

CONSOLIDATED FINANCIAL STATEMENTS

For

MOHAWK COUNCIL OF AKWESASNE

For year ended

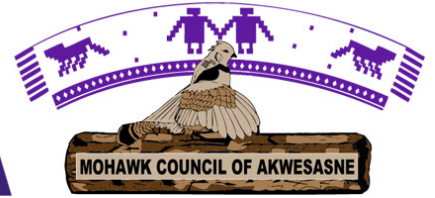
MARCH 31, 2020

MOHAWK COUNCIL OF AKWESASNE
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MOHAWK COUNCIL OF AKWESASNE

Tetewaie:na - Honoring the past, facing today's challenges, building a strong future.



Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the **Mohawk Council of Akwesasne** are the responsibility of management and have been approved by Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

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

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Welch LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of the Mohawk Council of Akwesasne and meet when required.

On behalf of the Mohawk Council of Akwesasne:

Heather Phillips
Executive Director
Mohawk Council of Akwesasne

Abram Benedict
Grand Chief
Mohawk Council of Akwesasne

Dated: November 16, 2020

INDEPENDENT AUDITOR'S REPORT

To:

MOHAWK COUNCIL OF AKWESASNE

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of the **Mohawk Council of Akwesasne**, ("Council") which comprise the consolidated statement of financial position as at March 31, 2020 and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the **Mohawk Council of Akwesasne** as at March 31, 2020 and the results of its consolidated operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the consolidated financial statements, management is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. *We also:*

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud and error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

Other Matters

Schedules 1 to 6 accompanying the consolidated financial statements are presented as supplementary information only and are unaudited.

Cornwall, Ontario
November 16, 2020.

Welch LLP

Chartered Professional Accountants
Licensed Public Accountants

MOHAWK COUNCIL OF AKWESASNE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
Financial Assets		
Cash	\$ 10,092,530	\$ 14,240,170
Due from government and other government organizations (note 3)	11,997,314	9,719,008
Accounts receivable (note 4)	1,582,426	4,746,484
Temporary investments (note 10)	62,333,198	49,188,743
Restricted assets		
Housing and housing construction loans (note 5)	6,908,617	6,432,171
Tsikaristisere / Dundee Land Claim Receivable (note 6)	236,855,786	-
Investment in government business entities (note 28)	615,405	490,662
Total Financial Assets	<u>330,385,276</u>	<u>84,817,238</u>
Financial Liabilities		
Accounts payable and accrued liabilities (note 11)	10,913,815	8,028,781
Employee benefit obligations (note 12)	1,024,750	964,305
Due to government and other government organizations (note 13)	1,624,171	1,744,974
Deferred revenue (note 15)	14,606,285	22,152,349
Long-term loans (note 16)	5,543,856	5,946,882
Promissory note / Land Claim Settlement (note 14)	-	2,927,650
Total Financial Liabilities	<u>33,712,877</u>	<u>41,764,941</u>
Net Financial Assets	<u>296,672,399</u>	<u>43,052,297</u>
Non-Financial Assets		
Tangible capital assets (note 7)	110,449,250	109,497,508
Tangible capital assets under construction (note 8)	4,762,208	2,962,303
Other assets held for sale (note 9)	135,395	135,395
Deferred charges	-	4,124,947
Prepaid expenses	404,168	468,185
Total non-financial assets	<u>115,751,021</u>	<u>117,188,338</u>
Accumulated surplus (note 20, schedule 6)	<u>\$412,423,420</u>	<u>\$160,240,635</u>
Contingencies and commitments (note 19)		

Approved by the Council



Heather Phillips, Executive Director
Mohawk Council of Akwesasne



Abram Benedict, Grand Chief
Mohawk Council of Akwesasne

(See accompanying notes)

MOHAWK COUNCIL OF AKWESASNE
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2020

	<u>Budget</u>	<u>2020</u>	<u>2019</u>
Revenues			
Government transfers	\$ 83,626,382	\$105,861,997	\$ 90,670,635
Ontario First Nation (2008) Limited Partnership (note 29)	4,751,499	4,941,065	5,707,289
Earnings from government business entities (note 28)	124,743	124,743	95,281
Administration fees and user charges	950,300	885,651	1,060,197
Land leases	548,622	619,503	595,985
Interest	1,107,691	1,459,547	1,203,318
Other income	2,934,448	2,892,325	3,187,776
Rental	<u>1,111,037</u>	<u>833,769</u>	<u>808,638</u>
	<u>95,154,722</u>	<u>117,618,600</u>	<u>103,329,119</u>
Operating expenses (note 24)			
Akwesasne Mohawk Board of Education	19,027,081	25,984,083	22,802,336
Akwesasne Mohawk Police Service	6,956,733	8,344,261	6,927,763
Community and social services	14,959,783	13,554,246	11,374,697
Economic development	3,325,856	1,654,859	2,312,747
Executive services - core services	7,207,382	2,477,383	4,067,739
Finance & Administration	-	1,258,154	1,150,855
Health	28,744,412	32,488,136	29,575,483
Infrastructure & Housing	8,176,280	9,472,654	9,186,054
Justice	1,455,643	3,244,846	3,294,080
Mohawk government	<u>2,940,488</u>	<u>2,493,345</u>	<u>2,646,350</u>
	<u>92,793,658</u>	<u>100,971,967</u>	<u>93,338,104</u>
Annual surplus before other items noted below	2,361,064	16,646,633	9,991,015
Transfer to Mohawks of Akwesasne Community Settlement Trust (note 23)	-	-	(2,560,000)
Tsiskaristiere / Dundee Land Claim Settlement (note 6)	<u>-</u>	<u>235,536,152</u>	<u>-</u>
Annual surplus	2,361,064	252,182,785	7,431,015
Accumulated surplus at beginning of year	<u>160,240,635</u>	<u>160,240,635</u>	<u>152,809,620</u>
Accumulated surplus at end of year	<u><u>\$162,601,699</u></u>	<u><u>\$412,423,420</u></u>	<u><u>\$160,240,635</u></u>

(See accompanying notes)

MOHAWK COUNCIL OF AKWESASNE
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED MARCH 31, 2020

	<u>Budget</u>	<u>2020</u>	<u>2019</u>
Annual surplus	\$ <u>2,361,064</u>	\$ <u>252,182,785</u>	\$ <u>7,431,015</u>
Acquisition of tangible capital assets	(5,900,000)	(4,732,453)	(5,985,607)
Acquisition of tangible capital assets under construction	(1,900,000)	(2,096,476)	(1,959,764)
Loss on disposal of tangible capital assets	-	76,447	59,188
Amortization of tangible capital assets	<u>3,800,000</u>	<u>4,000,835</u>	<u>3,750,013</u>
	<u>(4,000,000)</u>	<u>(2,751,647)</u>	<u>(4,136,170)</u>
Acquisition of prepaid expenses	(124,214)	(404,168)	(468,185)
Acquisition of deferred charges	800,000	4,124,947	(808,394)
Use of prepaid expenses	<u>179,000</u>	<u>468,185</u>	<u>178,669</u>
	<u>854,786</u>	<u>4,188,964</u>	<u>(1,097,910)</u>
Increase in net financial assets	(784,150)	253,620,102	2,196,935
Net financial assets at beginning of year	<u>43,052,297</u>	<u>43,052,297</u>	<u>40,855,362</u>
Net financial assets at end of year	<u>\$ 42,268,147</u>	<u>\$ 296,672,399</u>	<u>\$ 43,052,297</u>

(See accompanying notes)

MOHAWK COUNCIL OF AKWESASNE
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
Cash provided by (used for):		
Operating activities		
Annual surplus before other items	\$ 16,646,633	\$ 9,991,015
Items not affecting cash:		
Amortization	4,000,835	3,750,013
(Gain) loss on disposal of tangible capital assets	76,447	59,190
Net change in non-cash working capital items:		
Due from government and other government organizations	(2,278,306)	1,031,369
Accounts receivable	3,164,058	(3,238,161)
Prepaid expenses	64,017	(289,516)
Ontario Power Generation Settlement receivable	-	2,482,182
Accounts payable and accrued liabilities	2,885,034	(1,288,004)
Employee benefit obligations	60,445	(140,569)
Due to government and other government organizations	(120,803)	(398,829)
Deferred revenue	<u>(7,546,064)</u>	<u>11,034,114</u>
Cash applied to operating transactions	<u>16,952,296</u>	<u>22,992,804</u>
Capital activities		
Purchase of tangible capital assets and under construction	<u>(6,828,929)</u>	<u>(7,945,371)</u>
Cash applied to capital transactions	<u>(6,828,929)</u>	<u>(7,945,371)</u>
Investing activities		
Advances for housing and housing construction loans	(1,478,916)	(1,729,937)
Government business entities	(124,743)	(95,281)
Housing loans repaid	1,002,470	830,904
Deferred charges	4,124,947	(808,394)
Redemption of investments	30,486,948	33,473,884
Purchases of investments	(43,631,405)	(39,885,302)
Redemption of funds help in trust	-	-
Cash applied to investing activities	<u>(9,620,699)</u>	<u>(8,214,126)</u>
Financing activities		
Legal fees on Tsikaristisere / Dundee Land Claim	(4,272,284)	-
Repayments of long-term loans	(403,024)	(519,821)
Net Proceeds from Promissory Note	25,000	-
Transfer to Community Trust	<u>-</u>	<u>(2,560,000)</u>
Cash applied to financing activities	<u>(4,650,308)</u>	<u>(3,079,821)</u>
(Decrease) increase in cash	(4,147,640)	3,753,486
Cash at beginning of year	<u>14,240,170</u>	<u>10,486,684</u>
Cash at end of year	<u>\$ 10,092,530</u>	<u>\$ 14,240,170</u>

(See accompanying notes)

MOHAWK COUNCIL OF AKWESASNE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

NATURE OF OPERATIONS

The Mohawk Council of Akwesasne (Council) is the body which administers various programs to the Akwesasne community. Activities are funded by Indigenous Services Canada (ISC) (formerly known as Indigenous and Northern Affairs Canada) (INAC) under a multi-year agreement which expired March 31, 2019 and other agreements with federal and provincial government bodies. Beginning April 1, 2019, MCA signed a 10 Year Grant with ISC called a New Funding Relationship, which will expire March 31, 2029. The operations of the Council are dependent upon continued funding under these agreements. The Council is responsible for ensuring compliance with agreements.

The Council is not subject to income taxes.

1. SIGNIFICANT ACCOUNTING POLICIES

The Council prepares its consolidated financial statements in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA). These consolidated financial statements include the following significant accounting policies:

a) Reporting entity

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of a government business enterprise, which are included in the Consolidated Financial Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation

The organization has consolidated the assets, liabilities, revenues and expenses of the following entity:

- Akweks:kowa Corp.

All inter-entity balances have been eliminated on consolidation.

Mohawk Council of Akwesasne's business entities, owned or controlled by Council but not dependent on the Council for their continuing operations, are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the Council. Thus, the Council's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received.

Under the modified equity method of accounting, only the Mohawk Council of Akwesasne's investment in a government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for the accounting policies of the organization that are different from those of MCA.

The organizations accounted for on a modified equity basis includes:

- Akwesasne Harbour Development Corporation
- Cornwall - Akwesasne Harbour Partnership

b) Basis of accounting

These consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable. Expenses are recognized as they are incurred and measurable based upon cost of goods and services acquired.

MOHAWK COUNCIL OF AKWESASNE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) *Asset classification*

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services and may be consumed in normal operations. Non-financial assets consist of tangible capital assets, tangible capital assets under construction, other assets held for resale, deferred charges and prepaid expenses.

d) *Deferred charges*

Costs related to the Tsikaristisere / Dundee Land Claim negotiations which are expected to finalize by end of March 2020 are recorded as deferred charges until such time as settlement of land claim has been confirmed by Canada and ratified by the Community. Accumulated deferred charges will then be recorded in operations and matched against recorded settlement receipts.

e) *Tangible capital assets*

Purchased tangible capital assets are recorded at cost less accumulated amortization. The costs of constructing tangible capital assets, including direct overhead and carrying costs, are recorded as tangible capital assets under construction until the assets are substantially complete, at which time they are transferred from tangible capital assets under construction to tangible capital assets and amortization is commenced. Government funding related to tangible capital assets is recorded using the percentage of completion method.

Amortization is recorded using the declining balance method at the following annual rates:

Buildings and major infrastructures	2.5%
Computer hardware	20%
Computer software	50%
Equipment	20%
Equipment under capital lease	20%
Furniture and fixtures	10%
Roads	10%
Vehicles	25%

Amortization is charged at 50% of the amount in the year of acquisition but no amortization is charged in the year of disposal.

f) *Net financial assets*

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

The Council restricts funds to recognize the investment in tangible capital assets, tangible capital assets under construction and housing and housing construction loans to meet reserve requirements of certain funding arrangements and to reflect internal restrictions placed on the use of certain funds by Council.

MOHAWK COUNCIL OF AKWESASNE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) *Revenue recognition*

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Unrestricted contributions and Ontario Lottery and Gaming Corporation ("OLG") revenue are recognized as revenue in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred.

Where the terms of the agreement require unexpended contributions to be returned to the funder, the unexpended amount is recorded as a contribution repayable and not included in the determination of annual surplus for the year.

Administration fees and user charges and rental revenues represent internal charges to programs which are included in both revenues and expenses. Land lease income are fees collected from rental of land on Council territory and is recognized when it becomes receivable. Interest income represents interest earned on cash and temporary investments. Other income represents actual income earned from various Council operations and is recorded when the services are provided.

h) *Funds held in trust*

The Council receives revenue from the lease of certain Council owned lands and from interest on funds held by ISC on behalf of Council. This interest and lease revenue is paid directly into trust funds administered by ISC on Council's behalf. It is recorded as revenue of Council in the year in which it is paid into the ISC trust accounts irrespective of whether or not Council has permitted the withdrawal of the funds from the trusts.

i) *Pension plan*

The Council operates a defined contribution pension plan which offers Council employees a pension benefit upon retirement or termination based on the accumulated contributions made by the individual employee and on the employee's behalf by Council plus any investment earnings on these contributions. The Council's contributions to the plan are based on participants' earnings up to a maximum of 9.00% and are expensed as incurred. Pension expense recorded in the accounts for the 2020 fiscal year amounted to \$3,038,566 (2019 - \$2,717,952).

The Council is not making any past service contributions to the plan.

MOHAWK COUNCIL OF AKWESASNE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) *Use of estimates*

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting periods. Significant estimates include allowance for doubtful accounts receivable, certain accrued funding receivables, certain accrued liabilities and the estimated useful lives of tangible capital assets. Actual results could differ from these estimates.

k) *Temporary investments*

Temporary investments are short-term investments made to obtain a return on a temporary basis and are carried at market value.

l) *Employee benefit obligations*

Employee benefit obligations is the accumulation of vacation pay accrued to all employees of the Mohawk Council of Akwesasne at their current salary as of March 31, 2020.

m) *Foreign currency translation*

The financial statements of the Mohawk Council of Akwesasne are translated using temporal method whereby monetary assets and liabilities are translated at year end rates, non-monetary items at historical rates and revenues and expenses at the average rate for the year. Gains and losses from exchange translation are included in the statement of operations.

n) *Segments*

The Council conducts its business through ten (10) reportable segments: Akwesasne Mohawk Board of Education, Akwesasne Mohawk Police Service, Department of Community and Social Services, Mohawk Government, Department of Health, Department of Justice, Department of Infrastructure and Housing, Department of Finance and Administration, Executive Services and Economic Development. These operating segments are established by senior management and approved by Council resolution, to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis (Schedule 4). Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Administration fees have been apportioned based on a percentage of budgeted revenue, where permitted by the funder. Internal program contributions related to administration and rent are recorded at the exchange amount.

The accounting policies used in each of these segments are consistent with those followed in the preparation of the consolidated financial statements.

MOHAWK COUNCIL OF AKWESASNE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Future accounting changes

PS 3450 - Financial Instruments, PS 3041 - Portfolio Investment, PS 2601 - Foreign Currency Translation and PS 1201 - Financial Statement Presentation

These Sections will be effective for fiscal years beginning on or after April 1, 2021. The main features of these sections include fair value measurement for derivatives and portfolio investments that are equity instruments quoted in an active market and the presentation of a change in the fair value of a financial instrument within a separate statement of remeasurement gains and losses. There are also greater disclosure requirements required by the Section 3450.

PS 3280 - Asset Retirement Obligation

This Section defines asset retirement obligations and establishes standards for recognizing and measuring asset retirement obligations and allocating asset retirement costs. This Section is effective for fiscal periods beginning on or after April 1, 2021.

PS 3400 - Revenue

This Section establishes standards for recognition and measurement of revenue from transactions with performance obligations ("exchange transactions") and those without performance obligations ("non-exchange transactions"). This Section is effective for fiscal periods beginning on or after April 1, 2022.

2. FINANCIAL INSTRUMENTS

Financial instruments recognized in the statement of financial position consist of cash, due from government and other government organizations, accounts receivable, temporary investments, Ontario Power Generation Settlement receivable, housing and housing construction loans, funds held by ISC, accounts payable and accrued liabilities, due to government and other government organizations, long-term debt and promissory note. The book value of these financial instruments approximate their fair value due to the short-term nature of the current items and the market rates of interest on the long-term items with the exception of housing and housing construction loans, the promissory notes and the Ontario Power Generation Settlement receivable. Ontario Power Generation Settlement receivable is recorded at amortized cost which approximates fair value. Housing and housing construction loans are repayable over 10 to 20 years and are non-interest bearing. Certain mortgages are subsidized by Canada Mortgage and Housing Corporation such that the effective annual rate of interest paid by Council is 2%. The promissory note from ISC is payable in full upon settlement of the related land claim and is interest free until maturity or unless Council is in default. Management considers it not practicable within the constraints of timeliness and cost to determine the fair value of the housing and housing construction loans and promissory notes with sufficient reliability.

Financial instruments which potentially subject the Council to concentrations of credit risk consist of cash, due from government and other government organizations, accounts receivable, temporary investments, Ontario Power Generation Settlement receivable, housing and housing construction loans and funds held by ISC. Cash and temporary investments are held at reputable financial institutions and contributions, accounts receivable and Ontario Power Generation settlement receivable are principally due from federal and provincial governments or bodies, therefore the Council believes the risk of non-performance to be remote. Housing and housing construction loans are due from community members and Council believes that an adequate provision has been made for the possibility of these loans proving uncollectible.

MOHAWK COUNCIL OF AKWESASNE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2020

3. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

	<u>2020</u>	<u>2019</u>
Indigenous Services Canada	\$ 1,879,060	\$ 3,719,448
Human Resources Development Canada	6,312	183,559
Province of Ontario	1,215,398	856,820
Province of Quebec	890,935	537,511
Other Federal contributions	<u>8,005,609</u>	<u>4,421,670</u>
	<u><u>\$ 11,997,314</u></u>	<u><u>\$ 9,719,008</u></u>

4. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following

	<u>2020</u>	<u>2019</u>
Future settlement trust receivable	\$ -	\$ 3,545
Interest receivable from temporary investments	301,390	498,328
Miscellaneous receivables	742,353	756,632
Ontario Lottery Gaming / Rama receivable	-	3,132,965
Other Grants and Contributions	592,127	423,098
Rental facilities receivables	<u>282,861</u>	<u>282,084</u>
	1,918,731	5,096,652
Less: allowance for doubtful accounts	<u>336,305</u>	<u>350,168</u>
	<u><u>\$ 1,582,426</u></u>	<u><u>\$ 4,746,484</u></u>

5. HOUSING AND HOUSING CONSTRUCTION LOANS

Housing and housing construction loans are advanced to residents to finance the purchase of homes constructed by Council. These loans are repayable over 10 to 20 years and are non-interest bearing.

	<u>2020</u>	<u>2019</u>
Principal outstanding	\$ 9,637,648	\$ 9,779,218
Less: allowance for doubtful loans	<u>2,729,031</u>	<u>3,347,047</u>
	<u><u>\$ 6,908,617</u></u>	<u><u>\$ 6,432,171</u></u>

6. TSIKARISTISERE / DUNDEE LAND CLAIM RECEIVABLE

On January 19, 2020, the Tsikaristisere / Dundee Land Claim was settled with the Council on behalf of the Mohawks of Akwesasne for proceeds of \$239,808,436. Previous to this settlement, the Federal Government of Canada, had partially assisted in financing the research on the claim through the advance of a promissory note in the amount of \$2,952,620. This promissory note was recovered from the gross proceeds. The net amount of \$236,855,786 was received on April 6, 2020.

	<u>2020</u>	<u>2019</u>
Tsikaristisere / Dundee Land Claim Settlement	\$239,808,436	\$ -
Less: recovery of promissory note	<u>(2,952,650)</u>	<u>-</u>
	<u><u>\$236,855,786</u></u>	<u><u>\$ -</u></u>

MOHAWK COUNCIL OF AKWESASNE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2020

6. TSIKARISTISERE / DUNDEE LAND CLAIM RECEIVABLE (continued)

The settlement agreement anticipates that these funds will be transferred to an investment structure for the benefit of the Mohawks of Akwesasne. The Council is required to invest the funds within specific investment listed on settlement agreement until such time as this investment structure is created. The Council is not permitted to otherwise use the settlement or any revenue derived from it until then. The net revenue recognized in the financial statements is recorded net of the research and legal costs incurred:

	<u>2020</u>	<u>2019</u>
Tsikaristisere / Dundee Land Claim Settlement	\$239,808,436	\$ -
Less: deferred & current charges (research costs)	<u>(4,272,284)</u>	<u>-</u>
	<u><u>\$235,536,152</u></u>	<u><u>\$ -</u></u>

MOHAWK COUNCIL OF AKWESASNE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2020

7. TANGIBLE CAPITAL ASSETS

	<u>Land</u>	<u>Building & Major Infrastructure</u>	<u>Computer Hardware</u>	<u>Computer Software</u>	<u>Equipment</u>	<u>Equipment under a Capital Lease</u>	<u>Furniture and Fixtures</u>	<u>Roads</u>	<u>Vehicles</u>	<u>Total 2020</u>	<u>Total 2019</u>
Cost											
Opening Costs	\$ 746,400	\$ 155,450,964	\$ 3,573,912	\$ 604,444	\$ 7,431,376	\$ 504,822	\$ 2,021,354	\$ 6,430,326	\$ 9,857,230	\$ 186,620,828	\$ 181,125,274
Additions	25,143	2,368,718	11,648	-	1,060,167	-	-	1,300	1,265,477	4,732,453	5,985,607
Transfers from WIP	-	282,033	-	-	-	-	-	-	-	282,033	-
Disposals	-	(319,169)	-	(100,661)	-	-	-	-	(140,199)	(560,029)	(490,053)
Write-downs	-	64,397	-	-	-	-	-	-	-	64,397	-
Closing Costs	<u>771,543</u>	<u>157,718,149</u>	<u>3,585,560</u>	<u>503,783</u>	<u>8,491,543</u>	<u>504,822</u>	<u>2,021,354</u>	<u>6,431,626</u>	<u>10,982,508</u>	<u>191,010,888</u>	<u>186,620,828</u>
Accumulated Amortization											
Opening accumulated	-	53,027,050	3,318,043	603,218	6,189,145	486,439	1,572,804	4,525,401	7,401,220	77,123,320	73,609,203
Disposals	-	(358,375)	-	(100,662)	-	-	-	-	(103,480)	(562,517)	(235,897)
Amortization Expense	-	2,597,053	52,339	1,227	348,075	3,677	44,856	190,547	763,061	4,000,835	3,750,014
Closing Accumulated	-	55,265,728	3,370,382	503,783	6,537,220	490,116	1,617,660	4,715,948	8,060,801	80,561,638	77,123,320
Net Book Value	<u>\$ 771,543</u>	<u>\$ 102,452,421</u>	<u>\$ 215,178</u>	<u>\$ -</u>	<u>\$ 1,954,323</u>	<u>\$ 14,706</u>	<u>\$ 403,694</u>	<u>\$ 1,715,678</u>	<u>\$ 2,921,707</u>	<u>\$ 110,449,250</u>	<u>\$ 109,497,508</u>
Opening Balance	\$ 746,400	\$ 102,423,914	\$ 255,869	\$ 1,226	\$ 1,242,231	\$ 18,383	\$ 448,550	\$ 1,904,925	\$ 2,456,010	\$ 109,497,508	\$ 107,516,071
Closing Balance	<u>771,543</u>	<u>102,452,421</u>	<u>215,178</u>	<u>-</u>	<u>1,954,323</u>	<u>14,706</u>	<u>403,694</u>	<u>1,715,678</u>	<u>2,921,707</u>	<u>110,449,250</u>	<u>109,497,508</u>
Increase (Decrease) in Net Book Value	<u>\$ 25,143</u>	<u>\$ 28,507</u>	<u>\$ (40,691)</u>	<u>\$ (1,226)</u>	<u>\$ 712,092</u>	<u>\$ (3,677)</u>	<u>\$ (44,856)</u>	<u>\$ (189,247)</u>	<u>\$ 465,697</u>	<u>\$ 951,742</u>	<u>\$ 1,981,437</u>

MOHAWK COUNCIL OF AKWESASNE
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2020

8. TANGIBLE CAPITAL ASSETS UNDER CONSTRUCTION

	Total Remaining Commitment (unaudited)	<u>2020</u>	<u>2019</u>
ACFS Home 90 Whoville Drive	\$ -	\$ -	296,571
River Road Reconstruction	1,800,000	1,468,001	1,434,421
Birch Road Water Main	210,000	198,465	4,300
Angus Mitchell Memorial Building Redesign	N/A	29,837	29,837
Family Wellness Centre	1,100,000	1,086,034	403,972
AMPS Boat House	450,000	322,287	199,743
Street Light Upgrading	40,000	4,774	4,774
Hamilton Island Bridge Design	N/A	32,644	13,790
Kawehnoke Five Plex	850,000	809,321	-
Kanatakon Duplex	275,000	227,971	-
Wade Lafrance / Whoville Road	-	6,600	-
Snye Administrative Facility Design & Sitework	N/A	<u>576,274</u>	<u>574,895</u>
		<u>\$ 4,762,208</u>	<u>2,962,303</u>

9. OTHER ASSETS HELD FOR SALE

Assets are classified as held for sale when certain criteria are met including Council's commitment to a plan, and availability of the asset for immediate sale in its present condition.

In fiscal year 2018 Council acquired a property from the BMO housing program. A property is acquired when a mortgage holder forfeits on the mortgage requirements.

	<u>2020</u>	<u>2019</u>
BMO Housing program	\$ <u>135,395</u>	\$ <u>135,395</u>

MOHAWK COUNCIL OF AKWESASNE
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2020

10. TEMPORARY INVESTMENTS

<u>Holder</u>	<u>Type</u>	<u>Maturity</u>	<u>Interest</u>	<u>Amount</u>
Bank of Montreal	GIC	December 2020	2.22%	\$ 3,000,000
Bank of Montreal	GIC	June 2020	2.12%	3,000,000
Bank of Montreal	GIC	September 2020	2.15%	3,000,000
Bank of Montreal	GIC	December 2020	2.22%	3,000,000
Bank of Montreal	GIC	September 2020	2.15%	3,000,000
Bank of Montreal	GIC	June 2020	2.12%	3,000,000
Bank of Montreal	GIC	July 2020	2.28%	5,000,000
Bank of Montreal	GIC	November 2020	2.07%	4,000,000
Bank of Montreal	GIC	June 2020	1.40%	1,541,187
Bank of Montreal	GIC	November 2020	2.07%	4,000,000
Bank of Montreal	GIC	November 2020	2.05%	4,000,000
Concentra Bank	GIC	June 2020	1.95%	100,000
Equitable Bank	GIC	June 2020	1.96%	100,000
Home Trust	GIC	June 2020	2.75%	100,000
Home Equity	GIC	June 2020	1.80%	100,000
Laurentian Bank	GIC	June 2020	1.92%	100,000
Peoples Trust	GIC	June 2020	1.95%	100,000
Bank of Montreal	GIC	November 2022	3.21%	730,888
Bank of Montreal	GIC	December 2024	2.33%	843,182
Bank of Montreal	GIC	November 2021	3.06%	730,888
Bank of Montreal	GIC	November 2020	3.01%	730,888
Bank of Montreal	GIC	November 2023	3.36%	730,888
Bank of Montreal	GIC	November 2022	3.21%	868,850
Bank of Montreal	GIC	December 2024	2.33%	1,002,346
Bank of Montreal	GIC	November 2021	3.06%	868,850
Bank of Montreal	GIC	November 2020	3.01%	868,850
Bank of Montreal	GIC	November 2023	3.36%	868,850
Equitable Bank	GIC	February 2021	2.27%	100,000
Home Trust	GIC	February 2021	2.29%	100,000
Bank of China	GIC	February 2021	2.45%	100,000
HSBC Bank Canada	GIC	February 2021	2.25%	100,000
Vancity Credit Union	GIC	February 2021	2.30%	100,000
Versa Bank	GIC	February 2021	2.26%	100,000
CIBC Full Service	GIC	August 2020	2.10%	180,472
Duo Bank of Canada	GIC	February 2022	2.35%	100,000
Home Equity	GIC	February 2022	2.29%	100,000
Private Cdn - Equity Fund	Shares			458,483
Private Cdn - Large Cap Equity	Shares			733,027
Private Cdn - Strategy Fund	Shares			616,205
Private Corp. Bond Fund	Shares			2,841,230
Private Gov't Bond Fund	Shares			2,311,750
Private Inter. Equity Fund	Shares			1,026,893
Private US Equity Fund	Shares			973,847
Community Funds				
Fund 475-15696	Shares			1,548,822
Cash balances in accounts				<u>5,456,802</u>
				<u>\$ 62,333,198</u>

MOHAWK COUNCIL OF AKWESASNE
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2020

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2020</u>	<u>2019</u>
Trade payables	\$ 5,976,758	\$ 4,268,116
Accrued salaries and employee benefits payable	3,014	28,218
Other accrued liabilities	<u>4,934,043</u>	<u>3,732,447</u>
Total accounts payable	<u><u>\$ 10,913,815</u></u>	<u><u>\$ 8,028,781</u></u>

12. EMPLOYEE BENEFIT OBLIGATIONS

	<u>2020</u>	<u>2019</u>
Vacation pay obligation	<u><u>\$ 1,024,750</u></u>	<u><u>\$ 964,305</u></u>

13. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

	<u>2020</u>	<u>2019</u>
ISC repayables	\$ 377,228	\$ 467,455
Ontario repayables	1,187,359	1,090,918
Health Canada repayables	3,970	57,119
Other federal repayables	6,946	122,814
Quebec repayables	<u>48,668</u>	<u>6,668</u>
	<u><u>\$ 1,624,171</u></u>	<u><u>\$ 1,744,974</u></u>

14. PROMISSORY NOTE / LAND CLAIM SETTLEMENT

The Council has entered into a loan funding agreement with Indigenous Services Canada for legal and administrative costs in pursuing settlement of a land claim. The promissory note becomes immediately payable upon settlement of the land claim. (see note 6)

	<u>2020</u>	<u>2019</u>
Due on settlement of land claim	<u><u>\$ -</u></u>	<u><u>\$ 2,927,650</u></u>

MOHAWK COUNCIL OF AKWESASNE
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2020

15. DEFERRED REVENUE

	<u>2020</u>	<u>2019</u>
Indigenous Service Canada	\$ 13,381,025	\$ 18,801,992
Province of Ontario	638,135	405,432
Other Federal Government Departments	8,517	-
Other	<u>578,608</u>	<u>2,944,925</u>
	<u><u>\$ 14,606,285</u></u>	<u><u>\$ 22,152,349</u></u>

16. LONG-TERM LOANS

	<u>2020</u>	<u>2019</u>
1.30% mortgage, due December 2020, payable in equal monthly installments of \$3,677 including principal and interest (CMHC Section 95 Project 97/98 - Net Book Value \$388,702).	204,351	245,523
1.39% mortgage, due June 2020, payable in equal monthly installments of \$4,404 including principal and interest (CMHC Section 95 Project 03/04 - Net Book Value \$780,732).	496,250	541,872
1.52% mortgage, due December 2022, payable in equal monthly installments of \$5,245 including principal and interest (CMHC Section 95 Project 02/03 - Net Book Value \$726,267).	451,112	504,603
1.43% mortgage, due April 2022, payable in equal monthly installments of \$3,591 including principal and interest (CMHC Section 95 Project 04/05 - Net Book Value \$979,087).	475,015	511,050
2.52% mortgage, due September 2023, payable in equal monthly installments of \$5,799 including principal and interest. 17 Units (CMHC Section 95 Project 05/06 - Net Book Value \$1,444,503).	685,717	738,573
1.97% mortgage, due December 2022, payable in equal monthly installments of \$4,573 including principal and interest. 9 Units (CMHC Section 95 Project 05/06 - Net Book Value \$924,004).	611,637	654,060
1.87% mortgage, due May 2024, payable in equal monthly installments of \$6,392 including principal and interest. 19 Units (CMHC Section 95 Project 06/07 - Net Book Value \$2,189,462).	955,247	1,013,506
1.14% mortgage, due June 2021, payable in equal monthly installments of \$1,937 including principal and interest. 4 Units (CMHC Section 95 Project Oak Court - Net Book Value \$430,434).	344,675	363,878
2.05% mortgage, due November 2022, payable in equal monthly installments of \$2,263 including principal and interest. 4 Units (CMHC Section 95 Project Hawthorne - Net Book Value \$558,144).	401,846	420,543
1.35% mortgage, due June 2022, payable in equal monthly installments of \$1,980 including principal and interest. 4 Units (CMHC Section 95 Project Whoville Quad 1- Net Book Value \$613,517).	455,609	473,101
1.35% mortgage, due June 2022, payable in equal monthly installments of \$1,834 including principal and interest. 4 Units (CMHC Section 95 Project Whoville Quad 2- Net Book Value \$607,594).	<u>462,397</u>	<u>480,173</u>
	<u><u>\$ 5,543,856</u></u>	<u><u>\$ 5,946,882</u></u>

Interest expense for the year on long-term debt is \$99,520 (2019 - \$112,320)

MOHAWK COUNCIL OF AKWESASNE
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2020

16. LONG-TERM LOANS (continued)

The aggregate amount of principal payments required in each of the next five years and beyond, assuming renewal at similar rates and terms, to meet loan retirement provision is as follows:

2021	\$ 408,971
2022	416,185
2023	423,534
2024	431,025
2025	428,553
2026 and beyond	3,435,588

Management has a practice of refinancing long-term loans in advance of maturity.

The mortgage loans are guaranteed by ISC in lieu of a normal mortgage lien on properties. Canada Mortgage and Housing Corporation CMHC offers a housing development subsidy program such that approximately 50% of the operating expenses, including interest is subsidized. Interest expense on long-term loans, net of subsidies, totaled \$53,564 (2019 - \$59,145).

17. ASSETS HELD IN TRUST FOR OTHERS

The Council acts as trustee for a number of third parties, holding assets and administering them on their behalf. These assets held in trust are not included on the statement of financial position as assets of the Council. Amounts held in trust at the year-end are:

	<u>2020</u>	<u>2019</u>
Akwesasne Community Settlement Fund	\$ <u>61,600</u>	\$ <u>61,554</u>

18. INTERNAL CHARGES

Added to tangible capital assets and deferred charges during the year are certain administrative and salary amounts totaling \$187,957 (2019 - \$168,377).

MOHAWK COUNCIL OF AKWESASNE
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2020

19. CONTINGENCIES AND COMMITMENTS

The Council has a loan facility of up to \$7,000,000 with the Bank of Montreal which may be drawn on by qualified borrowers for the purchase, renovation or construction of owner-occupied homes.

Under the terms of this facility, the borrowers are responsible for the repayment of the loans and Council provides a guarantee for the amounts outstanding under the facility. As at March 31, 2020 the Council had guarantees outstanding under this program of \$4,978,308 (2019 - \$5,318,050). These amounts have not been recognized in these financial statements.

The nature of the Mohawk Council of Akwesasne's various activities is such that there is usually litigation pending or in prospect at any time. With respect to claims at March 31, 2020, management believes the Mohawk Council of Akwesasne has valid defences and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Mohawk Council of Akwesasne's financial position.

The Council is committed under various operating lease agreements for office equipment to pay approximately \$22,146 (2019 - \$22,146) annually over the next 2 years.

20. ACCUMULATED SURPLUS

The Council restricts funds to recognize the investment in property, plant and equipment and housing and housing construction loans, to meet reserve requirements of certain funding arrangements and to reflect internal restrictions placed on the use of certain funds by Council (see Schedule 6).

21. SEGMENTED INFORMATION

Segmented information (Schedule 4) has been identified based upon functional areas by Mohawk Council of Akwesasne. The functions have been separately disclosed in the segmented information as follows:

i) *Akwesasne Mohawk Board of Education:*

Akwesasne Mohawk Board of Education supports the education of community members on or off the territory. The departments main components are:

- Responsible to deliver education at the grade school level for the children of akwesasne. A Community elected Board of Education assists with the delivery of primary education to the community.
- Bus transportation, hot-lunch program, post-secondary education, an adult education facility for adult learners,
- Manage a tuition agreement with the city of Cornwall. Through this agreement, community students can attend local high school.
- Operate a headstart and daycare programs.

MOHAWK COUNCIL OF AKWESASNE
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2020

21. SEGMENTED INFORMATION (continued)

ii) *Akwesasne Mohawk Police Service:*

Akwesasne Mohawk Police Service is responsible to deliver police services in the Community. The department's main components are:

- Community Policing Services;
- Organized Crime and Tobacco Unit;
- Compliance officers and;
- Marine /SAVE Unit to patrol Akwesasne waterways.

iii) *Department of Community and Social Services:*

Department of Community and Social Services is responsible to deliver various social programs in the community. The service provided are comprised of:

- Child and Family Service;
- Community Support Program;
- Dependence Treatment Centre and;
- Domestic violence shelter.

iv) *Mohawk Government:*

Mohawk Government consists of all expenditures associated with the thirteen (13) elected Council members of the Mohawk Community including any Council driven projects and all Council legal and travel.

v) *Department of Health:*

Department of Health is responsible to deliver various health programs in the community. The service provided are comprised of:

- A senior facility and chronic care facility with a combined capacity of eighty (80) beds;
- Ambulance services;
- Home and community care program;
- Medical clinics;
- Community health nurses;
- Wholistic health program.

MOHAWK COUNCIL OF AKWESASNE
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2020

21. SEGMENTED INFORMATION (continued)

vi) *Department of Justice:*

Department of Justice is responsible to deliver various justice services to community members on or off the territory. The programs are comprised of:

- Justice administration office;
- Mohawk Court;
- Community Justice Diversion program and;
- Conservation.

vii) *Department of Infrastructure & Housing:*

The Department of Infrastructure & Housing is responsible for the physical assets of the Community. Other services include;

- Water and waste water plant;
- Street lights;
- Garbage collection;
- Affordable housing / mortgage program and;
- Various rental units.

viii) *Department of Finance & Administration:*

The Department of Finance & Administration is responsible for all administrative programs and services to Council departments. Their services include:

- Human Resource
- Finance,
- Information Technology and;
- Communications Office.

ix) *Executive Services:*

The Department consists of the Office of the Executive Director, the support staff for the Council and the Aboriginal Rights and Research Office.

MOHAWK COUNCIL OF AKWESASNE
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2020

21. SEGMENTED INFORMATION (continued)

x) *Economic Development:*

Department of Economic Development is responsible to deliver various Economic Development services to community members on or off the territory. The programs are comprised of:

- community business grants;
- Training incentives/tuition,
- Maintenance of our Peacetree Mall;
- Arena operations and;
- Thompson Island Youth Camp.

Certain allocation methodologies are employed in the preparation of segmented information. Service Delivery charges and other revenue have been allocated to the segments based upon segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made. Investment income has been allocated based on the segment that holds the related investment.

The accounting policies used in these segments (Schedule 4) 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, sewer and garbage fees.

22. ECONOMIC DEPENDENCE

The Council receives a major portion of its revenue from Indigenous Services Canada (ISC) formerly Indigenous and Northern Affairs Canada (INAC) and Health Canada. The nature and extent of this revenue is of such significance that the Council is economically dependent on this source of revenue.

23. MOHAWKS OF AKWESASNE COMMUNITY SETTLEMENT TRUST

During a previous year, the Council created the Mohawks of Akwesasne Community Settlement Trust. The purpose of the Trust was to receive the settlement funds of the OPG and Kawenoke-Easterbrook Settlement Claims and invest those funds on behalf of the community. Those re-invested funds are to be used for community based projects within certain parameters established by the Trust.

The Trust was established on June 17, 2014 and is administered by an independent Board of Trustees. The Mohawk Council of Akwesasne, or its successor body or entity, acting on behalf of the Mohawks of Akwesasne, is the named beneficiary of the Trust.

The Council transferred the final payment of \$2,560,000 to the Trust during the 2019 fiscal year representing the OPG funds received during that fiscal year.

MOHAWK COUNCIL OF AKWESASNE
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2020

24. OPERATING EXPENSES

	<u>2020</u>	<u>2019</u>
Salaries, benefits and honoraria	\$ 51,525,362	\$ 45,522,454
Travel and training	1,515,195	1,358,636
Program supplies	9,356,387	11,133,419
Equipment repairs/lease and small equipment purchases	2,717,571	2,296,406
Professional fees	4,992,867	4,376,387
Non-Insured Health Benefits	9,454,559	9,849,306
Office	1,618,658	293,983
Facility costs	2,815,186	3,079,295
Student tuition and allowances	7,717,139	7,311,673
Community support	5,187,534	4,044,352
Minor capital	<u>4,071,509</u>	<u>4,072,193</u>
	<u><u>\$100,971,967</u></u>	<u><u>\$ 93,338,104</u></u>

25. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Mohawk Council of Akwesasne.

26. COMPARATIVE INFORMATION

The comparative information has been restated to conform with current financial groupings.

27. UNCERTAINTY DUE TO ECONOMIC CONSEQUENCES OF THE CORONAVIRUS DISEASE (COVID-19) OUTBREAK

In Mid-March of 2020, during the last month of the Council's year end, the provinces of Ontario and Quebec, declared a state of emergency in response to the public health concerns originating from the spread of the coronavirus disease.

In March of 2020, the Council's operations were scaled back considerably in response to the quarantine measures implemented by the provincial government to stop the spread of the disease.

A high degree of uncertainty persists surrounding the full economic impact of the situation. The unpredictable nature of the spread of the disease makes it difficult to determine the length of time the Council's operations will be impacted. The Council has not seen a decrease in funding, however it is expected that distributions from the Ontario First Nations (2008) Limited Partnership will be reduced. No other financial impact can be reasonably estimated. Consequently, at the time of issuance of these financial statements, the effect that the abrupt decline in economic activity will have on the Council's operations, assets, liabilities, revenues and expenses are not yet known.

MOHAWK COUNCIL OF AKWESASNE
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2020

28. INVESTMENT IN GOVERNMENT BUSINESS ENTITIES

Total investment in government business entities

	<u>2020</u>	<u>2019</u>
Akwesasne Harbour Development Corporation	\$ 303,000	\$ 303,000
Cornwall - Akwesasne Harbour Partnership	<u>312,405</u>	<u>187,662</u>
	<u>\$ 615,405</u>	<u>\$ 490,662</u>

Akwesasne Harbour Development Corporation

The Mohawk Council of Akwesasne has an investment in a wholly owned corporation, the Akwesasne Harbour Development Corporation ("AHDC"). This company in turn holds a 50% co-ownership interest in the Cornwall port facilities with the Cornwall Harbour Development Corporation ("CHDC")

	Investment Cost Beginning of Year	Loans / Advances	Share of Earnings	Cash Distributions	Total Investment
Akwesasne Harbour Development Corporation	\$ <u>303,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	\$ <u>303,000</u>

Summary information for this corporation, for the respective March 31st year-end, is as follows:

	<u>2020</u>	<u>2019</u>
Financial Assets	\$ -	\$ -
Financial Liabilities	<u>303,000</u>	<u>303,000</u>
Net Financial Assets	(303,000)	(303,000)
Non-Financial Assets		
Tangible Capital Assets	<u>303,000</u>	<u>303,000</u>
Accumulated Surplus	<u>\$ -</u>	<u>\$ -</u>

MOHAWK COUNCIL OF AKWESASNE
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2020

28. INVESTMENT IN GOVERNMENT BUSINESS ENTITIES (continued)

Cornwall-Akwesasne Harbour Partnership

The Mohawk Council of Akwesasne has a 50% partnership interest in the Cornwall-Akwesasne Harbour Partnership. The purpose of this partnership is to operate and eventually develop and remediate the port lands in question in partnership with the City of Cornwall.

Transport Canada, as part of the transfer, has entered into a contribution agreement with the port operator to provide a sum of \$5.3M to use towards eligible expenditures during the terms of the funding agreement which will terminate in 2026.

The partnership has a fiscal year end of December 31, 2019. The information presented is for that period as it is not practical to re-create the information on a March 31, 2020 basis.

	Investment Cost Beginning of Year	Loans / Advances	Share of Earnings	Cash Distributions	Total Investment
Partnership Interest	\$ <u>187,662</u>	<u>-</u>	<u>124,743</u>	<u>-</u>	\$ <u>312,405</u>

Summary information for this partnership, accounted for using the modified equity method for the respective year-end, is as follows:

	<u>2020</u>	<u>2019</u>
Financial Assets		
Cash	\$ 624,804	\$ 375,324
Restricted cash	<u>5,187,132</u>	<u>5,243,358</u>
	5,811,936	5,618,682
Financial Liabilities		
Deferred revenue	<u>5,187,132</u>	<u>5,243,358</u>
Net Financial Assets	624,804	375,324
Non-Financial Assets	<u>-</u>	<u>-</u>
Accumulated Surplus	<u>\$ 624,804</u>	<u>\$ 375,324</u>
 Total revenue	 \$ 305,742	 \$ 246,172
Total expenditure	<u>56,256</u>	<u>55,610</u>
Comprehensive Income	<u>\$ 249,486</u>	<u>\$ 190,562</u>

	<u>2020</u>	<u>2019</u>
Allocated		
Mohawk Council of Akwesasne	\$ 124,743	\$ 95,281
City of Cornwall	<u>124,743</u>	<u>95,281</u>
	<u>\$ 249,486</u>	<u>\$ 190,562</u>

MOHAWK COUNCIL OF AKWESASNE
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2020

29. ONTARIO FIRST NATIONS (2008) LIMITED PARTNERSHIP

Commencing with the 2012 fiscal year and in each fiscal year thereafter during the initial renewal of the agreement between the Province of Ontario and the Ontario First Nations (2008) Limited Partnership "OFNLP (2008)", the Province of Ontario shall pay to OFNLP (2008) twelve (12) monthly payments equal to one-twelfth of 1.7% of the aggregate provincial gross gaming revenues. OFNLP (2008) then distributes to the First Nation its share of these revenues according to a formula used for that purpose. The use of these funds, according to agreements, is restricted to community development, health, education, cultural development and economic development.

The First Nation holds a unit in the Ontario First Nations (2008) Limited Partnership, and a share in a related company Ontario First Nations General Partner Inc.: the carrying value of which are nominal and are therefore not recorded in these financial statements.

MOHAWK COUNCIL OF AKWESASNE

SCHEDULE 1 - CONSOLIDATED SCHEDULE OF FEDERAL REVENUE TRUST FUNDS (unaudited)

YEAR ENDED MARCH 31, 2020

Schedule of Federal Revenue Trust Funds**Revenue from land leases**

Paid to Indigineous Service Canada	\$ <u>619,503</u>
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The revenue received has been applied to Council programs and services as follows:

Executive Services	\$ 80,000
Conservation/Compliance	100,000
Roads	100,000
Information Management	100,000
Emergency Measures	60,000
Environment	100,000
Office of Vital Statistics	<u>79,503</u>
Total revenue applied to programs	\$ <u>619,503</u>

Note: In addition to the rental revenues received, interest in the amount of \$65,734 was received in fiscal year ended March 31, 2020. This interest income has been applied to global Council operations and is not disclosed separately on the Statement of Financial Activities.

MOHAWK COUNCIL OF AKWESASNE

SCHEDULE 2 - CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS (unaudited)

YEAR ENDED MARCH 31, 2020

Schedule of Government Transfers

	<u>2020</u>	<u>2019</u>
Indigineous Service Canada	\$ 76,859,878	\$ 62,012,812
Human Resources Development Canada	436,204	480,238
Canadian Mortgage and Housing Corporation	414,341	458,841
Canada Border Services Agency	26,400	38,900
Emergency Preparedness Canada	5,253,614	4,098,753
Other Federal	<u>224,834</u>	<u>793,251</u>
	83,215,271	67,882,795
Province of Ontario	19,224,944	19,036,831
Province of Quebec	1,785,394	2,045,994
Other contributions	<u>1,636,388</u>	<u>1,705,015</u>
	<u>\$105,861,997</u>	<u>\$ 90,670,635</u>

MOHAWK COUNCIL OF AKWESASNE

SCHEDULE 3 - CONSOLIDATED SCHEDULE OF FUNDING RECONCILIATION ISC (unaudited)

YEAR ENDED MARCH 31, 2020

Schedule of Funding Reconciliation ISC

	<u>2020</u>	<u>2019</u>
ISC Revenue per Financial Statements	\$ 76,859,878	\$ 42,439,913
Less: prior year deferred revenue	(18,801,992)	(7,852,623)
Less: prior year repayable revenue	(467,455)	(467,455)
Add: current year deferred revenue	13,381,025	11,019,180
Add: current year repayable revenue	<u>377,228</u>	<u>467,455</u>
Adjusted ISC funding received	71,348,684	45,606,470
ISC revenue per funding confirmation	<u>71,438,931</u>	<u>45,651,378</u>
Difference	\$ <u>(90,247)</u>	\$ <u>(44,908)</u>
Explanation of differences:		
Write off of old repayables	\$ <u>(90,247)</u>	\$ <u>(44,908)</u>

MOHAWK COUNCIL OF AKWESASNE

SCHEDULE 4 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE 2020 (unaudited)

YEAR ENDED MARCH 31, 2020

	Akwesasne Mohawk Board of Education	Akwesasne Mohawk Police	Department of Community & Social Services	Mohawk Government	Health	Justice	Department of Infrastructure & Housing	Dept. of Finance and Administration	Executive Services	Economic Development	Consolidated Totals
	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>
Revenues											
Federal Government	\$ 23,630,378	\$ 5,253,614	\$ 10,905,249	\$ 26,400	\$ 31,549,490	\$ 1,241,833	\$ 6,353,797	\$ -	\$ 3,066,068	\$ 945,941	\$ 82,972,770
Provincial Government	3,107,243	3,742,000	3,999,723	1,365,510	8,391,738	1,093,966	439,499	110,000	2,813,000	201,534	25,264,213
Other Revenues	<u>1,189,849</u>	<u>90,086</u>	<u>367,539</u>	<u>1,327,542</u>	<u>1,619,670</u>	<u>116,980</u>	<u>6,553,374</u>	<u>5,117,075</u>	<u>451,467</u>	<u>575,670</u>	<u>17,409,252</u>
Sub-total	27,927,470	9,085,700	15,272,511	2,719,452	41,560,898	2,452,779	13,346,670	5,227,075	6,330,535	1,723,145	125,646,235
Inter-Segment Eliminations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,503,016)</u>	<u>(3,524,619)</u>	<u>-</u>	<u>-</u>	<u>(8,027,635)</u>
Total Revenues	<u>27,927,470</u>	<u>9,085,700</u>	<u>15,272,511</u>	<u>2,719,452</u>	<u>41,560,898</u>	<u>2,452,779</u>	<u>8,843,654</u>	<u>1,702,456</u>	<u>6,330,535</u>	<u>1,723,145</u>	<u>117,618,600</u>
Expenses											
Salaries & Benefits	12,469,338	6,625,721	5,817,767	257,285	13,273,168	2,143,595	5,405,596	2,899,297	1,337,317	627,032	50,856,116
Operating Costs	11,571,095	1,090,097	6,510,298	2,232,850	16,904,441	872,417	4,434,310	1,353,468	897,188	418,239	46,284,404
Rent	1,310,146	227,193	706,240	-	1,039,903	113,814	228,888	168,519	79,941	545,592	4,420,236
Amortization Expenses	210,380	297,343	91,802	3,210	252,829	2,145	2,957,549	185,577	-	-	4,000,835
Other Expenses	<u>423,124</u>	<u>103,907</u>	<u>428,139</u>	<u>-</u>	<u>1,017,795</u>	<u>112,875</u>	<u>949,328</u>	<u>175,912</u>	<u>162,936</u>	<u>63,996</u>	<u>3,438,010</u>
Sub-total	25,984,083	8,344,261	13,554,246	2,493,345	32,488,136	3,244,846	13,975,670	4,782,773	2,477,383	1,654,859	108,999,601
Inter-Segment Eliminations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,503,016)</u>	<u>(3,524,619)</u>	<u>-</u>	<u>-</u>	<u>(8,027,635)</u>
Total Expenses	<u>25,984,083</u>	<u>8,344,261</u>	<u>13,554,246</u>	<u>2,493,345</u>	<u>32,488,136</u>	<u>3,244,846</u>	<u>9,472,654</u>	<u>1,258,154</u>	<u>2,477,383</u>	<u>1,654,859</u>	<u>100,971,967</u>
Annual Surplus/(Deficit) before other item	<u>\$ 1,943,387</u>	<u>\$ 741,439</u>	<u>\$ 1,718,265</u>	<u>\$ 226,107</u>	<u>\$ 9,072,762</u>	<u>\$ (792,067)</u>	<u>\$ (629,000)</u>	<u>\$ 444,302</u>	<u>\$ 3,853,152</u>	<u>\$ 68,286</u>	<u>\$ 16,646,633</u>

MOHAWK COUNCIL OF AKWESASNE
SCHEDULE 5 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE 2019 (unaudited)
YEAR ENDED MARCH 31, 2020

	Akwesasne Mohawk Board of Education <u>2019</u>	Akwesasne Mohawk Police <u>2019</u>	Department of Community & Social Services <u>2019</u>	Mohawk Government <u>2019</u>	Health <u>2019</u>	Justice <u>2019</u>	Department of Infrastructure & Housing <u>2019</u>	Dept. of Finance and Administration <u>2019</u>	Executive Services <u>2019</u>	Economic Development <u>2019</u>	Consolidated Totals <u>2019</u>
Revenues											
Federal Government	\$ 17,650,498	\$ 4,098,753	\$ 8,629,259	\$ -	\$ 20,564,425	\$ 1,057,944	\$ 9,348,429	\$ 965,525	\$ 3,800,428	\$ 719,532	\$ 66,834,792
Provincial Government	3,511,420	2,963,376	3,986,882	122,360	8,223,627	917,741	229,111	529,725	55,420	564,837	21,104,499
Other Revenues	<u>897,691</u>	<u>67,904</u>	<u>446,858</u>	<u>2,789,234</u>	<u>1,157,713</u>	<u>66,750</u>	<u>5,328,294</u>	<u>3,719,208</u>	<u>7,164,389</u>	<u>663,278</u>	<u>22,301,319</u>
Sub-total	22,059,609	7,130,033	13,062,999	2,911,594	29,945,765	2,042,435	14,905,834	5,214,458	11,020,237	1,947,647	110,240,610
Inter-Segment Eliminations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,670,667)</u>	<u>(3,336,105)</u>	<u>-</u>	<u>-</u>	<u>(7,006,772)</u>
Total Revenues	<u>22,059,609</u>	<u>7,130,033</u>	<u>13,062,999</u>	<u>2,911,594</u>	<u>29,945,765</u>	<u>2,042,435</u>	<u>11,235,167</u>	<u>1,878,353</u>	<u>11,020,237</u>	<u>1,947,647</u>	<u>103,233,838</u>
Expenses											
Salaries & Benefits	10,161,373	5,194,125	4,553,569	-	12,128,431	1,889,278	4,989,176	2,676,306	2,705,154	681,172	44,978,584
Operating Costs	11,702,522	1,055,409	5,668,247	2,642,402	15,530,311	1,145,125	3,929,173	1,318,164	1,048,317	995,224	45,034,894
Rent	375,570	233,993	664,575	-	1,019,041	117,089	202,871	168,519	103,202	540,793	3,425,653
Amortization Expenses	172,220	200,296	90,553	3,949	241,634	3,463	2,866,521	171,377	-	-	3,750,013
Other Expenses	<u>390,651</u>	<u>243,940</u>	<u>397,753</u>	<u>-</u>	<u>656,065</u>	<u>139,125</u>	<u>868,980</u>	<u>152,594</u>	<u>211,066</u>	<u>95,557</u>	<u>3,155,731</u>
Sub-total	22,802,336	6,927,763	11,374,697	2,646,350	29,575,483	3,294,080	12,856,721	4,486,960	4,067,739	2,312,747	100,344,875
Inter-Segment Eliminations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,670,667)</u>	<u>(3,336,105)</u>	<u>-</u>	<u>-</u>	<u>(7,006,772)</u>
Total Expenses	<u>22,802,336</u>	<u>6,927,763</u>	<u>11,374,697</u>	<u>2,646,350</u>	<u>29,575,483</u>	<u>3,294,080</u>	<u>9,186,054</u>	<u>1,150,855</u>	<u>4,067,739</u>	<u>2,312,747</u>	<u>93,338,104</u>
Annual Surplus/(Deficit) before other item	<u>\$ (742,727)</u>	<u>\$ 202,270</u>	<u>\$ 1,688,302</u>	<u>\$ 265,244</u>	<u>\$ 370,282</u>	<u>\$ (1,251,645)</u>	<u>\$ 2,049,113</u>	<u>\$ 727,498</u>	<u>\$ 6,952,498</u>	<u>\$ (365,100)</u>	<u>\$ 9,895,734</u>

MOHAWK COUNCIL OF AKWESASNE
SCHEDULE 6 - CONSOLIDATED STATEMENT OF CHANGES IN ACCUMULATED SURPLUS (unaudited)
YEAR ENDED MARCH 31, 2020

	Investment in property, plant and equipment	Investment in housing and housing construction loans	Internally restricted				Unrestricted accumulated operating surplus	<u>2020</u>	<u>2019</u>
			<u>ISC</u>	<u>OFNLP (2008)</u>	<u>Dundee Land Claim</u>	<u>Other</u>			
Balance at beginning of year	\$ <u>106,517,058</u>	\$ <u>6,432,170</u>	\$ <u>6,169,453</u>	\$ <u>27,853,705</u>	\$ <u>-</u>	\$ <u>11,966,963</u>	\$ <u>1,301,286</u>	\$ <u>160,240,635</u>	\$ <u>152,809,620</u>
Annual surplus (deficit) before transfers - allocated	7,154,953	1,380,287	10,437,175	2,935,471	-	1,925,754	(7,187,007)	16,646,633	9,991,015
Transfer to Mohawks of Akwesasne Community Settlement Trust	-	-	-	-	-	-	-	-	(2,560,000)
Transfer to Tsikaristisere / Dundee Land Claim Settlement	-	-	-	-	235,536,152	-	-	235,536,152	-
Inter-fund transfer to (from) unrestricted	<u>(4,003,154)</u>	<u>(902,988)</u>	<u>(1,097,045)</u>	<u>(133,162)</u>	<u>-</u>	<u>(1,427,219)</u>	<u>7,563,568</u>	<u>-</u>	<u>-</u>
Net change in accumulated surplus for the year	<u>3,151,799</u>	<u>477,299</u>	<u>9,340,130</u>	<u>2,802,309</u>	<u>235,536,152</u>	<u>498,535</u>	<u>376,561</u>	<u>252,182,785</u>	<u>7,431,015</u>
Balance at end of year	\$ <u><u>109,668,857</u></u>	\$ <u><u>6,909,469</u></u>	\$ <u><u>15,509,583</u></u>	\$ <u><u>30,656,014</u></u>	\$ <u><u>235,536,152</u></u>	\$ <u><u>12,465,498</u></u>	\$ <u><u>1,677,847</u></u>	\$ <u><u>412,423,420</u></u>	\$ <u><u>160,240,635</u></u>