

Financial Statements of

**SIX NATIONS OF THE GRAND RIVER**

Year ended March 31, 2015

# SIX NATIONS OF THE GRAND RIVER

Index

March 31, 2015

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### **Management's Responsibility for the Financial Statements**

The accompanying financial statements of Six Nations of the Grand River ("Six Nations") as at and for the year end March 31, 2015 are the responsibility of Six Nations' management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to the financial statements.

Six Nations' management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

Six Nations Elected Council meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by Six Nations. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on Six Nations' financial statements.

On behalf of the Six Nations Elected Council:

Chief Ava Hill

Dayle Bomberry, Senior Administrative Officer



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## INDEPENDENT AUDITORS' REPORT

To the Six Nations Elected Council and Members of Six Nations of the Grand River

We have audited the accompanying consolidated financial statements of Six Nations of the Grand River, which comprise the consolidated statement of financial position as at March 31, 2015, the consolidated statements of operations, net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *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 from 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 our 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, we consider 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 audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Six Nations of the Grand River as at March 31, 2015, and its consolidated results of operations and its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants,

July 21, 2015

St. Catharines, Canada

# SIX NATIONS OF THE GRAND RIVER

Consolidated Statement of Financial Position

March 31, 2015, with comparative information for 2014

	2015	2014
<b>Financial assets:</b>		
Cash	\$ 21,139,126	\$ 15,750,580
Investments (note 2)	23,753,739	23,304,701
Accounts receivable (note 3)	5,919,952	6,084,091
Housing loans receivable (note 4)	19,748,516	18,678,073
Other assets (note 5)	1,445,587	1,499,226
Investment in Six Nations Natural Gas Company Limited Partnership (note 6)	5,819,820	5,370,148
	<u>77,826,740</u>	<u>70,686,819</u>
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities	7,066,562	6,790,169
Deferred revenue (note 7)	9,207,020	7,527,893
Net long-term liabilities (note 9)	21,677,661	23,580,514
	<u>37,951,243</u>	<u>37,898,576</u>
Net financial assets	39,875,497	32,788,243
<b>Non-financial assets:</b>		
Tangible capital assets (note 10)	117,510,493	121,986,178
Inventory	88,812	127,927
Prepaid expenses	531,249	210,823
	<u>118,130,554</u>	<u>122,324,928</u>
Commitments (note 12)		
Contingencies (note 13)		
Accumulated surplus (note 11)	<u>\$ 158,006,051</u>	<u>\$ 155,113,171</u>

The accompanying notes are an integral part of these consolidated financial statements.

# SIX NATIONS OF THE GRAND RIVER

Consolidated Statement of Operations

Year ended March 31, 2015, with comparative information for 2014

	Budget (note 17)	2015	2014
<b>Revenues:</b>			
User charges:			
Rental income	\$ 2,617,460	\$ 2,253,223	\$ 2,275,047
Accommodation charges	893,495	773,299	608,405
User charges	564,000	600,360	587,236
	4,074,955	3,626,882	3,470,688
Government transfers (note 15):			
Province of Ontario	15,837,123	21,774,953	20,496,516
Other federal	8,437,019	9,726,863	9,612,430
Aboriginal Affairs and Northern Development Canada (note 14)	8,106,470	10,526,235	14,717,588
	32,380,612	42,028,051	44,826,534
Other:			
Bingo	19,269,000	19,659,395	17,801,967
Ontario First Nations Limited Partnership Agreement	-	8,100,623	7,935,420
Other	5,644,038	2,784,732	2,001,934
Investment income	-	2,081,928	1,785,822
Equity income of Six Nations Natural Gas Company Limited Partnership (note 6)	-	449,672	63,781
Donations	-	412,845	97,734
Grand River Employment and Training Inc.	-	255,897	286,812
Gain on sale of investments	-	-	27,581
Loss on sale of tangible capital assets	-	(12,923)	(28,141)
	24,913,038	33,732,169	29,972,910
<b>Total revenues</b>	<b>61,368,605</b>	<b>79,387,102</b>	<b>78,270,132</b>
<b>Expenses (note 16):</b>			
Corporate and Committee of the Whole	6,637,889	9,412,335	10,594,070
Physical and Economic Development	29,367,577	33,133,056	29,433,235
Human and Emergency Services	28,343,560	33,948,831	32,040,824
<b>Total expenses</b>	<b>64,349,026</b>	<b>76,494,222</b>	<b>72,068,129</b>
<b>Annual surplus (deficit)</b>	<b>(2,980,421)</b>	<b>2,892,880</b>	<b>6,202,003</b>
<b>Accumulated surplus, beginning of year</b>	<b>155,113,171</b>	<b>155,113,171</b>	<b>148,911,168</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 152,132,750</b>	<b>\$ 158,006,051</b>	<b>\$ 155,113,171</b>

The accompanying notes are an integral part of these consolidated financial statements

# SIX NATIONS OF THE GRAND RIVER

## Consolidated Statement of Change in Net Financial Assets

Year ended March 31, 2015, with comparative information for 2014

	Budget (note 17)	2015	2014
Annual surplus (deficit)	\$ (2,980,421)	\$ 2,892,880	\$ 6,202,003
Acquisition of tangible capital assets	-	(2,854,293)	(9,369,510)
Amortization of tangible capital assets	-	7,303,078	5,814,702
Loss on sale of tangible capital assets	-	12,923	28,141
Proceeds on sale of tangible capital assets	-	13,977	96,599
Change in supplies of inventory	-	39,115	10,617
Change in prepaid expense	-	(320,426)	87,824
Change in net financial assets	(2,980,421)	7,087,254	2,870,376
Net financial assets, beginning of year	32,788,243	32,788,243	29,917,867
Net financial assets, end of year	\$ 29,807,822	\$ 39,875,497	\$ 32,788,243

The accompanying notes are an integral part of these consolidated financial statements.

# SIX NATIONS OF THE GRAND RIVER

## Consolidated Statement of Cash Flows

March 31, 2015 with comparative information for 2014

	2015	2014
Operating activities:		
Annual surplus	\$ 2,892,880	\$ 6,202,003
Items not involving cash:		
Amortization	7,303,078	5,814,702
Loss on sale of tangible capital assets	12,923	28,141
Gain on sale of investments	-	(27,581)
Equity income of Six Nations Natural Gas Company Limited Partnership	(449,672)	(63,781)
Change in non-cash assets and liabilities:		
Accounts receivable	164,139	(2,698,657)
Housing loans receivable	(1,070,443)	(830,315)
Other assets	53,639	3,029
Accounts payable and accrued liabilities	276,393	(2,443,794)
Deferred revenue	1,679,127	2,340,201
Inventory	39,115	10,617
Prepaid expenses	(320,426)	87,824
Net change in cash from operating activities	10,580,753	8,422,389
Capital activities:		
Proceeds on sale of tangible capital assets	13,977	96,599
Cash used to acquire tangible capital assets	(2,854,293)	(9,369,510)
Net change in cash from capital activities	(2,840,316)	(9,272,911)
Investing activities:		
Net change in investments	(449,038)	(536,596)
Financing activities:		
Net change in long-term liabilities	(1,902,853)	2,833,732
Net change in cash	5,388,546	1,446,614
Cash, beginning of year	15,750,580	14,303,966
Cash, end of year	\$ 21,139,126	\$ 15,750,580

The accompanying notes are an integral part of these consolidated financial statements.



# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements

Year ended March 31, 2015

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## 1. Significant accounting policies:

The consolidated financial statements of Six Nations of the Grand River ("Six Nations") are prepared by management in accordance with Canadian Public Sector Accounting Standards ("PSAS") as recommended by the Chartered Professional Accountants of Canada, and as required by Aboriginal Affairs and Northern Development Canada ("AANDC"). Significant accounting policies adopted by Six Nations are as follows:

### (a) Basis of consolidation:

#### (i) Consolidated entities:

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and fund balances of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to Six Nations and which are owned or controlled by Six Nations Council. These entities and organizations include:

- H.C. Peatson Education
- Ottawa Trust Fund
- Economic Development Fund
- Six Nations Bingo Hall
- Six Nations Commercial Leasing

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated upon consolidation.

#### (ii) Trust funds:

Trust funds and their related operations administered by Six Nations are not included in these financial statements.

### (b) Basis of accounting:

Six Nations follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

### (c) Investments:

Investments consist of bonds and interest bearing mutual funds and are stated at the lower of cost and market value. Gains and losses on investments are recorded when realized.

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

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## 1. Significant accounting policies (continued):

### (d) Housing loans receivable:

Housing loans receivable consist of loans to Six Nations' members and bear interest at the rate of 7% or 0% per annum. Housing loans receivable are recorded at fair value, with the differences between fair value and face value recorded as grant expense. Interest on 7% loans is recorded when earned. Housing loans receivable are considered impaired when management has determined that there is a reasonable doubt as to the ultimate collectability of principal and interest. At the end of each reporting period, Six Nations evaluates its housing loans receivable and establishes an allowance for doubtful accounts on a loan-by-loan basis for specifically identified probable losses on loans receivable.

### (e) Investment in Six Nations Natural Gas:

The Investment in Six Nations Natural Gas has been accounted for on a modified equity basis, consistent with the accounting treatment for government business partnerships. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of Six Nations, and inter-organizational transactions and balances are not eliminated. Six Nation's share of the partnership is 99%.

### (f) Non-financial assets:

Non financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

### (i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

<b>Asset</b>	<b>Useful Life - Years</b>
Land improvements	10 - 40
Buildings and building improvements	4 - 40
Houses	25 - 40
Vehicles	10
Bridges	40
Machinery and equipment	5 - 25
Office equipment and furniture	2 - 10
Water and wastewater networks	12 - 65
Water and wastewater equipment	10 - 65
Roads infrastructure - Base	40
- Surface	20 - 30
Computer hardware and software	3
Leasehold improvements	over the term of the lease

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

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## 1. Significant accounting policies (continued):

### (f) Non-financial assets (continued):

#### (i) Tangible capital assets (continued):

Amortization commences in the month of acquisition. Assets under construction are not amortized until the asset is available for productive use. Assets are disposed of when they are no longer in use by Six Nations.

#### (ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

#### (iii) Intangible assets:

Intangible assets and natural resources that have not been purchased are not recognized as assets in the financial statements.

#### (iv) Interest capitalization:

Six Nations' tangible capital asset policy does not allow for the capitalization of interest costs associated with the acquisition or construction of a tangible capital asset.

#### (v) Leases:

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related payments are charged to expenditures as incurred.

#### (vi) Inventory:

Inventories held for consumption are recorded at the lower of cost and replacement cost.

### (g) Reserves and reserve funds:

Certain amounts, as approved by Six Nations' Council are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved. Reserves and reserve funds are presented on the statement of financial position in accumulated surplus.

### (h) Contaminated sites:

Six Nations adopted Public Sector Accounting Board Standard PS 3260 Liability for Contaminated Sites effective April 1, 2014. Under PS 3260, contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. This Standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination. Six Nations adopted this standard on a retroactive basis and there were no adjustments as a result of the adoption of this standard.

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

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## 1. Significant accounting policies (continued):

### (i) Government transfers:

Government transfers received or receivable are recognized as revenue when the transfer is authorized, any eligibility criteria are met, and a reasonable estimate of the amount can be made unless they meet the definition of a liability. Government transfers paid are recognized as a liability and an expense when the transfer is authorized and all eligibility criteria have been met by the recipient.

Government transfers received relate to social services, child care, housing and health programs. Government transfers paid relate to social services programs.

### (j) Deferred revenue:

Deferred revenue represents revenues which have been collected but for which the related services have yet to be performed or eligible expenses incurred. Deferred revenue is comprised of general deferred revenue, security deposits for public works customers and rental clients, government transfers and project funding. Other externally restricted funds are recognized as revenue when the funds are spent for the purpose intended.

### (k) Investment income:

Investment income earned is reported as revenue in the period earned.

### (l) Rental income:

Rent is collected for the rental of apartments, townhomes, and houses. Rental income is recorded when it is earned. Provision is established for specifically identified probable losses on rental income.

'Home ownership' (Rent-to-own) income is classified as deferred revenue when received in accordance with PSAS, as amounts are deposited on future purchase. Revenue is recognized when the ownership of the property is transferred to the tenant of the property and is accounted for as a disposal of a tangible capital asset.

### (m) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accounts receivable, housing loans receivable, accrued liabilities and deferred revenue. Amounts recorded for amortization of tangible capital assets are based on estimates of useful service life. Actual results could differ from these estimates.

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

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## 1. Significant accounting policies (continued):

(n) Employee future benefits:

The Company has defined contribution plans providing pension and post-employment benefits for its employees. The cost of the defined contribution plans is recognized based on the contributions required to be made during each period.

## 2. Investments:

Investments reported on the consolidated statement of financial position have market values as follows:

	2015		2014	
	Cost	Market Value	Cost	Market Value
Investments	\$23,753,739	\$24,416,214	\$23,304,701	\$23,826,135

## 3. Accounts receivable:

Accounts receivable are reported net of a valuation allowance of \$538,705 (2014 - \$447,166).

## 4. Housing loans receivable:

Housing loans receivable represent principal and interest amounts currently owing. These loan agreements are secured by the members' reserve property. The housing loans receivable on the consolidated statement of financial position, are made up of the following:

	2015	2014
Loans with interest at 0% per annum	\$ 947,723	\$ 1,054,574
Loans with interest at 7% per annum	19,290,576	18,113,282
Allowance for doubtful accounts	(489,783)	(489,783)
	\$ 19,748,516	\$ 18,678,073

Six Nations has provided interest free loans to members that meet certain criteria upon approval of Council. The loans with interest at 0% have a face value of \$1,133,081 (2014 - \$1,262,978). Additionally, Six Nations has approved further financing to specific members in the amount of \$1,333,081 (2014 - \$980,003), which has not been advanced at year-end.

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

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## 5. Other assets:

Included in other assets is a loan receivable from Six Nations Police in the amount of \$717,267 (2014 - \$779,037), which does not bear interest. In 2010, Six Nations approved a grant of \$1,150,000 to Six Nations Police for the construction of a new police station. The debt is repayable over a term of 35 years with monthly payments of \$2,738. As the loan does not bear interest, a grant expense in the amount of \$300,000 was recognized in the year the loan was granted, which represented the difference in the face value and fair value of the loan. This amount will be amortized into income over the term of the loan. The face value of the loan is \$982,982 (2014 - \$1,053,323).

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

## 6. Investment in Six Nations Natural Gas Company Limited Partnership:

The following provides condensed supplementary financial information for the operations of Six Nations Natural Gas Company Limited Partnership ("Six Nations Natural Gas") for the years ended March 31, 2015 and March 31, 2014. Six Nations owns an interest of 99% in Six Nations Natural Gas Company Limited Partnership and Six Nations Natural Gas Limited owns the remaining 1% interest.

Financial position:

	2015	2014
Current assets	\$ 3,760,540	\$ 3,349,947
Capital assets	3,051,700	2,475,519
Total assets	6,812,240	5,825,466
Current liabilities	484,341	442,653
Net assets	6,327,899	5,382,813
Six Nations Natural Gas Limited's interest in partnership	171,864	171,864
Government assistance treated as a capital transaction	(679,943)	(184,529)
Investment in Six Nations Natural Gas	\$ 5,819,820	\$ 5,370,148

Results of operations:

	2015	2014
Revenues	\$ 1,834,049	\$ 1,391,399
Operating expenses	1,384,332	1,327,612
Net income	449,717	63,787
Six Nations Natural Gas Limited's interest	(45)	(6)
Net income – Six Nations Natural Gas	\$ 449,672	\$ 63,781

Investment in Six Nations Natural Gas:

	2015	2014
Opening balance	\$ 5,370,148	\$ 5,306,367
Net income	449,672	63,781
Closing balance – Investment in Six Nations Natural Gas	\$ 5,819,820	\$ 5,370,148

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

## 7. Deferred revenue:

The deferred revenues, reported on the consolidated statement of financial position, are made up of the following:

	2015	2015	2015	
	Deposits	Rent-to-own properties	Other deferred revenue	Total
Balance, beginning of year	\$ 178,174	\$ 5,028,433	\$ 2,321,286	\$ 7,527,893
Deposits collected	42,199	-	-	42,199
Housing payments	-	368,530	-	368,530
Federal funding	-	-	204,319	204,319
Other	-	-	1,006,250	1,006,250
Provincial Funding	-	-	237,451	237,451
	220,373	5,396,963	3,769,306	9,386,642
Less:				
Deposits returned	145,768	-	-	145,768
Contributions used in operations	-	-	33,854	33,854
Rent-to-own revenue earned on disposal	-	-	-	-
	145,768	-	33,854	179,622
Balance, end of year	\$ 74,605	\$ 5,396,963	\$ 3,735,452	\$ 9,207,020

	2014	2014	2014	
	Deposits	Rent-to-own properties	Other deferred revenue	Total
Balance, beginning of year	\$ 173,656	\$ 4,813,952	\$ 200,084	\$ 5,187,692
Deposits collected	40,028	-	-	40,028
Housing payments	-	383,481	-	383,481
Federal funding	-	-	476,201	476,201
Other	-	-	1,573,050	1,573,050
Provincial Funding	-	-	273,832	273,832
	213,684	5,197,433	2,523,167	7,934,284
Less:				
Deposits returned	35,510	-	-	35,510
Contributions used in operations	-	-	201,881	201,881
Rent-to-own revenue earned on disposal	-	169,000	-	169,000
	35,510	169,000	201,881	406,391
Balance, end of year	\$ 178,174	\$ 5,028,433	\$ 2,321,286	\$ 7,527,893



# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

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## **7. Deferred revenue (continued):**

Deferred revenue for deposits includes payments made from customers of public works and Housing prepaid security deposits from rental clients.

Rent-to own properties includes home ownership payments with regards to Sale Agreements for residential properties. Other deferred revenue includes funds (donation and project funding) received for specific purposes and will be recognized as revenue when the related expenditures for the purpose specified have been incurred.

## **8. Employee benefits and other liabilities:**

Six Nations provides to substantially all of its employees a defined contribution pension plan. The plan is a contributory plan with funding of benefits based on the related employee's earnings. Six Nations matches employee contributions to a maximum of 4.05%. Contributions vest after two years of service with Six Nations. Once the contributions vest, employees may receive benefits upon retirement or termination of their employment. Contributions are expensed in the period incurred. Six Nations recognized an expense during the year related to its portion of the contributions of \$794,240 (2015 - \$837,947).

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

## 9. Net long-term liabilities:

The balance of net long-term liabilities reported on the consolidated balance sheet is made up of the following:

	2015	2014
Bank of Montreal, interest rates ranging from 2.57% to 2.64% with principal payments of \$26,478 monthly, maturing between June 2016 and February 2020. Amount is unsecured.	\$ 11,796,169	\$ 7,267,707
Bank of Montreal, interest rates ranging from 2.52% to 3.28% with principal payments of \$30,108 monthly, maturing between September 2016 and May 2017. Amount is guaranteed by Aboriginal Affairs and Northern Development Canada.	588,602	940,030
First Nations Bank of Canada, interest accrued at 2.72 and 2.89% with principal payments of \$12,220 monthly, maturing May 2015 and August 2017. Amount is unsecured.	2,919,723	3,066,364
Royal Bank of Canada, interest rates ranging from 2.52% to 3.28% with principal payments of \$66,965 monthly, maturing between July 2016 and May 2019. Amount is secured by a general security agreement.	1,532,637	7,118,479
Canada Mortgage and Housing Corporation, interest rates ranging from 1.67% to 3.13% with principal payments of \$18,062 monthly, maturing between June 2015 and April 2017. Amount is guaranteed by Aboriginal Affairs and Northern Development Canada.	4,760,939	5,060,058
Obligation under capital lease with National Leasing, interest accrued at 7.813% with principal payments of \$4,690 monthly, maturing October 2016. Amount secured by the underlying equipment.	79,591	127,876
<b>Net long-term liabilities, end of year</b>	<b>\$ 21,677,661</b>	<b>\$ 23,580,514</b>

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

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## 9. Net long-term liabilities (continued):

Principal payments, due in each of the next five years are as follows:

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2016	\$ 4,947,639
2017	5,495,894
2018	3,828,394
2019	4,360,484
2020	3,045,250
	<hr/>
	\$ 21,677,661

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Total interest on net long-term liabilities which are reported on the consolidated statement of operations amounted to \$792,183 in 2015 (2014 - \$806,923).

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

## 10. Tangible capital assets:

March 31, 2015	Cost balance, beginning of year	Additions	Transfer from WIP	Disposals	Balance, end of year	Amortization balance, beginning of year	Disposals	Amortization expense	Balance end of year	Net book value, end of year
Land and land improvements	\$ 8,347,555	\$ 580,673	\$ 42,961	\$ -	\$ 8,971,189	\$ 1,281,281	\$ -	\$ 371,317	\$ 1,652,598	\$ 7,318,591
Building and building improvements	102,985,280	458,805	399,547	-	103,843,632	32,902,018	-	3,257,118	36,159,136	67,684,496
Vehicles, machinery and equipment	24,942,504	297,795	-	(67,961)	25,172,338	7,285,106	(41,060)	2,007,731	9,251,777	15,920,561
Water and wastewater infrastructure	10,767,531	-	-	-	10,767,531	3,849,394	-	223,271	4,072,665	6,694,866
Roads infrastructure	33,949,116	1,015,845	-	-	34,964,961	20,398,265	-	919,523	21,317,788	13,647,173
Office equipment, furniture and computers	3,605,784	167,644	-	(25,136)	3,748,292	2,371,575	(25,137)	524,118	2,870,556	877,736
Work-in-progress	5,476,047	333,531	(442,508)	-	5,367,070	-	-	-	-	5,367,070
<b>Total</b>	<b>\$ 190,073,817</b>	<b>\$ 2,854,293</b>	<b>\$ -</b>	<b>\$ (93,097)</b>	<b>\$ 192,835,013</b>	<b>\$ 68,087,639</b>	<b>\$ (66,197)</b>	<b>\$ 7,303,078</b>	<b>\$ 75,324,520</b>	<b>\$ 117,510,493</b>

March 31, 2014	Cost balance, beginning of year	Additions	Transfer from WIP	Disposals	Balance, end of year	Amortization balance, beginning of year	Disposals	Amortization expense	Balance end of year	Net book value, end of year
Land and land improvements	\$ 4,952,912	\$ 3,394,643	\$ -	\$ -	\$ 8,347,555	\$ 988,926	\$ -	\$ 292,355	\$ 1,281,281	\$ 7,066,274
Building and building improvements	82,008,855	22,052,807	-	(1,076,382)	102,985,280	30,969,757	(954,221)	2,886,482	32,902,018	70,083,262
Vehicles, machinery and equipment	12,967,819	11,979,800	-	(5,115)	24,942,504	6,144,023	(2,536)	1,143,619	7,285,106	17,657,398
Water and wastewater infrastructure	8,648,009	2,119,522	-	-	10,767,531	3,665,864	-	183,530	3,849,394	6,918,137
Roads infrastructure	32,739,865	1,209,251	-	-	33,949,116	19,551,841	-	846,424	20,398,265	13,550,851
Office equipment, furniture and computers	3,028,554	593,065	-	(15,835)	3,605,784	1,925,118	(15,835)	462,292	2,371,575	1,234,209
Work-in-progress	37,455,625	(31,979,578)	-	-	5,476,047	-	-	-	-	5,476,047
<b>Total</b>	<b>\$ 181,801,639</b>	<b>\$ 9,369,510</b>	<b>\$ -</b>	<b>\$ (1,097,332)</b>	<b>\$ 190,073,817</b>	<b>\$ 63,245,529</b>	<b>\$ (972,592)</b>	<b>\$ 5,814,702</b>	<b>\$ 68,087,639</b>	<b>\$ 121,986,178</b>

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

## 10. Tangible capital assets (continued):

### Work in progress

Work in progress assets having a value of \$5,376,070 (2014 - \$5,476,047) have not been amortized. Amortization of these assets will commence when the assets are put into service.

### Contributed Tangible Capital Assets

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$nil (2014 - \$nil).

### Tangible Capital Assets Disclosed at Nominal Values

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned, other than described below.

### Works of Art and Historical Treasures

Six Nations holds several historical buildings which are recorded at nominal value.

## 11. Accumulated surplus:

Accumulated surplus consists of balances as follows at March 31:

	2015	2014
Surplus:		
Invested in tangible capital assets	\$ 95,832,832	\$ 98,405,664
Operating fund	28,630,779	23,560,667
	124,463,611	121,966,331
Reserve funds set aside by Six Nations Elected Council:		
Ontario First Nations Limited Partnership Agreement	16,576,688	11,324,838
Central Administration	5,868,000	5,892,778
Day care	445,298	445,298
Economic development	2,986,583	3,159,286
Economic development fund	1,353,074	1,316,051
Fire	50,365	50,365
Health services	732,728	647,633
Housing	2,321,858	2,369,265
Iroquois lodge	55,609	47,072
Parks & Recreation	270,465	86,473
Public works	1,107,900	6,033,909
<u>Social and correctional services</u>	<u>1,773,872</u>	<u>1,773,872</u>
	33,542,440	33,146,840
	\$ 158,006,051	\$ 155,113,171

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

## 12. Commitments:

- (a) Six Nations has outstanding contractual obligations totaling approximately \$20,500,000 (2013 - \$844,731) outlined as follows by project:

	2015	2014
Water treatment plant	\$ -	\$ 844,731
Six Nations Development Corporation loan guarantees for Wind and Solar projects	20,500,000	-
<b>Total commitments</b>	<b>\$ 20,500,000</b>	<b>\$ 844,731</b>

At March 31, 2015, the actual commitment based on the utilization of the loan for the Six Nations Development Corporation loan guarantees for the Wind and Solar projects was \$10,500,000.

- (b) Six Nations has at March 31, 2015 approved funding of community, cultural development, education, economic development and health projects in the amounts of \$823,836, \$1,282,774, \$150,000, \$362,814 and \$378,255 respectively through the Ontario First Nations Limited Partnership Agreement funds.
- (c) Minimum annual lease payments:

Six Nations rents vehicles and equipment with minimum annual lease payments for the years ending March 31 as follows:

2016	\$ 54,215
2017	44,771
2018	36,456
Thereafter	21,612
	<b>\$ 157,054</b>

## 13. Contingencies:

Six Nations has been named as a defendant in two legal claims. Council is of the opinion that there is a strong defense against these claims and is defending the claims. At this time it is not possible to determine the outcome of these claims. Accordingly, no provision for losses has been reflected in the accounts of Six Nations for these matters. Council does not anticipate that the impact, if any will be material to the financial statements.

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

## 14. Aboriginal Affairs and Northern Development Canada:

	2015	2014
Base budget	\$ 20,635,626	\$ 24,748,719
Less non-consolidated entities:		
Grand River Post Secondary Education Office	(7,688,928)	(7,674,877)
Ganakwa Sra	(696,451)	(647,540)
Gaweniyoh	(1,438,917)	(1,302,717)
	<u>(9,824,296)</u>	<u>(9,652,134)</u>
Less current year deferred revenue:		
Six Nations of the Grand River	(732,280)	(476,201)
	<u>(732,280)</u>	<u>(476,201)</u>
Add prior year deferred revenue:		
Six Nations of the Grand River	476,201	155,944
	<u>476,201</u>	<u>155,944</u>
Other adjustments:		
Six Nations of the Grand River	(29,016)	(58,740)
	<u>(29,016)</u>	<u>(58,740)</u>
	<u>\$ 10,526,235</u>	<u>\$ 14,717,588</u>

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

## 15. Government transfers:

Six Nations recognized the transfer of government funding as expenses or revenues in the period that the events giving rise to the transfer occurred. The Government transfers reported on the Statement of Operations are:

	2015	2014
Revenue:		
Aboriginal Affairs and Northern Development Canada:		
Economic development	\$ 1,156,299	\$ 1,178,012
Education	443,400	444,000
Fire	687,199	790,499
General government	1,621,174	1,870,880
Health services	174,000	124,500
Iroquois lodge	201,400	134,669
Lands and resources	39,800	39,800
Membership	584,283	577,133
Parks and recreation	32,588	125,229
Public works	3,804,564	7,371,685
Social, correctional services and day care	448,376	504,650
Welfare	1,333,152	1,556,531
	10,526,235	14,717,588
Other federal:		
Economic development	1,295,361	1,313,309
General government	10,746	50,810
Health services	7,115,727	6,988,085
Iroquois lodge	20,927	21,795
Public works	26,500	34,300
Social, correctional services and day care	1,257,602	1,204,131
	9,726,863	9,612,430
Province of Ontario:		
Economic development	18,055	(927)
General government	110,920	50,000
Health services	7,136,720	7,138,531
Iroquois lodge	1,957,443	2,387,031
Lands and resources	264,553	102,888
ONFLP	7,997	-
Parks and recreation	59,204	27,106
Public works	599,109	456,756
Social, correctional services and day care	4,811,894	4,144,396
Welfare	6,809,058	6,190,735
	21,774,953	20,496,516
<b>Total revenues</b>	<b>\$ 42,028,051</b>	<b>\$ 44,826,534</b>



# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

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## 15. Government transfers (continued):

	2015	2014
Expenses:		
Welfare payments	\$ 5,749,847	\$ 5,297,345

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## 16. Segmented information:

Segmented information has been identified based upon functional areas by Six Nations. The functions have been separately disclosed in the segmented information as follows:

(i) Central Administration and Committee of the Whole:

Central Administration and Committee of the Whole consists of the general management of Six Nations, including adopting bylaws and policy, and providing administrative, human resources, information technology, and communication support, and financial services and programs that benefit the community as a whole such as land claims and Ontario First Nations Limited Partnership Agreement funds.

(ii) Physical and economic development:

Physical and economic development segment is responsible for the physical assets of the community and to generate economic development within the community. It includes planning, design, operation and maintenance of the roadway system; street lights; the engineering and operation of the water and wastewater systems and waste management. Additionally, Six Nations is committed to providing and advocating for secure, affordable housing in Six Nations, and buildings for commercial lease.

(iii) Human and emergency services:

Human and emergency services offer a range of programs related to wellbeing of the community. Included in human and emergency services are: lands and memberships; health services that includes protection and promotion, disease and injury prevention; ambulance and fire services; day care; welfare and innovations; social and correctional services; the maintenance and operation of parks and open space; and the Iroquois Lodge.

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

## 16. Segmented information (continued):

Certain allocation methodologies are employed in the preparation of segmented information. User charges and other revenue have been allocated to the segments based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

Note: User charges include facility rental fees, water & sewage charges, septic rentals and lodge accommodations.

March 31, 2015	Central administration and committee of the Whole	Physical and economic development	Human and emergency service	Total
<b>Revenues:</b>				
User charges	\$ 32,702	\$ 2,326,308	\$ 1,267,872	\$ 3,626,882
Government transfers:				
AANDC	3,375,856	4,960,864	2,189,515	10,526,235
Other federal	10,746	1,321,861	8,394,256	9,726,863
Province of Ontario	383,468	617,165	20,774,320	21,774,953
Investment income	1,066,195	999,434	16,299	2,081,928
Equity in Six Nations Natural Gas Company Limited Partnership				
	449,672	-	-	449,672
Other	9,497,517	20,527,697	1,175,355	31,200,569
<b>Total revenues</b>	<b>14,816,156</b>	<b>30,753,329</b>	<b>33,817,617</b>	<b>79,387,102</b>
<b>Expenses:</b>				
Salaries, wages and employee benefits	3,560,913	5,299,390	19,303,386	28,163,689
Operating expenses	5,187,124	21,574,997	13,473,151	40,235,272
Debt services	157,378	618,323	16,482	792,183
Amortization	506,920	5,640,323	1,155,835	7,303,078
<b>Total expenses</b>	<b>9,412,335</b>	<b>33,133,033</b>	<b>33,948,854</b>	<b>76,494,222</b>
<b>Annual surplus (deficit)</b>	<b>\$ 5,403,821</b>	<b>\$ (2,379,704)</b>	<b>\$ (131,237)</b>	<b>\$ 2,892,880</b>

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

## 16. Segmented information (continued):

March 31, 2014	Central administration and committee of the Whole	Physical and economic development	Human and emergency service	Total
<b>Revenues:</b>				
User charges	\$ 31,319	\$ 2,321,585	\$ 1,117,784	\$ 3,470,688
Government transfers:				
AANDC	3,715,274	8,549,698	2,452,616	14,717,588
Other federal	50,810	1,347,609	8,214,011	9,612,430
Province of Ontario	152,888	455,828	19,887,800	20,496,516
Investment income	828,467	936,546	20,809	1,785,822
Equity in Six Nations Natural Gas Company Limited Partnership				
Other	63,781	-	-	63,781
	8,782,410	18,450,913	889,984	28,123,307
<b>Total revenues</b>	<b>13,624,949</b>	<b>32,062,179</b>	<b>32,583,004</b>	<b>78,270,132</b>
<b>Expenses:</b>				
Salaries, wages and employee benefits	3,481,838	5,076,060	18,266,539	26,824,437
Operating expenses	6,561,467	19,442,407	12,618,193	38,622,067
Debt services	96,420	689,574	20,929	806,923
Amortization	454,345	4,225,194	1,135,163	5,814,702
<b>Total expenses</b>	<b>10,594,070</b>	<b>29,433,235</b>	<b>32,040,824</b>	<b>72,068,129</b>
<b>Annual surplus (deficit)</b>	<b>\$ 3,030,879</b>	<b>\$ 2,628,944</b>	<b>\$ 542,180</b>	<b>\$ 6,202,003</b>

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements

Year ended March 31, 2015

## 17. Budget data:

The budget data presented in these consolidated financial statements are based upon the 2015 operating and capital budgets approved by Six Nations Council. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements. Budgets established for tangible capital asset acquisitions are on a project-oriented basis, the costs of which may be carried out over one or more years. As such, it is not practical to present annualized budget information for the acquisition of tangible capital assets on the statement of change in net financial assets.

	Budget Amount
Revenues:	
Operating (budget)	\$ 61,368,605
Add:	
Aboriginal Affairs and Northern Development Canada projects	2,419,765
Other federal projects	1,289,844
Province of Ontario projects	5,937,830
Ontario First Nations Limited Partnership Agreement	8,100,623
Other	270,435
<b>Total revenue</b>	<b>\$ 79,387,102</b>
Expenses:	
Operating (budget)	\$ 64,349,026
Add:	
Expense projects	4,842,118
Amortization	7,303,078
<b>Total expenses</b>	<b>\$ 76,494,222</b>
<b>Annual surplus</b>	<b>\$ 2,892,880</b>

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements

Year ended March 31, 2015

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## 18. Salaries and travel expenses paid to senior officials:

Salaries and travel expenses paid to senior officials included in the consolidated financial statements are as follows:

	Position	Number of months	Salary range per annum	Travel expenses
Dayle Bomberry	Senior Administrative Officer	12	\$ 90,000 – 120,000	\$ 1,602
Gary Phillips	Director of Finance	12	87,317 – 115,683	-
Lonny Bomberry	Director of Lands and Resources	12	50,135 – 79,900	970
Lori Davis Hill	Director of Health Services	12	50,135 – 79,900	6,067
Mike Montour	Director of Public Works	12	50,135 – 79,900	2,913
Arliss Skye	Director of Social Services	12	50,135 – 79,900	2,896
Matt Jamieson	Director of Economic Development	12	90,000 – 97,000	11,324
Cheryl Henhawk	Director of Parks and Recreation	12	50,135 – 79,900	-
Sharon Martin	Director of Welfare	12	50,135 – 79,900	486
Michael Seth	Fire Chief	12	50,135 – 79,900	-
Janice Burning	Manager, Lands and Membership	12	50,135 – 79,900	1,154
Nick Petruzzella *	General Manager of Six Nations Natural Gas	12	87,317 – 115,683	-

\* Salary range for General Manager of Six Nations Natural Gas has not been approved by Council resolution.

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements

Year ended March 31, 2015

## 19. Salaries, honoraria and travel expenses paid to elected senior officials:

Salaries, honoraria and travel expenses paid to senior officials included in the consolidated financial statements are as follows:

	Honorarium	Life and health	Travel honorarium	Reimbursement	Travel expense	Total expense
Chief Hill	\$ 71,500	\$ 1,143	\$ -	\$ -	\$ 25,638	\$ 98,281
Terry General	36,200	504	2,100	-	12,459	51,263
Carl Hill	36,200	3,603	2,400	(831)	12,084	53,456
David Hill	36,200	927	300	-	3,895	41,322
Mark Hill	36,200	1,143	-	1,950	2,942	42,235
Darryl Hill	36,200	2,322	-	2,850	21,481	62,853
Sherri-Lynn Hill Pierce	36,200	2,322	300	(770)	2,565	40,617
Robert Johnson	36,200	2,105	-	150	-	38,455
Roger Jonathan	36,200	1,143	-	-	-	37,343
Wray Maracle	36,200	3,603	600	-	-	40,403
Helen Miller	36,200	872	3,600	(1,614)	10,290	49,348
Lewis Staats	36,200	2,053	600	-	2,625	41,478
Melba Thomas	36,200	872	150	(425)	(12)	36,785
<b>Total Chief and Councilors</b>	<b>\$ 505,900</b>	<b>\$ 22,612</b>	<b>\$ 10,050</b>	<b>\$ 1,310</b>	<b>\$ 93,967</b>	<b>\$ 633,839</b>

Travel expense includes out-of-pocket expenses such as accommodation, airfare, mileage, meals and incidentals. The amounts included above do not include reimbursements from event sponsors.

## 20. Comparative figures:

Certain 2014 comparative figures have been reclassified to conform with the presentation adopted in the current year.