

ROLLING RIVER FIRST NATION
Consolidated Financial Statements
Year Ended March 31, 2021

ROLLING RIVER FIRST NATION
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Year Ended March 31, 2021

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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 (PSAS). 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.



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 First Nation), which comprise the consolidated statement of financial position as at March 31, 2021, 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 First Nation as at March 31, 2021, and the consolidated results of its operations and consolidated cash flow for the year then ended in accordance with Canadian public sector accounting standards (PSAS)

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 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 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.

(continues)

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.

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
May 16, 2022


CHARTERED PROFESSIONAL ACCOUNTANTS

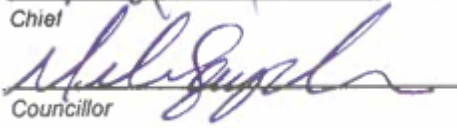
ROLLING RIVER FIRST NATION
Consolidated Statement of Financial Position
March 31, 2021

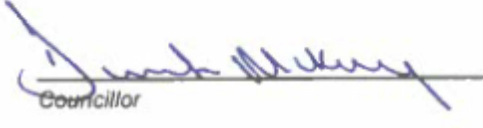
| | 2021 | 2020 |
|---|----------------------|----------------------|
| ASSETS | | |
| Cash | \$ 2,080,105 | \$ 389,393 |
| Accounts receivable (Note 5) | 1,612,703 | 1,042,747 |
| Long term investments (Note 6) | 1,250,442 | 1,216,912 |
| Note receivable (Note 7) | 271,455 | 297,116 |
| Ottawa trust funds (Note 8) | 2,352 | 2,325 |
| | 5,217,057 | 2,948,493 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities (Note 9) | 2,145,618 | 1,461,651 |
| Deferred revenue (Note 10) | 678,079 | 606,340 |
| Construction advances (Note 16) | 117,990 | - |
| Long term debt (Note 11) | 1,165,913 | 1,301,600 |
| Obligations under capital lease (Note 12) | 161,645 | 205,086 |
| | 4,269,245 | 3,574,677 |
| NET FINANCIAL ASSETS (DEBT) | 947,812 | (626,184) |
| NON-FINANCIAL ASSETS | | |
| Inventory (Note 13) | 19,648 | 19,648 |
| Prepaid expenses | 1,610 | 11,942 |
| VLT Administration fee (Note 14) | 280,358 | 318,588 |
| Tangible capital assets (Note 15) | 15,065,946 | 14,775,785 |
| Construction in progress (Note 16) | 9,335 | - |
| | 15,376,897 | 15,125,963 |
| ACCUMULATED SURPLUS | \$ 16,324,709 | \$ 14,499,779 |


CONTINGENT LIABILITY (Note 23)

APPROVED ON BEHALF OF COUNCIL


 Chief


 Councillor


 Councillor


 Councillor

ROLLING RIVER FIRST NATION
Consolidated Statement of Operations
Year Ended March 31, 2021

| | 2021 | 2020 |
|--|---------------------|---------------------|
| REVENUES | | |
| Indigenous Services Canada | \$ 11,343,607 | \$ 8,077,025 |
| Canada Mortgage and Housing Corporation | 67,726 | 9,188 |
| First Peoples Development Inc. | 159,993 | 239,753 |
| Province of Manitoba | 182,894 | 211,919 |
| Video lottery terminals | 2,337,215 | 6,077,598 |
| Sales (Note 20) | 1,037,938 | 918,081 |
| Income (loss) from investment in limited partnership | (593) | 8,406 |
| Rent | 374,905 | 241,853 |
| Interest | 5,362 | 1,559 |
| Other (Note 20) | 668,133 | 359,564 |
| Prior year recoveries | (39,015) | (37,265) |
| Decommissioned accounts receivable | (3,824) | (195,868) |
| Deferred from prior year (Note 10) | 606,340 | 690,935 |
| Deferred to subsequent year (Note 10) | (678,079) | (606,340) |
| | 16,062,602 | 15,996,408 |
| EXPENSES (Schedule 1) | 13,230,716 | 15,761,589 |
| SURPLUS FROM OPERATIONS | 2,831,886 | 234,819 |
| OTHER EXPENSES | | |
| Amortization | 998,413 | 1,003,639 |
| Amortization of VLT Administration fee | 38,231 | 43,444 |
| | 1,036,644 | 1,047,083 |
| ANNUAL SURPLUS (DEFICIT) | \$ 1,795,242 | \$ (812,264) |

ROLLING RIVER FIRST NATION

Consolidated Statement of Changes in Accumulated Surplus

Year Ended March 31, 2021

| | 2021 | 2020 |
|--|----------------------|---------------|
| ACCUMULATED SURPLUS - BEGINNING OF YEAR | \$ 14,499,779 | \$ 15,163,602 |
| ANNUAL SURPLUS (DEFICIT) | 1,795,242 | (812,264) |
| | 16,295,021 | 14,351,338 |
| Replacement reserve transactions <i>(Notes 17, 18, 19)</i> | 29,688 | 148,441 |
| ACCUMULATED SURPLUS - END OF YEAR | \$ 16,324,709 | \$ 14,499,779 |

ROLLING RIVER FIRST NATION

Consolidated Statement of Changes in Net Financial Assets (Debt)

Year Ended March 31, 2021

| | 2021 | 2020 |
|--|---------------------|---------------------|
| ANNUAL SURPLUS (DEFICIT) | \$ 1,795,242 | \$ (812,264) |
| Amortization of tangible capital assets | 998,413 | 1,003,639 |
| Amortization of VLT Administration fee | 38,231 | 43,444 |
| Purchase of tangible capital assets | (1,288,573) | (1,423,429) |
| Decrease in prepaid expenses | 10,330 | 58,426 |
| Replacement reserve transactions | 29,688 | 148,441 |
| Increase in construction in progress | (9,335) | - |
| | (221,246) | (169,479) |
| INCREASE (DECREASE) IN NET FINANCIAL ASSETS | 1,573,996 | (981,743) |
| NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR | (626,184) | 355,559 |
| NET FINANCIAL ASSETS (DEBT) - END OF YEAR | \$ 947,812 | \$ (626,184) |

ROLLING RIVER FIRST NATION
Consolidated Statement of Cash Flow
Year Ended March 31, 2021

| | 2021 | 2020 |
|--|---------------------|--------------------|
| OPERATING ACTIVITIES | | |
| Annual surplus (deficit) | \$ 1,795,242 | \$ (812,264) |
| Items not affecting cash: | | |
| Amortization | 998,413 | 1,003,639 |
| Amortization of VLT Administration fee | 38,231 | 43,444 |
| Loss (income) from investment in limited partnership | 593 | (8,406) |
| Replacement reserve transactions | 29,688 | 148,441 |
| | 2,862,167 | 374,854 |
| Changes in non-cash working capital | 196,080 | (102,878) |
| Cash flow from operating activities | 3,058,247 | 271,976 |
| INVESTING ACTIVITIES | | |
| Purchase of tangible capital assets | (1,288,573) | (1,207,020) |
| Increase in long term investments | (34,124) | - |
| Increase in Ottawa trust funds | (27) | (37) |
| Decrease in note receivable | 25,661 | 84,595 |
| Increase in construction in progress | (9,335) | - |
| Cash flow used by investing activities | (1,306,398) | (1,122,462) |
| FINANCING ACTIVITIES | | |
| Construction advances | 117,990 | - |
| Proceeds from long term financing | - | 927,105 |
| Repayment of long term debt | (135,686) | (166,163) |
| Repayment of obligations under capital lease | (43,441) | (23,367) |
| Cash flow from (used by) financing activities | (61,137) | 737,575 |
| INCREASE (DECREASE) IN CASH | 1,690,712 | (112,911) |
| Cash - beginning of year | 389,393 | 502,304 |
| CASH - END OF YEAR | \$ 2,080,105 | \$ 389,393 |

ROLLING RIVER FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2021

1. NATURE OF ENTITY

Rolling River First Nation is located in the province of Manitoba and operates as the governing entity in providing services to its community members.

Rolling River First Nation reporting entity includes all entities which are either owned or controlled by the First Nation.

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 & Restaurant
- 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.

Long term investments

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 First Nation. Rolling River First Nation'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 a declining balance basis at a rate of 12% per year.

(continues)

ROLLING RIVER FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2021

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 |
| Vehicles and equipment under capital lease | 20% | straight-line method |

The First Nation 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, 2021

3. FINANCIAL INSTRUMENTS

The First Nation 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 First Nation's risk exposure and concentration as of March 31, 2021.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The First Nation 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 First Nation 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 First Nation is exposed to this risk mainly in respect of its receipt of funds from its funders, members, and other related sources, deferred revenue, construction advances, long-term debt, obligations under capital leases, 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 First Nation manages exposure through its normal operating and financing activities. The First Nation is exposed to interest rate risk primarily through its floating interest rate credit facilities.

4. CASH

The First Nation has a line of credit with the Median Credit Union in the amount of \$90,000 (2020 - \$250,000) which is repayable on demand, bears interest at the Median Credit Union prime rate plus 5.65% 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, 2021, the line of credit remained unused (2020 - \$47,987 unused).

ROLLING RIVER FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2021

5. ACCOUNTS RECEIVABLE

| | 2021 | 2020 |
|---------------------------------|---------------------|---------------------|
| Indigenous Services Canada | \$ 1,366,111 | \$ 809,742 |
| Other government agencies | 92,140 | 87,955 |
| Members | 169,771 | 176,194 |
| Trade and other | 34,321 | 5,459 |
| Subtotal | 1,662,343 | 1,079,350 |
| Allowance for doubtful accounts | (49,640) | (36,603) |
| | \$ 1,612,703 | \$ 1,042,747 |

6. LONG TERM INVESTMENTS

| | 2021 | 2020 |
|-----------------------------------|---------------------|---------------------|
| KRW Limited Partnership | \$ 1,193,517 | \$ 1,194,111 |
| Heritage Co-Op - patronage equity | 56,925 | 22,801 |
| | \$ 1,250,442 | \$ 1,216,912 |

The First Nation'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 First Nation 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 TLE 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.

| | 2021 | 2020 |
|----------------------------|-------------------|-------------------|
| Balance, beginning of year | \$ 297,116 | \$ 381,711 |
| Current year loss | (25,661) | (84,595) |
| | \$ 271,455 | \$ 297,116 |

ROLLING RIVER FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2021

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:

| | 2021 | 2020 |
|-----------------|-----------------|-------------|
| Capital account | \$ 100 | \$ 100 |
| Revenue account | 2,252 | 2,225 |
| | \$ 2,352 | \$ 2,325 |

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | 2021 | 2020 |
|----------------------------|---------------------|--------------|
| Indigenous Services Canada | \$ 77,495 | \$ 37,265 |
| Source deductions | 413,174 | 388,066 |
| Wages and benefits | 122,374 | 108,185 |
| Trade and other | 1,532,575 | 928,135 |
| | \$ 2,145,618 | \$ 1,461,651 |

10. DEFERRED REVENUE

| | 2021 | 2020 |
|---|-------------------|-------------|
| Treaty Land Entitlement Trust | \$ 580,679 | \$ 606,340 |
| Assembly of Manitoba Chiefs - emergency support | 97,400 | - |
| | \$ 678,079 | \$ 606,340 |

ROLLING RIVER FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2021

11. LONG TERM DEBT

| | 2021 | 2020 |
|---|---------------------|--------------|
| First Peoples Economic Growth loan, non-interest bearing, repayable in monthly payments of \$2,344. The loan matures on May 31, 2024 and is secured by second charge general security agreement. | \$ 103,611 | \$ 117,674 |
| Liquor, Gaming and Cannabis Authority of Manitoba loan bearing interest at 2.35% per annum, repayable in monthly blended payments of \$1,672. The loan matures on July 19, 2023 and is secured by video lottery terminals. | 176,180 | 203,137 |
| 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. | 886,122 | 925,448 |
| Median Credit Union loan bearing interest at the Median Credit Union prime rate plus 5% per annum, repayable in monthly blended payments of \$4,720. The loan matured on March 31, 2021 and was secured by specific assets. | - | 55,341 |
| | \$ 1,165,913 | \$ 1,301,600 |

Principal repayment terms are approximately:

| | |
|------------|----------------------------|
| 2022 | \$ 132,350 |
| 2023 | 154,074 |
| 2024 | 96,145 |
| 2025 | 61,329 |
| 2026 | 42,824 |
| Thereafter | 679,191 |
| | <u>\$ 1,165,913</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, 2021

12. OBLIGATIONS UNDER CAPITAL LEASE

| | 2021 | 2020 |
|---|-------------------|-------------------|
| 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. | \$ 161,645 | \$ 198,988 |
| Accurate Leasing lease bearing interest at 22.95% per annum, repayable in monthly blended payments of \$676. The lease matured on January 31, 2021 and was secured by a diesel fuel dispenser. | - | 6,098 |
| | \$ 161,645 | \$ 205,086 |

Future minimum capital lease payments are approximately:

| | |
|---------------------------------------|-------------------|
| 2022 | \$ 54,193 |
| 2023 | 54,193 |
| 2024 | 54,193 |
| 2025 | 27,288 |
| Total minimum payments | 189,867 |
| Less interest amount at various rates | (28,222) |
| | \$ 161,645 |

13. INVENTORY

| | 2021 | 2020 |
|-------------------------------------|------------------|------------------|
| 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 |

14. VLT ADMINISTRATION FEE

| | 2021 | 2020 |
|--------------------------|---------------------|-------------------|
| Cost | \$ 1,041,000 | \$ 1,041,000 |
| Accumulated amortization | (760,642) | (722,412) |
| | \$ 280,358 | \$ 318,588 |

ROLLING RIVER FIRST NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2021

15. TANGIBLE CAPITAL ASSETS

| Cost | 2020 Balance | Additions | Disposals | 2021 Balance |
|--|----------------------|---------------------|-------------|----------------------|
| Land | \$ 4,904,161 | \$ - | \$ - | \$ 4,904,161 |
| Buildings | 8,831,658 | 56,794 | - | 8,888,452 |
| Band housing | 7,587,736 | 976,028 | - | 8,563,764 |
| CMHC housing | 913,085 | - | - | 913,085 |
| Equipment | 1,091,777 | - | - | 1,091,777 |
| Roads and infrastructure | 4,702,579 | - | - | 4,702,579 |
| Vehicles | 4,164,578 | 255,752 | - | 4,420,330 |
| Vehicles and equipment under capital lease | 276,319 | - | - | 276,319 |
| | \$ 32,471,893 | \$ 1,288,574 | \$ - | \$ 33,760,467 |

| Accumulated Amortization | 2020 Balance | Amortization | Accumulated Amortization on Disposals | 2021 Balance |
|--|----------------------|-------------------|---|----------------------|
| Land | \$ - | \$ - | \$ - | \$ - |
| Buildings | 5,343,896 | 285,329 | - | 5,629,225 |
| Band housing | 4,767,318 | 342,551 | - | 5,109,869 |
| CMHC housing | 1,658 | 39,325 | - | 40,983 |
| Equipment | 919,648 | 36,634 | - | 956,282 |
| Roads and infrastructure | 2,883,878 | 54,561 | - | 2,938,439 |
| Vehicles | 3,724,575 | 186,286 | - | 3,910,861 |
| Vehicles and equipment under capital lease | 55,135 | 53,727 | - | 108,862 |
| | \$ 17,696,108 | \$ 998,413 | \$ - | \$ 18,694,521 |

| Net book value | 2021 | 2020 |
|--|----------------------|----------------------|
| Land | \$ 4,904,161 | \$ 4,904,161 |
| Buildings | 3,259,227 | 3,487,762 |
| Band housing | 3,453,895 | 2,820,418 |
| CMHC housing | 872,102 | 911,427 |
| Equipment | 135,495 | 172,129 |
| Roads and infrastructure | 1,764,140 | 1,818,701 |
| Vehicles | 509,469 | 440,003 |
| Vehicles and equipment under capital lease | 167,457 | 221,184 |
| | \$ 15,065,946 | \$ 14,775,785 |

ROLLING RIVER FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2021

16. CONSTRUCTION IN PROGRESS

During the year, the First Nation commenced construction of a 2 Unit housing project through Canada Mortgage and Housing Corporation (CMHC) at a CMHC approved cost of \$471,958. As at March 31, 2021, \$9,335 in costs had been incurred.

The First Nation received advances of \$117,990 from CMHC to assist with the construction of the project.

Construction is expected to be completed within the next year.

17. HOUSING REPLACEMENT RESERVE

Under the terms of the agreement with Canada Mortgage and Housing Corporation (CMHC), the replacement reserve account is to be credited with an amount of \$4,000 (2020 - \$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, 2021, the Replacement Reserve Fund bank account had a balance of \$NIL (2020 - \$Nil) and was underfunded by \$4,467 (2020 - \$467).

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

| | 2021 | 2020 |
|----------------------------|-----------------|-------------|
| Balance, beginning of year | \$ 467 | \$ - |
| Annual allocation | 4,000 | 467 |
| Balance, end of year | \$ 4,467 | \$ 467 |

18. 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, 2021, the moveable asset reserve bank account had a balance of \$Nil (2020 - \$Nil) and was underfunded by \$37,687 (2020 - \$36,379).

| | 2021 | 2020 |
|--|------------------|-------------|
| Balance beginning of year | \$ 36,379 | \$ 35,109 |
| Amount provided in agreement for MAR | 1,308 | 1,270 |
| Subtotal | 37,687 | 36,379 |
| Revenues generated | - | - |
| Expenses (acquisitions and replacements) | - | - |
| Balance, end of year | \$ 37,687 | \$ 36,379 |

ROLLING RIVER FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2021

19. BUS REPLACEMENT RESERVE

The First Nation has established a replacement reserve for the future replacement of school buses.

| | 2021 | 2020 |
|----------------------------|-------------|-------------|
| Balance, beginning of year | \$ 146,704 | \$ - |
| Annual allocation | 24,380 | 146,704 |
| Balance, end of year | \$ 171,084 | \$ 146,704 |

20. SALES AND OTHER REVENUES

| | 2021 | 2020 |
|--------------------------------------|--------------|-------------|
| <u>Sales</u> | | |
| Southquill Gaming Centre | \$ 50,407 | \$ 411,950 |
| Southquill Restaurant | 86,564 | 180,309 |
| Southquill Gas Bar | 900,967 | 325,822 |
| | \$ 1,037,938 | \$ 918,081 |
| <u>Other</u> | | |
| Government of Canada | \$ 21,174 | \$ 90,613 |
| First Nation organizations | 373,043 | 97,400 |
| Treat Land Entitlement Corporation | 55,042 | 72,546 |
| Gravel and trucking | 39,944 | 5,040 |
| User fees | 37,400 | 43,098 |
| Rolling River First Nation TLE Trust | (25,661) | (84,595) |
| Other | 167,191 | 135,462 |
| | \$ 668,133 | \$ 359,564 |

21. RECONCILIATION OF INDIGENOUS SERVICES CANADA REVENUES

| | 2021 | 2020 |
|---|---------------|--------------|
| Indigenous Services Canada per financial statements | \$ 11,343,607 | \$ 8,077,025 |
| Indigenous Services Canada per confirmation | \$ 11,343,607 | \$ 8,077,025 |

ROLLING RIVER FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2021

22. PENSION PLAN

The organization has an employee registered defined contribution pension plan. The organization matches the employees' contributions. During the year, expenses totalling \$31,243 (2020 - \$34,112) were made to the pension plan.

23. 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.

24. ECONOMIC DEPENDENCE

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

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, 2021

| | 2021 | 2020 |
|--|----------------------|----------------------|
| Administration | \$ 22,257 | \$ 15,587 |
| Advertising and promotion | 6,831 | 7,547 |
| Bad debts (recovery) | (4,851) | 18,988 |
| Community support | 882,955 | 311,847 |
| Honoraria | 147,651 | 55,635 |
| Income support | 536,363 | 514,481 |
| Insurance | 243,915 | 203,057 |
| Interest and bank charges | 41,038 | 59,275 |
| Interest on long term debt | 19,582 | 17,293 |
| Interest on obligations under capital lease | 16,995 | 11,841 |
| Manitoba Lotteries fees | 56,472 | 134,345 |
| Medical transportation | 77,691 | 105,886 |
| Office and miscellaneous | 270,217 | 303,081 |
| Professional fees | 226,833 | 218,541 |
| Rent | 20,760 | 27,650 |
| Repairs and maintenance | 816,310 | 792,330 |
| Replacement reserve allocations (Notes 17, 18, 19) | 29,688 | 148,441 |
| Special activities | 123,040 | 308,799 |
| Special needs | 50,309 | 5,145 |
| Student allowances | 205,213 | 168,946 |
| Student expenses | 7,376 | 16,986 |
| Sub-contracts | 672,566 | 3,975 |
| Supplies | 1,199,731 | 1,133,813 |
| Telephone | 42,719 | 55,853 |
| Training | 88,390 | 237,858 |
| Travel | 246,759 | 467,738 |
| Tuition | 1,345,705 | 1,361,311 |
| Utilities | 323,722 | 285,362 |
| Vehicle | 171,852 | 215,761 |
| Video lottery payouts | 1,900,249 | 4,861,601 |
| Wages and employee benefits | 3,442,378 | 3,692,616 |
| | \$ 13,230,716 | \$ 15,761,589 |

ROLLING RIVER FIRST NATION
Consolidated Segment Disclosure (Schedule 2)
Year Ended March 31, 2021

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 | |
|--------------------------|-------------------------|----------------|----------------|------------|-------------------|------------|-----------------|--------------|------------|------------|----------------------|------------|---------------|--------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Revenues | | | | | | | | | | | | | | |
| Federal government | \$ 5,927,290 | \$ 4,152,482 | \$ 541,438 | \$ 464,418 | \$ 927,867 | \$ 668,117 | \$ 3,203,172 | \$ 2,621,761 | \$ 971,559 | \$ 419,188 | \$ - | \$ - | \$ 11,571,326 | \$ 8,325,966 |
| Provincial government | 117,643 | 161,381 | - | - | 12,275 | 11,565 | - | - | - | - | 52,976 | 38,974 | 182,894 | 211,919 |
| Economic activities | - | - | - | - | - | - | - | - | - | - | 3,375,153 | 6,995,679 | 3,375,153 | 6,995,679 |
| Other revenue | 830,973 | 380,398 | 14,129 | - | - | - | 35,379 | 68,645 | 50,548 | - | 2,200 | 13,801 | 933,229 | 462,844 |
| Total Revenue | 6,875,906 | 4,694,261 | 555,567 | 464,418 | 940,142 | 679,682 | 3,238,551 | 2,690,406 | 1,022,107 | 419,188 | 3,430,329 | 7,048,454 | 16,062,602 | 15,996,408 |
| Expenses | | | | | | | | | | | | | | |
| Wages and benefits | 1,690,163 | 1,697,106 | 76,627 | 70,980 | - | - | 1,305,360 | 1,386,118 | 1,564 | 41,750 | 368,664 | 496,662 | 3,442,378 | 3,692,616 |
| Amortization | 846,096 | 891,072 | - | - | - | - | 65,257 | 79,301 | 78,366 | 1,658 | 46,925 | 75,052 | 1,036,644 | 1,047,083 |
| Debt servicing | 54,148 | 68,974 | 754 | 1,360 | 1,464 | 1,304 | 853 | 1,572 | 15,758 | 4,675 | 4,638 | 10,524 | 77,615 | 88,409 |
| Other expenses | 4,101,389 | 3,163,262 | 433,847 | 360,282 | 749,143 | 669,517 | 807,610 | 1,137,445 | 468,336 | 370,708 | 3,150,398 | 6,279,350 | 9,710,723 | 11,980,564 |
| Total Expenses | 6,691,796 | 5,820,414 | 511,228 | 432,622 | 750,607 | 670,821 | 2,179,080 | 2,604,436 | 564,024 | 418,791 | 3,570,625 | 6,861,588 | 14,267,360 | 16,808,672 |
| Annual Surplus (Deficit) | \$ 184,110 | \$ (1,126,154) | \$ 44,339 | \$ 31,796 | \$ 189,535 | \$ 8,861 | \$ 1,059,471 | \$ 85,970 | \$ 458,083 | \$ 397 | \$ (140,296) | \$ 186,866 | \$ 1,795,242 | \$ (812,264) |