Aazhogan Limited Partnership	Rainy River First Nations Solar Partnership	Little Fork Land Holdings, LP	Manitou Community Holdings Trust Investments	Manitou Business Management Trust Investments
Financial position							
Current assets	\$ -	\$ 399,881	\$ 70,308	\$ 16,838,796	\$ -	\$ 2,071,673	\$ 109,185
Long-term assets	-	530,000	873,187	106,482,861	1,269,414	1,764,590	-
	-	929,881	943,495	123,321,657	1,269,414	3,836,263	109,185
Current liabilities	-	6,134	962,330	8,082,109	-	1,122,595	105,727
Long-term liabilities	-	530,667	52,283	92,681,527	-	1,010,668	-
	-	536,801	1,014,613	100,763,636	-	2,133,263	105,727
Share capital	-	-	-	-	-	10	-
Net equity (deficit), end of year	-	393,080	(71,118)	22,558,021	1,269,414	1,702,990	3,458
	-	393,080	(71,118)	22,558,021	1,269,414	1,703,000	3,458
	-	929,881	943,495	123,321,657	1,269,414	3,836,263	109,185
Results of operations							
Revenues	\$ -	\$ 889,501	\$ -	\$ 21,746,637	\$ 135,600	\$ 4,104,040	\$ 240,000
Operating expenses	-	946,537	71,118	14,589,261	3,699	3,411,893	236,542
	-	(57,036)	(71,118)	7,157,376	131,901	692,147	3,458
Net income (loss)	-	2,892,799	-	21,937,787	1,269,414	1,010,843	-
Net equity, beginning of year	-	(2,442,683)	-	(6,537,142)	(131,901)	-	-
Dividends/distributions	-	-	-	-	-	-	-
Net equity (deficit), end of year	-	393,080	(71,118)	22,558,021	1,269,414	1,702,990	3,458

Rainy River First Nations Notes to Consolidated Financial Statements

March 31, 2021

10. Amounts Due to Governmental Organizations

	<u>2021</u>	<u>2020</u>
Federal government - ISC	\$ 16,400	\$ 16,400
Federal government - HST	28,929	38,378
Ministry of Community and Social Services	25,000	25,000
	<u>\$ 70,329</u>	<u>\$ 79,778</u>

Rainy River First Nations

Notes to Consolidated Financial Statements

March 31, 2021

11. Deferred Revenue

	2020	Funding received 2021	Revenue recognized 2021	2021
Federal Government				
ISC				
Capital - block funding	\$ -	\$ 386,245	\$ (386,245)	\$ -
Capital - fixed funding	3,970	537,373	(541,343)	-
Community Opportunity Readiness Program - fixed funding	-	196,792	(196,792)	-
LEDSP	2,279	-	-	2,279
COVID-19 funding	-	404,342	(313,397)	90,945
First Nations Land Management	-	144,433	-	144,433
Water Treatment Plant	-	250,000	(6,287)	243,713
Land Survey	-	41,901	-	41,901
Child and Family Services	312,323	165,267	(127,449)	350,141
Highway Development Plan	50,733	-	-	50,733
Health Canada - Jordan's Principle	60,602	(11,000)	(49,602)	-
CMHC - Rapid Housing	-	1,587,117	(931,642)	655,475
Heritage Canada	-	100,250	(32,388)	67,862
Provincial Government				
MCSS - Social Services	26,812	425,984	(433,583)	19,213
Ministry of Health - Home and Community Care Enhancements	-	97,299	(43,181)	54,118
Ontario Arts Council	79,329	30,000	(52,758)	56,571
Other				
OFNLP	-	845,075	(845,075)	-
Rainy River First Nations Trust				
Land claims	16,238	185,508	(185,821)	15,925
Trust projects	122,399	1,832,407	(909,971)	1,044,835
FFTAHS				
Healthy babies	-	37,196	(37,196)	-
Jordan's Principle	163,852	248,537	(321,444)	90,945
Children's Oral Health Initiative	3,261	9,008	(12,269)	-
Other deferred revenue - Watershed program	-	119,262	(79,853)	39,409
First Nations Land Management Resource Centre	55,563	78,991	(50,464)	84,090
Weechi-It-Te-Win Language Table	22,914	10,000	(6,684)	26,230
Shooniyaa - IELCC	-	106,011	239	106,250
Grand Council Treaty #3 Customary Care Code	-	90,382	-	90,382
	<u>\$ 920,275</u>	<u>\$ 7,918,380</u>	<u>\$ (5,563,205)</u>	<u>\$ 3,275,450</u>

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, 2021

12. Long-term Debt

	2021	2020
CMHC mortgage (new 10 unit), repayable in monthly installments of \$4,612 including interest at 1.43%, maturing March 1, 2027.	\$ 314,373	\$ 364,214
CMHC mortgage payable - 20051488003, repayable in monthly installments of \$4,410 including interest at 2.48%, maturing June 1, 2033.	591,549	632,443
CMHC mortgage payable - 20051488002, repayable in monthly installments of \$3,215 including interest at 1.50%, maturing June 1, 2032.	394,988	427,002
CMHC mortgage payable - 10618932004, repayable in monthly installments of \$4,353 including interest at 1.30%, maturing April 1, 2022.	55,487	106,019
CIBC demand loan, repayable in monthly installments of \$1,392 plus interest at prime minus 1% (1.45% effective rate), maturing September 1, 2025.	75,128	91,832
CIBC demand loan, repayable in monthly installments of \$667 plus interest at prime minus 1% (1.45% effective rate), matured March 1, 2021.	-	8,000
CIBC demand loan, repayable in monthly installments of \$552 plus interest at prime minus 1% (1.45% effective rate), maturing November 1, 2022.	9,370	15,994
CIBC demand loan for construction of New Administration Office. During the construction phase, loan is repayable at interest only charged and payable monthly at the CIBC prime rate (2.45% at March 31, 2021). Upon completion of construction, loan is repayable in monthly blended payments over a maximum amortization of 15 years.	3,713,218	610,629
Carried forward	\$ 5,154,113	\$ 2,256,133

Rainy River First Nations Notes to Consolidated Financial Statements

March 31, 2021

12. Long-term Debt (continued)

	2021	2020
Carried forward	\$ 5,154,113	\$ 2,256,133
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.	8,590,971	9,327,153
	\$ 13,745,084	\$ 11,583,286

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
2022	\$ 1,059,212	\$ 391,029	\$ 1,450,241
2023	1,196,834	360,885	1,557,719
2024	1,332,369	324,503	1,656,872
2025	1,233,059	286,040	1,519,099
2026	1,469,022	247,062	1,716,084
Thereafter	7,454,588	738,785	8,193,373
	\$ 13,745,084	\$ 2,348,304	\$ 16,093,388

	2021	2020
Interest expense for the year on long-term debt	\$ 419,619	\$ 362,689

Rainy River First Nations Notes to Consolidated Financial Statements

March 31, 2021

13. Government Transfers

	2021			2020		
	Operating	Capital	Total	Operating	Capital	Total
Federal government transfers:						
Indigenous Services Canada	\$ 5,110,293	\$ 392,532	\$ 5,502,825	\$ 4,128,105	\$ 737,210	\$ 4,865,315
Health Canada	735,887	-	735,887	806,840	-	806,840
Canada Mortgage and Housing Corporation	248,377	931,642	1,180,019	151,677	-	151,677
Other federal transfers	131,852	-	131,852	104,951	-	104,951
	\$ 6,226,409	\$ 1,324,174	\$ 7,550,583	\$ 5,191,573	\$ 737,210	\$ 5,928,783
Provincial government transfers:						
Ministry of Community and Social Services	\$ 433,583	-	\$ 433,583	\$ 469,410	-	\$ 469,410
Ministry of Aboriginal Affairs	211,733	-	211,733	85,000	-	85,000
Ministry of Education	43,184	-	43,184	43,184	-	43,184
Other provincial transfers	141,349	-	141,349	181,790	-	181,790
	\$ 829,849	\$ -	\$ 829,849	\$ 779,384	\$ -	\$ 779,384

Rainy River First Nations Notes to Consolidated Financial Statements

March 31, 2021

14. Accumulated Surplus

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

	<u>2021</u>	<u>2020</u>
Investment in tangible capital assets		
Tangible capital assets	\$ 27,116,240	\$ 22,928,590
Debt relating to tangible capital assets	(5,154,113)	(2,256,133)
Total investment in tangible capital assets	21,962,127	20,672,457
Operations	25,720,464	20,398,665
Equity in trusts	4,476	788,163
Equity in enterprises	3,933,430	3,773,346
	<u>51,620,497</u>	<u>45,632,631</u>
Reserves and reserve funds		
CMHC replacement reserve funds	451,574	447,456
Reserve for professional development	64,775	46,479
Reserve for forestry and mining	664,939	374,173
	<u>1,181,288</u>	<u>868,108</u>
	<u>\$ 52,801,785</u>	<u>\$ 46,500,739</u>

Rainy River First Nations

Notes to Consolidated Financial Statements

March 31, 2021

15. Tangible Capital Assets (continued)

	2020					
	Land	Buildings and housing	Infrastructure	Equipment and Vehicles	Manitou Mounds Project	Computers
Cost, beginning of year	\$ 10,624,260	\$ 15,847,899	\$ 6,099,839	\$ 3,746,722	\$ 2,053,904	\$ 160,437
Additions	-	3,444,992	246,770	34,237	-	-
Disposals	-	-	-	-	-	-
Cost, end of year	10,624,260	19,292,891	6,346,609	3,780,959	2,053,904	160,437
Accumulated amortization, beginning of year	-	9,285,285	4,251,400	3,111,336	1,573,722	160,437
Amortization	-	474,974	138,754	252,406	82,156	-
Disposals	-	-	-	-	-	-
Accumulated amortization, end of year	-	9,760,259	4,390,154	3,363,742	1,655,878	160,437
Net carrying amount, end of year	\$ 10,624,260	\$ 9,532,632	\$ 1,956,455	\$ 417,217	\$ 398,026	\$ -
						\$ 22,928,590

Rainy River First Nations Notes to Consolidated Financial Statements

March 31, 2021

16. Related Entities

Manitou Mounds Foundation

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, 2021, amount to \$113,789 (2020 - \$115,677) including amounts due from Rainy River First Nations of \$104,587 (2020 - \$107,025).

Rainy River First Nations Trust

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, 2020, amount to \$91,652,639 (\$86,445,418 in 2019). During the year ended March 31, 2021, the First Nation received grants of \$1,095,793 (\$1,213,153 in 2020) from the Trust.

The net assets and results from operations of Manitou Mounds Foundation and Rainy River First Nations 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.

Manitou Mounds Inc.

Rainy River First Nations has provided operating grants to Manitou Mounds Inc. of \$6,776,422 since inception of the facility, including \$189,358 in the current year.

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. 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 2021 was \$199,177 (\$151,677 in 2020).

Rainy River First Nations

Notes to Consolidated Financial Statements

March 31, 2021

19. ISC Funding Reconciliation

Total funding as per ISC funding confirmation	\$ 6,057,665
Adjustment for changes in deferred revenue	<u>(554,840)</u>
ISC revenue	<u>\$ 5,502,825</u>

20. Contingent Liabilities

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.

The First Nation is presently engaged as a defendant in a legal claim arising from employment disputes. The First Nation believes that it is too premature to make any evaluation of the possible outcomes or possible settlement amounts of these claims. Consequently, no provision for these claims has been made in the consolidated financial statements.

21. Budget

The budget was prepared on a modified accrual basis while Canadian public sector accounting standards now require a full accrual basis. The budget figures anticipated the use of accumulated operating surpluses from previous years to reduce current expenses in excess of current year revenues. In addition, the budget did not include amortization expense and it considered tangible capital asset additions as current year expenses. As a result, the budget figures presented in the consolidated statements of operations and changes in net financial assets represent the Financial Plan adopted by Council, with adjustments as follows:

	<u>2021</u>
Financial Plan (budget) deficit for the year	\$ (4,028,819)
Add:	
Capital expenditures	7,072,952
Loan principal payments	23,328
Less:	
Amortization	<u>(948,290)</u>
Budget surplus per consolidated statement of operations	<u>\$ 2,119,171</u>

Rainy River First Nations Notes to Consolidated Financial Statements

March 31, 2021

22. Expenses by Object

	2021	2020
Salaries, wages and employee benefits	\$ 3,572,084	\$ 2,878,023
Materials and supplies	7,992,027	9,266,475
Contracted services	-	27,859
Rents and financial expenses	635,441	273,833
Travel	136,748	306,203
Amortization	1,268,128	948,290
	<u>\$ 13,604,428</u>	<u>\$ 13,700,683</u>

23. Uncertainty Due to COVID-19

As the impact of COVID-19 continues, there could be further impact on the First Nation, its funders, employees and its suppliers. Management and Chief and Council are actively monitoring the effects of the global pandemic on the First Nations' financial condition, liquidity, investments, operations, suppliers, industry and workforce. Management does not anticipate any declines in revenue as their primary source of funding is Indigenous Services Canada. Funding from the federal and provincial levels of government are expected to continue as normally scheduled. However, given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the First Nation is not able to fully estimate the effects of COVID-19 on its future results of operations, financial condition and liquidity at this time.

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 Notes to Consolidated Financial Statements

March 31, 2021

25. 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 and 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, including housing construction and renovations.

Social Services

This segment contains activities that provide financial support or support by other means to Band members, 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 provides a wide variety of other services, including youth employment projects, economic development, housing activities and others.

Rainy River First Nations 2021 Segment Disclosure

For the year ended March 31, 2021	Band Support	Operations and Maintenance	Education	Social Services	Minor Capital	Other	Total
Revenue							
ISC	\$ 562,194	\$ 147,290	\$ 2,661,902	\$ 143,583	\$ 683,874	\$ 1,303,982	\$ 5,502,825
Canada	-	-	-	-	980,841	1,134,779	2,115,620
Ontario	-	-	-	433,583	-	396,266	829,849
Casino Rama	-	-	-	-	-	845,075	845,075
Trust income	-	-	-	-	-	1,095,793	1,095,793
Other Aboriginal Organizations	-	-	-	-	-	2,220,046	2,220,046
Interest, rentals and other	424,828	22,890	-	-	-	6,848,548	7,296,266
Administration	36,409	-	-	(3,000)	-	(33,409)	-
Transfers	366,341	115,005	(286,121)	(56,107)	(38,454)	(100,664)	-
	1,389,772	285,185	2,375,781	518,059	1,626,261	13,710,416	19,905,474
Expenditures							
Salaries, wages and benefits	805,823	119,297	-	75,895	52,306	2,518,763	3,572,084
Materials, supplies and capital	247,741	165,887	2,361,809	441,790	496,579	4,278,221	7,992,027
Rents and financial expenses	460,105	-	-	-	-	175,336	635,441
Travel	52,887	-	13,972	374	-	69,515	136,748
Amortization	451,565	142,567	-	-	48,913	625,083	1,268,128
	2,018,121	427,751	2,375,781	518,059	597,798	7,666,918	13,604,428
Excess (deficiency) of revenue over expenditures	\$ (628,349)	\$ (142,566)	\$ -	\$ -	\$ -	\$ 6,043,498	\$ 6,301,046

Rainy River First Nations 2020 Segment Disclosure

For the year ended March 31, 2020	Band Support	Operations and Maintenance	Education	Social Services	Minor Capital	Other	Total
Revenue							
ISC	\$ 540,414	\$ 143,835	\$ 2,508,788	\$ 64,157	\$1,120,034	\$ 488,087	\$ 4,865,315
Canada	-	-	-	-	-	1,063,468	1,063,468
Ontario	-	-	-	469,410	-	309,974	779,384
Casino Rama	-	-	-	-	-	863,911	863,911
Trust income	-	-	-	-	-	1,213,153	1,213,153
Other Aboriginal Organizations	37,471	-	-	-	-	1,977,629	2,015,100
Interest, rentals and other	481,796	510	-	-	6,000	6,489,962	6,978,268
Administration	191,416	73,846	-	-	-	(265,262)	-
Transfers	330,991	-	(126,670)	(3,757)	(452,542)	251,978	-
	1,582,088	218,191	2,382,118	529,810	673,492	12,392,900	17,778,599
Expenditures							
Salaries, wages and benefits	804,004	63,772	-	116,382	-	1,893,865	2,878,023
Materials, supplies and capital	345,946	154,419	2,529,620	402,749	426,723	5,407,018	9,266,475
Contracted services	-	-	-	-	-	27,859	27,859
Rents and financial expenses	243,778	-	-	-	-	30,055	273,833
Travel	145,655	-	13,673	10,679	-	136,196	306,203
Amortization	225,711	169,972	-	-	41,922	510,685	948,290
	1,765,094	388,163	2,543,293	529,810	468,645	8,005,678	13,700,683
Excess (deficiency) of revenue over expenditures	\$ (183,006)	\$ (169,972)	\$ (161,175)	\$ -	\$ 204,847	\$ 4,387,222	\$ 4,077,916