

Consolidated Financial Statements of

**SIX NATIONS OF THE GRAND RIVER**

Year ended March 31, 2016

# SIX NATIONS OF THE GRAND RIVER

Index

March 31, 2016

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

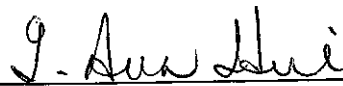
The accompanying financial statements of Six Nations of the Grand River ("Six Nations") as at and for the year end March 31, 2016 are the responsibility of Six Nations' management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. 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.

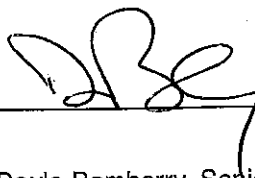
The financial statements have been audited by KPMG LLP, independent external auditors appointed by Six Nations. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on Six Nations' financial statements.

On behalf of the Six Nations Elected Council:



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Chief Ava Hill



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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, 2016, the consolidated statements of operations, change in 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, 2016, and its consolidated results of operations and its consolidated change 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 25, 2016  
St. Catharines, Canada

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KPMG Canada provides services to KPMG LLP.

# SIX NATIONS OF THE GRAND RIVER

Consolidated Statement of Financial Position

March 31, 2016 with comparative information for 2015

	2016	2015
<b>Financial assets:</b>		
Cash	\$ 21,759,182	\$ 21,139,126
Investments (note 2)	24,117,725	23,753,739
Accounts receivable (note 3)	6,135,389	5,919,952
Housing loans receivable (note 4)	20,608,576	19,748,516
Other assets (note 5)	1,471,361	1,445,587
Investment in Six Nations Natural Gas Company Limited Partnership (note 6)	5,537,681	5,819,820
	<u>79,629,914</u>	<u>77,826,740</u>
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities	8,578,212	7,066,562
Deferred revenue (note 7)	7,023,049	9,207,020
Net long-term liabilities (note 9)	19,629,537	21,677,661
	<u>35,230,798</u>	<u>37,951,243</u>
Net financial assets	44,399,116	39,875,497
<b>Non-financial assets:</b>		
Tangible capital assets (note 10)	118,560,872	117,510,493
Inventory	63,487	88,812
Prepaid expenses	667,885	531,249
	<u>119,292,244</u>	<u>118,130,554</u>
Commitments (note 12)		
Contingencies (note 13)		
Accumulated surplus (note 11)	<u>\$ 163,691,360</u>	<u>\$ 158,006,051</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, 2016, with comparative information for 2015

	Budget (note 17)	2016	2015
<b>Revenues:</b>			
User charges:			
Rental income	\$ 2,931,825	\$ 1,999,126	\$ 2,253,223
Accommodation charges	860,448	784,213	773,299
User charges	645,000	630,202	600,360
	<u>4,437,273</u>	<u>3,413,541</u>	<u>3,626,882</u>
Government transfers (note 15):			
Province of Ontario	15,537,679	24,743,169	21,774,953
Other federal	6,830,408	9,056,902	9,726,863
Indigenous and Northern Affairs Canada (note 14)	7,275,041	10,480,636	10,526,235
	<u>29,643,128</u>	<u>44,280,707</u>	<u>42,028,051</u>
Other:			
Ontario First Nations Limited Partnership Agreement	8,114,950	8,114,950	8,100,623
Bingo	3,394,419	3,519,102	19,659,395
Other	6,862,946	3,463,345	2,784,732
Donations	-	2,147,142	412,845
Investment income	-	1,623,757	2,081,928
Equity income (loss) of Six Nations Natural Gas Company Limited Partnership (note 6)	-	(282,139)	449,672
Grand River Employment and Training Inc.	-	310,565	255,897
Gain (loss) on sale of tangible capital assets	-	162,249	(12,923)
	<u>18,372,315</u>	<u>19,058,971</u>	<u>33,732,169</u>
<b>Total revenues</b>	<b>52,452,716</b>	<b>66,753,219</b>	<b>79,387,102</b>
<b>Expenses (note 16):</b>			
Central administration & Committee of the Whole	7,817,928	13,350,434	9,412,335
Physical and Economic Development	18,152,475	14,791,512	33,133,056
Human and Emergency Services	29,277,900	32,925,964	33,948,831
	<u>55,248,003</u>	<u>61,067,910</u>	<u>76,494,222</u>
<b>Total expenses</b>	<b>55,248,003</b>	<b>61,067,910</b>	<b>76,494,222</b>
<b>Annual surplus (deficit)</b>	<b>(2,795,587)</b>	<b>5,685,309</b>	<b>2,892,880</b>
Accumulated surplus, beginning of year	158,006,051	158,006,051	155,113,171
<b>Accumulated surplus, end of year</b>	<b>\$ 155,210,464</b>	<b>\$ 163,691,360</b>	<b>\$ 158,006,051</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, 2016, with comparative information for 2015

	Budget (note 17)	2016	2015
Annual surplus (deficit)	\$ (2,795,587)	\$ 5,685,309	\$ 2,892,880
Acquisition of tangible capital assets	-	(8,371,950)	(2,854,293)
Amortization of tangible capital assets	-	7,293,278	7,303,078
Loss (gain) on sale of tangible capital assets	-	(162,249)	12,923
Proceeds on sale of tangible capital assets	-	190,542	13,977
Change in supplies of inventory	-	25,325	39,115
Change in prepaid expense	-	(136,636)	(320,426)
Change in net financial assets	(2,795,587)	4,523,619	7,087,254
Net financial assets, beginning of year	39,875,497	39,875,497	32,788,243
Net financial assets, end of year	\$ 37,079,910	\$ 44,399,116	\$ 39,875,497

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, 2016 with comparative information for 2015

	2016	2015
Operating activities:		
Annual surplus	\$ 5,685,309	\$ 2,892,880
Items not involving cash:		
Amortization	7,293,278	7,303,078
Loss (gain) on sale of tangible capital assets	(162,249)	12,923
Equity income (loss) of Six Nations Natural Gas Company Limited Partnership	282,139	(449,672)
Change in non-cash assets and liabilities:		
Accounts receivable	(215,437)	164,139
Housing loans receivable	(860,060)	(1,070,443)
Other assets	(25,774)	53,639
Accounts payable and accrued liabilities	1,511,650	276,393
Deferred revenue	(2,183,971)	1,679,127
Inventory	25,325	39,115
Prepaid expenses	(136,636)	(320,426)
Net change in cash from operating activities	11,213,574	10,580,753
Capital activities:		
Proceeds on sale of tangible capital assets	190,542	13,977
Cash used to acquire tangible capital assets	(8,371,950)	(2,854,293)
Net change in cash from capital activities	(8,181,408)	(2,840,316)
Investing activities:		
Net change in investments	(363,986)	(449,038)
Financing activities:		
Net change in long-term liabilities	(2,048,124)	(1,902,853)
Net change in cash	620,056	5,388,546
Cash, beginning of year	21,139,126	15,750,580
Cash, end of year	\$ 21,759,182	\$ 21,139,126

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, 2016

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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 Indigenous and Northern Affairs Canada ("INAC"). 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 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, 2016

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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) Other loan receivable:

The non-interest bearing loan receivable to the Six Nations Police is recognized at the present value of the principal payments using Six Nations' average cost of borrowing. The difference between the face amount of the loan and present value is amortized into income over the term of the loan.

### (f) 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%.

### (g) 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.

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

## 1. Significant accounting policies (continued):

(g) Non-financial assets (continued):

(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

Amortization commences in the month of acquisition. Assets under construction (work-in-progress) 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.

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## 1. Significant accounting policies (continued):

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

#### (v) Leases:

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases, whereby leased assets are valued at the present value of the future minimum lease payments and presented as tangible capital assets. 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.

### (h) 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.

### (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) Ontario First Nations Partnership Agreement (OFNLP):

OFNLP 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. OFNLP 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.

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## 1. Significant accounting policies (continued):

### (k) 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.

### (l) Investment income:

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

### (m) User charges:

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.

Accommodation charges are collected for room rentals at Iroquois Lodge. Accommodation charges are collected when earned. Provisions are made for specifically identified losses on accommodation charges.

Other user charges are collected for water and septic services provided by Public Works Department. Other user charges are collected when earned. Provisions are made for specifically identified losses on other usage charges.

### (n) 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, 2016

## 1. Significant accounting policies (continued):

(o) 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. Contributions are expensed in the period incurred.

## 2. Investments:

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

	2016		2015	
	Cost	Market Value	Cost	Market Value
Investments	\$24,117,725	\$24,828,270	\$23,753,739	\$24,416,214

## 3. Accounts receivable:

Accounts receivable are reported net of a valuation allowance of \$610,170 (2015 - \$538,705).

## 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:

	2016	2015
Loans with interest at 0% per annum	\$ 793,291	\$ 947,723
Loans with interest at 7% per annum	20,355,194	19,290,576
Allowance for doubtful accounts	(539,909)	(489,783)
	\$ 20,608,576	\$ 19,748,516

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 \$940,994 (2015 - \$1,133,081). Additionally, Six Nations has approved further financing to specific members in the amount of \$1,019,546 (2015 - \$1,333,081), which has not been advanced at year-end.

## 5. Other assets:

Included in other assets is a loan receivable from Six Nations Police in the amount of \$692,983 (2015 - \$717,267), which does not bear interest. The loan is repayable in monthly principal payments of \$2,738 over a term of 35 years and is due in 2045. The face value of the loan is \$950,126 (2015 - \$982,982).

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

## 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, 2016 and March 31, 2015. 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:

	2016	2015
Current assets	\$ 2,316,994	\$ 3,760,540
Capital assets	4,092,736	3,051,700
Total assets	6,409,730	6,812,240
Current liabilities	368,434	484,341
Net assets	6,041,296	6,327,899
Six Nations Natural Gas Limited's interest in partnership	171,875	171,864
Government assistance treated as a capital transaction	(675,490)	(679,943)
Investment in Six Nations Natural Gas	\$ 5,537,681	\$ 5,819,820

Results of operations:

	2016	2015
Revenues (net)	\$ 1,392,149	\$ 1,834,049
Operating expenses	1,674,316	1,384,332
Net income	(282,167)	449,717
Six Nations Natural Gas Limited's interest	28	(45)
Net income – Six Nations Natural Gas	\$ (282,139)	\$ 449,672

Investment in Six Nations Natural Gas:

	2016	2015
Opening balance	\$ 5,819,820	\$ 5,370,148
Net income	(282,139)	449,672
Closing balance – Investment in Six Nations Natural Gas	\$ 5,537,681	\$ 5,819,820

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

## 7. Deferred revenue:

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

	2016		2016	
	Deposits	Rent-to-own properties	Other deferred revenue	Total
Balance, beginning of year	\$ 74,605	\$ 5,396,963	\$ 3,735,452	\$ 9,207,020
Deposits collected	64,569	-	-	64,569
Housing payments	-	372,788	-	372,788
Federal funding	-	-	773,241	773,241
Other	-	-	45,265	45,265
Provincial funding	-	-	293,219	293,219
	139,174	5,769,751	4,847,177	10,756,102
Less:				
Deposits returned	45,330	132,898	-	178,228
Contributions used in operations	-	521,943	3,032,882	3,554,825
	45,330	654,841	3,032,882	3,733,053
Balance, end of year	\$ 93,844	\$ 5,114,910	\$ 1,814,295	\$ 7,023,049

	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
	145,768	-	33,854	179,622
Balance, end of year	\$ 74,605	\$ 5,396,963	\$ 3,735,452	\$ 9,207,020



# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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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. Six Nations recognized an expense during the year related to its portion of the contributions of \$803,619 (2015 - \$794,240).

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

## 9. Net long-term liabilities:

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

	2016	2015
Bank of Montreal, interest rates ranging from 2.57% to 2.64% with principal payments of \$47,436 monthly, maturing between June 2016 and February 2020. Amount is unsecured.	\$ 11,009,733	\$ 11,796,169
Bank of Montreal, interest rates ranging from 2.52% to 2.85% with principal payments of \$30,562 monthly, maturing between September 2016 and May 2017. Amount is guaranteed by Indigenous and Northern Affairs Canada.	227,295	588,602
First Nations Bank of Canada, interest accrued at 2.72% with principal payments of \$5,054 monthly, maturing August 2017. Amount is unsecured.	395,459	2,919,723
Royal Bank of Canada, interest rates ranging from 2.40% to 3.28% with principal payments of \$47,056 monthly, maturing between July 2016 and May 2020. Amount is secured by a general security agreement.	3,527,026	1,532,637
Canada Mortgage and Housing Corporation, interest rates ranging from 1.08% to 2.26% with principal payments of \$18,739 monthly, maturing between April 2016 and August 2020. Amount is guaranteed by Indigenous and Northern Affairs Canada.	4,442,489	4,760,939
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.	27,535	79,591
Net long-term liabilities, end of year	\$ 19,629,537	\$ 21,677,661

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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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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2017	\$ 2,328,720
2018	4,416,660
2019	1,283,528
2020	6,702,992
2021	4,897,636
	<hr/>
	\$ 19,629,537

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Total interest on net long-term liabilities which are reported on the consolidated statement of operations amounted to \$437,072 in 2016 (2015 - \$792,183).

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

## 10. Tangible capital assets:

March 31, 2016	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	\$ 8,971,189	\$ 135,816	\$ -	\$ -	\$ 9,107,005	\$ 1,652,598	\$ -	\$ 392,306	\$ 2,044,904	\$ 7,062,101
Building and building improvements	103,843,632	957,337	2,237,816	(165,707)	106,873,078	36,159,136	(137,414)	3,268,525	39,290,247	67,582,831
Vehicles, machinery and equipment	25,172,338	516,588	-	(109,586)	25,579,340	9,251,777	(109,586)	2,035,506	11,177,697	14,401,643
Water and wastewater infrastructure	10,767,531	-	-	-	10,767,531	4,072,665	-	212,505	4,285,170	6,482,361
Roads infrastructure	34,964,961	562,722	-	-	35,527,683	21,317,788	-	961,371	22,279,159	13,248,524
Office equipment, furniture and computers	3,748,292	576,881	-	-	4,325,173	2,870,556	-	423,065	3,293,621	1,031,552
Work-in-progress	5,367,070	5,622,606	(2,237,816)	-	8,751,860	-	-	-	-	8,751,860
<b>Total</b>	<b>\$ 192,835,013</b>	<b>\$ 8,371,950</b>	<b>\$ -</b>	<b>\$ (275,293)</b>	<b>\$ 200,931,670</b>	<b>\$ 75,324,520</b>	<b>\$ (247,000)</b>	<b>\$ 7,293,278</b>	<b>\$ 82,370,798</b>	<b>\$ 118,560,872</b>

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>

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

## 10. Tangible capital assets (continued):

### Work in progress

Work in progress assets having a value of \$8,751,859 (2015 - \$5,376,070) 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 (2015 - \$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:

	2016	2015
Surplus:		
Invested in tangible capital assets	\$ 98,931,335	\$ 95,832,832
Operating fund	24,611,170	28,630,779
	123,542,505	124,463,611
Reserve funds set aside by Six Nations Elected Council:		
Ontario First Nations Limited Partnership Agreement	23,235,291	16,576,688
Central Administration	5,722,546	5,868,000
Day care	445,298	445,298
Economic development	2,923,288	2,986,583
Economic development fund	1,730,577	1,353,074
Fire	50,365	50,365
Health services	737,514	732,728
Housing	2,451,922	2,321,858
Iroquois lodge	64,152	55,609
Parks & Recreation	-	270,465
Public works	1,014,030	1,107,900
Social and correctional services	1,773,872	1,773,872
	40,148,855	33,542,440
	\$ 163,691,360	\$ 158,006,051

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

## 12. Commitments:

- (a) Six Nations has outstanding contractual obligations totaling approximately \$41,450,000 (2015 - \$45,500,000) outlined as follows by project:

	2016	2015
Housing Loans Guarantees with RBC and BMO	\$ 25,000,000	\$ 25,000,000
Six Nations Development Corporation loan guarantees for Wind and Solar projects	16,450,000	20,500,000
Total commitments authorized	\$ 41,450,000	\$ 45,500,000

At March 31, 2016, the amount utilized and outstanding of the loan for the Six Nations Development Corporation loan guarantees for the Wind and Solar projects was \$9,641,349.

- (b) Six Nations has at March 31, 2016 approved funding of community, cultural development, education and health projects in the amounts of \$2,518,724, \$2,548,461, \$640,052 and \$151,295 respectively through the Ontario First Nations Limited Partnership Agreement funds.

- (c) Minimum annual lease payments:

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

2017	\$ 39,336
2018	37,836
2019	22,992
Thereafter	3,450
	\$ 103,614

## 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, 2016

## 14. Indigenous and Northern Affairs Canada:

	2016	2015
Base budget	\$ 20,672,731	\$ 20,635,626
Less non-consolidated entities:		
Grand River Post Secondary Education Office	(7,690,730)	(7,688,928)
Ganohkwa Sra	(660,048)	(696,451)
Six Nations Development Corporation	(741,580)	-
Gaweniyoh	(1,294,102)	(1,438,917)
	<u>(10,386,460)</u>	<u>(9,824,296)</u>
Less current year deferred revenue:		
Six Nations of the Grand River	(508,873)	(732,280)
	<u>(508,873)</u>	<u>(732,280)</u>
Add prior year deferred revenue:		
Six Nations of the Grand River	707,424	476,201
	<u>707,424</u>	<u>476,201</u>
Other adjustments:		
Six Nations of the Grand River	(4,186)	(29,016)
	<u>(4,186)</u>	<u>(29,016)</u>
	<u>\$ 10,480,636</u>	<u>\$ 10,526,235</u>

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

## 15. Government transfers:

The Government transfers reported on the Statement of Operations are:

	2016	2015
Revenue:		
Indigenous and Northern Affairs Canada:		
Economic development	\$ 346,658	\$ 1,156,299
Education	443,400	443,400
Fire	1,044,757	687,199
General government	1,456,656	1,621,174
Health services	214,000	174,000
Iroquois lodge	201,400	201,400
Lands and resources	75,587	39,800
Membership	587,072	584,283
Parks and recreation	660,280	32,588
Public works	3,869,312	3,804,564
Social, correctional services and day care	353,500	448,376
Welfare	1,228,014	1,333,152
	<u>10,480,636</u>	<u>10,526,235</u>
Other federal:		
Economic development	1,149,102	1,295,361
General government	5,898	10,746
Health services	7,011,359	7,115,727
Iroquois lodge	59,691	20,927
Public works	15,747	26,500
Social, correctional services and day care	815,105	1,257,602
	<u>9,056,902</u>	<u>9,726,863</u>
Province of Ontario:		
Economic development	829	18,055
Fire	3,173	-
General government	78,180	110,920
Health services	7,573,392	7,136,720
Iroquois lodge	2,004,062	1,957,443
Lands and resources	138,438	264,553
ONFLP	-	7,997
Parks and recreation	580,093	59,204
Public works	706,911	599,109
Social, correctional services and day care	6,795,714	4,811,894
Welfare	6,862,377	6,809,058
	<u>24,743,169</u>	<u>21,774,953</u>
<b>Total revenues</b>	<b>\$ 44,280,707</b>	<b>\$ 42,028,051</b>



# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## 15. Government transfers (continued):

	2016	2015
Expenses:		
Welfare payments	\$ 5,926,374	\$ 5,749,847

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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, 2016

## 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, 2016	Central administration and committee of the Whole	Physical and economic development	Human and emergency service	Total
<b>Revenues:</b>				
User charges	\$ -	\$ 2,199,816	\$ 1,213,725	\$ 3,413,541
Government transfers:				
INAC	3,812,629	4,215,970	2,452,037	10,480,636
Other federal	5,898	1,164,849	7,886,155	9,056,902
Province of Ontario	544,181	707,739	23,491,249	24,743,169
Investment income	487,733	1,117,312	18,712	1,623,757
Equity in Six Nations Natural Gas Company Limited Partnership				
	(282,139)	-	-	(282,139)
Other	12,385,085	4,085,022	1,247,246	17,717,353
<b>Total revenues</b>	<b>16,953,387</b>	<b>13,490,708</b>	<b>36,309,124</b>	<b>66,753,219</b>
<b>Expenses:</b>				
Salaries, wages and employee benefits	3,640,912	3,038,480	19,936,386	26,615,778
Operating expenses	9,023,311	5,818,032	11,880,439	26,721,782
Debt services	154,591	275,808	6,673	437,072
Amortization	531,620	5,659,192	1,102,466	7,293,278
<b>Total expenses</b>	<b>13,350,434</b>	<b>14,791,512</b>	<b>32,925,964</b>	<b>61,067,910</b>
<b>Annual surplus (deficit)</b>	<b>\$ 3,602,953</b>	<b>\$ (1,300,804)</b>	<b>\$ 3,383,160</b>	<b>\$ 5,685,309</b>

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

## 16. Segmented information (continued):

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:				
INAC	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, 2016

## 17. Budget data:

The budget data presented in these consolidated financial statements are based upon the 2016 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)	\$ 63,009,718
Add:	
Ontario First Nations Limited Partnership Agreement	8,114,950
Less:	
Economic Development Corporation	(18,671,952)
<b>Total revenue</b>	<b>\$ 52,452,716</b>
Expenses:	
Operating (budget)	\$ 66,630,697
Add:	
Amortization	7,293,278
Less:	
Economic Development Corporation	(18,675,672)
<b>Total expenses</b>	<b>\$ 55,248,303</b>
<b>Annual surplus</b>	<b>\$ (2,795,587)</b>

## 5. Other assets:

Included in other assets is a loan receivable from Six Nations Police in the amount of \$692,983 (2015 - \$717,267), which does not bear interest. The loan is repayable in monthly principal payments of \$2,738 over a term of 35 years and is due in 2045. The face value of the loan is \$950,126 (2015 - \$982,982).

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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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	\$ 1,737
Gary Phillips	Director of Finance	12	87,317 – 115,683	-
Lonny Bomberry	Director of Lands and Resources	12	50,135 – 79,900	3,467
Lori Davis Hill	Director of Health Services	12	50,135 – 79,900	3,111
Mike Montour	Director of Public Works	12	50,135 – 79,900	2,936
Arliss Skye	Director of Social Services	12	50,135 – 79,900	2,994
Matt Jamieson	Director of Economic Development	2	90,000 – 97,000	348
Cheryl Henhawk	Director of Parks and Recreation	12	50,135 – 79,900	-
Sharon Martin	Director of Welfare	12	50,135 – 79,900	824
Matthew Miller	Fire Chief	12	50,135 – 79,900	1,813
Janice Burning	Manager, Lands and Membership	12	50,135 – 79,900	5,496
Nick Petruzzella *	General Manager of Six Nations Natural Gas	12	87,317 – 115,683	NA

\* The Six Nations Natural Gas Board of Directors is responsible for approval of the salary range for the General Manager of Six Nations Natural Gas.

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements

Year ended March 31, 2016

## 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	\$ 1,032	\$ -	\$ (2,231)	\$ 30,024	\$ 100,325
Terry General	36,200	504	7,200	-	13,729	57,633
Carl Hill	36,200	3,603	5,100	(1,719)	11,915	55,099
David Hill	36,200	927	300	(1,490)	2,876	38,813
Mark Hill	36,200	1,143	3,000	-	4,099	44,442
Darryl Hill	13,923	1,161	1,050	-	3,341	19,475
Hazel Johnson	18,100	1,295	750	-	459	20,604
Sherri-Lynn Hill Pierce	36,200	2,322	3,000	(1,161)	5,150	45,511
Robert Johnson	36,200	2,105	-	-	175	38,480
Roger Jonathan	36,200	1,143	-	-	97	37,440
Wray Maracle	36,200	3,603	6,300	(734)	16,360	61,729
Helen Miller	36,200	872	4,950	-	6,984	49,006
Lewis Staats	36,200	2,053	750	-	1,268	40,271
Melba Thomas	36,200	872	1,050	-	1,923	40,045
<b>Total Chief and Councilors</b>	<b>\$ 501,723</b>	<b>\$ 22,635</b>	<b>\$ 33,450</b>	<b>\$ (7,335)</b>	<b>\$ 98,400</b>	<b>\$ 648,873</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 2015 comparative figures have been reclassified to conform with the presentation adopted in the current year.