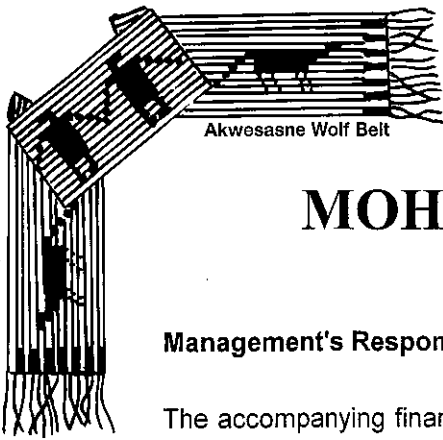


FINANCIAL STATEMENTS
For
MOHAWK COUNCIL OF AKWESASNE
For year ended
MARCH 31, 2014

MOHAWK COUNCIL OF AKWESASNE
INDEX TO FINANCIAL STATEMENTS
MARCH 31, 2014

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Akwesasne Wolf Belt

Box 579, Cornwall, Ontario K6H 5T3

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MOHAWK COUNCIL OF AKWESASNE

Management's Responsibility for the Financial Statements

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

The 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 Canadian 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 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:

Sheree Bonaparte
Executive Director
Mohawk Council of Akwesasne

Michael Mitchell
Grand Chief
Mohawk Council of Akwesasne

Dated: November 18, 2014



INDEPENDENT AUDITOR'S REPORT

To:

MOHAWK COUNCIL OF AKWESASNE

We have audited the accompanying financial statements of **Mohawk Council of Akwesasne**, which comprise the statement of financial position as at March 31, 2014 and the statements of financial activities, changes in net financial assets and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility –

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 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 financial statements present fairly, in all material respects, the financial position of the **Mohawk Council of Akwesasne** as at March 31, 2014 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Schedules 1 to 8 accompanying the financial statements are presented as supplementary information only and are unaudited.



**Chartered Accountants
Licensed Public Accountants**

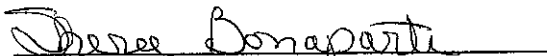
**Cornwall, Ontario
November 18, 2014.**

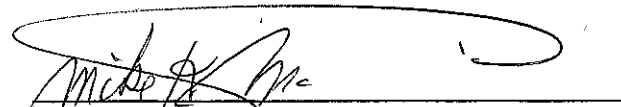
MOHAWK COUNCIL OF AKWESASNE
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2014

| | <u>2014</u> | <u>2013</u> |
|-----------------------------------------------------------------|-----------------------|-----------------------|
| Financial Assets | | |
| Cash | \$ 7,729,912 | \$ 8,053,558 |
| Due from government and other government organizations (note 3) | 8,553,558 | 12,150,840 |
| Accounts receivable (note 4) | 2,578,099 | 4,603,673 |
| Temporary investments (note 9) | 22,339,459 | 56,000,551 |
| Ontario Power Generation Settlement receivable (note 21) | - | 12,969,452 |
| Restricted assets - future settlement trust (note 23) | | |
| Temporary investments (note 10) | 40,947,308 | - |
| Ontario Power Generation Settlement receivable (note 21) | 11,089,092 | - |
| Housing and housing construction loans (note 5) | 5,524,921 | 5,222,521 |
| Funds held in trust by AANDC | <u>84,544</u> | <u>84,544</u> |
| Total Financial Assets | <u>98,846,893</u> | <u>99,085,139</u> |
| Financial Liabilities | | |
| Accounts payable and accrued liabilities (note 11) | 7,800,493 | 6,372,916 |
| Employee benefit obligations (note 12) | 1,720,950 | 1,646,752 |
| Due to government and other government organizations (note 13) | 2,157,897 | 2,419,060 |
| Deferred revenue (note 15) | 1,680,790 | 1,627,367 |
| Long-term loans (note 16) | 8,141,631 | 8,910,977 |
| Promissory notes / Land Settlement Claims (note 14) | <u>2,732,339</u> | <u>2,732,339</u> |
| Total Financial Liabilities | <u>24,234,100</u> | <u>23,709,411</u> |
| Net Financial Assets | <u>74,612,793</u> | <u>75,375,728</u> |
| Non-Financial Assets | | |
| Tangible capital assets (note 6) | 107,140,912 | 101,449,028 |
| Tangible capital assets under construction (note 7) | 5,177,149 | 11,456,135 |
| Other assets held for sale (note 8) | 82,072 | 242,196 |
| Deferred charges | 2,458,072 | 2,379,834 |
| Prepaid expenses | <u>810,525</u> | <u>124,214</u> |
| Total non-financial assets | <u>115,668,730</u> | <u>115,651,407</u> |
| Accumulated surplus (note 20) | <u>\$ 190,281,523</u> | <u>\$ 191,027,135</u> |

Contingencies and commitments (note 19)

Approved by the Council


 Sheree Bonaparte, Executive Director
 Mohawk Council of Akwesasne


 Michael Mitchell, Grand Chief
 Mohawk Council of Akwesasne

(See accompanying notes)

Welch LLP

An Independent Member of BKR International

MOHAWK COUNCIL OF AKWESASNE
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED MARCH 31, 2014

| | <u>Budget</u> (Unaudited) | <u>2014</u> | <u>2013</u> |
|-------------------------------------------------|------------------------------|-----------------------|-----------------------|
| Revenues | | | |
| Contributions | \$ 66,963,562 | \$ 69,697,736 | \$ 74,587,929 |
| Ontario Lottery and Gaming Corporation | 4,000,000 | 3,944,136 | 4,005,821 |
| Administration fees and user charges | 2,772,186 | 1,095,408 | 961,379 |
| Land leases | 481,000 | 530,622 | 530,200 |
| Interest | 350,000 | 2,208,617 | 2,411,323 |
| Other income | 5,183,172 | 3,757,378 | 3,095,425 |
| Rental | 4,100,836 | 947,483 | 630,588 |
| | <u>83,850,756</u> | <u>82,181,380</u> | <u>86,222,665</u> |
| Operating expenses (note 24) | | | |
| Akwesasne Mohawk Board of Education | 13,980,768 | 14,366,580 | 15,095,037 |
| Akwesasne Mohawk Police Service | 4,986,152 | 5,392,768 | 5,031,546 |
| Community and social services | 12,073,646 | 13,145,383 | 11,911,628 |
| Executive services | 15,681,635 | 13,346,410 | 14,100,607 |
| Health | 25,022,542 | 24,847,361 | 23,701,492 |
| Housing | 3,359,734 | 1,588,696 | 1,827,953 |
| Justice | 1,622,370 | 1,366,920 | 1,332,812 |
| Mohawk government | 779,392 | 1,564,395 | 2,915,896 |
| Technical services | 7,680,635 | 7,308,479 | 7,438,845 |
| | <u>85,186,874</u> | <u>82,926,992</u> | <u>83,355,816</u> |
| Annual (deficit) surplus | (1,336,118) | (745,612) | 2,866,849 |
| Accumulated surplus at beginning of year | <u>191,027,135</u> | <u>191,027,135</u> | <u>188,160,286</u> |
| Accumulated surplus at end of year | <u>\$ 189,691,017</u> | <u>\$ 190,281,523</u> | <u>\$ 191,027,135</u> |

(See accompanying notes)

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MOHAWK COUNCIL OF AKWESASNE
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED MARCH 31, 2014

| | Budget (Unaudited) | <u>2014</u> | <u>2013</u> |
|-----------------------------------------------------------|-----------------------|----------------------|----------------------|
| Annual surplus (deficit) | \$ (604,601) | \$ (745,612) | \$ 2,866,849 |
| Acquisition of tangible capital assets | (780,000) | (1,435,250) | (1,267,284) |
| Acquisition of tangible capital assets under construction | (3,000,000) | (1,653,209) | (2,699,538) |
| Loss on disposal of tangible capital assets | - | 9,990 | 14,000 |
| Amortization of tangible capital assets | 3,800,000 | 3,640,998 | 3,785,129 |
| Loss on disposal of other assets held for sale | - | 22,369 | 19,159 |
| | <u>20,000</u> | <u>584,898</u> | <u>(148,534)</u> |
| Acquisition of prepaid expenses | (124,214) | (810,525) | (124,214) |
| Acquisition of deferred charges | 470,863 | (78,238) | 470,863 |
| Use of prepaid expenses | 746,234 | 124,214 | 746,234 |
| Proceeds on disposition of other assets held for sale | - | 162,328 | - |
| | <u>622,020</u> | <u>(602,221)</u> | <u>1,092,883</u> |
| Increase (decrease) in net financial assets | 37,419 | (762,935) | 3,811,198 |
| Net financial assets at beginning of year | <u>75,375,728</u> | <u>75,375,728</u> | <u>71,564,530</u> |
| Net financial assets at end of year | <u>\$ 75,413,147</u> | <u>\$ 74,612,793</u> | <u>\$ 75,375,728</u> |

(See accompanying notes)

Welch LLP

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MOHAWK COUNCIL OF AKWESASNE
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2014

| | <u>2014</u> | <u>2013</u> |
|------------------------------------------------------------|---------------------|---------------------|
| Cash provided by (used for): | | |
| Operating activities | | |
| Net revenues over expenses (expenses over revenues) | \$ (745,612) | \$ 2,866,849 |
| Items not affecting cash: | | |
| Amortization | 3,640,998 | 3,785,129 |
| Unrealized gains on investments | - | 14,004 |
| Loss on disposal of other assets held for sale | 22,369 | - |
| Loss on disposal of tangible capital assets | 9,990 | 19,159 |
| Net change in non-cash working capital items: | | |
| Due from government and other government organizations | 3,597,282 | (678,783) |
| Accounts receivable | 2,025,574 | (3,228,334) |
| Prepaid expenses | (686,311) | 622,020 |
| Ontario Power Generation Settlement receivable | 1,880,360 | 1,783,024 |
| Accounts payable and accrued liabilities | 1,427,577 | 124,069 |
| Employee benefit obligations | 74,198 | 137,827 |
| Due to government and other government organizations | (261,163) | 1,400,697 |
| Deferred revenue | <u>53,423</u> | <u>(463,165)</u> |
| Cash applied to operating transactions | <u>11,038,685</u> | <u>6,382,496</u> |
| Capital activities | | |
| Proceeds on disposal of other assets held for sale | 162,328 | - |
| Purchase of tangible capital assets and under construction | <u>(3,088,459)</u> | <u>(3,966,822)</u> |
| Cash applied to capital transactions | <u>(2,926,131)</u> | <u>(3,966,822)</u> |
| Investing activities | | |
| Advances for housing and housing construction loans | (1,064,489) | (1,193,791) |
| Housing loans repaid | 762,089 | 801,918 |
| Deferred charges | (78,238) | 470,863 |
| Redemption of investments | 14,477,929 | 18,062,839 |
| Purchases of investments | <u>(21,764,145)</u> | <u>(15,683,526)</u> |
| | <u>(7,666,854)</u> | <u>2,458,303</u> |
| Financing activities | | |
| Proceeds from long-term loans | - | 535,479 |
| Repayments of long-term loans | (769,346) | (724,529) |
| Net proceeds from promissory note | - | (567,098) |
| | <u>(769,346)</u> | <u>(756,148)</u> |
| Increase (decrease) in cash | (323,646) | 4,117,829 |
| Cash at beginning of year | <u>8,053,558</u> | <u>3,935,729</u> |
| Cash at end of year | <u>\$ 7,729,912</u> | <u>\$ 8,053,558</u> |
| Supplementary cash flow information | | |
| Interest received in year | \$ 1,528,977 | \$ 1,634,347 |
| Interest paid in year | \$ 176,799 | \$ 232,308 |

(See accompanying notes)

Welch LLP

An Independent Member of BKR International

MOHAWK COUNCIL OF AKWESASNE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014

NATURE OF OPERATIONS

The Mohawk Council of Akwesasne (Council) is the body which administers various programs to the Akwesasne community. Activities are funded by Aboriginal Affairs and Northern Development Canada (AANDC) (formerly known as Indian and Northern Affairs Canada) (INAC) under a multi-year agreement which will expire March 31, 2015 and other agreements with federal and provincial government bodies. 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 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 financial statements include the following significant accounting policies:

a) *Basis of accounting*

These 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.

b) *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.

c) *Deferred charges*

Costs related to the Dundee land claim negotiations which are ongoing and expected to continue into the foreseeable future are recorded as deferred charges until such time as settlement of the land claims have been confirmed by Canada and ratified by the Community. Accumulated deferred charges will then be recorded in operations and matched against settlement receipts. Should it become apparent that the anticipated settlement will not be received, the accumulated charges, at that point, will be recognized in the statement of financial activities. During fiscal year ended March 31, 2014, The Easterbrook land claim settlement was finalized and the MCA received \$5,016,030 less a recovery of \$567,098 for accumulated deferred costs.

d) *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.

MOHAWK COUNCIL OF AKWESASNE
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) *Tangible capital assets (continued)*

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.

e) *Net financial assets*

The Mohawk Council of Akwesasne's 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.

f) *Revenue recognition*

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.

g) *Funds held in trust*

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

MOHAWK COUNCIL OF AKWESASNE
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) *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 2014 fiscal year amounted to \$2,724,781 (2013 - \$2,644,100).

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

i) *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 Ontario Power Generation settlement receivable, 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.

j) *Temporary investments*

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

k) *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, 2014.

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 AANDC, 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 notes from AANDC are payable in full upon settlement of the related land claims and are 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.

MOHAWK COUNCIL OF AKWESASNE
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2014

2. FINANCIAL INSTRUMENTS (continued)

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 AANDC. 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.

Included in temporary investments and restricted assets are financial securities totaling \$62,047,440 (2013 - \$54,870,678) which have a weighted average yield of 19.42% (2013 - 2.43%) and maturing within 3 years (2013 - 4 years) of the year end.

3. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

| | <u>2014</u> | <u>2013</u> |
|----------------------------------------------------|---------------------|----------------------|
| Aboriginal Affairs and Northern Development Canada | \$ 2,997,089 | \$ 5,317,860 |
| Human Resources Development Canada | 134,834 | 255,137 |
| Health Canada | 387,927 | 2,143,882 |
| Province of Ontario | 607,712 | 880,719 |
| Province of Quebec | 664,571 | 850,589 |
| Other Federal contributions | <u>3,761,425</u> | <u>2,702,653</u> |
| | <u>\$ 8,553,558</u> | <u>\$ 12,150,840</u> |

4. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following

| | <u>2014</u> | <u>2013</u> |
|------------------------------------------------|---------------------|---------------------|
| Future settlement trust receivable | \$ 471,659 | \$ 230,924 |
| Interest receivable from temporary investments | 584,225 | 593,089 |
| Miscellaneous receivables | 442,951 | 433,278 |
| Ontario Lottery Gaming / Rama receivable | - | 2,622,867 |
| Other Grants and Contributions | 1,151,787 | 753,977 |
| Rental facilities receivables | <u>283,851</u> | <u>320,434</u> |
| | 2,934,473 | 4,954,569 |
| Less: allowance for doubtful accounts | <u>356,374</u> | <u>350,896</u> |
| | <u>\$ 2,578,099</u> | <u>\$ 4,603,673</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>2014</u> | <u>2013</u> |
|------------------------------------|---------------------|---------------------|
| Principal outstanding | \$ 11,408,687 | \$ 11,677,183 |
| Less: allowance for doubtful loans | <u>5,883,766</u> | <u>6,454,662</u> |
| | <u>\$ 5,524,921</u> | <u>\$ 5,222,521</u> |

MOHAWK COUNCIL OF AKWESASNE
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2014

6. TANGIBLE CAPITAL ASSETS

| | Land | Building & Major Infrastructure | Computer Hardware | Computer Software | Equipment | Equipment under a Capital Lease | Furniture and Fixtures | Roads | Vehicles | Total 2014 | Total 2013 |
|----------------------------------------------|-------------------|---------------------------------|--------------------|--------------------|---------------------|---------------------------------|------------------------|---------------------|---------------------|-----------------------|-----------------------|
| Cost | | | | | | | | | | | |
| Opening Costs | \$ 590,228 | \$ 132,981,410 | \$ 3,430,003 | \$ 604,444 | \$ 6,302,067 | \$ 504,822 | \$ 2,006,444 | \$ 5,769,261 | \$ 6,665,623 | \$ 158,854,302 | \$ 157,804,935 |
| Additions | 123,277 | 735,705 | 61,508 | - | 173,869 | - | 14,910 | 2,612 | 323,369 | 1,435,250 | 1,107,159 |
| Transfers from WIP | - | 7,932,195 | - | - | - | - | - | - | - | 7,932,195 | - |
| Disposals | - | 7,892 | - | - | 19,265 | - | - | - | 58,968 | 86,125 | 57,792 |
| Closing Costs | 713,505 | 141,641,418 | 3,491,511 | 604,444 | 6,456,671 | 504,822 | 2,021,354 | 5,771,873 | 6,930,024 | 168,135,622 | 158,854,302 |
| Accumulated Amortization | | | | | | | | | | | |
| Opening accumulated | - | 39,527,061 | 2,776,933 | 525,327 | 4,403,341 | 434,701 | 1,178,152 | 3,304,081 | 5,255,677 | 57,405,273 | 53,644,779 |
| Disposals | - | - | - | - | - | - | - | - | 51,561 | 51,561 | 24,634 |
| Amortization Expense | - | 2,336,155 | 136,767 | 39,563 | 393,281 | 14,024 | 83,576 | 246,576 | 391,056 | 3,640,998 | 3,785,129 |
| Closing Accumulated | - | 41,863,216 | 2,913,700 | 564,890 | 4,796,622 | 448,725 | 1,261,728 | 3,550,657 | 5,595,172 | 60,994,710 | 57,405,274 |
| Net Book Value | \$ 713,505 | \$ 99,778,202 | \$ 577,811 | \$ 39,554 | \$ 1,660,049 | \$ 56,097 | \$ 759,626 | \$ 2,221,216 | \$ 1,334,852 | \$ 107,140,912 | \$ 101,449,028 |
| Opening Balance | \$ 590,228 | \$ 93,454,349 | \$ 653,070 | \$ 79,117 | \$ 1,898,726 | \$ 70,121 | \$ 828,292 | \$ 2,465,180 | \$ 1,409,946 | \$ 101,449,029 | \$ 104,160,156 |
| Closing Balance | 713,505 | 99,778,202 | 577,811 | 39,554 | 1,660,049 | 56,097 | 759,626 | 2,221,216 | 1,334,852 | 107,140,912 | 101,449,028 |
| Increase (Decrease) in Net Book Value | \$ 123,277 | \$ 6,323,853 | \$ (75,259) | \$ (39,563) | \$ (238,677) | \$ (14,024) | \$ (68,666) | \$ (243,964) | \$ (75,094) | \$ 5,691,883 | \$ (2,711,128) |

MOHAWK COUNCIL OF AKWESASNE
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2014

7. TANGIBLE CAPITAL ASSETS UNDER CONSTRUCTION

| | Total Remaining Commitment (unaudited) | <u>2014</u> | <u>2013</u> |
|--------------------------------------------|-------------------------------------------------|---------------------|----------------------|
| Kanonhkwatsheri:io Renovations - Phase I | 815,256 | \$ 3,358,411 | \$ 3,323,667 |
| Kawenoke Water Line Construction Extension | 2,781,534 | 1,818,738 | 200,272 |
| Snye Waterline | N/A | - | 7,932,196 |
| | | <u>\$ 5,177,149</u> | <u>\$ 11,456,135</u> |

8. 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.

During 2013, the MCA, under the Bank of Montreal Loan Guarantee program, paid the balance of a mortgage for a community member who was in default as stipulated in the terms of agreement under the program. As a result, the property acquired was classified as Other Assets Held for Sale. In 2014, this property was disposed of for proceeds of \$140,000 which resulted in a loss on disposal of \$20,163

In fiscal year 2006, Council designated the Stanley Island log cabins as held for sale. The carrying value of these log cabins have been written down to approximate fair value. As at March 31, 2014 the carrying value recorded for both the Stanley Island Cabins and the property acquired from the BMO housing program are \$82,072 (2013 - \$242,196). Two cabins remain and none were sold during the year. No impairment write down was considered necessary or recorded for 2014.

MOHAWK COUNCIL OF AKWESASNE
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2014

9. TEMPORARY INVESTMENTS

| <u>Holder</u> | <u>Type</u> | <u>Maturity</u> | <u>Interest</u> | <u>Amount</u> |
|--------------------------------|-------------------|-----------------|-----------------|----------------------|
| Bank of Montreal | GIC | September 2014 | 1.250% | \$ 1,400,000 |
| Canadian Western Bank | GIC | April 2014 | 1.550% | 2,200,000 |
| Montreal Trust Co. | GIC | June 2016 | 3.000% | 1,270,000 |
| Montreal Trust Co. | GIC | December 2015 | 3.150% | 82,250 |
| Royal Bank of Canada | GIC | June 2015 | 3.500% | 1,072,000 |
| National Bank | GIC | June 2014 | 3.960% | 2,096,000 |
| Montreal Trust Co. | GIC | June 2015 | 2.300% | 896,960 |
| Bank of Montreal | GIC | October 2014 | 1.200% | 180,261 |
| Canadian Western Bank | GIC | June 2015 | 2.300% | 163,423 |
| Advisors Advantage | GIC | December 2015 | 2.000% | 1,361,600 |
| National Bank | GIC | December 2014 | 1.900% | 1,361,600 |
| National Bank | GIC | March 2016 | 2.050% | 919,178 |
| Royal Bank of Canada | GIC | May 2015 | 1.700% | 66,470 |
| Royal Bank of Canada | GIC | May 2014 | 1.650% | 1,543,005 |
| TD Mortgage Corp. | GIC | May 2015 | 1.700% | 1,545,551 |
| Montreal Trust Co. | GIC | June 2014 | 2.200% | 154,414 |
| Town of Quebec | Fixed income fund | May 2015 | 3.250% | 193,781 |
| University of Montreal | Fixed income fund | February 2015 | 4.550% | 186,094 |
| Municipality of Petite Riviere | Fixed income fund | May 2016 | 3.050% | 198,290 |
| Town of Levis | Fixed income fund | December 2016 | 2.700% | 199,607 |
| Town of Kativik | Fixed income fund | May 2017 | 2.500% | 219,248 |
| Community Funds | | | | |
| Fund 650-02095-12 | Shares | | | 592,784 |
| Fund 650-02095-12 | Shares | | | 143,173 |
| Fund 650-02094-13 | Shares | | | 454,238 |
| BMO High Interest Savings | | | | 3,839,532 |
| Total Short-Term Investments | | | | <u>\$ 22,339,459</u> |

10. RESTRICTED ASSETS - TEMPORARY INVESTMENTS

| <u>Holder</u> | <u>Type</u> | <u>Maturity</u> | <u>Interest</u> | <u>Amount</u> |
|------------------------------|-------------|-----------------|-----------------|----------------------|
| Advisors Advantage | GIC | April 2014 | 1.150% | 2,048,000 |
| Canadian Western Bank | GIC | January 2015 | 1.900% | 412,862 |
| TD Mortgage Corp | GIC | December 2014 | 2.170% | 3,279,000 |
| National Bank | GIC | December 2014 | 1.900% | 5,000,000 |
| Bank of Montreal | GIC | October 2014 | 1.200% | 2,560,000 |
| Montreal Trust | GIC | November 2014 | 2.550% | 3,000,000 |
| Advisors Advantage | GIC | December 2015 | 3.150% | 387,250 |
| Advisors Advantage | GIC | January 2016 | 3.300% | 560,000 |
| Canadian Western Bank | GIC | October 2015 | 2.300% | 2,036,000 |
| National Bank of Canada | GIC | October 2016 | 2.610% | 2,560,000 |
| Royal Bank of Canada | GIC | December 2015 | 2.350% | 2,000,000 |
| National Bank of Canada | GIC | December 2016 | 2.660% | 3,000,000 |
| Advisors Advantage | GIC | December 2015 | 2.000% | 320,000 |
| Bank of Montreal | GIC | November 2014 | 1.150% | 3,076,000 |
| Advisors Advantage | GIC | May 2014 | 2.650% | 1,000,000 |
| Bank of Montreal | GIC | November 2014 | 1.150% | 2,100,000 |
| Bank of Montreal | GIC | May 2014 | 1.150% | 2,500,000 |
| Montreal Trust | GIC | May 2014 | 1.150% | 2,500,000 |
| BMO High Interest Savings | | | | 2,608,196 |
| Total Short-Term Investments | | | | <u>\$ 40,947,308</u> |

MOHAWK COUNCIL OF AKWESASNE
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2014

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | <u>2014</u> | <u>2013</u> |
|------------------------------------------------|---------------------|---------------------|
| Trade payables | \$ 4,421,460 | \$ 3,172,642 |
| Accrued salaries and employee benefits payable | 478,132 | 619,487 |
| Other accrued liabilities | 2,900,901 | 2,580,787 |
| Total accounts payable | <u>\$ 7,800,493</u> | <u>\$ 6,372,916</u> |

12. EMPLOYEE BENEFIT OBLIGATIONS

| | <u>2014</u> | <u>2013</u> |
|-------------------------|---------------------|---------------------|
| Vacation pay obligation | <u>\$ 1,720,950</u> | <u>\$ 1,646,752</u> |

13. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

| | <u>2014</u> | <u>2013</u> |
|--------------------------|---------------------|---------------------|
| AANDC repayables | \$ 468,510 | \$ 1,067,173 |
| Ontario repayables | 715,001 | 471,976 |
| Health Canada repayables | 859,898 | 723,208 |
| Other federal repayables | 114,488 | 138,470 |
| Miscellaneous repayables | - | 18,233 |
| | <u>\$ 2,157,897</u> | <u>\$ 2,419,060</u> |

14. PROMISSORY NOTES / LAND CLAIM SETTLEMENTS

The Council has entered into a loan funding agreement with Aboriginal Affairs and Northern Development 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, or if earlier, and are currently due as follows.

| | <u>2014</u> | <u>2013</u> |
|--------------------|---------------------|---------------------|
| Due March 31, 2015 | <u>\$ 2,732,339</u> | <u>\$ 2,732,339</u> |

The promissory note is interest free until maturity or unless Council is in default under the agreement. As of March 31, 2014 AANDC has approved a promissory note advance of \$2,732,339 (2013 - \$2,732,339) of which Council has expended \$2,282,923 (2013 - \$2,282,923) for purposes of the intended use.

15. DEFERRED REVENUE

| | <u>2014</u> | <u>2013</u> |
|----------------------------------------------------|---------------------|---------------------|
| Aboriginal Affairs and Northern Development Canada | \$ 626,295 | \$ 531,251 |
| Health Canada | 623,876 | 508,910 |
| Province of Ontario | 267,256 | 210,000 |
| Province of Quebec | - | 246,179 |
| Other | 163,363 | 131,027 |
| | <u>\$ 1,680,790</u> | <u>\$ 1,627,367</u> |

MOHAWK COUNCIL OF AKWESASNE
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2014

16. LONG-TERM LOANS

| | <u>2014</u> | <u>2013</u> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| 1.65% mortgage, due August 2016, payable in equal monthly installments of \$6,669 including principal and interest (Kawenoke Riverview Apartments - Net Book Value \$658,069). | \$ 189,473 | \$ 265,701 |
| 1.65% mortgage, due September 2016, payable in equal monthly installments of \$10,086 including principal and interest (Kawenoke Riverview Apartments - Net Book Value \$940,099). | 296,260 | 411,397 |
| 1.52% mortgage, due May 2018, payable in equal monthly installments of \$2,294 including principal and interest (Family Violence Centre - Net Book Value \$323,186). | 104,596 | 130,083 |
| 1.52% mortgage, due May 2018, payable in equal monthly installments of \$2,294 including principal and interest (Adolescent Treatment Centre - Net Book Value \$283,092). | 104,596 | 130,083 |
| 2.56% mortgage, due December 2015, payable in equal monthly installments of \$3,900 including principal and interest (CMHC Section 95 Project 97/98 - Net Book Value \$495,113). | 463,454 | 497,909 |
| 2.84% mortgage, due April 2015, payable in equal monthly installments of \$4,874 including principal and interest (CMHC Section 95 Project 03/04 - Net Book Value \$908,824). | 755,362 | 791,960 |
| 1.53% mortgage, due December 2017, payable in equal monthly installments of \$5,134 including principal and interest (CMHC Section 95 Project 02/03 - Net Book Value \$845,412). | 763,772 | 813,281 |
| 1.67% mortgage, due April 2017, payable in equal monthly installments of \$3,653 including principal and interest (CMHC Section 95 Project 04/05 - Net Book Value \$1,139,708). | 681,416 | 713,620 |
| 2.35% mortgage, due September 2018, payable in equal monthly installments of \$5,730 including principal and interest. 17 Units (CMHC Section 95 Project 05/06 - Net Book Value \$1,905,673). | 1,072,313 | 1,114,148 |
| 1.53% mortgage, due December 2017, payable in equal monthly installments of \$4,433 including principal and interest. 9 Units (CMHC Section 95 Project 05/06 - Net Book Value \$1,075,588). | 860,310 | 900,008 |
| 1.99% mortgage, due May 2014, payable in equal monthly installments of \$6,450 including principal and interest. 19 Units (CMHC Section 95 Project 06/07 - Net Book Value \$2,548,668). | 1,285,837 | 1,337,201 |
| 2.63% mortgage, due June 2016, payable in equal monthly installments of \$2,226 including principal and interest. 4 Units (CMHC Section 95 Project Oak Court - Net Book Value \$501,048). | 450,120 | 464,843 |
| 1.61% mortgage, due June 2016, payable in equal monthly installments of \$2,170 including principal and interest. 4 Units (CMHC Section 95 Project Hawthorne - Net Book Value \$649,709). | 512,028 | 529,663 |
| Prime plus 1% loan, due March 2016, payable in equal monthly principal installments of \$8,333 plus interest (Tsiionkwanohso:te Nursing Home - Net Book Value \$5,409,230). | 300,048 | 408,376 |
| Loans - Caisse Populaire Desjardins de Kahnawake - 5.4 - 6.4%, due May 2014, payable in semi-annual installments of \$61,730 including principal and interest | <u>302,046</u> | <u>402,704</u> |
| | <u>\$ 8,141,631</u> | <u>\$ 8,910,977</u> |

Interest expense for the year on long-term loans is \$176,799 (2013 - \$232,308).

MOHAWK COUNCIL OF AKWESASNE
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2014

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:

| | | |
|-----------------|----|-----------|
| 2015 | \$ | 779,646 |
| 2016 | | 796,795 |
| 2017 | | 668,203 |
| 2018 | | 396,263 |
| 2019 | | 353,669 |
| 2020 and beyond | | 5,147,055 |

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

The mortgage loans are guaranteed by AANDC in lieu of a normal mortgage lien on properties. Canada Mortgage and Housing Corporation (CMHC) subsidizes the interest rate on certain mortgages such that the effective annual rate paid by the Council on these loans is 2%. CMHC also 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 \$30,129 (2013 - \$64,607).

Council has entered into a Tri-Partite agreement with The Secretariat aux Affaires Autochtones-Quebec (SAA) and La Caisse Populaire Desjardins de Kahnawake (La Caisse). Under the terms of this agreement, SAA agrees to finance various minor capital projects put forward by Council. This enables Council to obtain financing by means of long-term loans from La Caisse, supported by the SAA's undertaking to assume the repayment of the principal, interest and other expenses of these loans.

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>2014</u> | <u>2013</u> |
|---------------------------|------------------|------------------|
| Akwesasne Settlement Fund | <u>\$ 59,286</u> | <u>\$ 59,040</u> |

18. INTERNAL CHARGES

Added to tangible capital assets and deferred charges during the year are certain administrative and salary amounts totaling \$62,345 (2013 - \$147,721).

MOHAWK COUNCIL OF AKWESASNE
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2014

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, 2014 the Council had guarantees outstanding under this program of \$5,593,139 (2013 - \$5,711,873). 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, 2014, 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 (2013 - \$22,146) annually over the next 5 years.

The Council has committed to pursuing land claims that will require an estimated \$1,000,000 per year in professional fees over the next three to five 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.

21. ONTARIO POWER GENERATION SETTLEMENT

On October 2, 2008 the Mohawk Council of Akwesasne and the Ontario Power Generation Inc. (OPG) signed a Past Grievance Final Settlement Agreement (Agreement) in respect of any impact, loss or damage to the Reserve Lands and other lands of Traditional Territory and any infringement or impact on the aboriginal title, rights and treaty rights of the Mohawks of Akwesasne, whether proven or asserted.

Upon execution of the Agreement in November 2008, OPG paid \$20,363,520 to Council and agreed to pay beginning in October 2009, ten annual payments of \$2,560,000 on the respective anniversary of the Execution Date of the Agreement. On October 2, 2013, the fifth of the annual payments of \$2,560,000 was received.

The final settlement agreement was recorded as revenue in 2009 with the remaining future payments being recorded as a receivable using a discount rate of 5.5% based on comparable industry indices. As at March 31, 2014 the net present value of the future payments is recorded as a receivable of \$11,089,092 (2013 - \$12,969,452). Accreted interest of \$679,640 was recorded in 2014 and is included in the statement of financial activities within interest income.

22. ECONOMIC DEPENDENCE

The Council receives a major portion of its revenue from Aboriginal Affairs and Northern Development Canada and Health Canada. The nature and extent of this revenue is of such significant that the Council is economically dependent on this source of revenue.

MOHAWK COUNCIL OF AKWESASNE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2014

23. SUBSEQUENT EVENT - FUTURE SETTLEMENT TRUST

During the year the Mohawk Council of Akwesasne classified Investments worth \$40,947,308 and an amount receivable from Ontario Power Generation worth \$11,089,092 as restricted assets based on the Council's intention to establish a future settlement trust .

The Council is anticipating to transfer the restricted investments referenced above to a future settlement trust prior to the end of the next fiscal year. The pro-forma information provided below present the statement of financial position and the statement of operations of the Council as if the transfer discussed above had occurred in the Council's March 31, 2014 fiscal year.

The Council had incurred approximately \$2 Million in negotiating and arriving to a settlement for the OPG and Kawenoke-Easterbrook Settlement Claims which form the basis for the amounts that are intended to be transferred to the future settlement trust. The Council had financed these costs through normal operations prior to the settlements in question. Council's recovery of these funds are currently not reflected in these financial statements as the mechanism to recover these funds has not been established.

| | <u>2014</u> Actual | <u>2014</u> Pro-forma |
|-----------------------------------------------------------------|-----------------------|--------------------------|
| Financial Assets | | |
| Cash | \$ 7,729,912 | \$ 7,729,912 |
| Due from government and other government organizations (note 3) | 8,553,558 | 8,553,558 |
| Accounts receivable (note 4) | 2,578,099 | 2,578,099 |
| Temporary investments (note 9) | 22,339,459 | 22,339,459 |
| Housing and housing construction loans (note 5) | 5,524,921 | 5,524,921 |
| Restricted assets - future settlement trust (note 23) | | |
| Temporary investments (note 10) | 40,947,308 | - |
| Ontario Power Generation settlement receivable (note 21) | 11,089,092 | 11,089,092 |
| Funds held in trust by AANDC | 84,544 | 84,544 |
| Total Financial Assets | <u>98,846,893</u> | <u>57,899,585</u> |
| Financial Liabilities | | |
| Accounts payable and accrued liabilities (note 11) | 7,800,493 | 7,800,493 |
| Employee benefit obligations (note 12) | 1,720,950 | 1,720,950 |
| Due to government and other government organizations (note 13) | 2,157,897 | 2,157,897 |
| Deferred revenue (note 15) | 1,680,790 | 1,680,790 |
| Due to future settlement trust | - | 11,089,092 |
| Long-term loans (note 16) | 8,141,631 | 8,141,631 |
| Promissory notes / Land Settlement Claims (note 14) | 2,732,339 | 2,732,339 |
| Total Financial Liabilities | <u>24,234,100</u> | <u>35,323,192</u> |
| Net Financial Assets | <u>74,612,793</u> | <u>22,576,393</u> |
| Non-Financial Assets | | |
| Tangible capital assets (note 6) | 107,140,912 | 107,140,912 |
| Tangible capital assets under construction (note 7) | 5,177,149 | 5,177,149 |
| Other assets held for sale (note 8) | 82,072 | 82,072 |
| Deferred charges | 2,458,072 | 2,458,072 |
| Prepaid expenses | 810,525 | 810,525 |
| Total non-financial assets | <u>115,668,730</u> | <u>115,668,730</u> |
| Accumulated surplus (note 20) | <u>\$ 190,281,523</u> | <u>\$ 138,245,123</u> |

MOHAWK COUNCIL OF AKWESASNE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014

23. SUBSEQUENT EVENT - FUTURE SETTLEMENT TRUST (continued)

| | <u>Budget</u> (Unaudited) | <u>2014</u> Actual | <u>2014</u> Pro-forma |
|-------------------------------------------------|------------------------------|-----------------------|--------------------------|
| Revenues | | | |
| Contributions | \$ 66,963,562 | \$ 69,697,736 | \$ 69,697,736 |
| Ontario Lottery and Gaming Corporation | 4,000,000 | 3,944,136 | 3,944,136 |
| Administration fees and user charges | 2,772,186 | 1,095,408 | 1,095,408 |
| Land leases | 481,000 | 530,622 | 530,622 |
| Interest | 350,000 | 2,208,617 | 2,208,617 |
| Other income | 5,183,172 | 3,757,378 | 3,757,378 |
| Rental | <u>4,100,836</u> | <u>947,483</u> | <u>947,483</u> |
| | <u>83,850,756</u> | <u>82,181,380</u> | <u>82,181,380</u> |
| Operating expenses (note 24) | | | |
| Akwesasne Mohawk Board of Education | 13,980,768 | 14,366,580 | 14,366,580 |
| Akwesasne Mohawk Police Service | 4,986,152 | 5,392,768 | 5,392,768 |
| Community and social services | 12,073,646 | 13,145,383 | 13,145,383 |
| Executive services | 15,681,635 | 13,346,410 | 13,346,410 |
| Health | 25,022,542 | 24,847,361 | 24,847,361 |
| Housing | 3,359,734 | 1,588,696 | 1,588,696 |
| Justice | 1,622,370 | 1,366,920 | 1,366,920 |
| Mohawk government | 779,392 | 1,564,395 | 1,564,395 |
| Technical services | <u>7,680,635</u> | <u>7,308,479</u> | <u>7,308,479</u> |
| | <u>85,186,874</u> | <u>82,926,992</u> | <u>82,926,992</u> |
| Annual (deficit) surplus before transfer | (1,336,118) | (745,612) | (745,612) |
| Less transfer | | | |
| Future settlement trust | <u>-</u> | <u>-</u> | <u>(52,036,400)</u> |
| Annual (deficit) surplus | <u>(1,336,118)</u> | <u>(745,612)</u> | <u>(52,782,012)</u> |
| Accumulated surplus at beginning of year | <u>191,027,135</u> | <u>191,027,135</u> | <u>191,027,135</u> |
| Accumulated surplus at end of year | <u>\$ 189,691,017</u> | <u>\$ 190,281,523</u> | <u>\$ 138,245,123</u> |

MOHAWK COUNCIL OF AKWESASNE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014

24. OPERATING EXPENSES

| | <u>2014</u> | <u>2013</u> |
|-------------------------------------------------------|----------------------|----------------------|
| Salaries, benefits and honoraria | \$ 43,351,369 | \$ 42,376,387 |
| Travel and training | 1,511,211 | 1,693,186 |
| Program supplies | 6,448,114 | 7,687,409 |
| Equipment repairs/lease and small equipment purchases | 1,795,986 | 1,525,112 |
| Professional fees | 4,825,476 | 4,871,038 |
| Non-Insured Health Benefits | 7,334,248 | 7,108,337 |
| Office | 767,029 | 661,571 |
| Facility costs | 2,688,971 | 2,853,270 |
| Student tuition and allowances | 5,572,089 | 6,082,008 |
| Community support | 4,886,784 | 4,249,942 |
| Minor capital | <u>3,745,715</u> | <u>4,247,556</u> |
| | <u>\$ 82,926,992</u> | <u>\$ 83,355,816</u> |

25. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform to the presentation adopted in the current year.

26. BUDGETED FIGURES

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

MOHAWK COUNCIL OF AKWESASNE
SCHEDULE 1 - REPORT ON MOVEABLE ASSET RESERVE (MAR) (unaudited)
YEAR ENDED MARCH 31, 2014

Health Transfer Services Agreement

| | <u>MAR</u> | <u>Restricted For Health Programs</u> | <u>Total</u> |
|--------------------------------------------|-------------------|-----------------------------------------------|---------------------|
| Balance at beginning of year | \$ 417,717 | \$ 1,448,632 | \$ 1,866,349 |
| Add: Amount provided in Agreement for MAR | 18,791 | - | 18,791 |
| Add: Additional amount for MAR | - | 100,000 | 100,000 |
| Add: Revenues generated | - | - | - |
| Less: Reserve applied to health operations | - | - | - |
| | <u>\$ 436,508</u> | <u>\$ 1,548,632</u> | <u>\$ 1,985,140</u> |

MOHAWK COUNCIL OF AKWESASNE
SCHEDULE 2 - REPORT ON HEALTH EXPENSES (unaudited)
YEAR ENDED MARCH 31, 2014

Health Funding Contribution Agreement

| | <u>2014</u> | <u>2013</u> |
|--------------------------------------------------------------|------------------|-------------------|
| Funds available | | |
| Funds deferred in previous year - Block Funding | \$ 508,910 | \$ 500,000 |
| Funds from Health Services Funding Agreement - Block Funding | 5,281,707 | 5,260,324 |
| Funds deferred to future years - Block Funding | (623,876) | (508,910) |
| Funds deferred in previous year - Set Funding | - | - |
| Funds from Health Services Funding Agreement - Set Funding | 1,883,035 | 1,819,103 |
| Funds repayable to Health Canada - Set Funding | (21,392) | (51,517) |
| Funds allocated to MAR | (18,791) | (18,791) |
| Funds allocated to additional MAR | <u>(100,000)</u> | <u>(100,000)</u> |
| | <u>6,909,593</u> | <u>6,900,209</u> |
| Expenses - Health Agreement - Block Funding Programs | | |
| HCD - Aboriginal Headstart | 523,117 | 458,397 |
| HCD - Canada Prenatal Nutrition | 76,530 | 111,297 |
| HCD - Maternal Child Health | 155,656 | 221,394 |
| CD - Fetal Alcohol Spectrum Disorder | 108,057 | 43,551 |
| Wholistic Health Program - BF/NNADAP/BHC | 858,278 | 871,497 |
| Aboriginal Diabetes Initiatives | 315,377 | 294,036 |
| Community Health Promotions (CHN/CHR) | 959,190 | 797,389 |
| Health Administration | 955,375 | 915,094 |
| Environment | <u>68,701</u> | <u>68,701</u> |
| | <u>4,020,281</u> | <u>3,781,356</u> |
| Expenses - Health Agreement - Set Funding Programs | | |
| HIV/Aids Program | 8,163 | 7,771 |
| Communicable Disease Emergencies | 2,000 | 2,000 |
| Aboriginal Youth Suicide Prevention Strategy | 54,863 | 25,596 |
| Home and Community Care Program | 1,727,416 | 1,668,744 |
| Drinking Water Safety Program | 7,440 | 11,700 |
| Health Service Accreditation | <u>88,299</u> | <u>63,980</u> |
| | <u>1,888,181</u> | <u>1,779,791</u> |
| Surplus | <u>1,001,131</u> | <u>1,339,062</u> |
| Expenditures - other health related | | |
| Tsionkwanonhsote - Chronic Care facility | 704,109 | 576,783 |
| Iakhisohta - Long-Term Care facility | 122,077 | 385,631 |
| Ambulance | 108,760 | 420,865 |
| Iakhisohta - Minor Capital | - | 1,078 |
| Non-Insured Health Benefits | 87,079 | 89 |
| AHWS Healthy Babies & Children | - | 471 |
| MOHLTC Community Support Fund | 99,171 | 8,368 |
| Financial Analyst | 50,000 | 50,000 |
| Health Projects | <u>8,159</u> | <u>(48)</u> |
| | <u>1,179,355</u> | <u>1,443,237</u> |
| Deficit | (178,224) | (104,175) |
| Funds from other sources (for information only) | | |
| Ministry of Community & Social Services | 63,455 | 63,475 |
| Ministry of Community and Youth Services | 75,000 | - |
| Independent First Nation & AHWS | 19,184 | 9,199 |
| Miscellaneous earned income | <u>21,969</u> | <u>25,785</u> |
| Closing Balance | <u>\$ 1,384</u> | <u>\$ (5,716)</u> |

MOHAWK COUNCIL OF AKWESASNE
SCHEDULE 3 - SCHEDULE OF FEDERAL REVENUE TRUST FUNDS (unaudited)
YEAR ENDED MARCH 31, 2014

Schedule of Federal Revenue Trust Funds

Revenue from land leases

| | |
|------------------------------------------------------------|-------------------|
| Paid to Aboriginal Affairs and Northern Development Canada | \$ 530,622 |
| | <u>\$ 530,622</u> |

The revenue received has been applied to Council programs and services as follows:

| | |
|-----------------------------------|-------------------|
| Executive Services | \$ 70,000 |
| Conservation/Compliance | 95,000 |
| Roads | 80,000 |
| Information Management | 90,000 |
| Emergency Measures | 60,000 |
| Environment | 90,000 |
| Office of Vital Statistics | <u>45,622</u> |
| Total revenue applied to programs | <u>\$ 530,622</u> |

Note: In addition to the rental revenues received, interest in the amount of \$96,146 was received in fiscal year ended March 31, 2014. 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 4 - SCHEDULE OF FUNDING CONTRIBUTIONS (unaudited)
YEAR ENDED MARCH 31, 2014

Schedule of Funding Contributions

| | <u>2014</u> | <u>2013</u> |
|----------------------------------------------------|----------------------|----------------------|
| Aboriginal Affairs and Northern Development Canada | \$ 34,153,969 | \$ 39,057,669 |
| Human Resources Development Canada | 278,191 | 345,634 |
| Canadian Mortgage and Housing Corporation | 526,318 | 617,055 |
| Health Canada | 16,017,692 | 15,226,477 |
| Canada Border Services Agency | 26,575 | 784,716 |
| Emergency Preparedness Canada | 2,957,781 | 2,837,960 |
| Other Federal | <u>219,963</u> | <u>194,711</u> |
| | 54,180,489 | 59,064,222 |
| Province of Ontario | 13,296,351 | 12,906,704 |
| Province of Quebec | 1,987,976 | 2,366,676 |
| Other contributions | <u>232,920</u> | <u>250,327</u> |
| | <u>\$ 69,697,736</u> | <u>\$ 74,587,929</u> |

MOHAWK COUNCIL OF AKWESASNE
SCHEDULE 5 - SCHEDULE OF FUNDING RECONCILIATION AANDC (unaudited)
YEAR ENDED MARCH 31, 2014

Schedule of Funding Reconciliation AANDC

| | <u>2014</u> | <u>2013</u> |
|--------------------------------------------------------|---------------------|---------------------|
| AANDC Revenue per Financial Statements | \$ 34,153,969 | \$ 39,077,186 |
| Less: prior year deferred revenue | (514,952) | (1,161,817) |
| Less: prior year repayable revenue | (1,063,955) | (339,697) |
| Add: current year deferred revenue | 626,295 | 514,952 |
| Add: current year repayable revenue | <u>468,509</u> | <u>1,063,955</u> |
| Adjusted AANDC funding received | 33,669,866 | 39,154,579 |
| AANDC revenue per funding confirmation | <u>34,041,674</u> | <u>39,371,352</u> |
| Difference | <u>\$ (371,808)</u> | <u>\$ (216,773)</u> |
| Explanation of differences: | | |
| Recovery of repayables | \$ (367,183) | \$ (121,646) |
| Underspent targets (never set up as repayable) | (4,625) | 6,300 |
| Targets - net of prior year repayables and receivables | <u>-</u> | <u>(101,427)</u> |
| | <u>\$ (371,808)</u> | <u>\$ (216,773)</u> |

MOHAWK COUNCIL OF AKWESASNE
SCHEDULE 7 - SCHEDULE OF SEGMENT DISCLOSURE (unaudited)
YEAR ENDED MARCH 31, 2014

| | Akwesasne Mohawk Board of Education 2014 | Akwesasne Mohawk Police 2014 | Department of Community & Social Services 2014 | Mohawk Government 2014 | Health 2014 | Housing 2014 | Justice 2014 | Department of Technical Services 2014 | Executive Services 2014 | Consolidated Totals 2014 |
|-----------------------------------------------------|---------------------------------------------------|------------------------------------|---------------------------------------------------------|------------------------------|-------------------|---------------------|---------------------|------------------------------------------------|-------------------------------|--------------------------------|
| Revenues | | | | | | | | | | |
| Federal Government | \$ 13,378,926 | \$ 2,957,781 | \$ 8,222,139 | \$ - | \$ 16,788,649 | \$ 465,954 | \$ 113,004 | \$ 5,015,592 | \$ 7,343,425 | \$ 54,285,470 |
| Provincial Government | 164,905 | 2,165,108 | 3,981,418 | 1,114,512 | 6,959,388 | 150,000 | 401,706 | 105,156 | 3,875,228 | 18,917,421 |
| Other Revenues | <u>294,805</u> | <u>15,357</u> | <u>708,735</u> | <u>707,405</u> | <u>1,969,123</u> | <u>787,026</u> | <u>129,053</u> | <u>3,531,853</u> | <u>6,729,470</u> | <u>14,872,827</u> |
| Sub-total Inter-Segment Eliminations | <u>13,838,636</u> | <u>5,138,246</u> | <u>12,912,292</u> | <u>1,821,917</u> | <u>25,717,160</u> | <u>1,402,980</u> | <u>643,763</u> | <u>8,652,601</u> | <u>17,948,123</u> | <u>88,075,718</u> |
| Total Revenues | <u>13,838,636</u> | <u>5,138,246</u> | <u>12,912,292</u> | <u>1,821,917</u> | <u>25,717,160</u> | <u>1,402,980</u> | <u>643,763</u> | <u>5,367,966</u> | <u>15,338,420</u> | <u>82,181,380</u> |
| Expenses | | | | | | | | | | |
| Salaries & Benefits | 6,946,016 | 4,257,484 | 5,448,497 | 81,376 | 11,754,332 | 993,151 | 987,404 | 3,699,020 | 8,954,233 | 43,121,513 |
| Operating Costs | 6,805,040 | 615,785 | 6,570,376 | 1,308,686 | 11,311,881 | 99,995 | 246,192 | 3,683,182 | 5,310,394 | 35,951,531 |
| Rent | 206,197 | 161,700 | 648,121 | 47,000 | 922,380 | 56,280 | 63,000 | 138,138 | 966,233 | 3,209,049 |
| Amortization Expenses | 149,732 | 197,711 | 102,854 | 12,086 | 238,718 | 349,566 | 7,793 | 2,342,269 | 240,267 | 3,640,996 |
| Other Expenses | <u>259,595</u> | <u>160,088</u> | <u>375,535</u> | <u>115,247</u> | <u>620,050</u> | <u>89,704</u> | <u>62,531</u> | <u>730,505</u> | <u>484,986</u> | <u>2,898,241</u> |
| Sub-total | <u>14,366,580</u> | <u>5,392,768</u> | <u>13,145,383</u> | <u>1,564,395</u> | <u>24,847,361</u> | <u>1,588,696</u> | <u>1,366,920</u> | <u>10,593,114</u> | <u>15,956,113</u> | <u>88,821,330</u> |
| Inter-Segment Eliminations | - | - | - | - | - | - | - | <u>(3,284,635)</u> | <u>(2,609,703)</u> | <u>(5,894,338)</u> |
| Total Expenses | <u>14,366,580</u> | <u>5,392,768</u> | <u>13,145,383</u> | <u>1,564,395</u> | <u>24,847,361</u> | <u>1,588,696</u> | <u>1,366,920</u> | <u>7,308,479</u> | <u>13,346,410</u> | <u>82,926,992</u> |
| Annual Surplus/(Deficit) | <u>\$ (527,944)</u> | <u>\$ (254,522)</u> | <u>\$ (233,091)</u> | <u>\$ 257,522</u> | <u>\$ 869,799</u> | <u>\$ (185,716)</u> | <u>\$ (723,157)</u> | <u>\$ (1,940,513)</u> | <u>\$ 1,992,010</u> | <u>\$ (745,612)</u> |

MOHAWK COUNCIL OF AKWESASNE
SCHEDULE 7 - SCHEDULE OF SEGMENT DISCLOSURE (unaudited)
YEAR ENDED MARCH 31, 2014

| | Akwasasne Mohawk Board of Education 2013 | Akwasasne Mohawk Police 2013 | Department of Community & Social Services 2013 | Mohawk Government 2013 | Health 2013 | Housing 2013 | Justice 2013 | Department of Technical Services 2013 | Executive Services 2013 | Consolidated Totals 2013 |
|-------------------------------------|---------------------------------------------------|------------------------------------|---------------------------------------------------------|------------------------------|-------------------|---------------------|---------------------|------------------------------------------------|-------------------------------|--------------------------------|
| Revenues | | | | | | | | | | |
| Federal Government | \$ 11,556,188 | \$ 2,837,960 | \$ 7,039,075 | \$ 5,041,070 | \$ 15,809,422 | \$ 503,322 | \$ 164,725 | \$ 5,318,513 | \$ 11,364,326 | \$ 59,634,601 |
| Provincial Government | - | 2,011,810 | 3,631,208 | 953,910 | 6,503,102 | - | 364,609 | 666,600 | 1,856,548 | 15,987,787 |
| Other Revenues | <u>175,937</u> | <u>94,140</u> | <u>628,717</u> | <u>1,398,111</u> | <u>1,591,959</u> | <u>718,618</u> | <u>59,029</u> | <u>3,596,947</u> | <u>8,350,493</u> | <u>16,613,951</u> |
| Sub-total | 11,732,125 | 4,943,910 | 11,299,000 | 7,393,091 | 23,904,483 | 1,221,940 | 588,363 | 9,582,060 | 21,571,367 | 92,236,339 |
| Inter-Segment Eliminations | - | - | - | - | - | - | - | <u>(3,321,367)</u> | <u>(2,692,307)</u> | <u>(6,013,674)</u> |
| Total Revenues | 11,732,125 | 4,943,910 | 11,299,000 | 7,393,091 | 23,904,483 | 1,221,940 | 588,363 | 6,260,693 | 18,879,060 | 86,222,665 |
| Expenses | | | | | | | | | | |
| Salaries & Benefits | 7,188,127 | 3,817,007 | 5,012,695 | 501,683 | 10,844,956 | 955,678 | 978,460 | 3,791,334 | 9,066,964 | 42,156,904 |
| Operating Costs | 7,278,453 | 690,771 | 5,711,358 | 2,203,250 | 11,070,105 | 371,096 | 223,064 | 3,814,235 | 6,001,877 | 37,364,209 |
| Rent | 196,378 | 165,700 | 661,178 | 39,000 | 963,737 | 52,500 | 63,000 | 131,500 | 978,340 | 3,251,333 |
| Amortization Expenses | 168,584 | 211,701 | 131,656 | 14,737 | 265,695 | 341,474 | 8,295 | 2,379,340 | 263,647 | 3,785,129 |
| Other Expenses | <u>263,495</u> | <u>146,367</u> | <u>394,741</u> | <u>157,226</u> | <u>556,999</u> | <u>107,205</u> | <u>59,993</u> | <u>643,803</u> | <u>482,086</u> | <u>2,811,915</u> |
| Sub-total | 15,095,037 | 5,031,546 | 11,911,628 | 2,915,896 | 23,701,492 | 1,827,953 | 1,332,812 | 10,760,212 | 16,792,914 | 89,369,490 |
| Inter-Segment Eliminations | - | - | - | - | - | - | - | <u>(3,321,367)</u> | <u>(2,692,307)</u> | <u>(6,013,674)</u> |
| Total Expenses | 15,095,037 | 5,031,546 | 11,911,628 | 2,915,896 | 23,701,492 | 1,827,953 | 1,332,812 | 7,438,845 | 14,100,607 | 83,355,816 |
| Annual Surplus/(Deficit) | \$ (3,362,912) | \$ (87,636) | \$ (612,628) | \$ 4,477,195 | \$ 202,991 | \$ (606,013) | \$ (744,449) | \$ (1,178,152) | \$ 4,778,453 | \$ 2,866,849 |

MOHAWK COUNCIL OF AKWESASNE
SCHEDULE 8 - STATEMENT OF CHANGES IN ACCUMULATED SURPLUS (unaudited)
YEAR ENDED MARCH 31, 2014

| | Investment in property, plant and equipment | Investment in housing and housing construction loans | Internally restricted | | | | |
|--------------------------------------------|------------------------------------------------------|------------------------------------------------------------------|-----------------------|----------------------|----------------------|-----------------------|-----------------------|
| | | | AANDC | OLG | Other | 2014 | 2013 |
| Balance at beginning of year | \$ 104,646,988 | \$ 5,222,520 | \$ 4,780,234 | \$ 21,244,191 | \$ 60,650,325 | \$ 191,027,135 | \$ 188,160,286 |
| Net revenues over expenses for the year | 3,730,993 | 625,666 | 71,024 | 948,583 | 2,484,370 | (8,606,248) | 2,866,849 |
| Inter-fund transfer to (from) unrestricted | (3,819,551) | (322,133) | (2,462,540) | (2,302,356) | (1,591,539) | 10,498,119 | - |
| Change in net asset for the year | (88,558) | 303,533 | (2,391,516) | (1,353,773) | 892,825 | 1,891,871 | 2,866,849 |
| Balance at end of year | <u>\$ 104,558,430</u> | <u>\$ 5,526,053</u> | <u>\$ 2,388,718</u> | <u>\$ 19,890,418</u> | <u>\$ 61,543,150</u> | <u>\$ 190,281,523</u> | <u>\$ 191,027,135</u> |

(See accompanying notes)