

Consolidated Financial Statements of

SIX NATIONS OF THE GRAND RIVER

And Independent Auditors' Report Thereon

For the year ended March 31, 2019

SIX NATIONS OF THE GRAND RIVER

Index

March 31, 2019

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Management's Responsibility for the Financial Statements

The accompanying financial statements of Six Nations of the Grand River ("Six Nations") as at and for the year end March 31, 2019 are the responsibility of Six Nations' management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to the financial statements.

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

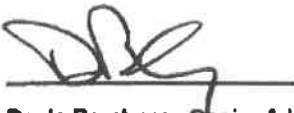
Six Nations Elected Council meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

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

On behalf of the Six Nations Elected Council:



Chief Ava Hill



Dayle Bomberry, Senior Administrative Officer



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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Six Nations of the Grand River (the "Entity"), which comprise:

- the consolidated statement of financial position as at March 31, 2019,
- the consolidated statement of operations for the year ended,
- the consolidated statement of change in net financial assets for the year then ended,
- the consolidated statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2019, and its consolidated results of operations, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants,

Hamilton, Canada
September 23, 2019

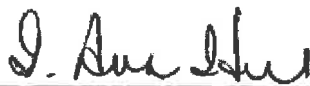
SIX NATIONS OF THE GRAND RIVER

Consolidated Statement of Financial Position

March 31, 2019 with comparative information for 2018

	2019	2018
Financial assets:		
Cash	\$ 61,297,240	\$ 41,541,397
Investments (note 2)	25,127,197	24,811,248
Accounts receivable (note 3, note 9)	7,981,367	3,871,889
Housing loans receivable (note 4)	23,909,058	21,756,892
Other assets (note 5)	1,644,661	1,347,743
Investment in Six Nations Natural Gas Company Limited Partnership (note 6)	5,819,820	5,819,820
	<u>125,779,343</u>	<u>99,148,989</u>
Financial liabilities:		
Accounts payable and accrued liabilities (note 9)	21,337,271	15,753,847
Deferred revenue (note 7)	20,580,659	12,133,838
Other liabilities (note 10)	13,907,289	15,462,308
	<u>55,825,219</u>	<u>43,349,993</u>
Net financial assets	69,954,125	55,798,996
Non-financial assets:		
Tangible capital assets (note 11)	127,430,212	116,815,911
Inventory	101,711	75,447
Prepaid expenses	722,184	1,702,768
	<u>128,254,107</u>	<u>118,594,126</u>
Commitments (note 13)		
Contingencies (note 14)		
Accumulated surplus (note 12)	\$ 198,208,231	\$ 174,393,122

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





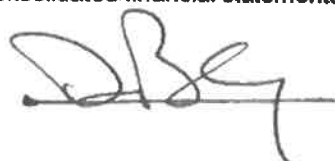
SIX NATIONS OF THE GRAND RIVER

Consolidated Statement of Operations

Year ended March 31, 2019, with comparative information for 2018

	Budget (note 18)	2019	2018
Revenues:			
User charges:			
Rental income	\$ 2,248,904	\$ 2,090,951	\$ 1,892,861
Accommodation charges	1,094,134	949,829	885,177
User charges	1,170,000	705,780	662,385
	4,513,038	3,746,560	3,440,423
Government transfers (note 16):			
Province of Ontario	20,184,844	51,418,452	32,823,562
Other federal	12,509,863	12,115,290	8,477,965
Indigenous and Northern Affairs Canada (note 15)	8,222,813	27,601,516	13,340,055
	40,917,520	91,135,258	54,641,582
Other:			
Ontario First Nations Limited Partnership Agreement	8,500,000	11,732,502	9,282,134
Rent and other land related revenue	4,985,090	5,101,924	4,637,140
Donations (note 9)	-	1,600,594	86,120
Investment income	1,028,623	2,231,031	1,560,900
Grand River Employment and Training Inc.	-	126,256	189,489
Rent to own housing units	-	597,415	1,928,463
	14,513,713	21,389,722	17,684,246
Total revenues (note 17)	59,944,271	116,271,540	75,766,251
Expenses (notes 16 and 17):			
Corporate & Emergency Services & Committee of the Whole	12,969,769	27,134,592	15,546,197
Building & Infrastructure Committee	14,539,454	13,128,212	9,619,949
Human Services Committee	40,302,079	52,193,627	46,325,946
Total expenses	67,811,302	92,456,431	71,492,092
Annual surplus of revenue over expenditures before the following:	(7,943,711)	23,815,109	4,274,159
Impairment loss on tangible capital assets (note 11)	-	-	2,236,555
Annual surplus (deficit)	(7,943,711)	23,815,109	2,037,604
Accumulated surplus, beginning of year	174,393,122	174,393,122	172,355,518
Accumulated surplus, end of year	\$ 166,449,411	\$ 198,208,231	\$ 174,393,122

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, 2019, with comparative information for 2018

	Budget (note 18)	2019	2018
Annual surplus (deficit)	\$ (7,943,711)	\$ 23,815,109	\$ 2,037,604
Acquisition of tangible capital assets	-	(18,648,678)	(5,893,862)
Amortization of tangible capital assets	-	7,943,511	8,114,241
Gain on sale of tangible capital assets	-	(597,415)	-
Impairment loss on tangible capital assets	-	-	2,236,555
Proceeds on sale of tangible capital assets	-	688,281	19,364
Change in supplies of inventory	-	(26,264)	52,356
Change in prepaid expense	-	980,584	(165,109)
Change in net financial assets	(7,943,711)	14,155,129	6,401,149
Net financial assets, beginning of year	55,798,996	55,798,996	49,087,847
Net financial assets, end of year	\$ 47,855,285	\$ 69,954,125	\$ 55,798,996

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, 2019 with comparative information for 2018

	2019	2018
Operating activities:		
Annual surplus	\$ 23,815,109	\$ 2,037,604
Items not involving cash:		
Amortization	7,943,510	8,114,241
Gain on sale of tangible capital assets	(597,415)	-
Impairment loss on tangible capital assets	-	2,236,555
Change in non-cash assets and liabilities:		
Accounts receivable	(4,109,478)	2,093,079
Housing loans receivable	(2,152,166)	(302,241)
Other assets	(296,918)	107,216
Accounts payable and accrued liabilities	5,583,424	5,010,461
Deferred revenue	8,446,821	4,156,989
Inventory	(26,264)	52,356
Prepaid expenses	980,584	(165,109)
Net change in cash from operating activities	39,587,207	23,341,151
Capital activities:		
Proceeds on sale of tangible capital assets	688,281	329,364
Cash used to acquire tangible capital assets	(18,648,676)	(5,893,862)
Net change in cash from capital activities	(17,960,395)	(5,564,498)
Investing activities:		
Net change in investments	(315,951)	(246,096)
Financing activities:		
Net change in long-term liabilities	(1,555,020)	(2,236,047)
Increase in cash	19,755,843	15,294,510
Cash, beginning of year	41,541,397	26,246,887
Cash, end of year	\$ 61,297,240	\$ 41,541,397

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, 2019

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 Public Sector Accounting Board ("PSAB") of CPA Canada, and as required by Indigenous and Northern Affairs Canada ("INAC"). Significant accounting policies adopted by Six Nations are as follows:

(a) Basis of consolidation:

(i) Consolidated entities:

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity consolidates all organizations, committees and local boards accountable for the administration of their financial affairs and resources to Six Nations and which are owned and controlled by Six Nations Council, except for Six Nations' government business enterprise (Six Nations Natural Gas Company Limited Partnership) which is accounted for on the modified equity basis of accounting as described in note 1 (f).

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

(ii) Trust funds:

Trust funds and their related operations administered by Six Nations are not included in these financial statements, other than those described below:

H.C. Peatson Education
Ottawa Trust Fund
Economic Development Fund

(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 recorded at cost. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss.

SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

(d) Housing loans receivable:

Housing loans receivable consist of loans to Six Nations' members and bear interest at the agreed upon rate 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 loans is recorded in the period earned. Housing loans receivable are considered impaired when management has determined that there is a reasonable doubt as to the ultimate collectability of principal and interest. At the end of each reporting period, Six Nations evaluates its housing loans receivable and establishes an allowance for doubtful accounts on a loan-by-loan basis for specifically identified probable losses on loans receivable.

(e) Other assets:

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

(f) Investment in Six Nations Natural Gas Limited Partnership:

The Investment in Six Nations Natural Gas Limited Partnership ("SNNGLP") has been accounted for on a modified equity basis, consistent with the accounting treatment for government business partnerships. Under the modified equity basis, the business partnership's accounting principles are not adjusted to conform with those of Six Nations, and inter-organizational transactions and balances are not eliminated. Six Nations recognizes its equity interest in the annual income of SNNGLP in its Consolidated Statement of Operations with a corresponding increase in its investment asset account. Losses of SNNGLP are allocated solely to the general partner under the partnership agreement. Any dividends that Six Nations may receive will be reflected as reductions in the investment account.

(g) Non-financial assets:

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

SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

(g) Non-financial assets (continued):

(i) Tangible capital assets:

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

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 networks	12 - 65
Water and wastewater equipment	10 - 65
Roads infrastructure- Base	40
- Surface	20 - 30
Computer hardware and software	3
Leasehold improvements	over the term of the lease

Amortization commences in the month of acquisition. Assets under construction (work-in-progress) are not amortized until the asset is available for productive use. Assets are disposed of when they are no longer in use by Six Nations. Gains and/or losses on the disposal of an asset are recorded in the Consolidated Statement of Operations at time of disposal.

(ii) Contributions of tangible capital assets:

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

(iii) Intangible assets:

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

(iv) Interest capitalization:

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

SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

(g) Non-financial assets (continued):

(v) Leases:

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

(vi) Inventory:

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

(h) Reserves and reserve funds:

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

(i) Government transfers:

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

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

(j) Housing loan guarantees

Certain mortgages held by members at a financial institution are guaranteed by Six Nations. If a member defaults on the loan, the full amount of the balance owing is set up as a liability on the Consolidated Statement of Financial Position and repaid in accordance with the terms set by the financial institution.

SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

(k) Deferred revenue:

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

(l) Investment income:

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

(m) User charges:

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

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

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

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

(n) Use of estimates:

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

(o) Liability for contaminated sites:

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Entity is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable.

SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

(o) Liability for contaminated sites (continued):

The best estimates of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available.

(p) Related party disclosures and Inter-entity transactions:

These standards define a related party and identify disclosures for related parties and related party transactions, including key management personnel and close family members. They also establish standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. The adoption of these standards did not have a significant impact on the consolidated financial statements of the Entity.

(q) Future accounting pronouncements:

(i) Financial instruments:

This accounting pronouncement establishes standards on how to account for and report all types of financial instruments including derivatives. Financial instruments include primary instruments and derivative instruments. It is effective for fiscal years beginning on or after April 1, 2019 for governments, with early adoption encouraged.

(ii) Foreign currency translation:

This accounting pronouncement establishes standards on how to account for and report transactions that are denominated in a foreign currency in government financial statements. It is effective for fiscal years beginning on or after April 1, 2019 for governments, with early adoption encouraged.

(iii) Asset retirement obligations:

In August 2018, the Public Sector Accounting Board issued this accounting standard that addresses the reporting of legal obligations associated with the retirement of tangible capital assets. This new standard takes effect for annual reporting periods beginning on or after April 1, 2021 with early adoption permitted.

(iv) Revenue:

This Section establishes standards on how to account for and report on revenue. Specifically, it differentiates between arising from transactions that includes performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations, referred to as "non-exchange transactions". This new standard takes effect for annual reporting periods beginning on or after April 1, 2022.

Management is assessing the impact of the adoption of these standards which is not known or reasonably estimable at this time.

SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

2. Investments:

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

	2019		2018	
	Cost	Market Value	Cost	Market Value
Investments	\$25,127,197	\$26,056,310	\$24,811,248	\$25,581,016

3. Accounts receivable:

Accounts receivable are reported net of a valuation allowance of \$1,910,791 (2018 - \$1,811,080).

4. Housing loans receivable:

Housing loans receivable represent principal and interest amounts currently owing. These loan agreements are secured by the members' reserve property, and are repayable over 25 years. The housing loans receivable on the consolidated statement of financial position, are made up of the following:

	2019	2018
Loans with interest at 0% per annum	\$ 526,044	\$ 581,912
Loans with interest at 3.70% to 7.0% per annum	24,175,017	21,784,763
Allowance for doubtful accounts	(792,003)	(609,783)
	\$ 23,909,058	\$ 21,756,892

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 \$609,000 (2018 - \$679,600). Additionally, Six Nations has approved further financing to specific members in the amount of \$1,421,178 (2018 - \$971,159), which has not been advanced at year-end.

5. Other assets:

Included in other assets is a loan receivable from Six Nations Police in the amount of \$504,418 (2018 - \$570,130), which does not bear interest. The loan is repayable in monthly principal payments of \$2,738 over a term of 35 years and is due in 2045. The face value of the loan is \$752,900 (2018 - \$818,702).

SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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, 2019 and March 31, 2018. Six Nations owns an interest of 99% in Six Nations Natural Gas Company Limited Partnership and Six Nations Natural Gas Limited owns the remaining 1% interest.

Financial position:

	2019	2018
Current assets	\$ 1,141,376	\$ 1,182,369
Capital assets	4,876,714	4,970,096
Total assets	6,018,090	6,152,465
Total liabilities	524,416	441,355
Partners' Equity	5,493,674	5,711,110
Six Nations Natural Gas Limited's interest in partnership	997,383	779,947
Government assistance treated as a capital transaction	(671,237)	(671,237)
Investment in Six Nations Natural Gas	\$ 5,819,820	\$ 5,819,820

Results of operations:

	2019	2018
Revenues (net of gas purchases)	\$ 1,926,747	\$ 1,562,078
Operating expenses	2,144,183	1,742,938
Net loss	(217,436)	(180,860)
Six Nations Natural Gas Limited's interest	217,436	180,860
Net loss attributable to Six Nations Natural Gas	\$ -	\$ -

Investment in Six Nations Natural Gas:

	2019	2018
Opening balance	\$ 5,819,820	\$ 5,819,820
Net loss	-	-
Closing balance -- Investment in Six Nations Natural Gas	\$ 5,819,820	\$ 5,819,820

SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

7. Deferred revenue:

Deferred revenues reported on the Consolidated Statement of Financial Position are made up of the following:

				2019
	Deposits	Rent-to-own properties	Other deferred revenue	Total
Balance, beginning of year	\$ 181,535	\$ 3,191,980	\$ 8,760,323	\$12,133,838
Deposits collected	71,957	-	-	71,957
Housing payments	-	1,280,096	-	1,280,096
Federal funding	-	-	2,765,290	2,765,290
Other	-	-	12,000	12,000
Provincial funding	-	-	14,378,357	14,378,357
	253,492	4,472,076	25,915,970	30,641,538
Less:				
Deposits returned	57,696	-	-	57,696
Contributions used in operations	-	868,240	9,134,943	10,003,183
	57,696	868,240	9,134,943	10,060,879
Balance, end of year	\$ 195,796	\$ 3,603,836	\$ 16,781,027	\$20,580,659

				2018
	Deposits	Rent-to-own properties	Other deferred revenue	Total
Balance, beginning of year	\$ 119,220	\$ 4,239,829	\$ 3,617,800	\$ 7,976,849
Deposits collected	74,426	-	-	74,426
Housing payments	-	2,325,516	-	2,325,516
Federal funding	-	-	2,154,073	2,154,073
Other	-	-	83,049	83,049
Provincial funding	-	-	6,742,857	6,742,857
	193,646	6,565,345	12,597,779	19,356,770
Less:				
Deposits returned	12,111	-	-	12,111
Contributions used in operations	-	3,373,365	3,837,456	7,210,821
	12,111	3,373,365	3,837,456	7,222,932
Balance, end of year	\$ 181,535	\$ 3,191,980	\$ 8,760,323	\$12,133,838

SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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%. Six Nations recognized an expense during the year related to its portion of the contributions of \$1,025,622 (2018 - \$882,896).

9. Related party transactions:

	2019	2018
Six Nations Development Corporation:		
Bingo Hall operations:		
Lease payments received	\$ 713,051	\$ 664,121
Loan repayments received	555,362	555,362
Operating expenses paid	\$ (761,200)	\$ (872,154)
Amounts receivable from, net of amounts payable	\$ 99,870	\$ -

Six Nations collects loan repayments related to the debt owing on the Bingo Hall and remits to the lender on behalf of the Development Corporation in the same amount. The remaining transactions are carried out at arms-length through the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. One such transaction was a donation made by the Development Corporation in the amount of approximately \$1,500,000 to fund capital construction projects.

During the year, Six Nations received \$12.5 million from the Province of Ontario in relation to the OLG Modernization agreement. This amount was contributed to Six Nations Development Corporation for the purpose of funding community development, as further described in Note 16.

Additionally, Six Nations acts as a flow-through entity between Indigenous and Northern Affairs Canada and Ganohkwa Sra and Grand River Post-Secondary. Annual funding is provided to Six Nations for distribution to these entities equal to the full amount received.

SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

10. Other liabilities:

The balance of other liabilities reported on the consolidated balance sheet is made up of the following:

	2019	2018
Bank of Montreal, interest rates ranging from 2.57% to 2.73% with principal payments of \$48,214 monthly, maturing between Feb 2020 and Jan 2023. Amount is unsecured.	\$ 4,633,813	\$ 5,197,557
Bank of Montreal, interest rates at 3.67% with principal payments of \$33,361 monthly, maturing June 2019. Amount is unsecured.	3,378,862	3,659,028
Royal Bank of Canada, interest rates ranging from 2.18% to 2.67% with principal payments of \$20,717 monthly, maturing between May, 2020 and April 2022. Amount is secured by a general security agreement.	2,453,351	2,903,344
Canada Mortgage and Housing Corporation, interest rates ranging from 1.05% to 1.37% with principal payments of \$22,036 monthly, maturing between July 2020 and May 2022. Amount is guaranteed by Indigenous and Northern Affairs Canada.	3,441,263	3,702,379
Other liabilities, end of year	\$ 13,907,289	\$ 15,462,308

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

2020	\$ 6,966,348
2021	5,190,803
2022	231,347
2023	1,451,635
Thereafter	67,156
	\$ 13,907,289

Total interest on other liabilities which are reported on the consolidated statement of operations amounted to \$279,081 in 2019 (2018 - \$378,766).

SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

11. Tangible capital assets:

March 31, 2019	Cost balance, beginning of year	Additions	Disposals	Balance, end of year	Amortization balance, beginning of year	Disposals	Amortization expense	Balance end of year	Net book value, end of year
Land and land improvements	\$ 10,605,553	\$ 806,677	\$ -	\$ 11,412,230	\$ 3,144,177	\$ -	\$ 452,838	\$ 3,597,015	\$ 7,815,216
Building and building improvements	110,051,188	3,359,519	(554,152)	112,856,555	43,902,503	(463,286)	3,238,434	46,677,651	66,178,904
Vehicles, machinery and equipment	29,238,229	1,591,756	(78,526)	30,849,459	15,101,239	(78,526)	2,458,148	17,480,861	13,368,598
Water and wastewater infrastructure	12,083,990	-	-	12,083,990	4,763,223	-	255,483	5,018,706	7,065,284
Roads infrastructure	39,634,034	1,045,405	-	40,679,439	24,365,795	-	1,017,318	25,383,113	15,296,326
Office equipment, furniture and computers	5,240,800	825,904	-	6,066,704	4,148,473	-	521,290	4,669,763	1,396,941
Work-in-progress	5,389,527	10,919,417	-	16,308,944	-	-	-	-	16,308,944
Total	\$ 212,241,321	\$ 18,648,678	\$ (632,678)	\$ 230,257,321	\$ 95,425,410	\$ (541,812)	\$ 7,943,511	\$ 102,827,109	\$ 127,430,212

March 31, 2018	Cost balance, beginning of year	Additions	Disposals	Balance, end of year	Amortization balance, beginning of year	Disposals	Amortization expense	Balance end of year	Net book value, end of year
Land and land improvements	\$ 9,619,250	\$ 986,303	\$ -	\$ 10,605,553	\$ 2,456,374	\$ -	\$ 687,803	\$ 3,144,177	\$ 7,461,376
Building and building improvements	111,376,777	374,674	(1,700,263)	110,051,188	41,858,450	(1,370,900)	3,414,953	43,902,503	66,148,685
Vehicles, machinery and equipment	27,939,553	1,588,285	(291,609)	29,238,229	13,183,327	(291,609)	2,209,521	15,101,239	14,134,990
Water and wastewater infrastructure	12,083,990	-	-	12,083,990	4,507,741	-	255,482	4,763,223	7,320,767
Roads infrastructure	39,597,406	36,628	-	39,634,034	23,266,187	-	1,099,608	24,365,795	15,268,239
Office equipment, furniture and computers	4,925,265	336,930	(21,395)	5,240,800	3,722,993	(21,395)	446,875	4,148,473	1,092,327
Work-in-progress	5,055,040	2,571,042	(2,236,555)	5,389,527	-	-	-	-	5,389,527
Total	\$ 210,597,251	\$ 5,893,862	\$ (4,249,822)	\$ 212,241,321	\$ 88,995,072	\$ (1,683,904)	\$ 8,114,242	\$ 95,425,410	\$ 116,815,911

SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

11. Tangible capital assets (continued):

Work in progress

Work in progress assets having a value of \$16,308,944 (2018 - \$5,389,527) have not been amortized. Amortization of these assets will commence when the assets are put into service. During the year, Six Nations recognized an impairment loss of \$nil (2018 - \$2,236,555).

Contributed Tangible Capital Assets

Contributed capital assets have been recognized at fair market value at the date of contribution. There have been no contributed assets received during the year or prior year.

Tangible Capital Assets Disclosed at Nominal Values

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

Works of Art and Historical Treasures

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

12. Accumulated surplus:

Accumulated surplus consists of balances as follows at March 31:

	2019	2018
Surplus:		
Invested in tangible capital assets	\$ 113,522,924	\$ 101,353,603
Operating fund	39,386,901	35,440,887
	152,909,825	136,794,490
Reserve funds set aside by Six Nations Elected Council:		
Ontario First Nations Limited Partnership Agreement	31,984,645	24,789,936
Central Administration	3,961,934	3,993,328
Day care	482,874	443,626
Economic development	67,703	67,703
Economic development fund	2,535,035	2,198,884
Fire	50,365	50,365
Health services	872,737	766,297
Housing	2,631,991	2,533,121
Iroquois lodge	80,953	85,953
Public works	893,874	893,874
Social and correctional services	1,736,295	1,775,545
	45,298,406	37,598,632
	\$ 198,208,232	\$ 174,393,122

SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

13. Commitments:

- (a) Six Nations has outstanding contractual obligations totaling approximately \$46,450,000 (2018 - \$46,450,000) outlined as follows by project:

	2019	2018
Housing Loans Guarantees with RBC and BMO	\$ 30,000,000	\$ 30,000,000
Six Nations Development Corporation loan guarantees for Wind and Solar projects	16,450,000	16,450,000
Total commitments authorized	\$ 46,450,000	\$ 46,450,000

At March 31, 2018, the amount utilized and outstanding of the loan for the Six Nations Development Corporation loan guarantees for the Wind and Solar projects was \$4,289,356 (2018 - \$4,590,531).

- (b) Six Nations has at March 31, 2019 approved funding of community, health, education, economic development, and cultural development projects in the amounts of \$677,890, \$248,949, \$557,871, \$41,206, and \$103,706 respectively through the Ontario First Nations Limited Partnership Agreement funds.
- (c) Minimum annual lease payments:

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

2020	\$ 429,990
2021	430,466
2022	432,845
2023	280,000
2024	280,000
Thereafter	1,120,000
	<u>\$ 2,973,301</u>

14. Contingencies:

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

SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

15. Indigenous and Northern Affairs Canada:

	2019	2018
Base budget	\$ 40,371,677	\$ 26,139,822
Less non-consolidated entities:		
Grand River Post Secondary Education Office	(9,069,090)	(8,873,036)
Ganohkwa Sra	(1,132,956)	(1,063,984)
Everlasting Tree	(509,400)	-
Gawenni:yo	(2,011,597)	(1,736,662)
	(12,723,043)	(11,673,682)
Less current year deferred revenue:		
Six Nations of the Grand River	(1,015,208)	(2,851,093)
Add prior year deferred revenue:		
Six Nations of the Grand River	1,166,438	947,360
Other adjustments:		
Six Nations of the Grand River	(198,348)	777,648
	\$ 27,601,516	\$ 13,340,055

SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

16. Government transfers:

The Government transfers reported on the Statement of Operations are:

	2019	2018
Revenue:		
Indigenous and Northern Affairs Canada:		
Economic development and housing	\$ 390,603	\$ 164,702
Education	1,100,171	690,290
Fire	678,938	1,254,995
General government (i)	3,816,760	2,653,123
Health services	193,200	246,313
Iroquois lodge	201,140	229,468
Lands and resources	476,460	142,355
Membership	617,238	607,223
Parks and recreation	237,189	300,711
Public works	13,136,368	5,666,997
Social, correctional services and day care	5,697,780	501,508
Welfare	1,055,669	882,370
	27,601,516	13,340,055
Other federal:		
Economic development and housing	433,552	674,867
General government	91,191	-
Health services	9,627,591	6,747,936
Iroquois lodge	45,414	-
Lands and resources		5,205
Public works	303,054	166,850
Social, correctional services and day care	1,614,488	883,107
	12,115,290	8,477,965
Province of Ontario:		
General government	18,064,482	749,980
Health services	11,957,914	9,802,485
Iroquois lodge	2,637,939	2,458,107
Lands and resources	476,460	338,932
Parks and recreation	21,010	24,139
Public works	780,776	632,210
Social, correctional services and day care	9,290,871	11,674,861
Welfare	8,189,000	7,142,848
	51,418,452	32,823,562
Total revenues	\$ 91,135,258	\$ 54,641,582

SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

16. Government transfers (continued):

	2019	2018
Expenses:		
Welfare payments	\$ 5,348,268	\$ 5,488,171

- (i) During the year, Six Nations entered into an OLG Modernization agreement with the Province of Ontario. As part of the agreement, Six Nations received \$4.5 million which is to be used for the purposes of furthering community development. Additionally, a further \$12.5 million received as part of the agreement was to be directed and contributed to the Six Nations of the Grand River Economic Development Corporation for the same purpose and these amounts were expensed within Corporate and Emergency Services and Committee of the Whole. As per the terms of the agreement, should the Province successfully appropriate the funds each year, Six Nations is entitled to receive an additional annual payment of \$4.5 million through to December 1, 2037.

17. 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) Corporate and Emergency Services and Committee of the Whole:

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

- (ii) Building and Infrastructure Committee:

The Building and Infrastructure Committee 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 Committee:

The Human Services Committee offers a range of programs related to wellbeing of the community.

SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

17. Segmented information (continued):

(iii) Human Services Committee (continued):

Included in Human Services Committee are: lands and memberships; 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; and the Iroquois Lodge.

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. Investment income has been allocated based on the segment that holds the related investment.

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

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

March 31, 2019	Corporate and emergency services and Committee of the Whole	Building and Infrastructure Committee	Human Services Committee	Total
Revenues:				
User charges	\$ -	\$ 2,401,938	\$ 1,344,622	\$ 3,746,560
Government transfers:				
INAC	6,689,567	13,526,971	7,384,978	27,601,516
Other federal	91,191	736,606	5,788,611	6,616,408
Province of Ontario (note 9, note 16(i))	20,232,219	780,776	35,904,339	56,917,334
Investment income	1,087,791	1,134,773	8,467	2,231,031
Other	14,901,348	2,230,794	2,026,549	19,158,691
Total revenues	43,002,116	20,811,858	52,457,566	116,271,540
Expenses:				
Salaries, wages and employee benefits	7,307,977	3,043,394	31,679,435	42,030,805
Operating expenses	6,310,082	4,472,745	18,917,686	29,700,512
Debt services	132,817	151,994	(5,730)	279,081
Amortization	883,716	5,460,079	1,602,236	7,946,031
Other (note 9)	12,500,000	-	-	12,500,000
Total expenses	27,134,592	13,128,212	52,193,627	92,456,431
Annual surplus	\$ 15,867,524	\$ 7,683,646	\$ 263,939	\$ 23,815,109

SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

17. Segmented Information (continued):

March 31, 2018	Corporate and emergency services and Committee of the Whole	Building and Infrastructure Committee	Human Services Committee	Total
Revenues:				
User charges	\$ -	\$ 2,136,948	\$ 1,303,475	\$ 3,440,423
Government transfers:				
INAC	6,230,355	5,831,700	1,278,000	13,340,055
Other federal	5,203	841,717	7,631,045	8,477,965
Province of Ontario	8,223,485	635,770	23,964,307	32,823,562
Investment income	477,618	1,078,641	4,641	1,560,900
Other	13,010,029	2,083,396	1,029,921	16,123,346
Total revenues	27,946,690	12,608,172	35,211,389	75,766,251
Expenses:				
Salaries, wages and employee benefits	5,103,701	2,597,181	24,421,914	32,122,796
Operating expenses	9,508,965	4,458,920	16,908,404	30,876,289
Debt services	189,824	181,144	7,798	378,766
Amortization	743,707	2,382,704	4,987,830	8,114,241
Impairment loss on tangible capital assets	2,236,555	-	-	2,236,555
Total expenses	17,782,752	9,619,949	46,325,946	73,728,647
Annual surplus	\$ 10,163,938	\$ 2,988,223	\$ (11,114,557)	\$ 2,037,604

SIX NATIONS OF THE GRAND RIVER

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

18. Budget data:

The budget data presented in these consolidated financial statements are based upon the 2019 operating and capital budgets approved by Six Nations Council. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements. Budgets established for tangible capital asset acquisitions are on a project-oriented basis, the costs of which may be carried out over one or more years. As such, it is not practical to present annualized budget information for the acquisition of tangible capital assets on the statement of change in net financial assets.

	Budget Amount
Revenues:	
Operating (budget)	\$ 51,364,271
Add:	
Ontario First Nations Limited Partnership Agreement	8,500,000
Total revenue	59,864,271
Expenses:	
Operating (budget)	59,864,271
Add:	
Amortization	7,943,711
Total expenses	67,807,982
Annual deficit	\$ 7,943,711