
ROSEAU RIVER ANISHINABE
FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

JAN 31 2017

ROSEAU RIVER ANISHINABE FIRST NATION

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

INDEPENDENT AUDITORS' REPORT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....STATEMENT 1

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS.....STATEMENT 2

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBTSTATEMENT 3

CONSOLIDATED STATEMENT OF CASH FLOWSSTATEMENT 4

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Roseau River Anishinabe First Nation are the responsibility of management and have been approved by Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

Chief and Council 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 consolidated financial statements and the external auditors' report.

The external auditors, Collins Barrow HMA LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to the financial management of Roseau River Anishinabe First Nation and meet when required.

Chief

Councillor

Councillor

Councillor

Councillor

INDEPENDENT AUDITORS' REPORT

To the Chief, Council and Membership
Roseau River Anishinabe First Nation

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. However, due to the matters described in the Basis for Disclaimer of Opinion paragraphs, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

During the year the First Nation demonstrated significant weaknesses in internal controls. As a result we were not able to gain satisfactory audit evidence in the following areas:

Opening Balances

The audit of the First Nation's financial statements for the year ended March 31, 2014 resulted in a Disclaimer of Opinion. As opening balances affect the determination of the current year results of operations, we were unable to determine whether adjustments might be necessary for the year ended March 31, 2015 pertaining to prior period amounts. Further we were unable to determine if adjustments are required to the corresponding figures for the year ended March 31, 2014.

Supporting Documentation

Appropriate supporting documentation for the vast majority of transactions occurring during the year within the Roseau River Anishinabe First Nation Community Development Account and Roseau River Anishinabe First Nation Own Source Revenue entities was not provided to the auditors for their examination. We were unable to satisfy ourselves by alternative means concerning any of the balances reported in the financial statements of these two entities. As a result, we were unable to determine whether any adjustments might have been found necessary with respect to any of the balances as reported in the financial statements of these two entities.

INDEPENDENT AUDITORS' REPORT *continued*

Long Term Investments

We have been unable to satisfy ourselves over the completeness, existence, and valuation of long term investments. The Urban Housing segment for Ginew Housing Authority Inc. and the Kiinu Gaming Centre entity have not been consolidated within these financial statements due to incomplete financial reporting. As a result, we were not able to assess whether potentially material adjustments were required to long term investments and gain or loss on investments.

Tangible Capital Assets

We have been unable to satisfy ourselves over the completeness, existence, and valuation of tangible capital assets as well as the accuracy of the amounts recorded in accumulated amortization. Appropriate supporting documentation to support the additions and disposals during the year ended March 31, 2015, specifically for the community buildings and infrastructure categories, were not provided to the auditors for their examination. As a result, we were not able to assess whether potentially material adjustments were required to tangible capital assets, accumulated amortization, amortization expense and gain (loss) on disposal of tangible capital assets.

Contingencies and Commitments

We have been unable to satisfy ourselves with the completeness and existence of contingencies and commitments both for and/or against the First Nation. We have not been able to make the necessary enquiries nor were we able to obtain or review applicable documents. As a result, we were not able to assess whether potentially material adjustments were required to accrue and/or disclose any contingencies and commitments.

Disclaimer of Opinion

Due to the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Winnipeg, Manitoba
January 27, 2017

Collins Barrow HMA LLP

Chartered Professional Accountants



ROSEAU RIVER ANISHINABE FIRST NATION

STATEMENT 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

	2015	2014
FINANCIAL ASSETS		
Cash	\$ 2,384,740	\$ 1,442,730
Restricted cash (Note 3)	96,303	83,827
Short term investments	181,235	159,956
Accounts receivable (Note 4)	741,466	723,450
Long term investments (Note 5)	993,115	837,428
	<u>4,396,859</u>	<u>3,247,391</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	1,511,642	1,390,027
Deferred revenue (Note 7)	136,572	41,005
Long term debt (Note 8)	4,258,288	4,370,548
	<u>5,906,502</u>	<u>5,801,580</u>
NET DEBT	(1,509,643)	(2,554,189)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	7,461,431	7,475,521
Prepaid expenses	57,926	39,213
	<u>7,519,357</u>	<u>7,514,734</u>
ACCUMULATED SURPLUS (Note 10)	\$ <u>6,009,714</u>	\$ <u>4,960,545</u>
CONTINGENT LIABILITIES (Note 11)		
COMMITMENTS (Note 12)		

Approved on behalf of Chief and Council

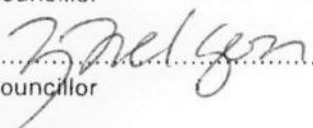
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 Chief

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 Councillor

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 Councillor

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 Councillor

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 Councillor

ROSEAU RIVER ANISHINABE FIRST NATION

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEAR ENDED MARCH 31

	2015	2014
REVENUE		
Aboriginal Affairs and Northern Development Canada (<i>Note 13</i>)	\$ 4,629,313	\$ 4,892,599
Aboriginal Affairs and Northern Development Canada - funding recoveries	(15,434)	(34,488)
First Nations and Inuit Health	2,246,757	2,018,261
Canada Mortgage and Housing Corporation	304,544	364,531
Canada Mortgage and Housing Corporation - funding recovery		(795,391)
Own source revenue	2,732,073	1,157,489
Community development account trust allocation	1,298,726	2,484,135
Province of Manitoba	1,120,939	1,315,798
Lease and rental income	918,065	795,378
Other revenue	804,172	905,664
First Peoples Development Inc.	488,608	525,356
Deferred from prior year	41,005	30,319
Deferred to subsequent year	(136,572)	(41,005)
	<u>14,432,196</u>	<u>13,618,646</u>
EXPENDITURES		
Band Government	212,681	264,229
Community Development Account	1,309,379	1,947,247
Economic Development	59,125	89,003
Education	430,831	443,717
Employment and Training	367,101	278,546
Ginew Housing Authority Inc.	700,230	1,415,035
Ginew Seniors Lodge	109,495	151,992
Ginew Wellness Centre	2,493,658	2,614,531
Own Source Revenue	4,221,537	3,798,342
Public Works	782,748	756,770
Social	<u>2,696,242</u>	<u>2,939,514</u>
	<u>13,383,027</u>	<u>14,698,926</u>
ANNUAL SURPLUS (DEFICIT)	1,049,169	(1,080,280)
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>4,960,545</u>	<u>6,040,825</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 6,009,714</u>	<u>\$ 4,960,545</u>

ROSEAU RIVER ANISHINABE FIRST NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED MARCH 31

	2015	2014
Annual surplus (deficit)	\$ <u>1,049,169</u>	\$ (<u>1,080,280</u>)
Acquisition of tangible capital assets	(<u>29,324</u>)	(<u>152,041</u>)
Amortization of tangible capital assets	<u>335,426</u>	<u>1,007,627</u>
Adjustment for change in accounting policy - Ginew Seniors Lodge	(<u>292,012</u>)	<u>-</u>
	<u>14,090</u>	<u>855,586</u>
Acquisition of prepaid expenses	(<u>57,926</u>)	(<u>39,213</u>)
Use of prepaid expenses	<u>39,213</u>	<u>40,692</u>
	(<u>18,713</u>)	<u>1,479</u>
CHANGE IN NET DEBT FOR YEAR	<u>1,044,546</u>	(<u>223,215</u>)
NET DEBT, <i>beginning of year</i>	(<u>2,554,189</u>)	(<u>2,330,974</u>)
NET DEBT, <i>end of year</i>	\$ (<u><u>1,509,643</u></u>)	\$ (<u><u>2,554,189</u></u>)

ROSEAU RIVER ANISHINABE FIRST NATION

STATEMENT 4

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2015	2014
CASH FLOW FROM		
<i>OPERATING ACTIVITIES</i>		
Cash received from Aboriginal Affairs and Northern Development Canada	\$ 4,610,963	\$ 5,638,857
Cash received from other sources	9,743,097	10,452,031
Cash paid to suppliers and employees	(13,029,087)	(14,402,293)
Interest on long-term debt	(207,624)	(244,784)
	<u>1,117,349</u>	<u>1,443,811</u>
<i>CAPITAL ACTIVITY</i>		
Acquisition of tangible capital assets	(29,324)	(152,041)
<i>INVESTING ACTIVITIES</i>		
Purchase of short term investments	(21,279)	(1,270)
<i>FINANCING ACTIVITY</i>		
Repayment of long term debt	(112,260)	(815,798)
NET INCREASE IN CASH DURING YEAR	954,486	474,702
CASH, <i>beginning of year</i>	<u>1,526,557</u>	<u>1,051,855</u>
CASH, <i>end of year</i>	<u>\$ 2,481,043</u>	<u>\$ 1,526,557</u>

Cash consists of the following:

Cash	\$ 2,384,740	\$ 1,442,730
Restricted cash	<u>96,303</u>	<u>83,827</u>
	<u>\$ 2,481,043</u>	<u>\$ 1,526,557</u>

ROSEAU RIVER ANISHINABE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

1. NATURE OF OPERATIONS

The Roseau River Anishinabe First Nation ("the First Nation") is located in the province of Manitoba, and provides various services to its members. The Roseau River Anishinabe First Nation financial reporting entity includes all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

These consolidated financial statements are the representations of management and have been prepared in accordance with Canadian public sector accounting standards prescribed for governments, as defined by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, which encompasses the following principles.

Sources of revenue and expenditures are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

REPORTING ENTITY

The consolidated financial statements report the financial activities of all entities and departments comprising the reporting entity of the First Nation.

PRINCIPLES OF CONSOLIDATION

All entities controlled by the First Nation are fully consolidated on a line-by-line basis except for the commercial enterprises that meet the definition of government business enterprise, which are included in the consolidated financial statements using the modified equity method of accounting.

These consolidated financial statements combine the assets, liabilities, revenue and expenditures of the following entities and departments:

- Ginew Employment and Training Services Inc.
- Ginew Housing Authority Inc.
- Ginew Seniors Lodge
- Ginew Wellness Centre
- Roseau River Anishinabe First Nation Community Development Account
- Roseau River Anishinabe First Nation Own Source Revenue
- Roseau River Anishinabe First Nation Third Party Management

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

All inter-entity balances have been eliminated on consolidation. However, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Incorporated and unincorporated business entities which are owned or controlled by the First Nation but which are not dependent on the First Nation for their continuing operations are included in the consolidated financial statements using the modified equity method of accounting. Under the modified equity method, only the First Nation's investment in the government business enterprise and the business enterprise's net income and other changes in equity are recorded. The enterprise's accounting principles are not adjusted to conform to those of the First Nation. Entities accounted for by the modified equity method include:

- Roseau River Anishinabe Limited Partnership (o/a Niichi Gaming Centre)

Kiinu Gaming Centre which operates Video Lotto terminals through a siteholder agreement between Manitoba Liquor and Lotteries Corporation and Roseau River Anishinabe First Nation, and Urban Housing which owns and leases off-reserve housing, have both not been combined within these consolidated financial statements due to the insufficient availability of financial information.

ASSET CLASSIFICATION

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets and prepaid expenses.

CASH

Cash includes cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

RESTRICTED CASH

Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

SHORT TERM INVESTMENTS

Short term investments are carried at the lower of cost and market value and consist of term deposits with varying interest rates and maturity dates.

NET DEBT

The First Nation's consolidated financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its financial liabilities less its financial assets. Net debt is comprised of two components, non-financial assets and accumulated surplus.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

NON-FINANCIAL ASSETS

The First Nation's tangible capital assets and other non-financial assets are accounted for as assets because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the First Nation unless they are sold.

TANGIBLE CAPITAL ASSETS

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods or delivering services.

Tangible capital assets acquired are reported at net book value.

Social housing assets acquired under Canada Mortgage and Housing Corporation ("C.M.H.C") sponsored programs are amortized over their estimated useful lives at a rate equivalent to the annual principal reduction in the related long term debt. Assets under construction are not amortized until the asset is available to be put into service.

Contributions received to assist in the acquisition of tangible capital assets are reported as deferred revenue and amortized at the same rate as the related asset.

Amortization of tangible capital assets is provided for on a straight line basis, over the expected useful lives of the assets as follows:

Automotive	5-10 years
Computer equipment	5-10 years
Furniture and equipment	5-10 years
Residential buildings	15-40 years

LONG-LIVED ASSETS

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Any impairment is included in the statement of operations and accumulated surplus for the year in which the asset becomes impaired.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)**REVENUE RECOGNITION*

Revenue is recognized in the year in which the transactions or events occurred that gave rise to the revenue. All revenue is recorded on an accrual basis, except when the accrual cannot be determined with a reasonable degree of certainty or when its estimation is impracticable.

Government transfer revenue which includes Aboriginal Affairs and Northern Development Canada, First Nations and Inuit Health and Canada Mortgage and Housing Corporation is recognized as revenue when the transfer is authorized and any eligibility criteria under the terms of the applicable funding agreement are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfer revenue is recognized in the statement of operations and accumulated surplus as the stipulations 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 performed is deferred and recognized when the fee is earned or service performed.

Tobacco tax rebates are recognized when the rebates have been earned from the Province of Manitoba.

All other types of revenue are recognized by the First Nation when the services are provided or the goods are shipped.

SEGMENTS

The First Nation conducts its business through eleven reportable segments as identified in Note 20. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each segment separately reported, the segment revenue and expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the Basis of Presentation and Summary of Significant Accounting Policies.

FINANCIAL INSTRUMENTS

Financial instruments include cash, restricted cash, short term investments, accounts receivable, long term investments, accounts payable and accrued liabilities, deferred revenue and long term debt. Unless otherwise stated, it is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying value of the First Nation's financial assets and liabilities approximates their fair value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2015****2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)******FAIR VALUE***

Due to the short term nature of all financial instruments other than long term investments and long term debt, the carrying values as presented in the financial statements are reasonable estimates of fair value. Management has estimated fair value by reference to established financial markets. As is true for all estimates, actual fair value could differ from this estimate, and if so any difference would be accounted for in the year in which it becomes known. For long term investments and long term debt it is not practicable within constraints of timeliness or cost to determine the fair value with sufficient reliability because these financial instruments are not traded in an organized financial market.

USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenditures during the reporting year.

Accounts receivable are stated after estimates as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the statement of operations and accumulated surplus in the year in which they become known.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

3. RESTRICTED CASH

REPLACEMENT RESERVE - GINNEW HOUSING AUTHORITY INC.

Under the terms of the operating agreements with Canada Mortgage and Housing Corporation (CMHC), the replacement reserve is to be credited with an annual allocation of \$65,033 (March 31, 2014 - \$78,593). These funds, along with accumulated interest, must be held in a separate bank account and/or invested in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Expenditures are charged to accumulated interest first and then to principal. As of March 31, 2015, an accumulated balance \$1,203,127 (March 31, 2014 - \$1,146,089) for this reserve remains unfunded and due from operating.

REPLACEMENT RESERVE - GINNEW SENIORS LODGE

Under the terms of the operating agreements with Canada Mortgage and Housing Corporation (CMHC), the replacement reserve is to be credited with an annual allocation of \$12,000 (March 31, 2014 - \$12,000). These funds, along with accumulated interest, must be held in a separate bank account and/or invested in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Expenditures are charged to accumulated interest first and then to principal. As of March 31, 2015, the accumulated balance of \$86,240 (March 31, 2014 - \$83,343) in this reserve was fully funded.

	2015	2014
Ginew Housing Authority Inc.	\$ 96,303	\$ 83,827
Ginew Seniors Lodge	<u>96,303</u>	<u>83,827</u>
	<u>\$ 96,303</u>	<u>\$ 83,827</u>

4. ACCOUNTS RECEIVABLE

	2015	2014
Aboriginal Affairs and Northern Development Canada		
Band support funding	\$ 16,459	\$ 28,016
Band support funding for third party manager services	29,907	
Community economic development	4,000	26,030
First Nations and Inuit Health		548,113
Canada Mortgage Housing Corporation	<u>907,282</u>	<u>308,480</u>
Trade and other receivables	<u>957,648</u>	<u>910,639</u>
	<u>(216,182)</u>	<u>(187,189)</u>
Less allowance for doubtful accounts	<u>\$ 741,466</u>	<u>\$ 723,450</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

5. LONG TERM INVESTMENTS

The following table presents condensed financial information for the Roseau River Anishinabe Limited Partnership (o/a Niichi Gaming Centre) which is a Video Lotto terminal site located in Roseau River Anishinabe First Nation.

	2 0 1 5	2 0 1 4
Cash	\$ 90,546	\$ 65,527
Accounts receivable	142	512
Capital assets	1,194,164	1,272,295
Prepaid expenses	-	631
Total assets	<u>\$ 1,284,852</u>	<u>\$ 1,338,965</u>
Accounts payable and accrued liabilities	\$ 19,911	\$ 25,187
Long term debt	<u>271,826</u>	<u>476,350</u>
Total liabilities	<u>291,737</u>	<u>501,537</u>
Equity	<u>993,115</u>	<u>837,428</u>
Total liabilities and equity	<u>\$ 1,284,852</u>	<u>\$ 1,338,965</u>
Revenue	6,771,947	6,194,905
Expenditures	6,487,656	6,122,786
Other items	(128,604)	(188,853)
Net income	<u>\$ 155,687</u>	<u>\$ (116,734)</u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 1 5	2 0 1 4
Aboriginal Affairs and Northern Development Canada		
2010/11 Heavy Rains	\$	\$ 25,562
2012/13 Skills Link - Information and Technology		2,952
2013/14 Skills Link - Work Placement		718
2013/14 Skills Link - Summer Student		5,256
Program recoveries	15,434	
Accrued liabilities		117,934
First Nations and Inuit Health		3,360
Trade and other payables	<u>1,496,208</u>	<u>1,234,245</u>
	<u>\$ 1,511,642</u>	<u>\$ 1,390,027</u>

7. DEFERRED REVENUE

	2 0 1 5	2 0 1 4
Employment and training	\$ 57,130	\$ 5,419
Own source revenue	<u>79,442</u>	<u>35,586</u>
	<u>\$ 136,572</u>	<u>\$ 41,005</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

8. LONG TERM DEBT

	2015	2014
Canada Mortgage and Housing Corporation mortgage, 3.14%, repayable in monthly installments of \$2,412 including interest, matures January 2017, secured by a ministerial guarantee by the Government of Canada and assignment of fire insurance.	\$ 63,847	\$ 78,360
Canada Mortgage and Housing Corporation mortgage, 3.14%, repayable in monthly installments of \$1,019 including interest, matures January 2017, secured by a ministerial guarantee by the Government of Canada and assignment of fire insurance.	27,091	33,127
Canada Mortgage and Housing Corporation mortgage, 1.71%, repayable in monthly installments of \$580 including interest, renews September 2017, matures November 2024, secured by a ministerial guarantee by the Government of Canada and assignment of fire insurance.	65,036	67,789
Canada Mortgage and Housing Corporation mortgage, 1.71%, repayable in monthly installments of \$1,848 including interest, renews September 2017, matures July 2025, secured by a ministerial guarantee by the Government of Canada and assignment of fire insurance.	219,465	228,425
Canada Mortgage and Housing Corporation mortgage, 1.71%, repayable in monthly installments of \$1,322 including interest, renews September 2017, matures September 2032, secured by a ministerial guarantee by the Government of Canada and assignment of fire insurance.	246,637	251,478
Canada Mortgage and Housing Corporation mortgage, 1.71%, repayable in monthly installments of \$7,693 including interest, renews September 2017, matures November 2021, secured by a ministerial guarantee by the Government of Canada and assignment of fire insurance.	620,230	663,014
Canada Mortgage and Housing Corporation mortgage, 1.67%, repayable in monthly installments of \$3,612 including interest, renews April 2017, matures March 2032, secured by a ministerial guarantee by the Government of Canada and assignment of fire insurance.	641,320	673,693
CIBC mortgage, 5.3%, repayable in monthly installments of \$8,007 including interest, secured by a ministerial guarantee by the Government of Canada and assignment of fire insurance, fully retired November 2015.	632,569	632,569

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

8. LONG TERM DEBT *(continued)*

	2015	2014
CIBC mortgage, 5.3%, repayable in monthly installments of \$5,948 including interest, secured by a ministerial guarantee by the Government of Canada and assignment of fire insurance, fully retired November 2015.	623,390	623,390
CIBC mortgage, 5.3%, repayable in monthly installments of \$6,762 including interest, secured by a ministerial guarantee by the Government of Canada and assignment of fire insurance, fully retired November 2015.	316,635	316,635
CIBC mortgage, 6.3%, repayable in monthly installments of \$9,748 including interest, secured by a ministerial guarantee by the Government of Canada and assignment of fire insurance, fully retired November 2015.	<u>802,068</u>	<u>802,068</u>
	<u>\$ 4,258,288</u>	<u>\$ 4,370,548</u>

The scheduled principal amounts payable within the next five years to meet retirement provisions is estimated to be as follows:

March 31, 2016	\$ 2,565,054
2017	194,223
2018	168,704
2019	159,434
2020	162,164

PAGE 10

MARCH 31, 2015

	Cost				Accumulated Amortization				Net Book Value	
	Opening Balance	Additions	Adjustments and Disposals	Closing Balance	Opening Balance	Amortization	Adjustments, Disposals and Impairment	Closing Balance	Total	
									2015	2014
Automotive	\$ 259,975	\$ 7,237	\$ 26,000	\$ 241,212	\$ 248,334	\$ 7,270	\$ 26,000	\$ 229,604	\$ 11,608	\$ 11,641
Computer equipment	174,587			174,587	141,967	9,942	13,719	138,190	36,397	32,620
Furniture and equipment	483,333	22,087		505,420	371,139	28,625		399,764	105,656	112,194
Residential buildings	<u>13,966,635</u>	<u>-</u>	<u>-</u>	<u>13,966,635</u>	<u>6,647,569</u>	<u>289,589</u>	<u>278,293</u>	<u>6,658,865</u>	<u>7,307,770</u>	<u>7,319,066</u>
	<u>\$ 14,884,530</u>	<u>\$ 29,324</u>	<u>\$ 26,000</u>	<u>\$ 14,887,854</u>	<u>\$ 7,409,009</u>	<u>\$ 335,426</u>	<u>\$ 318,012</u>	<u>\$ 7,426,423</u>	<u>\$ 7,461,431</u>	<u>\$ 7,475,521</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

10. ACCUMULATED SURPLUS

	2015	2014
Accumulated surplus (deficit) from operations	\$ 524,089	\$ (211,288)
Equity in tangible capital assets	3,203,143	3,104,973
Equity in long term investments	993,115	837,428
Replacement reserve	<u>1,289,367</u>	<u>1,229,432</u>
	<u>\$ 6,009,714</u>	<u>\$ 4,960,545</u>

11. CONTINGENT LIABILITIES

- a) The First Nation receives funding from various government agencies based on specified program needs and budgets and allocates certain expenses to the various programs. In many cases the funding agent has the right to review the accounting records to ensure compliance with the terms and conditions of their funding agreements. At this time, it was not yet determined to what extent any funding amounts related to the fiscal year ended March 31, 2016 might be recovered.

For accounting purposes, any amounts assessed or claims paid will be accounted for in the year of determination.

- b) In March of 2014 an application was filed in the court of Queen's Bench by members of Roseau River Anishinabe First Nation requesting a court order for a forensic audit of the Community Development Account for 2012 and 2013. The outcome of this application is not determinable, nor has it been established what impact such an order would have on the Community Development Account.

12. COMMITMENTS

- a) During the year ended March 31, 2013, the First Nation's Chief and Council authorized the Roseau River Anishinabe First Nation 1903 Trust ("the 1903 Trust") to secure a \$6,000,000 loan from the Bank of Montreal as per the terms of the by-law. The proceeds from the loan were transferred to the Community Development Account ("the CDA") and recorded as additional trust allotment revenue. The 1903 Trust is liable to repay the authorized loan over 10 years with annual installments. The 1903 Trust will reduce future annual allotments to the CDA by the amount of the annual loan installments paid to the Bank of Montreal, which are estimated to be \$600,000 plus interest at 5% annually.
- b) During the year ended March 31, 2014, the First Nation's Chief and Council authorized the Roseau River Anishinabe First Nation 1903 Trust ("the 1903 Trust") to secure a \$1,000,000 loan from the Bank of Montreal as per the terms of the by-law. The proceeds from the loan were transferred to the Community Development Account ("the CDA") and recorded as additional trust allotment revenue. The 1903 Trust is liable to repay the authorized loan over 10 years with annual installments. The 1903 Trust will reduce future annual allotments to the CDA by the amount of the annual loan installments paid to the Bank of Montreal, which are estimated to be \$100,000 plus interest at 5% annually.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

13. RECONCILIATION OF ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT CANADA REVENUE

	2015	2014
AANDC funding per agreement #1415-MB-000036 (MANITOBA)	\$ 4,629,313	\$ 4,863,087
2012/13 Band support funding recognized in 2013/14	<u>-</u>	<u>29,512</u>
Total AANDC revenue per financial statements	\$ <u>4,629,313</u>	\$ <u>4,892,599</u>

14. ECONOMIC DEPENDENCE

Roseau River Anishinabe First Nation receives a majority of its revenue from Aboriginal Affairs and Northern Development Canada (AANDC) and First Nations Inuit Health (FNIH) pursuant to funding arrangements with the Government of Canada. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by the funding arrangements.

15. RELATED PARTY TRANSACTIONS

In the normal course of operations, the First Nation enters into transactions with related parties. Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Due to the significant volume of transactions between the First Nation and its related parties, aggregate revenue and expenditures derived from related party transactions is not determinable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

16. SEGMENTS

The First Nation has eleven reportable segments. These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

Band Government - activities include the governance function relating to decisions that define expectations, grant power or verify performance consisting of decision-making and leadership processes.

Community Development Account - activities include the management, investment and expenditure of the annual community development allotment from the 1903 Trust.

Economic Development - benefits include better access to more and larger businesses and business opportunities both within and beyond the community and a better economic environment.

Education - activities include overseeing many aspects of educational opportunities for community members at all levels of learning both within the community and externally.

Employment and Training - activities include the delivery of culturally sensitive employment services to assist community members in identifying and overcoming potential barriers to employment and to find and maintain meaningful employment.

Ginew Housing Authority Inc. - activities include the provision of residential housing opportunities for community members.

Ginew Seniors Lodge - activities include the provision of lodging opportunities for community members and protection and care by experienced employees to those community members who can no longer care for themselves.

Ginew Wellness Centre - activities include the delivery of programs to promote community health and to address environmental issues and non-insured health benefits.

Own Source Revenue - activities include the management and expenditure of revenue generated within the community.

Public Works - activities include the planning, managing and delivery of large scale infrastructure and capital projects to the community.

Social - activities include satisfying the economic, social or health related needs of community members who require assistance.

17. COMPARATIVE FIGURES

Certain prior year comparative figures have been reclassified where necessary to conform to the financial statement presentation adopted for the current year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

18. EXPENSES BY OBJECT

	2015	2014
Administration and office	\$ 635,564	\$ 917,670
Amortization	335,426	1,007,627
Bad debts	28,993	118,364
Bank charges and interest	69,423	99,576
Business development	274,218	247,413
Capital material and equipment	867,069	792,732
Contract fee and services	2,602,398	2,276,651
Fuel	935	55,321
Insurance	75,504	98,633
Interest on long term debt	207,624	244,784
Maintenance	961,740	730,602
Other	415,064	424,860
Rent	126,660	126,902
Salaries and benefits	2,915,668	3,231,770
Social assistance	3,163,464	3,482,510
Supplies and material	120,512	181,736
Telephone and communication	113,432	140,270
Travel and accommodations	313,462	295,132
Training	49,539	56,788
Utilities	106,332	169,585
	<u>\$ 13,383,027</u>	<u>\$ 14,698,926</u>

19. BUDGET INFORMATION

The First Nation has not prepared a complete consolidated budget for the year ended March 31, 2015. Accordingly, budget figures are not presented in these consolidated financial statements.

ROSEAU RIVER ANISHINABE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PAGE 15

YEAR ENDED MARCH 31

20. SEGMENT DISCLOSURE

Roseau River Anishinabe First Nation provides a range of services to its community members. For management reporting purposes, operations and activities are reported by department. For each segment separately reported, the segment revenue and expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the Basis of Presentation and Summary of Significant Accounting Policies as described in Note 2. The segment results for the year are as follows:

	Band Government		Community Development Account		Economic Development		Education		Employment and Training	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenue:										
Federal Government										
AANDC	\$ 424,933	\$ 502,344	\$	\$	\$ 89,003	\$ 89,003	\$ 594,563	\$ 573,553	\$	\$
FNIH										
CMHC										
Subtotal	424,933	502,344			89,003	89,003	594,563	573,553		
Funding recoveries		(2,952)					(15,434)	(5,974)		
Other revenue	2,660	440	1,298,726	2,484,135					418,812	409,689
Deferred revenue		4,658				100			(51,711)	(5,419)
Total revenue	427,593	504,490	1,298,726	2,484,135	89,003	89,103	579,129	567,579	367,101	404,270
Expenditures:										
Amortization			12,265	17,497						
Debt servicing										
Salaries and benefits	101,410	94,305	144,240	306,704			66,649	63,584	64,883	51,896
Other	111,271	169,924	1,152,874	1,623,046	59,125	89,003	364,182	380,133	302,218	226,650
Total expenditures	212,681	264,229	1,309,379	1,947,247	59,125	89,003	430,831	443,717	367,101	278,546
Annual Surplus (Deficit)	\$ 214,912	\$ 240,261	\$ (10,653)	\$ 536,888	\$ 29,878	\$ 100	\$ 148,298	\$ 123,862	\$	\$ 125,724

PAGE 16

YEAR ENDED MARCH 31

20. SEGMENT DISCLOSURE (continued)

	Ginew Housing Authority Inc	Ginew Senior Lodge	Ginew Wellness Center	Own Source Revenue	Public Works
	2015	2015	2015	2015	2015
	2014	2014	2014	2014	2014
Revenue:					
Federal Government					
AANDC	\$	\$	\$	\$	\$
FNIH					
CMHC	254,340	314,327	14,000	-	809,023
		50,204	2,246,757	-	
			2,018,261		
Subtotal	254,340	314,327	2,260,757	-	809,023
		50,204	2,018,261		
Funding recoveries		(795,391)			(25,562)
Other revenue	800,138	647,196	362,445	4,375,234	35,557
		54,299	433,378	3,129,218	25,465
Deferred revenue				(43,856)	
				(35,587)	25,562
Total revenue	1,054,478	166,132	2,623,202	4,331,378	834,488
		104,503	2,451,639	3,093,631	
Expenditures:					
Amortization	169,652	783,978	117,664	3,472	
Debt servicing	196,702	230,900	138,127		2,185
Salaries and benefits	122,899	73,962	1,801,326	812,768	76,728
Other	210,977	326,195	899,908	3,405,297	706,020
		74,676	672,670	3,105,765	662,369
Total expenditures	700,230	1,415,035	2,493,658	4,221,537	756,770
		151,992	2,614,531	3,798,342	
Annual Surplus (Deficit)	\$ 354,248	\$ (1,248,903)	\$ 129,544	\$ 109,841	\$ 64,232
			(47,489)	(704,711)	\$ 77,718

ROSEAU RIVER ANISHINABE FIRST NATION

PAGE 17

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31

20. SEGMENT DISCLOSURE (continued)

	Social		TOTAL	
	2015	2014	2015	2014
Revenue:				
Federal Government				
AANDC	\$ 2,695,391	\$ 2,918,676	\$ 4,629,313	\$ 4,892,599
FNIH			2,246,757	2,018,261
CMHC	-	-	304,544	364,531
Subtotal	2,695,391	2,918,676	7,180,614	7,275,391
Funding recoveries			(15,434)	(829,879)
Other revenue			7,362,583	7,183,820
Deferred revenue	-	-	(95,567)	(10,686)
Total revenue	2,695,391	2,918,676	14,432,196	13,618,646
Expenditures:				
Amortization			335,426	1,007,627
Debt servicing			207,624	244,784
Salaries and benefits	50,005	55,200	2,915,668	3,231,770
Other	2,646,237	2,884,314	9,924,309	10,214,745
Total expenditures	2,696,242	2,939,514	13,383,027	14,698,926
Annual Surplus (Deficit)	\$(851)	\$(20,838)	\$ 1,049,169	\$(1,080,280)