

Financial Statements of

# **SIX NATIONS OF THE GRAND RIVER**

Year ended March 31, 2014

# SIX NATIONS OF THE GRAND RIVER

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March 31, 2014

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

The accompanying financial statements of Six Nations of the Grand River as at and for the year end March 31, 2014 are the responsibility of Six Nations' management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to the financial statements.

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

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

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

On behalf of the Six Nations Elected Council:

Chief Ava Hill

Dayle Bomberry,  
Senior Administrative Officer



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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Six Nations of the Grand River, which comprise the consolidated statement of financial position as at March 31, 2014, the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Six Nations of the Grand River as at March 31, 2014, and its consolidated results of operations and its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants,

July 29, 2014  
St. Catharines, Canada

# SIX NATIONS OF THE GRAND RIVER

## Consolidated Statement of Financial Position

March 31, 2014, with comparative figures for 2013

	2014	2013
<b>Financial assets:</b>		
Cash	\$ 15,750,580	\$ 14,303,966
Investments (note 2)	23,304,701	22,740,524
Accounts receivable (note 3)	6,084,091	3,385,434
Housing loans receivable (note 4)	18,678,073	17,847,758
Other assets (note 5)	1,499,226	1,502,255
Investment in Six Nations Natural Gas Company Limited Partnership (note 6)	5,370,148	5,306,367
	<u>70,686,819</u>	<u>65,086,304</u>
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities	6,790,169	9,233,963
Deferred revenue (note 7)	7,527,893	5,187,692
Net long-term liabilities (note 9)	23,580,514	20,746,782
	<u>37,898,576</u>	<u>35,168,437</u>
Net financial assets	32,788,243	29,917,867
<b>Non-financial assets:</b>		
Tangible capital assets (note 10)	121,986,178	118,556,110
Inventory	127,927	138,544
Prepaid expenses	210,823	298,647
	<u>122,324,928</u>	<u>118,993,301</u>
Commitments (note 12)		
Contingencies (note 13)		
Accumulated surplus (note 11)	\$ 155,113,171	\$ 148,911,168

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

# SIX NATIONS OF THE GRAND RIVER

## Consolidated Statement of Operations

Year ended March 31, 2014, with comparative figures for 2013

	Budget	2014	2013
	(note 17)		
<b>Revenues:</b>			
<b>User charges:</b>			
User charges	\$ 564,000	\$ 587,236	\$ 582,952
Accommodation charges	747,246	608,405	796,455
Rental income	728,362	2,275,047	2,393,479
	2,039,608	3,470,688	3,772,886
<b>Government transfers (note 15):</b>			
Aboriginal Affairs and Northern Development			
Canada (note 14)	8,133,630	14,717,588	22,432,732
Other federal	8,510,652	9,612,430	9,062,448
Province of Ontario	14,198,100	20,496,516	18,278,034
	30,842,382	44,826,534	49,773,214
<b>Other:</b>			
Bingo	20,502,707	17,801,967	17,186,727
Donations	-	97,734	411,080
Investment income	-	1,785,822	1,707,834
Equity income of Six Nations Natural Gas			
Company Limited Partnership (note 6)	-	63,781	36,676
Ontario First Nations Limited Partnership			
Agreement	-	7,935,420	8,018,178
GRETI	-	286,812	325,269
(Loss) gain on sale of tangible capital assets	-	(28,141)	40,970
Gain on sale on investments		27,581	2,664
Other	5,529,605	2,001,934	2,479,227
	26,032,312	29,972,910	30,208,625
<b>Total revenues</b>	<b>58,914,302</b>	<b>78,270,132</b>	<b>83,754,725</b>
<b>Expenses (see note 16):</b>			
Committee of the Whole,			
Corporate and Emergency Services	6,493,654	10,594,070	10,438,291
Physical and Economic Development	29,139,002	29,433,235	29,408,150
Human Services	25,999,792	32,040,824	29,766,654
Other	-	-	1,852
<b>Total expenses</b>	<b>61,632,448</b>	<b>72,068,129</b>	<b>69,614,947</b>
<b>Annual surplus (deficit)</b>	<b>(2,718,146)</b>	<b>6,202,003</b>	<b>14,139,778</b>
<b>Accumulated surplus, beginning of year</b>	<b>148,911,168</b>	<b>148,911,168</b>	<b>134,771,390</b>
<b>Accumulated surplus, end of year</b>	<b>146,193,022</b>	<b>\$ 155,113,171</b>	<b>\$ 148,911,168</b>

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

# SIX NATIONS OF THE GRAND RIVER

## Consolidated Statement of Change in Net Financial Assets

Year ended March 31, 2014, with comparative figures for 2013

	Budget (note 17)	2014	2013
Annual surplus (deficit)	\$ (2,718,146)	\$ 6,202,003	\$ 14,139,778
Acquisition of tangible capital assets	-	(9,369,510)	(22,715,986)
Amortization of tangible capital assets	-	5,814,702	5,181,834
Loss (gain) on sale of tangible capital assets	-	28,141	(40,970)
Proceeds on sale of tangible capital assets	-	96,599	103,499
Change in supplies of inventory	-	10,617	34,814
Change in prepaid expense	-	87,824	177,291
Change in net financial assets	(2,718,146)	2,870,376	(3,119,740)
<u>Net financial assets, beginning of year</u>	<u>-</u>	<u>29,917,867</u>	<u>33,037,607</u>
<u>Net financial assets, end of year</u>	<u>\$ -</u>	<u>\$ 32,788,243</u>	<u>\$ 29,917,867</u>

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

# SIX NATIONS OF THE GRAND RIVER

## Consolidated Statement of Cash Flows

March 31, 2014 with comparative figures for 2013

	2014	2013
<b>Operating activities:</b>		
Annual surplus	\$ 6,202,003	\$ 14,139,778
Items not involving cash:		
Amortization	5,814,702	5,181,834
Loss (gain) on sale of tangible capital assets	28,141	(40,970)
Gain on sale of investments	(27,581)	(2,664)
Equity income of Six Nations Natural Gas Company Limited Partnership	(63,781)	(36,676)
Change in non-cash assets and liabilities:		
Accounts receivable	(2,698,657)	(922,616)
Housing loans receivable	(830,315)	(894,236)
Other assets	3,029	114,484
Accounts payable and accrued liabilities	(2,443,794)	(2,177,898)
Deferred revenue	2,340,201	(142,839)
Inventory	10,617	34,814
Prepaid expenses	87,824	177,291
Net change in cash from operating activities	8,422,389	15,430,302
<b>Capital activities:</b>		
Proceeds on sale of tangible capital assets	96,599	103,499
Cash used to acquire tangible capital assets	(9,369,510)	(22,715,986)
Net change in cash from capital activities	(9,272,911)	(22,612,487)
<b>Investing activities:</b>		
Net change in investments	(536,596)	707,379
Net change in cash from investing activities	(536,596)	707,379
<b>Financing activities:</b>		
Net change in long-term liabilities	2,833,732	(1,600,994)
Net change in cash from financing activities	2,833,732	(1,600,994)
Net change in cash	1,446,614	(8,075,800)
Cash, beginning of year	14,303,966	22,379,766
Cash, end of year	<b>\$ 15,750,580</b>	<b>\$ 14,303,966</b>

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

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements

Year ended March 31, 2014

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## 1. Significant accounting policies:

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

### (a) Basis of consolidation:

#### (i) Consolidated entities:

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and fund balances of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to Six Nations and which are owned or controlled by Six Nations, except for Six Nation's government business enterprise; Six Nations Natural Gas Company Limited Partnership, which is accounted for using the modified equity basis of accounting. These entities and organizations include:

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

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

The following companies were created during the year and are 100% owned by Six Nations: 7539223 Canada Ltd.; 8490341 Canada Ltd.; and Six Nations of the Grand River Development Corporation. These companies are not yet operational so their financial information has not been included in the consolidated financial statements.

#### (ii) Trust funds:

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

### (b) Basis of accounting:

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

### (c) Investments:

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

# SIX NATIONS OF THE GRAND RIVER

## Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

#### 1. Significant accounting policies (continued):

(d) Housing loans receivable:

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

(e) Investment in Six Nations Natural Gas Company Limited Partnership:

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

(f) Non-financial assets:

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

(i) Tangible capital assets:

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

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

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 1. Significant accounting policies (continued):

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

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

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

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

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

#### (iii) Intangible assets:

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

#### (iv) Interest capitalization:

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

#### (v) Leases:

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

#### (vi) Inventory:

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

### (g) Reserves and reserve funds:

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

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 1. Significant accounting policies (continued):

### (h) Government transfers:

On April 1, 2013 Six Nations adopted Public Sector Accounting Standards PS 3410, *Government Transfers*. This standard was adopted on a prospective basis from the date of adoption. Under PS 3410, government transfers received or receivable are recognized as revenue when the transfer is authorized, any eligibility criteria are met, and a reasonable estimate of the amount can be made unless they meet the definition of a liability. Government transfers paid are recognized as a liability and an expense when the transfer is authorized and all eligibility criteria have been met by the recipient. As a result of the adoption of this new standard there were no adjustments to the financial statements.

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

### (i) Deferred revenue:

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

### (j) Investment income:

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

### (k) Rental Income:

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

Amounts received under the 'Home ownership' (Rent-to-own) program is classified as deferred revenue when received in accordance with PSAS, as the amounts are collected toward the future purchase of the property. Revenue is recognized when the ownership of the property is transferred to the tenant of the property and is accounted for as a disposal of a tangible capital asset. Interest is recognized over the term of the rental.

### (l) Use of estimates:

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

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 2. Investments:

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

	2014		2013	
	Cost	Market Value	Cost	Market Value
Investments	\$ 23,304,701	\$ 23,826,135	\$ 22,740,524	\$ 23,346,420

## 3. Accounts receivable:

Accounts receivable are reported net of a valuation allowance of \$447,166 (2013 - \$436,527).

## 4. Housing loans receivable:

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

	2014	2013
Loans with interest at 0% per annum	\$ 1,054,574	\$ 1,057,557
Loans with interest at 7% per annum	18,113,282	17,279,984
Allowance for doubtful accounts	(489,783)	(489,783)
	\$ 18,678,073	\$ 17,847,758

Six Nations has provided interest free loans to members that meet certain criteria upon approval of council. The loans with interest at 0% have a face value of \$1,262,978 (2013 - \$1,312,756). Additionally, Six Nations has approved further financing to specific members in the amount of \$980,003 (2013 - \$728,681), which has not been repaid at year-end.

## 5. Other assets:

Included in other assets is a loan receivable from Six Nations Police in the amount of \$779,037 (2013 - \$770,466), which does not bear interest. In 2010, Six Nations approved a grant of \$1,150,000 to Six Nations Police for the construction of a new police station. The debt is repayable over a term of 35 years with monthly payments of \$2,738. As the loan does not bear interest, a grant expense in the amount of \$300,000 was recognized in the year the loan was granted, which represented the difference in the face value and fair value of the loan. This amount will be amortized into income over the term of the loan. The face value of the loan is \$1,053,323 (2013 - \$1,053,323).

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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

The following provides condensed supplementary financial information for the operations of Six Nations Natural Gas Company Limited Partnership ("Six Nations Natural Gas") for the years ended March 31, 2014 and March 31, 2013. Six Nations owns an interest of 99.9% in Six Nations Natural Gas Company Limited Partnership and Six Nations Natural Gas Limited owns the remaining 0.1% interest.

Financial position:

	2014	2013
Current assets	\$ 3,349,947	\$ 3,092,911
Capital assets	2,475,519	2,533,445
<b>Total assets</b>	<b>5,825,466</b>	<b>5,626,356</b>
Current liabilities	442,653	341,961
<b>Net assets</b>	<b>5,382,813</b>	<b>5,284,395</b>
Six Nations Natural Gas Limited's interest in partnership	171,864	171,864
Government assistance treated as a capital transaction	(184,529)	(149,892)
<b>Investment in Six Nations Natural Gas</b>	<b>\$ 5,370,148</b>	<b>\$ 5,306,367</b>

Results of operations:

	2014	2013
Revenues	\$ 1,391,399	\$ 1,372,587
Operating expenses	1,327,612	1,335,907
<b>Net income</b>	<b>63,787</b>	<b>36,680</b>
Six Nations Natural Gas Limited's interest	(6)	(4)
<b>Net income – Six Nations Natural Gas</b>	<b>\$ 63,781</b>	<b>\$ 36,676</b>

Investment in Six Nations Natural Gas:

	2014	2013
Opening balance	\$ 5,306,367	\$ 5,269,691
Net income	63,781	36,676
<b>Closing balance – Investment in Six Nations Natural Gas</b>	<b>\$ 5,370,148</b>	<b>\$ 5,306,367</b>

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 7. Deferred revenue:

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

	2014	2014	2014	
	Deposits	Rent-to-own properties	Other deferred revenue	Total
Balance, beginning of year	\$ 173,656	\$ 4,813,952	\$ 200,084	\$ 5,187,692
Deposits collected	40,028	-	-	40,028
Housing payments	-	383,481	-	383,481
Federal funding	-	-	476,201	476,201
Other	-	-	1,573,050	1,573,050
Provincial funding	-	-	273,832	273,832
	213,684	5,197,433	2,523,167	7,934,284
Less:				
Deposits returned	35,510	-	-	35,510
Contributions used in operations	-	-	201,881	201,881
Rent-to-own revenue earned on disposal	-	169,000	-	169,000
	35,510	169,000	201,881	406,391
Balance, end of year	\$ 178,174	\$ 5,028,433	\$ 2,321,286	\$ 7,527,893
<hr/>				
	2013	2013	2013	
	Deposits	Rent-to-own properties	Other deferred revenue	Total
Balance, beginning of year	\$ 162,226	\$ 4,511,482	\$ 656,823	\$ 5,330,531
Deposits collected	50,493	-	-	50,493
Housing payments	-	382,470	-	382,470
Federal funding	-	-	155,944	155,944
	212,719	4,893,952	812,767	5,919,438
Less:				
Deposits returned	36,093	-	-	36,093
Contributions used in operations	2,970	-	612,683	615,653
Rent-to-own revenue earned on disposal	-	80,000	-	80,000
	39,063	80,000	612,683	731,746
Balance, end of year	\$ 173,656	\$ 4,813,952	\$ 200,084	\$ 5,187,692

# **SIX NATIONS OF THE GRAND RIVER**

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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

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

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

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

Six Nations provides to substantially all of its employees a defined contribution pension plan. The plan is a contributory plan with funding of benefits based on the related employee's earnings. Six Nations matches employee contributions to a maximum of 4.05%. Contributions vest after two years of service with Six Nations. Once the contributions vest, employees may receive benefits upon retirement or termination of their employment. Contributions are expensed in the period incurred. Six Nations recognized an expense during the year related to its portion of the contributions of \$837,947 (2013 - \$1,251,979).

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 9. Net long-term liabilities:

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

	2014	2013
Bank of Montreal, interest rates ranging from 3% to 5.05% with principal payments of \$26,478 monthly, maturing between June 2014 and January 2033. Amount is unsecured.	\$ 7,267,707	\$ 2,870,816
Bank of Montreal, interest rates ranging from 2.85% to 4.48% with principal payments of \$40,360 monthly, maturing between September 2016 and May 2017. Amount is guaranteed by Aboriginal Affairs and Northern Development Canada.	940,030	1,335,353
First Nations Bank of Canada, interest accrued at 2.72% to 2.89% with principal payments of \$12,220 monthly, maturing May 20122 and May 2035. Amount is unsecured.	3,066,364	3,208,933
Royal Bank of Canada, interest rates ranging from 2.61% to 5.515% with principal payments of \$66,965 monthly, maturing between February 2018 and February 2025. Amount is guaranteed by a general security agreement.	7,118,479	8,270,871
Canada Mortgage and Housing Corporation, interest rates ranging from 1.67% to 3.13% with principal payments of \$18,062 monthly, maturing between April 2017 and March 2035. Amount is guaranteed by Aboriginal Affairs and Northern Development Canada.	5,060,058	4,888,148
Obligation under capital lease with National Leasing, interest accrued at 7.813% with principal payments of \$4,690 monthly, maturing October 2016. Amount secured by the underlying equipment.	127,876	172,661
<b>Net long-term liabilities, end of year</b>	<b>\$ 23,580,514</b>	<b>\$ 20,746,782</b>

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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

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

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2014	\$ 6,202,374
2015	1,740,980
2016	1,899,443
2017	1,389,259
2018	1,237,994
Thereafter	11,110,464
	<hr/> <u>\$ 23,580,514</u>

Total interest on net long-term liabilities which are reported on the consolidated statement of operations amounted to \$806,923 in 2014 (2013 - \$864,690).

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 10. Tangible capital assets:

	2014							
	Land and Land improvements	Building and Building Improvements	Vehicles, Machinery and Equipment	Water and Wastewater Infrastructure	Roads Infrastructure	Office equipment, furniture and computers	Work in progress	Total
<b>Cost</b>								
Balance, beginning of year	\$4,952,912	\$82,008,855	\$12,967,819	\$8,648,009	\$32,739,865	\$3,028,554	\$37,455,625	\$181,801,639
Additions	3,394,643	22,052,807	11,979,800	2,119,522	1,209,251	593,065	(31,979,578)	9,369,510
Disposals	-	(1,076,382)	(5,115)	-	-	(15,835)	-	(1,097,332)
<b>Balance, end of year</b>	<b>\$8,347,555</b>	<b>\$102,985,1280</b>	<b>\$24,942,504</b>	<b>\$10,767,531</b>	<b>\$33,949,116</b>	<b>\$3,605,784</b>	<b>\$5,476,047</b>	<b>\$190,073,817</b>
<b>Accumulated amortization</b>								
Balance, beginning of year	988,926	30,969,757	6,144,023	3,665,864	19,551,841	1,925,118	-	63,245,529
Disposals	-	(954,221)	(2,536)	-	-	(15,835)	-	(972,592)
Amortization expense	292,355	2,886,482	1,143,619	183,530	846,424	462,292	-	5,814,702
<b>Balance, end of year</b>	<b>1,281,281</b>	<b>32,902,018</b>	<b>7,285,106</b>	<b>3,849,394</b>	<b>20,398,265</b>	<b>2,371,575</b>	<b>-</b>	<b>68,087,639</b>
<b>Net book value, end of year</b>	<b>\$7,066,274</b>	<b>\$70,083,262</b>	<b>\$17,657,398</b>	<b>\$6,918,137</b>	<b>\$13,550,851</b>	<b>\$1,234,209</b>	<b>\$5,476,047</b>	<b>\$121,986,178</b>

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 10. Tangible capital assets (continued):

	2013							
	Land and Land Improvements	Building and Building Improvements	Vehicles, Machinery and Equipment	Water and Wastewater Infrastructure	Roads Infrastructure	Office equipment, furniture and computers	Work in progress	Total
<b>Cost</b>								
Balance, beginning of year	\$2,222,729	\$81,719,351	\$12,527,221	\$8,575,712	\$32,076,561	\$2,515,956	\$19,772,519	\$159,410,049
Additions	2,730,183	519,437	498,356	72,297	698,709	513,898	17,683,106	22,715,986
Disposals	-	(229,933)	(57,758)	-	(35,405)	(1,300)	-	(324,396)
<b>Balance, end of year</b>	<b>4,952,912</b>	<b>82,008,855</b>	<b>12,567,819</b>	<b>8,648,009</b>	<b>32,739,865</b>	<b>3,028,554</b>	<b>37,455,625</b>	<b>181,801,639</b>
 <b>Accumulated amortization</b>								
Balance, beginning of year	841,824	28,426,204	5,323,234	3,493,408	18,831,253	1,409,639	-	58,325,562
Disposals	-	(195,444)	(29,718)	-	(35,405)	(1,300)	-	(261,867)
Amortization expense	147,102	2,738,997	850,507	172,456	755,993	516,779	-	5,181,834
<b>Balance, end of year</b>	<b>988,926</b>	<b>30,969,757</b>	<b>6,144,023</b>	<b>3,665,864</b>	<b>19,551,841</b>	<b>1,925,118</b>	<b>-</b>	<b>63,245,529</b>
<b>Net book value, end of year</b>	<b>\$3,963,986</b>	<b>\$51,039,098</b>	<b>\$6,823,796</b>	<b>\$4,982,145</b>	<b>\$13,188,024</b>	<b>\$1,103,436</b>	<b>\$37,455,625</b>	<b>\$118,556,110</b>

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 10. Tangible capital assets (continued):

### Work in progress

Work in progress assets having a value of \$5,476,047 (2013 - \$37,455,625) have not been amortized. Amortization of these assets will commence when the asset is put into service.

### Contributed Tangible Capital Assets

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$nil (2013 - \$175,096).

### Tangible Capital Assets Disclosed at Nominal Values

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

### Works of Art and Historical Treasures

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

## 11. Accumulated surplus:

Accumulated surplus consists of balances as follows at March 31:

	2014	2013
Surplus:		
Invested in tangible capital assets	\$ 98,405,664	\$ 97,809,328
<u>Operating fund</u>	23,560,667	2,456,146
	121,966,331	100,265,474
Reserve funds set aside by Six Nations Elected Council:		
Bingo	-	2,245,796
Ontario First Nations Limited Partnership Agreement	11,324,838	15,781,897
Central Administration	5,892,778	12,952,767
Day care	445,298	445,298
Economic development	3,159,286	2,837,820
Economic development fund	1,316,051	1,460,916
Fire	50,365	1,876,030
Health services	647,633	698,072
Housing	2,369,265	2,242,765
Iroquois lodge	47,072	47,072
Parks and recreation	86,473	1,358,779
Public works	6,033,909	4,924,610
<u>Social and correctional services</u>	1,773,872	1,773,872
	33,146,840	48,645,694
	<hr/>	<hr/>
	\$ 155,113,171	\$ 148,911,168

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 12. Commitments:

(a) Six Nations has outstanding contractual obligations totaling approximately \$844,731 (2013 - \$29,260,565) outlined as follows by project:

	2014	2013
Water treatment plant	\$ 844,731	\$ 10,260,565
Samsung – Solar Project	-	7,000,000
Samsung – Wind farm Project	-	12,000,000
<b>Total commitments</b>	<b>\$ 844,731</b>	<b>\$ 29,260,565</b>

(b) Six Nations has at March 31, 2014 approved future projects for community, cultural development, education, economic development and health in the amounts of \$6,029,601, \$167,434, \$88,936, \$226,872 and \$1,206,148 respectively to be funded in the future through the Ontario First Nations Limited Partnership Agreement funds.

(c) Minimum annual lease payments:

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

2015	\$ 39,875
2016	39,875
2017	30,431
2018	22,116
<hr/>	
\$ 132,297	

## 13. Contingencies:

(a) Six Nations has been named as a defendant in two legal claims. Council is of the opinion that there is a strong defense against these claims and is defending the claims. At this time it is not possible to determine the outcome of these claims. Accordingly, no provision for losses has been reflected in the accounts of Six Nations for these matters, rather they will be recorded in the year settled.

(b) Six Nations is a guarantor of two loans for \$3,000,000 and \$7,000,000, taken by 8490341 Canada Ltd and 7539223 Canada Ltd., respectively.

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 14. Aboriginal Affairs and Northern Development Canada:

	2014	2013
Base budget	\$ 24,748,719	\$ 31,508,716
Less non-consolidated entities:		
Grand River Post Secondary Education Office	(7,674,877)	(7,653,777)
Ganakwa Sra	(674,540)	(647,217)
Gaweniyoh	(1,302,717)	(1,288,923)
	(9,652,134)	(9,589,917)
Less current year deferred revenue:		
Six Nations of the Grand River	(476,201)	(155,945)
	(476,201)	(155,945)
Add prior year deferred revenue:		
Six Nations of the Grand River	155,944	419,613
	155,944	419,613
Other adjustments:		
Six Nations of the Grand River	(58,740)	250,265
	(58,740)	250,265
	<hr/> \$ 14,717,588	<hr/> \$ 22,432,732

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 15. Government transfers:

The Government transfers reported on the Statement of Operations are:

	2014	2013
<b>Revenue:</b>		
Aboriginal Affairs and Northern Development Canada:		
Economic development	\$ 1,178,012	\$ 1,233,376
Education	444,000	443,093
Fire	790,499	656,228
General government	1,870,880	2,104,416
Health services	124,500	105,399
Iroquois lodge	134,669	193,869
Lands and resources	39,800	41,431
Membership	577,133	660,326
Parks and recreation	125,229	113,150
Public works	7,371,685	14,769,873
Social, correctional services and day care	504,650	463,510
Welfare	1,556,531	1,648,061
	14,717,588	22,432,732
Other federal:		
Economic Development	1,313,309	1,241,852
Fire	-	(2,467)
General government	50,810	-
Health services	6,988,085	6,711,790
Iroquois lodge	21,795	22,084
Parks & recreation	-	123,507
Public works	34,300	7,500
Social, correctional services and day care	1,204,131	958,182
	9,612,430	9,062,448
Province of Ontario:		
Economic development	(927)	97,866
General government	50,000	-
Health services	7,138,531	6,658,849
Iroquois lodge	2,387,031	1,905,143
Lands and resources	102,888	255,000
Parks and recreation	27,106	25,906
Public works	456,756	440,946
Social, correctional services and day care	4,144,396	3,790,581
Welfare	6,190,735	5,103,743
	20,496,516	18,278,034
<b>Total revenues</b>	<b>\$ 44,826,534</b>	<b>\$ 49,773,214</b>

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 15. Government transfers (continued):

	2014	2013
Expenses:		
Welfare payments	\$ 5,297,345	\$ 4,872,645

## 16. Segmented information:

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

### (i) Central Administration and Committee of the Whole, Corporate and Emergency Services:

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

This includes the Fire Department, Lands Resources and Lands Membership.

### (ii) Physical Economic and Development:

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

### (iii) Human Services:

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

# **SIX NATIONS OF THE GRAND RIVER**

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## **16. Segmented information (continued):**

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

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

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

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 16. Segmented information (continued):

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

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 16. Segmented information (continued):

	Committee of the whole, corporate and emergency services	Physical and economic development services	Human services	Other services	Total	2013
<b>Revenues:</b>						
User charges	\$ 34,373	\$ 2,418,239	\$ 1,320,274	\$ -	\$ -	\$ 3,772,886
Government transfers:						
AANDC	3,905,494	16,003,248	2,523,990	-	-	22,432,732
Other federal	-	1,249,352	7,813,096	-	-	9,062,448
Province of Ontario	255,000	538,812	17,484,222	-	-	18,278,034
Investment income	743,897	939,845	21,790	2,302	1,707,834	
Equity in Six Nations Natural Gas Company Limited Partnership	36,676	-	-	-	-	36,676
Other	8,992,328	17,711,139	1,760,648	-	-	28,464,115
<b>Total revenue</b>	<b>13,967,768</b>	<b>38,860,635</b>	<b>30,924,020</b>	<b>2,302</b>	<b>83,754,725</b>	
<b>Expenses:</b>						
Salaries, wages and employee benefits	3,262,746	5,181,324	17,614,764	-	-	26,058,834
Operating expenses	6,624,483	19,709,631	11,173,623	1,852	37,509,589	
Debt services	20,455	818,448	25,787	-	-	864,690
Amortization	530,607	3,698,747	952,480	-	-	5,181,834
<b>Total expenses:</b>	<b>10,438,291</b>	<b>29,408,150</b>	<b>29,766,654</b>	<b>1,852</b>	<b>69,614,947</b>	
<b>Annual surplus (deficit)</b>	<b>\$ 3,529,477</b>	<b>\$ 9,452,485</b>	<b>\$ 1,157,366</b>	<b>\$ 450</b>	<b>\$ 14,139,778</b>	

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 17. Budget data:

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

	Budget Amount
Revenues:	
Operating (budget)	\$ 58,914,302
Add:	
Aboriginal Affairs and Northern Development Canada projects	6,583,958
Other federal projects	1,101,778
Province of Ontario projects	6,298,416
Ontario First Nations Limited Partnership Agreement	7,935,420
Less:	
Other	(2,563,742)
<b>Total revenue</b>	<b>78,270,132</b>
Expenses:	
Operating (budget)	61,632,448
Add:	
Expense projects	4,620,979
Amortization	5,814,702
<b>Total expenses</b>	<b>72,068,129</b>
Annual surplus	\$ 6,202,003

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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

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

	Position	Number of months	Salary range per annum	Travel expenses
Dayle Bomberry	Senior Administrative Officer	12	\$ 90,000 - 120,000	\$ 1,010
Gary Phillips	Director of Finance	12	87,317 - 115,683	-
Lonny Bomberry	Director of Lands and Resources	12	50,135 - 79,900	897
Ruby Miller	Director of Health Services	12	50,135 - 79,900	710
Mike Montour	Director of Public Works	12	50,135 - 79,900	1,178
Arliss Skye	Director of Social Services	12	50,135 - 79,900	-
Matt Jamieson	Director of Economic Development	12	90,000 - 97,000	6,447
Cheryl Henhawk	Director of Parks and Recreation	12	50,135 - 79,900	250
Sharon Martin	Director of Welfare	12	50,135 - 79,900	1,910
Michael Seth	Fire Chief	12	50,135 - 79,900	685
Janice Burning	Manager, Lands and Membership	12	50,135 - 79,900	1,760
Nick Petruzzella *	General Manager of Six Nations Natural Gas	12	87,317 - 115,683	-

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

# SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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

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

	Number of months	Total honorarium	Life and health	Travel expenses
Chief Montour	8	\$ 54,514	\$ 1,320	\$ 8,730
Chief Hill	4	21,850	409	4,649
<b>Total Chiefs</b>		<b>76,364</b>	<b>1,729</b>	<b>13,379</b>
Terry General	4	11,536	452	3,100
Carl Hill	12	37,592	3,407	1,561
David Hill	12	37,592	883	(1,449)
Gail Ava Hill	8	26,056	760	10,498
Mark Hill	12	37,592	1,086	1,213
Darryl Hill	12	37,592	2,208	12,610
Sherri-Lynn Hill Pierce	4	11,536	1,024	-
Robert Johnson	12	37,592	2,208	1,708
Ross Johnson	8	26,056	1,382	4,131
Roger Jonathan	12	37,592	1,086	-
Wray Maracle	12	37,592	3,407	1,041
Helen Miller	12	37,592	878	8,228
Lewis Staats	12	37,592	1,957	4,583
Melba Thomas	12	37,592	831	(217)
<b>Total Councilors</b>		<b>451,104</b>	<b>21,569</b>	<b>47,007</b>
<b>Total Chiefs and Councilors</b>		<b>\$ 527,468</b>	<b>\$ 23,298</b>	<b>\$ 60,386</b>

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

## 20. Comparative figures:

Certain 2013 comparative figures have been reclassified to conform with the presentation adopted in the current year.