

ROLLING RIVER FIRST NATION
Consolidated Financial Statements
Year Ended March 31, 2020

ROLLING RIVER FIRST NATION
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Year Ended March 31, 2020

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Rolling River First Nation have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Rolling River First Nation's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Chief and Council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Chief and Council meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, Chief and Council approves the financial statements. Chief and Council also approves the engagement or re-appointment of the external auditors.

The consolidated financial statements have been audited on behalf of the members by Lazer Grant LLP, in accordance with Canadian generally accepted auditing standards.

A handwritten signature in blue ink, followed by the date "June 17th 2021" also in blue ink, positioned above a horizontal line.

Erickson, MB

INDEPENDENT AUDITOR'S REPORT

To the Members of Rolling River First Nation

Opinion

We have audited the consolidated financial statements of Rolling River First Nation (the organization), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations, changes in accumulated surplus, changes in net financial assets (debt) and cash flow for the year then ended, and notes to the 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 organization as at March 31, 2020, and the consolidated results of its operations and consolidated cash flow 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 organization in accordance with 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 the consolidated financial statements in accordance with PSAS, 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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

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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 organization'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 organization'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 organization 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.

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.



Winnipeg, MB
June 17, 2021

CHARTERED PROFESSIONAL ACCOUNTANTS

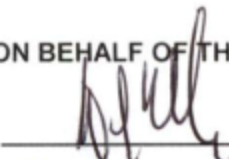
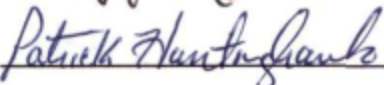
ROLLING RIVER FIRST NATION
Consolidated Statement of Financial Position
March 31, 2020

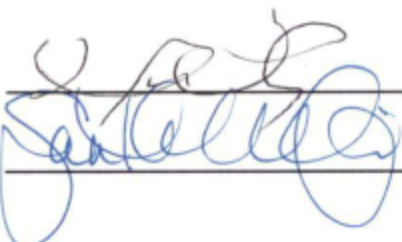

	2020	2019
FINANCIAL ASSETS		
Cash (Note 4)	\$ 389,393	\$ 502,304
Accounts receivable (Note 5)	1,042,747	921,778
Long term investments (Note 6)	1,216,912	1,208,506
Note receivable (Note 7)	297,116	381,711
Ottawa trust funds (Note 8)	2,325	2,288
	2,948,493	3,016,587
LIABILITIES		
Accounts payable and accrued liabilities (Note 9)	1,461,651	1,417,391
Deferred revenue (Note 10)	606,340	690,935
Long term debt (Note 11)	1,301,600	540,657
Obligations under capital lease (Note 12)	205,086	12,045
	3,574,677	2,661,028
NET FINANCIAL ASSETS (DEBT)	(626,184)	355,559
NON-FINANCIAL ASSETS		
Inventory (Note 13)	19,648	19,648
Prepaid expenses	11,942	70,371
VLT Administration fee (Note 14)	318,588	362,032
Tangible capital assets (Note 15)	14,775,785	14,355,992
	15,125,963	14,808,043
ACCUMULATED SURPLUS	\$ 14,499,779	\$ 15,163,602

CONTINGENT LIABILITY (Note 22)

SUBSEQUENT EVENTS (Note 24)

ON BEHALF OF THE MEMBERS


 _____ Chief

 _____ Councillor


 _____ Councillor

 _____ Councillor

ROLLING RIVER FIRST NATION
Consolidated Statement of Operations
Year Ended March 31, 2020

	2020	2019
REVENUES		
Indigenous Services Canada	\$ 5,509,874	\$ 4,897,320
First Nation and Inuit Health Branch	2,567,151	2,102,517
First Peoples Development Inc.	239,753	223,691
Canada Mortgage and Housing Corporation	9,188	-
Province of Manitoba	172,945	194,090
Video lottery terminals	6,077,598	5,884,779
Sales (Note 19)	918,081	1,181,578
Income from investment in limited partnership	8,406	3,799
Rent	241,853	324,062
Interest	1,559	1,464
Other (Note 19)	398,538	365,201
Deferred from prior year (Note 10)	690,935	926,967
Deferred to subsequent year (Note 10)	(606,340)	(690,935)
Decommissioned accounts receivable	(195,868)	(52,595)
Prior year recoveries	(37,265)	(40,691)
	15,996,408	15,321,247
EXPENSES (Schedule 1)	15,761,589	14,234,335
SURPLUS FROM OPERATIONS	234,819	1,086,912
OTHER EXPENSES		
Amortization	1,003,639	1,141,021
Amortization of VLT Administration fee	43,444	49,368
	1,047,083	1,190,389
ANNUAL DEFICIT	\$ (812,264)	\$ (103,477)

ROLLING RIVER FIRST NATION

Consolidated Statement of Changes in Accumulated Surplus

Year Ended March 31, 2020

	2020	2019
ACCUMULATED SURPLUS - BEGINNING OF YEAR	\$ 15,163,602	\$ 15,265,834
ANNUAL DEFICIT	(812,264)	(103,477)
	14,351,338	15,162,357
Replacement reserve transactions <i>(Notes 16, 17, 18)</i>	148,441	1,245
ACCUMULATED SURPLUS - END OF YEAR	\$ 14,499,779	\$ 15,163,602

ROLLING RIVER FIRST NATION

Consolidated Statement of Changes in Net Financial Assets (Debt)

Year Ended March 31, 2020

	2020	2019
ANNUAL DEFICIT	\$ (812,264)	\$ (103,477)
Amortization of tangible capital assets	1,003,639	1,141,021
Amortization of VLT administration fee	43,444	49,368
Purchase of tangible capital assets	(1,423,429)	(1,204,025)
Decrease in prepaid expenses	58,426	31,319
Increase in inventory	-	(1,095)
Decrease in construction in progress	-	913,073
Replacement reserve transactions	148,441	1,245
	(169,479)	930,906
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(981,743)	827,429
NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR	355,559	(471,870)
NET FINANCIAL ASSETS (DEBT) - END OF YEAR	\$ (626,184)	\$ 355,559

ROLLING RIVER FIRST NATION
Consolidated Statement of Cash Flow
Year Ended March 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Annual deficit	\$ (812,264)	\$ (103,477)
Items not affecting cash:		
Amortization	1,003,639	1,141,021
Amortization of VLT Administration fee	43,444	49,368
Income from investment in limited partnership	(8,406)	(16,601)
Replacement reserve transactions	148,441	1,245
	374,854	1,071,556
Changes in non-cash working capital:		
Accounts receivable	(120,969)	(422,375)
Inventory	-	(1,096)
Accounts payable and accrued liabilities	44,257	376,394
Deferred revenue	(84,595)	(236,032)
Prepaid expenses	58,429	31,320
Construction in progress	-	913,073
	(102,878)	661,284
Cash flow from operating activities	271,976	1,732,840
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(1,207,020)	(1,191,114)
Increase in Ottawa trust funds	(37)	(51)
Decrease in note receivable	84,595	71,560
Cash flow used by investing activities	(1,122,462)	(1,119,605)
FINANCING ACTIVITIES		
Proceeds from long term financing	927,105	-
Repayment of long term debt	(166,163)	(254,338)
Repayment of obligations under capital lease	(23,367)	(9,721)
Cash flow from (used by) financing activities	737,575	(264,059)
INCREASE (DECREASE) IN CASH	(112,911)	349,176
Cash - beginning of year	502,304	153,128
CASH - END OF YEAR	\$ 389,393	\$ 502,304

ROLLING RIVER FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

1. DESCRIPTION OF THE ORGANIZATION

The Rolling River First Nation is a non-profit Indian Band as defined by The Indian Act (Canada). The objective of the First Nation is to operate as the governing entity in providing services in all areas of the community.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements were prepared in accordance with Canadian public sector accounting standards and include the assets, liabilities, revenues and expenses of the following departments and entities:

- Rolling River First Nation Band Operations
- Rolling River First Nation Housing
- Rolling River First Nation Post-Secondary
- Rolling River First Nation Social Assistance
- Southquill Health Services
- Southquill Gaming Centre
- Southquill Gas Bar

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Investment in the KRW Limited Partnership is recorded on a modified equity basis. Under this basis, the equity method of accounting is modified only to the extent that the partnership's accounting principles are not adjusted to conform with those of the organization. The organization's investment in these entities is recorded at acquisition cost and is increased or decreased for the proportionate share of earnings or losses and distributions.

Inventory

Inventory of supplies is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

VLT Administration fee

The VLT Administration fee is being amortized on declining balance basis at a rate of 12% per year.

(continues)

ROLLING RIVER FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Land		non-amortizable
Buildings	4%	straight-line method
Band housing	4%	straight-line method
CMHC housing		annual principal reduction
Equipment	20%	straight-line method
Equipment under capital lease	10%	declining balance method
Roads and infrastructure	3%	declining balance method
Vehicles	20%	straight-line method
Vehicle under capital lease	20%	straight-line method

The organization regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Revenue recognition

Revenue from government agencies is recognized as it becomes receivable under the terms of applicable funding agreements.

Revenue from sales of goods is recognized when title passes to the customer, which generally coincides with the delivery and acceptance of goods.

Rent revenue is recognized when the tenants' rent is invoiced at the start of each month based on the details of each signed lease agreement.

Other revenues are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

ROLLING RIVER FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

3. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2020.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from funders and members. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization has a significant number of funders and members which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its funders, members, and other related sources, deferred revenue, long-term debt, obligations under capital leases, deferred revenue, and accounts payable and accrued liabilities.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

4. CASH

The organization has a line of credit with the Median Credit Union in the amount of \$250,000 which is repayable on demand, bears interest at the Median Credit Union prime rate plus 6% as well as an overdraft interest rate of 21%, and is secured by a general security agreement and Band Council Resolution. As at March 31, 2020, \$47,987 of line of credit remained unused (2019 - over-drawn by \$50,960). In addition, cheques amounting to \$222,653 (2019 - \$133,546) were issued and outstanding on the line of credit.

The balance of the line of credit is included in cash.

ROLLING RIVER FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

5. ACCOUNTS RECEIVABLE

	2020	2019
Indigenous Services Canada	\$ 794,291	\$ 605,641
First Nation Inuit Health Branch	15,451	-
Other government agencies	87,955	179,717
Members	176,194	126,742
Trade and other	5,459	45,156
Subtotal	1,079,350	957,256
Allowance for doubtful accounts	(36,603)	(35,478)
	\$ 1,042,747	\$ 921,778

6. LONG TERM INVESTMENTS

	2020	2019
KRW Limited Partnership	\$ 1,194,111	\$ 1,185,705
Heritage Co-Op - patronage equity	22,801	22,801
	\$ 1,216,912	\$ 1,208,506

The organization's investment in KRW Limited Partnership was established to develop, lease, manage, and operate real property for the purposes of pursuing economic development opportunities on lands acquired at 1-11-19WPM (the "Brandon Lands"). The organization shares interest in the partnership along with Keeseekoowenin First Nation and Waywayseecappo First Nation. The partnership had no development activity during the current year.

7. NOTE RECEIVABLE

Amounts owing from the Rolling River First Nation Trust are unsecured, non-interest bearing, and due on demand provided the request from Council conforms to the provisions set out in the Trust agreement. These funds are available to the First Nation under the Framework Agreement signed on May 29, 1997. The Framework Agreement also states the revenue earned from the Treaty Land Entitlement will have no effect on existing or future funding for programs.

	2020	2019
Balance, beginning of year	\$ 381,711	\$ 453,271
Current year loss	(84,595)	(71,560)
	\$ 297,116	\$ 381,711

ROLLING RIVER FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

8. OTTAWA TRUST FUNDS

The Ottawa Trust Accounts 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 and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

As at the end of the year, the funds held in trust consisted of the following balances:

	2020	2019
Capital account	\$ 100	\$ 100
Revenue account	2,225	2,188
	\$ 2,325	\$ 2,288

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
Trade and other	\$ 928,135	\$ 1,088,198
Wages and benefits	108,185	15,923
Source deductions	388,066	313,270
Indigenous Services Canada	37,265	-
	\$ 1,461,651	\$ 1,417,391

10. DEFERRED REVENUE

	2020	2019
Treaty Land Entitlement Trust	\$ 606,340	\$ 690,935

ROLLING RIVER FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

11. LONG TERM DEBT

	2020	2019
Median Credit Union loan bearing interest at the Median Credit Union prime plus 5% per annum, repayable in monthly blended payments of \$4,720. The loan matures on March 31, 2021 and is secured by specific assets.	\$ 55,341	\$ 104,575
First Peoples Economic Growth non-interest bearing loan, repayable in monthly payments of \$2,344. The loan matures on May 31, 2024 and is secured by second charge general security agreement.	117,674	145,799
Liquor, Gaming and Cannabis Authority of Manitoba loan bearing interest at 2.35% per annum, repayable in weekly blended payments of \$1,672. The loan matures on August 31, 2022 and is secured by video lottery terminals.	203,137	282,777
Canada Mortgage and Housing Corporation loan bearing interest at 1.73% per annum, repayable in monthly blended payments of \$4,578. The loan matures on February 1, 2040 and is secured by a Ministerial Guarantee.	925,448	-
Bank of Montreal loan bearing interest at 7.79% per annum, repayable in monthly blended payments of \$2,536. The loan matured on July 31, 2019 and was secured by specific assets.	-	7,506
	\$ 1,301,600	\$ 540,657

Principal repayment terms are approximately:

2021	\$ 205,907
2022	153,226
2023	103,651
2024	69,499
2025	47,267
Thereafter	722,050
	<u>\$ 1,301,600</u>

Canada Mortgage and Housing Corporation (CMHC) mortgages have maturity dates beyond 20 years and call for renewal every 5 years. Since CMHC will in all likelihood renew each mortgage at the renewal date, the repayment schedule reflects repayment over the entire period of the mortgage.

ROLLING RIVER FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

12. OBLIGATIONS UNDER CAPITAL LEASE

	2020	2019
Accurate Leasing lease bearing interest at 22.95% per annum, repayable in monthly blended payments of \$676. The lease matures on January 31, 2021 and is secured by a diesel fuel dispenser.	\$ 6,098	\$ 12,045
National Leasing lease bearing interest at 9.8% per annum, repayable in monthly blended payments of \$4,220. The lease matures on September 1, 2024 and is secured by 2016 Case 1021F wheel loader.	198,988	-
	\$ 205,086	\$ 12,045

Future minimum capital lease payments are approximately:

2021	\$ 60,953
2022	54,193
2023	54,193
2024	54,193
2025	27,286
Total minimum lease payments	250,818
Less: amount representing interest at various rates	(45,732)
	\$ 205,086

13. INVENTORY

	2020	2019
Supplies - Southquill Gaming Centre	\$ 13,348	\$ 13,348
Supplies - Southquill Restaurant	3,000	3,000
Supplies - Southquill Gas Bar	3,300	3,300
	\$ 19,648	\$ 19,648

Included in supplies expense is a net increase in inventory of \$Nil (2019 - increase \$1,096).

14. VLT ADMINISTRATION FEE

	2020	2019
Cost	\$ 1,041,000	\$ 1,041,000
Accumulated amortization	(722,412)	(678,968)
	\$ 318,588	\$ 362,032

ROLLING RIVER FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

15. TANGIBLE CAPITAL ASSETS

Cost	2019 Balance	Additions	Disposals	2020 Balance
Land	\$ 4,904,161	\$ -	\$ -	\$ 4,904,161
Buildings	8,831,658	-	-	8,831,658
Band housing	7,587,736	-	-	7,587,736
CMHC housing	-	913,085	-	913,085
Equipment	1,017,585	74,190	-	1,091,775
Roads and infrastructure	4,702,579	-	-	4,702,579
Vehicles	3,991,830	172,747	-	4,164,577
Vehicles and equipment under capital lease	12,911	263,407	-	276,318
	\$ 31,048,460	\$ 1,423,429	\$ -	\$ 32,471,889

Accumulated Amortization	2019 Balance	Amortization	Accumulated Amortization on Disposals	2020 Balance
Land	\$ -	\$ -	\$ -	\$ -
Buildings	5,012,373	331,523	-	5,343,896
Band housing	4,463,808	303,509	-	4,767,317
CMHC housing	-	1,658	-	1,658
Equipment	812,815	106,833	-	919,648
Roads and infrastructure	2,827,629	56,248	-	2,883,877
Vehicles	3,574,552	150,022	-	3,724,574
Vehicles and equipment under capital lease	1,291	53,843	-	55,134
	\$ 16,692,468	\$ 1,003,636	\$ -	\$ 17,696,104

Net book value	2020	2019
Land	\$ 4,904,161	\$ 4,904,161
Buildings	3,487,762	3,819,285
Band housing	2,820,419	3,123,928
CMHC housing	911,427	-
Equipment	172,127	204,770
Roads and infrastructure	1,818,702	1,874,950
Vehicles	440,003	417,278
Vehicles and equipment under capital lease	221,184	11,620
	\$ 14,775,785	\$ 14,355,992

ROLLING RIVER FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

16. HOUSING REPLACEMENT RESERVE

During the year, the organization entered into its first agreement for acquisition and financing of new homes through the Canada Mortgage and Housing Corporation (CMHC). Under the terms of the agreement with CMHC, the replacement reserve account is to be credited with an amount of \$467 annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC. Withdrawals are credited to interest first and then principal.

As at March 31, 2020, the Replacement Reserve Fund bank account had a balance of \$NIL and was underfunded by \$467.

Replacement reserve expenses have been made in accordance with Schedule "D" of the operating agreement with CMHC.

	2020
Balance, beginning of year	\$ -
Annual allocation	467
Balance, end of year	\$ 467

17. MOVEABLE ASSETS RESERVE

Under the terms of the Health Services Block Funding Agreement the initial lump sum, interest, and annual amounts are to be placed in a reserve for the replacement of assets. Expenses for the replacement are to be charged to the reserve during the year.

As at March 31, 2020, the moveable asset reserve bank account had a balance of \$Nil (2019 - \$Nil) and was underfunded by \$36,379 (2019 - \$35,109).

	2020	2019
Balance beginning of year	\$ 35,109	\$ 33,864
Amount provided in agreement for MAR	1,270	1,245
Subtotal	36,379	35,109
Revenues generated	-	-
Expenses (acquisitions and replacements)	-	-
	\$ 36,379	\$ 35,109

ROLLING RIVER FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

18. BUS REPLACEMENT RESERVE

During the year the organization established a bus replacement reserve for the future replacement of school buses.

	2020
Balance, beginning of year	\$ -
Current year allocation	146,704
Balance, end of year	\$ 146,704

19. SALES AND OTHER REVENUES

	2020	2019
<u>Sales</u>		
Southquill Gaming Centre	\$ 411,950	\$ 463,668
Southquill Restaurant	180,309	184,785
Southquill Gas Bar	325,822	533,125
	\$ 918,081	\$ 1,181,578
<u>Other</u>		
Government of Canada	\$ 90,613	\$ 14,692
Assembly of Manitoba Chiefs	97,400	-
First Peoples Infra Inc.	-	126,140
Treat Land Entitlement Corporation	72,546	56,651
Gravel and trucking	5,040	76,351
User fees	43,098	13,850
Rolling River First Nation TLE Trust	(84,595)	(71,560)
Other	174,436	149,077
	\$ 398,538	\$ 365,201

20. RECONCILIATION OF INDIGENOUS SERVICES CANADA REVENUES

	2020	2019
Indigenous Services Canada per financial statements	\$ 5,509,874	\$ 4,897,320
First Nation and Inuit Health per financial statements	2,567,151	2,102,517
	8,077,025	6,999,837
Indigenous Services Canada per confirmation	5,509,874	4,897,320
First Nation and Inuit Health per confirmation	2,567,151	2,102,517
	\$ 8,077,025	\$ 6,999,837

ROLLING RIVER FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

21. PENSION PLAN

The organization has an employee registered defined contribution pension plan. The organization matches the employees' contributions. During the year, expenses totalling \$34,112 (2019 - \$41,120) were made to the pension plan. Of these expenses, \$22,012 were unpaid at year end (2019 - \$Nil).

22. CONTINGENT LIABILITY

The consolidated financial statements are subject to review by the organization's funding agents. It is possible adjustments could be made based on their review, resulting in repayment or recovery of funding.

23. ECONOMIC DEPENDENCE

The organization receives substantially all of its revenues from government sources.

24. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the organization's operations as at the date of these financial statements.

25. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

ROLLING RIVER FIRST NATION
Consolidated Expenses (Schedule 1)

Year Ended March 31, 2020

	2020	2019
Administration	\$ 15,587	\$ 32,111
Advertising and promotion	7,547	5,182
Bad debts	18,988	11,392
Community support	311,847	369,572
Honoraria	55,635	97,922
Income support	514,481	393,074
Insurance	203,057	166,266
Interest and bank charges	59,275	58,807
Interest on long term debt	17,293	19,418
Interest on obligations under capital lease	11,841	1,211
Manitoba Lotteries fees	134,345	130,099
Medical transportation	105,886	86,486
Office and miscellaneous	303,081	248,033
Professional fees	218,541	220,015
Rent	27,650	29,383
Repairs and maintenance	789,074	369,016
Replacement reserve allocations (Notes 16, 17, 18)	148,441	1,245
Special activities	308,799	302,075
Special needs	5,145	16,309
Student allowances	168,946	119,942
Student expenses	16,986	10,102
Sub-contracts	3,975	92,036
Supplies	1,137,069	1,180,181
Telephone	55,853	50,893
Training	237,858	124,477
Travel	467,738	350,536
Tuition	1,361,311	1,339,737
Utilities	285,362	347,085
Vehicle	215,761	162,352
Video lottery payouts	4,861,601	4,711,240
Wages and employee benefits	3,692,616	3,188,138
	\$ 15,761,589	\$ 14,234,335

ROLLING RIVER FIRST NATION
Consolidated Segment Disclosure (Schedule 2)
Year Ended March 31, 2020

The following table presents the expenses incurred and the revenue generated by main object of expense and by major revenue type.
The segment results for the period are as follows:

	Governance & Operations		Post-Secondary		Social Assistance		Health Services		Housing		Business Enterprises		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenues														
Federal government	\$ 4,152,482	\$ 4,170,870	\$ 464,418	\$ 397,610	\$ 668,117	\$ 511,921	\$ 2,621,761	\$ 2,143,127	\$ 419,188	\$ -	\$ -	\$ -	\$ 8,325,966	\$ 7,223,528
Provincial government	161,381	189,725	-	-	11,565	4,365	-	-	-	-	-	-	172,945	194,090
Economic activities	-	-	-	-	-	-	-	-	-	-	6,995,679	7,066,357	6,995,679	7,066,357
Other revenue	380,398	663,652	-	-	-	9,840	68,645	128,874	-	-	52,775	34,906	501,818	837,272
Total Revenue	4,694,261	5,024,247	464,418	397,610	679,682	526,126	2,690,406	2,272,001	419,188	-	7,048,454	7,101,263	15,996,408	15,321,247
Expenses														
Wages and benefits	1,697,106	1,454,839	70,980	116,038	-	-	1,386,118	1,141,996	41,750	-	496,662	475,265	3,692,616	3,188,138
Amortization	891,072	1,017,733	-	-	-	-	79,301	92,303	1,658	-	75,052	80,353	1,047,083	1,190,389
Debt servicing	68,974	58,884	1,360	1,359	1,304	971	1,572	4,990	4,675	-	10,524	13,232	88,409	79,436
Other expenses	3,163,262	2,564,423	360,282	341,932	669,517	547,293	1,137,445	945,823	370,708	-	6,279,350	6,567,290	11,980,564	10,966,761
Total Expenses	5,820,414	5,095,879	432,622	459,329	670,821	548,264	2,604,436	2,185,112	418,791	-	6,861,588	7,136,140	16,808,672	15,424,724
Annual Surplus (Deficit)	\$ (1,126,154)	\$ (71,632)	\$ 31,796	\$ (61,719)	\$ 8,861	\$ (22,138)	\$ 85,970	\$ 86,889	\$ 397	\$ -	\$ 186,866	\$ (34,877)	\$ (812,264)	\$ (103,477)