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ROSEAU RIVER ANISHINABE  
FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

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# ROSEAU RIVER ANISHINABE FIRST NATION

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MARCH 31, 2018

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## 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.

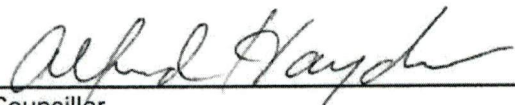
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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.

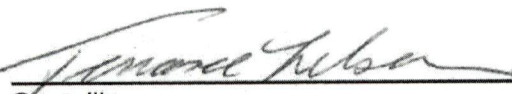
The external auditors, Baker Tilly HMA LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to the financial management of Roseau River Anishinabe First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

  
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Chief

  
\_\_\_\_\_  
Councillor

  
\_\_\_\_\_  
Councillor

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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, 2018, and the consolidated statements of operations and accumulated surplus, changes in net financial assets (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 consolidated financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

**Basis for Qualified Opinion****Long Term Investments**

We have been unable to satisfy ourselves over the completeness, existence, and valuation of long term investments. The Urban program of Ginew Housing Authority Inc. has 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.



**INDEPENDENT AUDITORS' REPORT *continued***

**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, 2018, specifically for the community buildings, construction in progress and infrastructure categories, were not provided to the auditors for their examination. Residential buildings acquired under Canada Mortgage and Housing Corporation ("CMHC") sponsored programs are amortized at a rate equivalent to the annual principal reduction in the related long term debt which is not based on the useful lives of the assets. 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.

**Qualified Opinion**

In our opinion, except for the effects of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves with respect to the areas as described in the Basis for Qualified Opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Roseau River Anishinabe First Nation as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Baker Tilly HMA LLP*

Chartered Professional Accountants

Winnipeg, Manitoba  
May 15, 2019

# ROSEAU RIVER ANISHINABE FIRST NATION

STATEMENT 1

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

	2018	2017
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### FINANCIAL ASSETS

Cash - unrestricted	\$ 3,668,176	\$ 2,327,134
Restricted cash (Note 3)	735,854	274,223
Short term investments	10,000	10,000
Accounts receivable (Note 4)	923,198	1,096,009
Investments (Note 5)	<u>1,223,001</u>	<u>1,177,652</u>
	<u>6,560,229</u>	<u>4,885,018</u>

### LIABILITIES

Accounts payable and accrued liabilities (Note 6)	925,544	2,634,953
Deferred revenue (Note 7)	1,088,146	742,828
Due to Roseau River 1903 Trust (Note 8)	1,842,959	
Long term debt (Note 9)	<u>1,268,335</u>	<u>1,426,669</u>
	<u>5,124,984</u>	<u>4,804,450</u>

NET FINANCIAL ASSETS	<u>1,435,245</u>	<u>80,568</u>
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### NON-FINANCIAL ASSETS

Tangible capital assets (Note 10)	4,438,768	4,681,555
Construction in progress (Note 11)	2,000,000	
Prepaid expenses	<u>59,878</u>	<u>64,106</u>
	<u>6,498,646</u>	<u>4,745,661</u>

ACCUMULATED SURPLUS (Note 12)	\$ <u>7,933,891</u>	\$ <u>4,826,229</u>
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CONTINGENT LIABILITIES (Note 13)

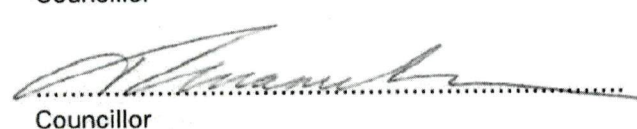
COMMITMENTS (Note 14)


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

	2018	2017
<b>REVENUE</b>		
Indigenous and Northern Affairs Canada (INAC) (Note 15)	\$ 6,866,697	\$ 4,236,868
INAC - funding recoveries		( 58,457)
First Nations and Inuit Health Branch (FNIHB) (Note 16)	3,179,518	2,588,881
Canada Mortgage and Housing Corporation (CMHC)	331,725	243,805
Community development account trust allocation	3,661,514	3,044,340
Province of Manitoba	1,924,412	2,538,983
Lease and rental	462,459	753,595
First Peoples Development Inc.	406,088	447,652
Own source revenue	75,349	52,727
Roseau River Anishinabe First Nation TLE Trust		24,700
Other sources	585,169	696,863
Deferred from prior year	742,828	89,003
Deferred to following year	( 1,088,146)	( 742,828)
	<u>17,147,613</u>	<u>13,916,132</u>
<b>EXPENDITURES</b>		
Band Government	353,226	214,630
Community Development Account	2,067,463	2,975,763
Economic Development	89,003	80,297
Education	687,280	630,522
Employment and Training	448,326	352,926
Ginew Housing Authority	1,712,692	1,514,873
Ginew Seniors Lodge	101,633	117,892
Ginew Wellness Centre	2,865,383	2,664,489
Own Source	2,879,885	3,111,386
Public Works	767,153	597,293
Social	<u>2,067,907</u>	<u>2,181,939</u>
	<u>14,039,951</u>	<u>14,442,010</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>3,107,662</b>	<b>( 525,878)</b>
<b>ACCUMULATED SURPLUS, beginning of year</b>	<b><u>4,826,229</u></b>	<b><u>5,352,107</u></b>
<b>ACCUMULATED SURPLUS, end of year</b>	<b><u>\$ 7,933,891</u></b>	<b><u>\$ 4,826,229</u></b>

# ROSEAU RIVER ANISHINABE FIRST NATION

STATEMENT 3

## CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

YEAR ENDED MARCH 31

	2 0 1 8	2 0 1 7
Annual surplus (deficit)	\$ <u>3,107,662</u>	\$( <u>525,878</u> )
Acquisition of tangible capital assets	( <u>544,591</u> )	( <u>151,304</u> )
Acquisition of construction in progress	( <u>2,000,000</u> )	
Amortization of tangible capital assets	<u>787,378</u>	<u>739,561</u>
	( <u>1,757,213</u> )	<u>588,257</u>
Acquisition of prepaid expenses	( <u>59,878</u> )	( <u>64,106</u> )
Use of prepaid expenses	<u>64,106</u>	<u>54,689</u>
	<u>4,228</u>	( <u>9,417</u> )
INCREASE IN NET FINANCIAL ASSETS FOR YEAR	<b>1,354,677</b>	52,962
NET FINANCIAL ASSETS, <i>beginning of year</i>	<u>80,568</u>	<u>27,606</u>
NET FINANCIAL ASSETS, <i>end of year</i>	<u>\$ 1,435,245</u>	<u>\$ 80,568</u>



# ROSEAU RIVER ANISHINABE FIRST NATION

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2018	2017
CASH FLOW FROM		
<i>OPERATING ACTIVITIES</i>		
Cash received from Indigenous and Northern Affairs Canada	\$ 6,515,343	\$ 4,154,740
Cash received from other sources	11,105,050	10,659,646
Cash paid to suppliers and employees	( 13,110,105)	( 13,450,608)
Interest paid on long term debt and MLG repayments	( 116,757)	( 129,424)
	<u>4,393,531</u>	<u>1,234,354</u>
<i>CAPITAL ACTIVITIES</i>		
Acquisition of tangible capital assets	( 544,591)	( 151,304)
Construction in progress costs	( 2,000,000)	-
	<u>( 2,544,591)</u>	<u>( 151,304)</u>
<i>INVESTING ACTIVITY</i>		
Redemption of short term investments	-	161,235
<i>FINANCING ACTIVITIES</i>		
Repayment of long term debt	( 158,334)	( 371,876)
Ministerial loan guarantee (MLG) repayments	( 1,730,892)	( 282,668)
Advance from Roseau River 1903 Trust	1,842,959	-
	<u>( 46,267)</u>	<u>( 654,544)</u>
NET INCREASE IN CASH DURING YEAR	1,802,673	589,741
CASH, <i>beginning of year</i>	<u>2,601,357</u>	<u>2,011,616</u>
CASH, <i>end of year</i>	<u>\$ 4,404,030</u>	<u>\$ 2,601,357</u>
Cash consists of the following:		
Cash - unrestricted	\$ 3,668,176	\$ 2,327,134
Restricted cash	<u>735,854</u>	<u>274,223</u>
	<u>\$ 4,404,030</u>	<u>\$ 2,601,357</u>

# ROSEAU RIVER ANISHINABE FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

### 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 which 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, 2018

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 whereby 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

The Urban program of Ginew Housing Authority Inc. which owns and leases off-reserve housing, has 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 FINANCIAL ASSETS*

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

*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.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

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

Residential buildings acquired under Canada Mortgage and Housing Corporation ("CMHC") sponsored programs are amortized 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
Construction 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, 2018

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 Indigenous and Northern Affairs Canada (INAC), First Nations and Inuit Health Branch (FNIHB) and Canada Mortgage and Housing Corporation (CMHC) 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 in the year that the rebates are received or receivable from the Province of Manitoba, if the amount to be recorded can be reasonably estimated and collection is reasonably assured.

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 19. 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, due to Roseau River 1903 Trust 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, 2018

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.

## 3. RESTRICTED CASH

## REPLACEMENT RESERVE - GINEW 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 \$29,500 (March 31, 2017 - \$32,767). 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, 2018, the accumulated balance of \$327,478 (March 31, 2017 - \$397,517) in this reserve was underfunded by \$196,876 (March 31, 2017 - \$244,517) and due from operating.

## REPLACEMENT RESERVE - GINEW 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, 2017 - \$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, 2018, the accumulated balance of \$106,020 (March 31, 2017 - \$95,507) in this reserve was fully funded.

	2 0 1 8	2 0 1 7
Ginew Housing Authority Inc. - replacement reserve	\$ 130,602	\$ 153,000
Ginew Housing Authority Inc. - special projects	471,703	
Ginew Seniors Lodge - replacement reserve	<u>133,549</u>	<u>121,223</u>
	<u>\$ 735,854</u>	<u>\$ 274,223</u>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

## 4. ACCOUNTS RECEIVABLE

	2 0 1 8	2 0 1 7
Indigenous and Northern Affairs Canada (INAC):		
Band employee benefits (non-statutory) - 2017/18 funding	\$ 312	\$
Band employee benefits (statutory) - 2017/18 funding	481	
Band support (third party manager) - 2017/18 funding	153,078	
Band support (third party manager) - 2016/17 funding	25,269	25,269
Community economic development - 2017/18 funding	74,229	
Community economic development - 2016/17 funding	74,229	74,229
Community economic development - 2015/16 funding	72,828	72,828
Community economic development - 2014/15 funding	29,907	29,907
Flood protection - 2017-/18 funding	106,090	
Flood protection - 2016/17 funding	60,870	60,870
Indian registry administration - 2017/18 funding	17,164	
Indian registry administration - 2016/17 funding	15,940	15,940
Indian registry administration - 2015/16 funding	9,300	9,300
Solid waste management - 2017/18 funding	<u>46,000</u>	<u>46,000</u>
	685,697	334,343
First Peoples Development Inc.	11,162	
First Nations and Inuit Health Branch (FNIHB)		114,106
Canada Mortgage Housing Corporation (CMHC)	66,509	
Trade and other receivables	<u>516,252</u>	<u>1,118,618</u>
	1,279,620	1,567,067
Less allowance for doubtful accounts	<u>( 356,422)</u>	<u>( 471,058)</u>
	<u>\$ 923,198</u>	<u>\$ 1,096,009</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

## 5. LONG TERM INVESTMENTS

The following table presents condensed financial information for the Roseau River Anishinabe Limited Partnership which operates Video Lotto terminal sites.

	2 0 1 8	2 0 1 7
Cash	\$ 226,953	\$ 130,924
Accounts receivable	915	142
Due from related parties		28,063
Inventory	1,293	
Capital assets	<u>1,049,865</u>	<u>1,082,652</u>
Total assets	<u>\$ 1,279,026</u>	<u>\$ 1,241,781</u>
Accounts payable and accrued liabilities	<u>\$ 56,025</u>	<u>\$ 64,129</u>
Total liabilities	<u>56,025</u>	<u>64,129</u>
Partners' capital	<u>1,223,001</u>	<u>1,177,652</u>
Total liabilities and partners' capital	<u>\$ 1,279,026</u>	<u>\$ 1,241,781</u>
Revenue	\$ 15,237,407	\$ 14,306,289
Expenditures	(14,627,891)	(13,742,181)
Other items	<u>( 564,167)</u>	<u>( 569,405)</u>
Net earnings (loss) for year	<u>\$ 45,349</u>	<u>\$ ( 5,297)</u>

## 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 1 8	2 0 1 7
Indigenous and Northern Affairs Canada (INAC):		
Ministerial loan guarantee repayments	\$	\$ 1,730,892
Funding recoveries:		
Band Employee Benefits (2016/17)	1,929	1,929
Skills Link (2014/15)	13,472	13,472
Skills Link - Summer Students (2014/15)	1,071	1,071
Skills Link - Summer Work Experience (2016/17)	19,138	19,138
Skills Link - Work Placement (2014/15)	891	891
Skills Link - Work Placement (2015/16)	33,412	33,412
Skills Link - Work Placement (2016/17)	<u>37,390</u>	<u>37,390</u>
Accrued liabilities - other	107,303	1,838,195
Employee wages and source deductions payable	496,367	360,393
Trade and other payables	<u>175,721</u>	<u>292,902</u>
	<u>\$ 925,544</u>	<u>\$ 2,634,953</u>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

## 7. DEFERRED REVENUE

	2 0 1 8	2 0 1 7
Indigenous and Northern Affairs Canada (INAC):		
Community Economic Development	\$	\$ 178,006
Flood Protection	<b>60,870</b>	60,870
Housing Capacity Enhancement Strategic Plan	<b>100,000</b>	
RHI 5 Unit Duplex Housing Project	<b>372,000</b>	
Solid Waste Management	<u><b>46,000</b></u>	<u>46,000</u>
	<b>578,870</b>	284,876
First Nations and Inuit Health Branch - Ginew Wellness Centre	<b>350,445</b>	218,584
Ginew Employment and Training Services	<b>103,831</b>	
Unearned lease revenue	<u><b>55,000</b></u>	<u>239,368</u>
	<u><b>\$ 1,088,146</b></u>	<u>\$ 742,828</u>

## 8. DUE TO ROSEAU RIVER 1903 TRUST

The amount of \$1,842,959 due to Roseau River 1903 Trust represents the temporary receipt of funds on March 29, 2018 which was used to make a payment of \$1,844,537 on April 2, 2018 towards Roseau River 1903 Trust's loan with RBC Royal Bank.

Amounts due to Roseau River 1903 Trust are unsecured and non-interest bearing with no fixed terms of repayment.

## 9. LONG TERM DEBT

	2 0 1 8	2 0 1 7
Canada Mortgage and Housing Corporation mortgage, 1.71%, repayable in monthly installments of \$580 including interest, renews May 2018, matures November 2024, secured by a ministerial guarantee from the Government of Canada and assignment of fire insurance.	\$ <b>43,793</b>	\$ 49,946
Canada Mortgage and Housing Corporation mortgage, 1.71%, repayable in monthly installments of \$1,848 including interest, renews May 2018, matures July 2025, secured by a ministerial guarantee from the Government of Canada and assignment of fire insurance.	<b>152,766</b>	172,162
Canada Mortgage and Housing Corporation mortgage, 1.71%, repayable in monthly installments of \$1,322 including interest, renews May 2018, matures September 2032, secured by a ministerial guarantee from the Government of Canada and assignment of fire insurance.	<b>203,594</b>	215,870
Canada Mortgage and Housing Corporation mortgage, 1.71%, repayable in monthly installments of \$7,693 including interest, renews May 2018, matures November 2021, secured by a ministerial guarantee from the Government of Canada and assignment of fire insurance.	<b>327,817</b>	413,753

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2018**

9. LONG TERM DEBT *(continued)*

	2 0 1 8	2 0 1 7
Canada Mortgage and Housing Corporation mortgage, 1.43%, repayable in monthly installments of \$3,550 including interest, renews April 2022, matures March 2032, secured by a ministerial guarantee from the Government of Canada and assignment of fire insurance.	<u>540,365</u>	<u>574,938</u>
	<u>\$ 1,268,335</u>	<u>\$ 1,426,669</u>

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

March 31, 2019	\$	160,951
2020		163,620
2021		166,326
2022		138,174
2023		78,378

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

10. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated Amortization				Net Book Value	
	Opening Balance	Additions	Adjustments and Disposals	Closing Balance	Opening Balance	Amortization	Adjustments, Disposals and Impairment	Closing Balance	Total 2018	Total 2017
Automotive	\$ 269,189	\$ 56,750	\$	\$ 325,939	\$ 182,474	\$ 30,148	\$	\$ 212,622	\$ 113,317	\$ 86,715
Computer equipment	186,494	15,887		202,381	155,759	10,025		165,784	36,597	30,735
Construction equipment		100,000		100,000		10,000		10,000	90,000	
Furniture and equipment	669,083	51,483		720,566	455,157	41,203		496,360	224,206	213,926
Residential buildings	<u>14,457,112</u>	<u>320,470</u>	<u>-</u>	<u>14,777,582</u>	<u>10,106,932</u>	<u>696,002</u>	<u>-</u>	<u>10,802,934</u>	<u>3,974,648</u>	<u>4,350,180</u>
	<u>\$ 15,581,878</u>	<u>\$ 544,590</u>	<u>\$ -</u>	<u>\$ 16,126,468</u>	<u>\$ 10,900,322</u>	<u>\$ 787,378</u>	<u>\$ -</u>	<u>\$ 11,687,700</u>	<u>\$ 4,438,768</u>	<u>\$ 4,681,556</u>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

## 11. CONSTRUCTION IN PROGRESS

Construction was in progress on 5 band owned duplex housing units with a total accumulated cost of \$2,000,000 at March 31, 2018. The costs related to this project will be transferred to capital assets upon completion and subsequently amortized accordingly.

## 12. ACCUMULATED SURPLUS

	2 0 1 8	2 0 1 7
Accumulated surplus (deficit) from operations	\$ 1,020,791	\$ (99,333)
Equity in tangible capital assets and construction in progress	5,170,432	3,254,886
Equity in long term investments	1,223,001	1,177,652
Replacement reserve	<u>519,667</u>	<u>493,024</u>
	<u>\$ 7,933,891</u>	<u>\$ 4,826,229</u>

## 13. 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, 2018 might be recovered.

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

- b) In March 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.

## 14. COMMITMENTS

During the 2015-16 fiscal year, the First Nation's Chief and Council authorized Roseau River 1903 Trust ("the 1903 Trust") to secure a \$10,000,000 loan from RBC Royal Bank (\$5,000,000 to re-finance the loan from the previous corporate Trustee and an additional \$5,000,000 as per the terms of the by-law) the net loan proceeds of which was transferred to the Community Development Account (CDA) and recorded as additional trust allotment revenue.

Principal repayments of \$2,000,000 (\$1,000,000 during the 2016-2017 fiscal year and \$1,000,000 during the 2017-2018 fiscal year) were made by the 1903 Trust toward the initial \$10,000,000 authorized loan from RBC Royal Bank to reduce the outstanding balance to \$8,000,000 as of April 1, 2017.

During the 2017-2018 fiscal year, the First Nation's Chief and Council authorized the 1903 Trust to secure an additional \$8,000,000 in loan proceeds from RBC Royal Bank, of which \$2,543,500 in net proceeds was transferred to CDA and recorded as additional trust allotment revenue.

The balance of the authorized loan with RBC Royal Bank was \$16,000,000 as of March 31, 2018 which the 1903 Trust is liable to repay in estimated annual principal installments of \$1,600,000 over the next 10 years plus interest at the rate of prime (3.45%) plus 0.15%.

The 1903 Trust will reduce future annual allotments to the CDA by the amount of the annual principal installments and related interest paid toward the authorized loan with RBC Royal Bank.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

## 15. RECONCILIATION OF INDIGENOUS AND NORTHERN AFFAIRS CANADA (INAC) REVENUE

	2 0 1 8	2 0 1 7
INAC funding per agreement #1718-MB-000050 (MANITOBA)	\$ 6,866,697	\$ -
INAC funding per agreement #1415-MB-000036 (MANITOBA)		4,232,840
Band support funding received - 2014/15		3,953
Third party manager services - 2015/16 discrepancy		2,683
Third party manager services - 2016/17 discrepancy	<u>-</u>	<u>(2,608)</u>
Total INAC revenue per financial statements	<u>\$ 6,866,697</u>	<u>\$ 4,236,868</u>

## 16. RECONCILIATION OF FIRST NATIONS AND INUIT HEALTH BRANCH (FNIHB) REVENUE

	2 0 1 8	2 0 1 7
FNIHB funding per agreement #1617-MB-000023 (MANITOBA)	<u>\$ 3,179,518</u>	<u>\$ 2,588,881</u>
Total FNIHB revenue per financial statements	<u>\$ 3,179,518</u>	<u>\$ 2,588,881</u>

## 17. ECONOMIC DEPENDENCE

The First Nation receives a majority of its revenue from Indigenous and Northern Affairs Canada (INAC) and First Nations Inuit Health Branch (FNIHB) 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.

## 18. 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, 2018

## 19. 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** - 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** - 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

## 20. COMPARATIVE FIGURES

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

## 21. EXPENSES BY OBJECT

	2 0 1 8	2 0 1 7
Administration and office	\$ 567,203	\$ 168,475
Amortization	787,378	739,561
Bad debts	16,769	210,106
Bank charges and interest	37,077	12,121
Business development	11,261	9,003
Contract fees and services	898,803	1,455,812
Fuel	12,127	2,930
Insurance	83,422	138,100
Interest on long term debt	116,757	129,424
Non-capital equipment	418,639	954,629
Other	889,299	525,809
Rent	210,082	32,847
Repairs and maintenance	866,749	677,628
Replacement reserve	147,576	121,300
Salaries, honoraria, wages and benefits	4,174,381	3,805,539
Settlement payment to RRAFN TLE Trust	200,000	
Social assistance	1,974,840	2,221,978
Supplies and materials	485,369	522,505
Telecommunication	114,162	88,359
Tobacco tax rebate distributions	1,049,920	1,961,068
Travel and accommodations	281,837	274,096
Training	256,824	211,562
Utilities	439,476	179,158
	<u>\$ 14,039,951</u>	<u>\$ 14,442,010</u>

## 22. BUDGET INFORMATION

The First Nation has not prepared a complete consolidated budget for the year ended March 31, 2018. Accordingly, budget figures are not presented in these consolidated financial statements.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

23. 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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue:										
Federal Government										
INAC	\$ 450,062	\$ 409,778	\$ -	\$ -	\$ 89,003	\$ 89,003	\$ 847,829	\$ 596,808	\$ -	\$ -
FNIHB	-	-	-	-	-	-	-	-	-	-
CMHC	-	-	-	-	-	-	-	-	-	-
Subtotal	450,062	409,778	-	-	89,003	89,003	847,829	596,808	-	-
Funding recoveries		(1,929)						(56,528)		
Other revenue	3,382		3,661,514	3,044,340					512,414	365,485
Deferred from prior year					178,006	89,003				
Deferred to following year	-	-	-	-	-	(178,006)	-	-	(103,831)	-
Total revenue	<u>453,444</u>	<u>407,849</u>	<u>3,661,514</u>	<u>3,044,340</u>	<u>267,009</u>	<u>-</u>	<u>847,829</u>	<u>540,280</u>	<u>408,583</u>	<u>365,485</u>
Expenditures:										
Amortization			5,340	6,903						
Interest on long term debt										
Salaries and benefits	84,197	1,008	317,237	1,195,689	41,579	52,000	180,690	30,169	139,391	152,841
Other	269,029	213,622	1,744,886	1,773,171	47,424	28,297	506,590	600,353	308,935	200,085
Total expenditures	<u>353,226</u>	<u>214,630</u>	<u>2,067,463</u>	<u>2,975,763</u>	<u>89,003</u>	<u>80,297</u>	<u>687,280</u>	<u>630,522</u>	<u>448,326</u>	<u>352,926</u>
Annual Surplus (Deficit)	\$ <u>100,218</u>	\$ <u>193,219</u>	\$ <u>1,594,051</u>	\$ <u>68,577</u>	\$ <u>178,006</u>	\$ <u>(80,297)</u>	\$ <u>160,549</u>	\$ <u>(90,242)</u>	\$ <u>(39,743)</u>	\$ <u>12,559</u>

# ROSEAU RIVER ANISHINABE FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

### 23. SEGMENT DISCLOSURE (continued)

	Ginew Housing Authority		Ginew Seniors Lodge		Ginew Wellness Center		Own Source		Public Works	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenue:										
Federal Government										
INAC	\$ 2,702,820	\$ 419,394	\$	\$	\$	\$	\$	\$	\$ 737,468	\$ 559,973
FNIHB					3,179,518	2,588,881				
CMHC	<u>282,259</u>	<u>193,601</u>	<u>49,466</u>	<u>50,204</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	2,985,079	612,995	49,466	50,204	3,179,518	2,588,881	-	-	737,468	559,973
Funding recoveries										
Other revenue	216,831	254,257	69,182	68,555	71,998	168,459	2,579,670	3,619,427		38,337
Deferred from prior year					218,584		239,368		106,870	
Deferred to following year	<u>(472,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(350,445)</u>	<u>(218,584)</u>	<u>(55,000)</u>	<u>( 239,368)</u>	<u>(106,870)</u>	<u>(106,870)</u>
Total revenue	<u>2,729,910</u>	<u>867,252</u>	<u>118,648</u>	<u>118,759</u>	<u>3,119,655</u>	<u>2,538,756</u>	<u>2,764,038</u>	<u>3,380,059</u>	<u>737,468</u>	<u>491,440</u>
Expenditures:										
Amortization	534,263	535,063	34,572	33,489	189,672	157,831	23,531	6,275		
Interest on long term debt	108,825	119,619	7,932	9,805						
Salaries and benefits	148,937	189,891			1,871,491	1,634,587	1,141,956	417,762	154,251	65,477
Other	<u>920,667</u>	<u>670,300</u>	<u>59,129</u>	<u>74,598</u>	<u>804,220</u>	<u>872,071</u>	<u>1,714,398</u>	<u>2,687,349</u>	<u>612,902</u>	<u>531,816</u>
Total expenditures	<u>1,712,692</u>	<u>1,514,873</u>	<u>101,633</u>	<u>117,892</u>	<u>2,865,383</u>	<u>2,664,489</u>	<u>2,879,885</u>	<u>3,111,386</u>	<u>767,153</u>	<u>597,293</u>
Annual Surplus (Deficit)	<u>\$ 1,017,218</u>	<u>\$ ( 647,621)</u>	<u>\$ 17,015</u>	<u>\$ 867</u>	<u>\$ 254,272</u>	<u>\$ ( 125,733)</u>	<u>\$ ( 115,847)</u>	<u>\$ 268,673</u>	<u>\$ ( 29,685)</u>	<u>\$ ( 105,853)</u>

# ROSEAU RIVER ANISHINABE FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

### 23. SEGMENT DISCLOSURE *(continued)*

	Social		TOTAL	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenue:				
Federal Government				
INAC	\$ 2,039,515	\$ 2,161,912	\$ 6,866,697	\$ 4,236,868
FNIHB			3,179,518	2,588,881
CMHC	-	-	<u>331,725</u>	<u>243,805</u>
Subtotal	2,039,515	2,161,912	10,377,940	7,069,554
Funding recoveries				( 58,457)
Other revenue			7,114,991	7,558,860
Deferred from prior year			742,828	89,003
Deferred to following year	-	-	<u>(1,088,146)</u>	<u>( 742,828)</u>
Total revenue	<u>2,039,515</u>	<u>2,161,912</u>	<u>17,147,613</u>	<u>13,916,132</u>
Expenditures:				
Amortization			787,378	739,561
Interest on long term debt			116,757	129,424
Salaries and benefits	94,652	66,115	4,174,381	3,805,539
Other	<u>1,973,255</u>	<u>2,115,824</u>	<u>8,961,435</u>	<u>9,767,486</u>
Total expenditures	<u>2,067,907</u>	<u>2,181,939</u>	<u>14,039,951</u>	<u>14,442,010</u>
Annual Surplus (Deficit)	<u>\$ ( 28,392)</u>	<u>\$ ( 20,027)</u>	<u>\$ 3,107,662</u>	<u>\$ ( 525,878)</u>