

CONSOLIDATED FINANCIAL STATEMENTS

For

MOHAWK COUNCIL OF AKWESASNE

For year ended

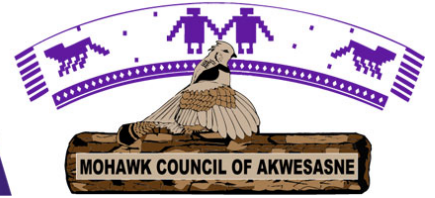
MARCH 31, 2023

MOHAWK COUNCIL OF AKWESASNE
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2023

	<u>Page(s)</u>
Management's Responsibility for the Consolidated Financial Statements	1
Independent Auditor's Report	2-3
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Changes in Net Financial Assets	6
Consolidated Statement of Remeasurement Gains and Losses	7
Consolidated Statement of Cash Flows	8
Notes to Consolidated Financial Statements	9-27
Schedule 1 - Consolidated Schedule of Federal Revenue Trust Funds (unaudited)	28
Schedule 2 - Consolidated Schedule of Government Transfers (unaudited)	29
Schedule 3 - Consolidated Schedule of Funding Reconciliation ISC (unaudited)	30
Schedule 4 - Consolidated Schedule of Segment Disclosure 2022 (unaudited)	31
Schedule 5 - Consolidated Schedule of Segment Disclosure 2021 (unaudited)	32
Schedule 6 - Consolidated Schedule of Changes in Accumulated Surplus (unaudited)	33

MOHAWK COUNCIL OF AKWESASNE

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



Management's Responsibility for the Consolidated Financial Statements

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

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

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

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

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

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

On behalf of the Mohawk Council of Akwesasne:

Theresa Jocko
Acting Executive Director
Mohawk Council of Akwesasne

Abram Benedict
Grand Chief
Mohawk Council of Akwesasne

Dated: December 11, 2023

INDEPENDENT AUDITOR'S REPORT

To:

MOHAWK COUNCIL OF AKWESASNE

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of the **Mohawk Council of Akwesasne**, ("Council") which comprise the consolidated statement of financial position as at March 31, 2023 and the consolidated statements of operations, the consolidated statement of changes in net financial assets, the consolidated statement of remeasurement gains and losses, and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the **Mohawk Council of Akwesasne** as at March 31, 2023 and the results of its consolidated operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

Other Matters

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

**Cornwall, Ontario
December 11, 2023**


**Chartered Professional Accountants
Licensed Public Accountants**

MOHAWK COUNCIL OF AKWESASNE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
Financial Assets		
Cash	\$ 13,460,993	\$ 10,161,430
Receivables from government and other government organizations (note 3)	13,373,069	13,116,026
Accounts receivable (note 4)	6,449,221	4,376,010
Portfolio investments (note 9)	416,554,418	363,190,427
Housing and housing construction loans (note 5)	5,147,181	5,670,537
Investment in government business entities (note 25)	<u>877,975</u>	<u>754,573</u>
Total Financial Assets	<u>455,862,857</u>	<u>397,269,003</u>
Financial Liabilities		
Accounts payable and accrued liabilities (note 10)	17,662,350	11,727,713
Employee benefit obligations (note 11)	1,178,237	1,286,938
Due to government and other government organizations (note 12)	9,695,627	5,827,436
Deferred revenue (note 13)	59,034,857	36,729,891
Long-term loans (note 14)	<u>4,934,251</u>	<u>5,377,868</u>
Total Financial Liabilities	<u>92,505,322</u>	<u>60,949,846</u>
Net Financial Assets	<u>363,357,535</u>	<u>336,319,157</u>
Non-Financial Assets		
Tangible capital assets (note 6)	114,123,924	112,981,141
Tangible capital assets under construction (note 7)	17,900,763	7,869,325
Other assets held for sale (note 8)	-	126,000
Prepaid expenses	<u>226,541</u>	<u>220,669</u>
Total non-financial assets	<u>132,251,228</u>	<u>121,197,135</u>
Accumulated surplus (note 18, schedule 6)	<u>\$495,608,763</u>	<u>\$457,516,292</u>
Contingencies and commitments (note 17)		

Approved by the Council



Theresa Jocko, Acting Executive Director
Mohawk Council of Akwesasne



Abram Benedict, Grand Chief
Mohawk Council of Akwesasne

(See accompanying notes)

MOHAWK COUNCIL OF AKWESASNE
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2023

	<u>Budget</u> (note 22)	<u>2023</u>	<u>2022</u>
Revenues			
Government transfers (schedule 2)	\$ 118,886,255	\$ 137,583,302	\$ 120,662,407
Ontario First Nations (2008) Limited Partnership (note 24)	2,779,777	4,061,033	2,892,453
Earnings from government business entities (note 25)	-	123,402	69,091
Administration fees and user charges	979,157	462,385	743,543
Land leases (schedule 1)	80,000	773,739	712,323
Interest	1,200,000	11,036,052	3,494,865
Other income and realized gains (losses)	1,656,192	928,607	1,591,605
Unrealized gains (losses) on portfolio investments	-	825,369	(3,857,589)
Rental	<u>1,126,914</u>	<u>1,181,937</u>	<u>905,614</u>
	<u>126,708,295</u>	<u>156,975,826</u>	<u>127,214,312</u>
Operating expenses (note 21)			
Akwesasne Mohawk Board of Education	30,085,899	24,895,138	26,172,123
Akwesasne Mohawk Police Service	10,944,708	12,227,482	10,142,705
Community and Social Services	14,811,347	20,169,252	13,274,885
Economic Development	14,138,473	1,862,737	1,434,937
Executive Services - core services	7,799,835	5,672,023	4,914,627
Finance & Administration	1,324,436	780,865	1,004,840
Health	34,699,634	36,598,360	32,936,499
Infrastructure & Housing	10,631,322	10,527,714	10,410,681
Justice	2,806,751	2,947,130	1,528,856
Mohawk Government	<u>1,701,237</u>	<u>3,202,654</u>	<u>2,805,781</u>
	<u>128,943,642</u>	<u>118,883,355</u>	<u>104,625,934</u>
Annual surplus (deficit)	(2,235,347)	38,092,471	22,588,378
Accumulated surplus at beginning of year	435,292,755	457,516,292	434,927,914
Accumulated surplus at end of year	<u>\$433,057,408</u>	<u>\$495,608,763</u>	<u>\$457,516,292</u>

(See accompanying notes)

MOHAWK COUNCIL OF AKWESASNE
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED MARCH 31, 2023

	<u>Budget</u>	<u>2023</u>	<u>2022</u>
Annual surplus (deficit)	\$ <u>(2,235,347)</u>	\$ <u>38,092,471</u>	\$ <u>22,588,378</u>
Acquisition of tangible capital assets	(6,000,000)	(4,114,205)	(2,083,716)
Acquisition of tangible capital assets under construction	(10,000,000)	(11,989,716)	(5,728,404)
Gain on disposal of tangible capital assets	-	267,552	71,653
Amortization of tangible capital assets	4,300,000	4,662,148	4,278,370
Reduction in fair market value of other assets held for sale	-	-	9,395
	<u>(11,700,000)</u>	<u>(11,174,221)</u>	<u>(3,452,702)</u>
Acquisition of prepaid expenses	(220,000)	(226,541)	(220,669)
Use of prepaid expenses	179,000	220,669	179,672
Proceeds on disposition of other assets held for sale	<u>126,000</u>	<u>126,000</u>	<u>45,333</u>
	<u>85,000</u>	<u>120,128</u>	<u>4,336</u>
Increase (decrease) in net financial assets	(13,850,347)	27,038,378	19,140,012
Net financial assets at beginning of year	<u>336,319,157</u>	<u>336,319,157</u>	<u>317,179,145</u>
Net financial assets at end of year	<u>\$322,468,810</u>	<u>\$363,357,535</u>	<u>\$336,319,157</u>

(See accompanying notes)

MOHAWK COUNCIL OF AKWESASNE
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
YEAR ENDED MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
Accumulated remeasurement gains (losses) - Beginning	\$ (3,532,087)	\$ 325,502
Increase (decrease) in unrealized gains (losses) attributed to:		
Investments	<u>825,369</u>	<u>(3,857,589)</u>
Net change in remeasurement gains (losses)	<u>825,369</u>	<u>(3,857,589)</u>
Accumulated remeasurement gains (losses) - Ending	<u>\$ (2,706,718)</u>	<u>\$ (3,532,087)</u>

(See accompanying notes)

MOHAWK COUNCIL OF AKWESASNE
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
Cash provided by (used for):		
Operating activities		
Annual surplus before other items	\$ 38,092,471	\$ 22,588,378
Items not affecting cash:		
Amortization	4,662,148	4,278,370
Realized (gains) losses on portfolio investments	(956,811)	78,258
Unrealized (gains) losses on portfolio investments	825,369	(3,857,589)
Reduction in fair market value of other assets held for sale	-	9,395
(Gain) loss on disposal of tangible capital assets	267,552	71,653
Net change in non-cash working capital items:		
Due from government and other government organizations	(257,043)	(3,521,675)
Accounts receivable	(2,073,211)	(2,822,223)
Prepaid expenses	(5,872)	(40,997)
Accounts payable and accrued liabilities	5,934,637	1,882,854
Employee benefit obligations	(108,701)	(95,615)
Due to government and other government organizations	3,868,191	2,707,929
Deferred revenue	<u>22,304,966</u>	<u>11,104,809</u>
Cash applied to operating transactions	<u>72,553,696</u>	<u>32,383,547</u>
Capital activities		
Proceeds on disposal of other assets held for sale	126,000	45,333
Purchase of tangible capital assets and under construction	<u>(16,103,921)</u>	<u>(7,812,120)</u>
Cash applied to capital transactions	<u>(15,977,921)</u>	<u>(7,766,787)</u>
Investing activities		
Advances for housing and housing construction loans	(254,941)	(148,192)
Government business entities	(123,402)	(69,091)
Housing loans repaid	778,297	922,993
Redemption of portfolio investments	546,913,303	492,538,816
Purchases of portfolio investments	<u>(600,145,852)</u>	<u>(519,747,576)</u>
Cash applied to investing activities	<u>(52,832,595)</u>	<u>(26,503,050)</u>
Financing activities		
Repayments of long-term loans	<u>(443,617)</u>	<u>(445,920)</u>
Cash applied to financing activities	<u>(443,617)</u>	<u>(445,920)</u>
Increase (decrease) in cash	3,299,563	(2,332,210)
Cash at beginning of year	<u>10,161,430</u>	<u>12,493,640</u>
Cash at end of year	<u>\$ 13,460,993</u>	<u>\$ 10,161,430</u>

(See accompanying notes)

MOHAWK COUNCIL OF AKWESASNE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023

NATURE OF OPERATIONS

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

The Council is not subject to income taxes.

1. SIGNIFICANT ACCOUNTING POLICIES

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

a) *Reporting entity*

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

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

- Akweks:kowa Corp.

All inter-entity balances have been eliminated on consolidation.

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

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

The organizations accounted for on a modified equity basis includes:

- Akwesasne Harbour Development Corporation
- Cornwall - Akwesasne Harbour Partnership

b) *Basis of accounting*

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

MOHAWK COUNCIL OF AKWESASNE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Revenue recognition

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

Unrestricted contributions and Ontario First Nations (2008) Limited Partnership (OFNLP) revenue are recognized as revenue in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred.

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

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

d) Investment income

Investment income consists of interest, dividends and realized gains (losses) on disposition of investments. Investment income is recorded net of portfolio management fees and related fees. Changes in unrealized gains or losses are recorded in the consolidated statement of remeasurement gains and losses. In the period of settlement, realized investment gains and losses are recognized in the statement of operations, and the cumulative amount of remeasurement gains and losses is reversed in the statement of remeasurement gains and losses

e) Foreign currency translation

Financial instruments included in the fair market value measurement category denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the financial statement date. Realized and unrealized foreign exchange gains and losses are recognized in the statement of operations.

f) Financial assets and liabilities

Initial measurement

The Council recognizes a financial asset or a financial liability on the consolidated statement of financial position when, and only when, it becomes party to the contractual provisions of the financial instrument. Unless otherwise stated, financial assets and liabilities are initially measured at fair value.

Subsequent measurement

At last reporting date, the Council measured its financial assets and liabilities at amortized cost, except for investments, which are measured at fair value for marketable securities, including any impairment in the case of financial assets.

The Council determines whether there is any objective evidence of impairment of the financial assets subsequently measured at amortized cost. Any financial asset impairment is recognized in the consolidated statements of operations.

MOHAWK COUNCIL OF AKWESASNE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) *Asset classification*

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

h) *Portfolio investments*

Fixed income and equity instruments in active markets are measured at fair value. The Council has elected to measure other specific financial instruments at fair value, to correspond with how they are evaluated and managed.

Financial instruments are classified as level 1, 2, or 3 for the purpose of describing the basis of inputs used to measure the fair values of financial instruments in the fair value measurement category as described below:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Markets based inputs other than quoted prices that are observable for the assets and liabilities either directly or indirectly

Level 3 - Inputs for the asset or liability that are not based on observable market data

i) *Tangible capital assets*

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

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

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

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

MOHAWK COUNCIL OF AKWESASNE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) *Net financial assets*

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

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

k) *Funds held in trust*

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

l) *Pension plan*

The Council operates a defined contribution pension plan which offers Council employees a pension benefit upon retirement or termination based on the accumulated contributions made by the individual employee and on the employee's behalf by Council plus any investment earnings on these contributions. The Council's contributions to the plan are based on participants' earnings up to a maximum of 9.00% and are expensed as incurred. Pension expense recorded in the accounts for the 2023 fiscal year amounted to \$3,027,862 (2022 - \$2,672,921).

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

m) *Employee benefit obligations*

Employee benefit obligations is the accumulation of vacation pay accrued to all employees of the Council at their current salary as of March 31, 2023.

n) *Use of estimates*

The preparation of these consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting periods. Significant estimates and assumptions, which include allowance for doubtful accounts receivable, housing and housing construction loans, certain accrued funding receivables, certain accrued liabilities and the estimated useful lives of tangible capital assets, are based on management's best information and judgement. Actual results could differ from these estimates, the impact of which would be recorded in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

MOHAWK COUNCIL OF AKWESASNE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Segments

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

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

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

p) Future accounting standards

PS 3400 - Revenue

In June 2018, PSAB issued *PS 3400 Revenue*. *PS 3400* proposes a framework for recognition and measurement of revenue from transactions with performance obligations ("exchange transactions") and those without performance obligations ("non-exchange transactions"). *PS 3400* is effective for fiscal periods beginning on or after April 1, 2023.

PSG- 8 Purchased Intangibles

In November 2020, PSAB issued *PSG-8 Purchased Intangibles*. *PSG-8* defines purchased intangibles as identifiable non-monetary economic resources without physical substance acquired through an arm's length exchange transaction between knowledgeable, willing parties who are under no compulsion to act. Intangibles acquired through a transfer, contribution, or inter-entity transaction, are not purchased intangibles. *PS G-8* is effective for fiscal periods on or after April 1, 2023.

PS 3160 - Public Private Partnerships

In April 2021, PSAB issued *PS 3160 Public Private Partnerships* (also referred to as P3s). *PS 3160* addresses the the recognition, measurement, presentation and disclosure transactions in which public sector entities procure major infrastructure assets and/or services from private sector entities. Recognition of assets arising from P3 arrangements is ultimately dependent on whether public sector entities control the purpose and use of assets, having access to the future economic benefits and exposure to the risks associated with assets, and retain significant residual interest in the asset, if any, at the end of the term of P3s. Measurement of the asset and related liability will also be dependent on the overall model to compensate the private sector entity. *PS 3160* is effective for fiscal periods beginning on or after April 1, 2023.

MOHAWK COUNCIL OF AKWESASNE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

PS 1202 - Financial Statement Presentation

In October 2023, PSAB issued *PS 1202 Financial Statement Presentation*. PS 1202 proposes changes to the existing conceptual framework and financial statement presentation standard. PS 1202 is effective for fiscal periods beginning on or after April 1, 2026. The Council is currently assessing its future impacts.

2. FINANCIAL INSTRUMENTS

Risk management

The Council, through its financial assets and financial liabilities, is exposed to the following risks from its use of financial instruments: credit risk, liquidity risk, and market risk. The Council manages these risk exposures on an ongoing basis.

Credit risk

Credit risk on financial instruments arises from the possibility that the issuer of a financial instrument fails to meet its obligation. The Council's maximum exposure to credit risk represents the sum of the carrying value of its cash, receivables from government and other government organizations, accounts receivable, portfolio investments, and housing and housing construction loans.

Council's cash is deposited with a Canadian chartered bank and the portfolio investments are mainly held in high credit rated Canadian government bonds, commercial bonds and GICs. As a result, management believes the risk of loss on these items to be remote.

Accounts receivable from government and other government organizations are principally due from ISC, other federal, Province of Ontario, and Province of Quebec bodies, therefore, Council believes the risk of non-performance from government bodies to be remote.

Accounts receivable consist primarily of interest receivable from investments, OFNLP, and other grants and contributions. Based on historical activities, the Council believes the risk of non-performance from these entities to be remote. Of the miscellaneous and rental facilities receivables, Council's credit risk is influenced mainly by the individual characteristics of each customer. These miscellaneous and rental receivables are managed and analyzed on an ongoing basis, and accordingly, management establishes an allowance for doubtful accounts that represents its estimate of incurred losses in respect of these receivables (see Note 4).

Housing and housing construction loans are due from community members and are repayable over 10 to 20 years and are non-interest bearing. Certain mortgages are subsidized by Canada Mortgage and Housing Corporation such that the effective annual rate of interest paid by the Council is 2%. Management considers it not practicable within the constraints of timeliness and cost to determine the fair value of the housing and housing construction loans and promissory notes with sufficient reliability. Housing and housing construction loans are managed and analyzed on an ongoing basis, and accordingly, management establishes an allowance for doubtful accounts that represents its estimate of incurred losses in respect of housing and housing construction loans (see Note 5).

MOHAWK COUNCIL OF AKWESASNE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED MARCH 31, 2023

2. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Liquidity risk is the risk that an entity will not be able to meet its financial obligations as they come due. Council manages liquidity risk through its budget process and by monitoring cash flow requirements on a regular basis. Council has a revolving demand credit facility with a Canadian chartered bank of up to \$5.0 million to provide working capital financing. At March 31, 2023, the Council was not using the line of credit (March 31, 2022 - nil). The Council believes its overall liquidity risk to be minimal.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

i) *Currency risk*

Currency risk relates to financial assets and liabilities denominated in foreign currency and converting these to Canadian currency at different points in time when adverse or beneficial changes in foreign exchange rates can occur. Cash and investments are translated into Canadian dollars at the prevailing exchange rate. As a result, management does not believe it is exposed to significant currency risk. At March 31, 2023, the cash and investments held in U.S. dollars were \$65,340 US and \$ 30 US, respectively (2022 - \$33,846 US and \$10,005 US).

ii) *Interest rate risk*

Interest rate risk refers to the potential for financial loss caused by fluctuations in the fair value of financial instruments due to changes in market interest rates. The council's exposure to interest rate risk arises from its portfolio investments. The Council manages this risk by having prudent investment policies and by ensuring bonds and GICs mature on a staggered basis over the five years.

iii) *Other price risk*

Other price risk refers to the risk that the fair value of financial instruments or future associated cash flows will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuers or factors affecting all similar instruments traded in the markets. The Council's exposure to other price risk arises from its portfolio investments. The Council manages this risk by having prudent investment policies.

Changes in risk

There have been no significant changes in the Council's risk exposures or policies, procedures and methods to measure the above risks, from the prior years.

3. RECEIVABLES FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

Receivables from the government and other government organizations consist of the following:

	<u>2023</u>	<u>2022</u>
Indigenous Services Canada	\$ 1,769,825	\$ 3,293,185
Human Resources Development Canada	220,781	157,501
Province of Ontario	3,863,050	2,487,391
Province of Quebec	3,051,955	2,440,607
Other Federal contributions	<u>4,467,458</u>	<u>4,737,342</u>
	<u>\$ 13,373,069</u>	<u>\$ 13,116,026</u>

MOHAWK COUNCIL OF AKWESASNE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

4. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	<u>2023</u>	<u>2022</u>
Interest receivable from portfolio investments	\$ 5,353,117	\$ 1,436,973
Miscellaneous receivables	324,112	241,487
Ontario First Nations (2008) Limited Partnership	-	2,019,219
Other Grants and Contributions	832,373	713,994
Rental facilities receivables	<u>275,924</u>	<u>300,642</u>
	6,785,526	4,712,315
Less: allowance for doubtful accounts	<u>336,305</u>	<u>336,305</u>
	<u>\$ 6,449,221</u>	<u>\$ 4,376,010</u>

5. HOUSING AND HOUSING CONSTRUCTION LOANS

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

	<u>2023</u>	<u>2022</u>
Principal outstanding	\$ 7,935,428	\$ 8,458,784
Less: allowance for doubtful loans	<u>(2,788,247)</u>	<u>(2,788,247)</u>
	<u>\$ 5,147,181</u>	<u>\$ 5,670,537</u>

MOHAWK COUNCIL OF AKWESASNE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

6. TANGIBLE CAPITAL ASSETS

	<u>Land</u>	<u>Building & Major Infrastructure</u>	<u>Computer Hardware</u>	<u>Computer Software</u>	<u>Equipment</u>	<u>Equipment under a Capital Lease</u>	<u>Furniture and Fixtures</u>	<u>Roads</u>	<u>Vehicles</u>	<u>Total 2023</u>	<u>Total 2022</u>
Cost											
Opening Costs	\$ 830,302	\$ 163,947,775	\$ 3,700,383	\$ 503,783	\$ 9,393,735	\$ 504,822	\$ 2,021,354	\$ 7,899,627	\$ 12,470,237	\$ 201,272,018	\$ 197,664,427
Additions	4,252	135,537	-	-	756,065	-	-	-	3,218,351	4,114,205	2,083,716
Transfers from WIP	-	1,542,413	-	-	415,865	-	-	-	-	1,958,278	2,273,219
Disposals	-	(118,050)	-	-	(152,354)	-	-	-	(485,074)	(755,478)	(749,344)
Write-downs	-	-	-	-	-	-	-	-	-	-	-
Closing Costs	<u>834,554</u>	<u>165,507,675</u>	<u>3,700,383</u>	<u>503,783</u>	<u>10,413,311</u>	<u>504,822</u>	<u>2,021,354</u>	<u>7,899,627</u>	<u>15,203,514</u>	<u>206,589,023</u>	<u>201,272,018</u>
Accumulated Amortization											
Opening accumulated	-	60,482,798	3,461,205	503,783	7,445,712	495,410	1,694,360	5,115,436	9,092,173	88,290,877	84,690,198
Disposals	-	(42,139)	-	-	(64,598)	-	-	-	(381,189)	(487,926)	(677,691)
Amortization Expense	<u>-</u>	<u>2,590,039</u>	<u>47,836</u>	<u>-</u>	<u>490,320</u>	<u>1,883</u>	<u>32,700</u>	<u>278,476</u>	<u>1,220,894</u>	<u>4,662,148</u>	<u>4,278,370</u>
Closing Accumulated	<u>-</u>	<u>63,030,698</u>	<u>3,509,041</u>	<u>503,783</u>	<u>7,871,434</u>	<u>497,293</u>	<u>1,727,060</u>	<u>5,393,912</u>	<u>9,931,878</u>	<u>92,465,099</u>	<u>88,290,877</u>
Net Book Value	<u>\$ 834,554</u>	<u>\$ 102,476,977</u>	<u>\$ 191,342</u>	<u>\$ -</u>	<u>\$ 2,541,877</u>	<u>\$ 7,529</u>	<u>\$ 294,294</u>	<u>\$ 2,505,715</u>	<u>\$ 5,271,636</u>	<u>\$ 114,123,924</u>	<u>\$ 112,981,141</u>
Opening Balance	\$ 830,302	\$ 103,464,977	\$ 239,178	\$ -	\$ 1,948,023	\$ 9,412	\$ 326,994	\$ 2,784,191	\$ 3,378,064	\$ 112,981,141	\$ 112,974,229
Closing Balance	<u>834,554</u>	<u>102,476,977</u>	<u>191,342</u>	<u>-</u>	<u>2,541,877</u>	<u>7,529</u>	<u>294,294</u>	<u>2,505,715</u>	<u>5,271,636</u>	<u>114,123,924</u>	<u>112,981,141</u>
Increase (Decrease) in Net Book Value	<u>\$ 4,252</u>	<u>\$ (988,000)</u>	<u>\$ (47,836)</u>	<u>\$ -</u>	<u>\$ 593,854</u>	<u>\$ (1,883)</u>	<u>\$ (32,700)</u>	<u>\$ (278,476)</u>	<u>\$ 1,893,572</u>	<u>\$ 1,142,783</u>	<u>\$ 6,912</u>

MOHAWK COUNCIL OF AKWESASNE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

7. TANGIBLE CAPITAL ASSETS UNDER CONSTRUCTION

	Total Remaining Commitment (unaudited)	<u>2023</u>	<u>2022</u>
Fiber to the Home Project	\$ 3,733,320	\$ 9,148,227	\$ 6,116,051
Park, Hilltop and Buckshot roads reconstruction	562,960	2,142,364	813,628
Wade Lafrance / Whoville Road	241,218	2,044,493	438,410
AMPS Kawehno:ke Police sub-station	73,704	247,541	161,406
New Fire Hall	41,000	124,400	119,175
New School Project		108,574	108,574
Pavilions: AMS/Kanatakon school sites	30,647	50,203	50,203
Hamilton Island Bridge Design		32,644	32,644
Recreation Road waterline extension		-	11,334
Environmental lab portable renovations		-	9,526
Street Light Upgrading	40,000	4,774	4,774
Tsionkwanonhso:te roof replacement		-	3,000
CMHC - Hawthorne Road - 16 units	1,410,124	1,394,495	600
Tsionkwanonhso:te MAG door/fire alarm upgrade	244,375	764,214	-
DCSS Software	1,519,000	948,000	-
Detox Centre Renovations	572,498	78,102	-
My Community Corridor	148,349	101,651	-
Iohahi:io Multi-Trade Building	325,000	368,750	-
St. Regis Village Sand Dome	24,000	18,800	-
Cornwall Island Salt Dome	22,320	55,980	-
Cornwall Island McCumber Rd LED Street Light	170,000	16,500	-
CIA#3 Kawehno:ke Complex Accessibility Retrofit	73,405	5,167	-
Sweetgrass Manor Renovations	49,848	165,074	-
Ambulance	177,730	76,170	-
Kawehno:ke Community Centre HVAC	31,358	4,640	-
Kanatakon Recreation Centre HVAC	44,200	-	-
		<u>\$ 17,900,763</u>	<u>\$ 7,869,325</u>

8. OTHER ASSETS HELD FOR SALE

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

In fiscal year 2021 Council acquired a property from the BMO housing program. A property is acquired when a mortgage holder forfeits on the mortgage requirements. In fiscal 2023, a property was disposed of for proceeds of \$126,000 which resulted in no gain or loss on disposal.

		<u>2022</u>
BMO Housing program	\$ -	\$ 126,000

MOHAWK COUNCIL OF AKWESASNE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

9. PORTFOLIO INVESTMENTS

Cash and short-term investments, fixed income securities, mutual funds, and equities are evaluated at a Level 1 at March 31, 2023 and March 31, 2022. The Council did not have Level 2 nor Level 3 financial instruments at March 31, 2023, and March 31, 2022.

Fair value of the Level 1 instruments has been determined based on quoted market prices at financial year's closing day, obtained by independent brokers.

As at March 31, 2023

		<u>Fair values</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and short-term investments	\$ 133,076,494	\$ -	\$ -	\$ 133,076,494
Fixed income securities	274,446,798	-	-	274,446,798
Mutual funds	3,084,679	-	-	3,084,679
Equities	<u>5,946,447</u>	<u>-</u>	<u>-</u>	<u>5,946,447</u>
	<u>\$ 416,554,418</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 416,554,418</u>

As at March 31, 2022

		<u>Fair values</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and short-term investments	\$ 99,241,551	\$ -	\$ -	\$ 99,241,551
Fixed income securities	261,733,897	-	-	261,733,897
Mutual funds	906,319	-	-	906,319
Equities	<u>1,308,660</u>	<u>-</u>	<u>-</u>	<u>1,308,660</u>
	<u>\$ 363,190,427</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 363,190,427</u>

Fixed income securities consist of government and commercial bonds, mutual funds, and guaranteed investment certificates ("GICs"). The fixed income securities have effective interest rates ranging from 1.20% to 5.41% with maturity dates ranging from April 2024 to December 2027.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2023</u>	<u>2022</u>
Trade payables	\$ 8,276,171	\$ 3,793,014
Accrued salaries and employee benefits payable	375,354	583,581
Other accrued liabilities	<u>9,010,825</u>	<u>7,351,118</u>
Total accounts payable	<u>\$ 17,662,350</u>	<u>\$ 11,727,713</u>

11. EMPLOYEE BENEFIT OBLIGATIONS

	<u>2023</u>	<u>2022</u>
Vacation pay obligation	<u>\$ 1,178,237</u>	<u>\$ 1,286,938</u>

MOHAWK COUNCIL OF AKWESASNE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

12. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

	<u>2023</u>	<u>2022</u>
ISC repayables	\$ 1,792,210	\$ 1,184,761
Ontario repayables	7,754,658	4,560,450
Other federal repayables	98,749	32,215
Quebec repayables	<u>50,010</u>	<u>50,010</u>
	<u>\$ 9,695,627</u>	<u>\$ 5,827,436</u>

13. DEFERRED REVENUE

	<u>2023</u>	<u>2022</u>
Indigenous Service Canada	\$ 47,917,179	\$ 29,147,767
Province of Ontario	2,456,573	1,916,902
Province of Quebec	1,901,960	134,880
Other Federal Government Departments	3,512,155	2,797,491
Other	<u>3,246,990</u>	<u>2,732,851</u>
	<u>\$ 59,034,857</u>	<u>\$ 36,729,891</u>

Due to the COVID 19 pandemic, many government funders had permitted the deferral of program funds to the 2023 fiscal year.

14. LONG-TERM LOANS

	<u>2023</u>	<u>2022</u>
0.76% mortgage, due December 2024, payable in equal monthly installments of \$3,630 including principal and interest (CMHC Section 95 Project 97/98 - Net Book Value \$370,669).	78,843	121,084
0.76% mortgage, due June 2025, payable in equal monthly installments of \$4,270 including principal and interest (CMHC Section 95 Project 03/04 - Net Book Value \$742,178).	352,984	401,336
3.70% mortgage, due December 2027, payable in equal monthly installments of \$5,471 including principal and interest (CMHC Section 95 Project 02/03 - Net Book Value \$690,407).	284,784	340,933
2.27% mortgage, due April 2027, payable in equal monthly installments of \$3,739 including principal and interest (CMHC Section 95 Project 04/05 - Net Book Value \$930,745).	365,281	401,387
2.52% mortgage, due September 2023, payable in equal monthly installments of \$5,799 including principal and interest. 17 Units (CMHC Section 95 Project 05/06 - Net Book Value \$1,373,180).	522,811	578,480
3.70% mortgage, due December 2027, payable in equal monthly installments of \$4,957 including principal and interest. 9 Units (CMHC Section 95 Project 05/06 - Net Book Value \$878,381).	480,194	524,256
1.87% mortgage, due May 2024, payable in equal monthly installments of \$6,392 including principal and interest. 19 Units (CMHC Section 95 Project 06/07 - Net Book Value \$2,081,357).	773,556	835,250
1.13% mortgage, due June 2026, payable in equal monthly installments of \$1,935 including principal and interest. 4 Units (CMHC Section 95 Project Oak Court - Net Book Value \$409,181).	285,733	305,598
3.98% mortgage, due November 2027, payable in equal monthly installments of \$2,583 including principal and interest. 4 Units (CMHC Section 95 Project Hawthorne - Net Book Value \$530,585).	344,327	363,282

MOHAWK COUNCIL OF AKWESASNE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

14. LONG-TERM LOANS (continued)

3.06% mortgage, due June 2027, payable in equal monthly installments of \$2,317 including principal and interest. 4 Units (CMHC Section 95 Project Whoville Quad 1- Net Book Value \$583,225).	404,116	419,910
3.06% mortgage, due June 2027, payable in equal monthly installments of \$2,354.01 including principal and interest. 4 Units (CMHC Section 95 Project Whoville Quad 2- Net Book Value \$577,594).	410,773	426,119
0.68% mortgage, due August 2025, payable in equal monthly installments of \$2,864 including principal and interest. 5 Units (CMHC Section 95 Family Wellness Project- Net Book Value \$1,168,970).	<u>630,849</u>	<u>660,233</u>
	<u>\$ 4,934,251</u>	<u>\$ 5,377,868</u>

Interest expense for the year on long-term debt is \$102,559 (2022 - \$88,716).

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

2024	\$ 445,989
2025	448,037
2026	417,413
2027	418,246
2028	412,031
2029 and beyond	2,792,535

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

The mortgage loans are guaranteed by ISC in lieu of a normal mortgage lien on properties. Canada Mortgage and Housing Corporation (CMHC) offers a housing development subsidy program such that approximately 50% of the operating expenses, including interest is subsidized. Interest expense on long-term loans, net of subsidies, totaled \$54,620 (2022 - \$47,822).

15. ASSETS HELD IN TRUST FOR OTHERS

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

	<u>2023</u>	<u>2022</u>
Akwesasne Community Settlement Fund	<u>\$ 477,714</u>	<u>\$ 23,765</u>

16. INTERNAL CHARGES

Added to tangible capital assets and deferred charges during the year are certain administrative and salary amounts totaling \$110,893 (2022 - \$397,419).

17. CONTINGENCIES AND COMMITMENTS

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

MOHAWK COUNCIL OF AKWESASNE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

17. CONTINGENCIES AND COMMITMENTS (continued)

Under the terms of this facility, the borrowers are responsible for the repayment of the loans and Council provides a guarantee for the amounts outstanding under the facility. As at March 31, 2023 the Council had guarantees outstanding under this program of \$3,861,437 (2022 - \$3,966,644). These amounts have not been recognized in these financial statements.

The nature of the Council's various activities is such that there is usually litigation pending or in prospect at any time. With respect to claims at March 31, 2023, management believes the Council has valid defences and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Council's financial position.

18. ACCUMULATED SURPLUS

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

19. SEGMENTED INFORMATION

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

i) *Akwesasne Mohawk Board of Education:*

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

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

ii) *Department of Public Safety:*

Department of Public Safety is responsible to deliver police services in the Community. The department's main components are:

- Community Policing Services;
- Organized Crime and Tobacco Unit;
- Compliance officers and;
- Marine / SAVE Unit to patrol Akwesasne waterways
- Human Trafficking
- Missing and Murdered Indigenous Women and Girls
- Ambulance services; and
- Emergency Measures

MOHAWK COUNCIL OF AKWESASNE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

19. SEGMENTED INFORMATION (continued)

iii) *Department of Community and Social Services:*

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

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

iv) *Mohawk Government:*

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

v) *Department of Health:*

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

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

vi) *Department of Justice:*

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

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

vii) *Department of Infrastructure & Housing:*

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

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

MOHAWK COUNCIL OF AKWESASNE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

19. SEGMENTED INFORMATION (continued)

viii) *Department of Finance & Administration:*

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

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

ix) *Executive Services:*

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

x) *Economic Development:*

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

- Community Business Grants;
- Training Incentives/Tuition,
- Maintenance of our Peacetree Mall;
- Arena Operations;
- Tobacco and Cannabis Licensing; and
- Thompson Island Youth Camp.

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

The accounting policies used in these segments (Schedule 4) are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

Note: User charges include facility rental fees, water, sewer and garbage fees.

20. ECONOMIC DEPENDENCE

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

MOHAWK COUNCIL OF AKWESASNE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

21. OPERATING EXPENSES

	<u>2023</u>	<u>2022</u>
Salaries, benefits and honoraria	\$ 54,932,089	\$ 51,108,552
Travel and training	2,129,092	1,040,797
Program supplies	16,404,843	13,443,652
Equipment repairs/lease and small equipment purchases	3,512,573	2,748,933
Professional fees	6,825,122	4,926,012
Non-Insured Health Benefits	12,365,068	10,880,726
Office	1,179,248	2,081,845
Facility costs	4,421,778	3,066,483
Student tuition and allowances	6,003,619	6,705,721
Community support	6,423,697	4,277,860
Minor capital	<u>4,686,226</u>	<u>4,345,353</u>
	<u>\$118,883,355</u>	<u>\$104,625,934</u>

22. BUDGETED FIGURES

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

23. COMPARATIVE INFORMATION

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

24. ONTARIO FIRST NATIONS (2008) LIMITED PARTNERSHIP

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

The First Nation holds a unit in the OFNLP, and a share in a related company Ontario First Nations General Partner Inc.; the carrying value of which are nominal and are therefore not recorded in these financial statements.

25. INVESTMENT IN GOVERNMENT BUSINESS ENTITIES

Total investment in government business entities

	<u>2023</u>	<u>2022</u>
Akwesasne Harbour Development Corporation	\$ 303,000	\$ 303,000
Cornwall - Akwesasne Harbour Partnership	<u>574,975</u>	<u>451,573</u>
	<u>\$ 877,975</u>	<u>\$ 754,573</u>

MOHAWK COUNCIL OF AKWESASNE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

25. INVESTMENT IN GOVERNMENT BUSINESS ENTITIES (continued)

Akwesasne Harbour Development Corporation

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

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

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

	<u>2023</u>	<u>2022</u>
Financial Assets	\$ -	\$ -
Financial Liabilities	<u>303,000</u>	<u>303,000</u>
Net Financial Assets	(303,000)	(303,000)
Non-Financial Assets		
Tangible Capital Assets	<u>303,000</u>	<u>303,000</u>
Accumulated Surplus	<u>\$ -</u>	<u>\$ -</u>

Cornwall-Akwesasne Harbour Partnership

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

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

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

	Investment Cost Beginning of Year	Loans / Advances	Share of Earnings	Cash Distributions	Total Investment
Partnership Interest	\$ <u>451,573</u>	<u>-</u>	<u>123,402</u>	<u>-</u>	\$ <u>574,975</u>

MOHAWK COUNCIL OF AKWESASNE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

25. INVESTMENT IN GOVERNMENT BUSINESS ENTITIES (continued)

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

	<u>2023</u>	<u>2022</u>
Financial Assets		
Cash	\$ 1,149,949	\$ 903,146
Restricted cash	<u>4,250,167</u>	<u>4,554,472</u>
	5,400,116	5,457,618
Financial Liabilities		
Deferred revenue	<u>4,250,472</u>	<u>4,554,472</u>
Net Financial Assets	1,149,644	903,146
Non-Financial Assets	<u>-</u>	<u>-</u>
Accumulated Surplus	<u>\$ 1,149,644</u>	<u>\$ 903,146</u>
 Total revenue	 \$ 607,674	 \$ 381,688
Total expenditure	<u>360,870</u>	<u>243,506</u>
Comprehensive Income	<u>\$ 246,804</u>	<u>\$ 138,182</u>

	<u>2023</u>	<u>2022</u>
Allocated		
Mohawk Council of Akwesasne	\$ 123,402	\$ 69,091
City of Cornwall	<u>123,402</u>	<u>69,091</u>
	<u>\$ 246,804</u>	<u>\$ 138,182</u>

MOHAWK COUNCIL OF AKWESASNE

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

YEAR ENDED MARCH 31, 2023

Revenue from land leases

	<u>2023</u>	<u>2022</u>
Paid to Indigenous Service Canada	\$ <u>773,739</u>	\$ <u>712,323</u>
The revenue received has been applied to Council programs and services as follows:		
Executive Services	\$ 100,000	\$ 80,000
Compliance Officer	74,827	50,000
Roads	100,000	100,000
Information Management	100,000	100,000
Emergency Measures	165,421	60,000
Environment	100,000	50,000
Office of Vital Statistics	127,710	172,323
Seaway Claims	<u>5,781</u>	<u>100,000</u>
Total revenue applied to programs	\$ <u>773,739</u>	\$ <u>712,323</u>

Note: In addition to the rental revenues received, interest in the amount of \$140,456 was received in the fiscal year ended March 31, 2023 (2022 - \$73,719). This interest income has been applied to global Council operations and is not disclosed separately on the Statement of Operations.

MOHAWK COUNCIL OF AKWESASNE

SCHEDULE 2 - CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS (unaudited)

YEAR ENDED MARCH 31, 2023

Schedule of Government Transfers

	<u>2023</u>	<u>2022</u>
Indigenous Service Canada	\$ 99,686,964	\$ 81,895,414
Human Resources Development Canada	420,916	394,039
Canadian Mortgage and Housing Corporation	1,856,266	886,701
Emergency Preparedness Canada	4,186,364	4,198,339
Other Federal	<u>2,959,284</u>	<u>4,256,906</u>
	109,109,794	91,631,399
Province of Ontario	23,182,518	24,300,586
Province of Quebec	3,014,189	3,279,537
Other contributions	<u>2,276,801</u>	<u>1,450,885</u>
	<u>\$137,583,302</u>	<u>\$120,662,407</u>

MOHAWK COUNCIL OF AKWESASNE

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

YEAR ENDED MARCH 31, 2023

Schedule of Funding Reconciliation ISC

	<u>2023</u>	<u>2022</u>
ISC Revenue per Financial Statements	\$ 99,686,964	\$ 81,895,414
Less: prior year deferred revenue	(29,147,767)	(21,001,472)
Less: prior year repayable revenue	(1,184,761)	(940,222)
Add: current year deferred revenue	47,917,179	29,147,767
Add: current year repayable revenue	<u>1,792,210</u>	<u>1,184,761</u>
Adjusted ISC funding received	119,063,825	90,286,248
ISC revenue per funding confirmation	<u>118,019,125</u>	<u>90,311,248</u>
Difference	<u><u>\$ 1,044,700</u></u>	<u><u>\$ (25,000)</u></u>

Explanation of differences:

Nation Building receivable	\$ 572,644	\$ -
Recovery (repayable) of past contributions	386,158	(25,000)
Jordan's Principles receivable	<u>85,898</u>	<u>-</u>
Total	<u><u>\$ 1,044,700</u></u>	<u><u>\$ (25,000)</u></u>

MOHAWK COUNCIL OF AKWESASNE
SCHEDULE 4 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE 2022 (unaudited)
YEAR ENDED MARCH 31, 2023

	Akwesasne Mohawk Board of Education	Akwesasne Mohawk Police	Department of Community & Social Services	Mohawk Government	Department of Health	Department of Justice	Department of Infrastructure & Housing	Dept. of Finance and Administration	Executive Services	Economic Development	Consolidated Totals
	<u>2023</u>	<u>2023</u>	<u>2023</u>	<u>2023</u>	<u>2023</u>	<u>2023</u>	<u>2023</u>	<u>2023</u>	<u>2023</u>	<u>2023</u>	<u>2023</u>
Revenues											
Federal Government	\$ 4,443,489	\$ 4,186,364	\$ 15,360,020	\$ 74,257	\$ 21,094,712	\$ 1,608,174	\$ 8,395,540	\$ -	\$ 51,406,799	\$ 2,119,521	\$ 108,688,876
Provincial Government	3,220,956	6,312,924	4,156,605	2,000	9,994,404	877,139	268,662	97,750	-	1,266,267	26,196,707
Other Revenues	<u>1,537,331</u>	<u>1,557,143</u>	<u>127,333</u>	<u>2,098,667</u>	<u>1,088,234</u>	<u>37,124</u>	<u>6,490,230</u>	<u>15,414,266</u>	<u>2,536,114</u>	<u>1,022,027</u>	<u>31,908,469</u>
Sub-total	9,201,776	12,056,431	19,643,958	2,174,924	32,177,350	2,522,437	15,154,432	15,512,016	53,942,913	4,407,815	166,794,052
Inter-Segment Eliminations	<u>-</u>	<u>(691,050)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,755,033)</u>	<u>(4,327,843)</u>	<u>-</u>	<u>(44,300)</u>	<u>(9,818,226)</u>
Total Revenues	<u>9,201,776</u>	<u>11,365,381</u>	<u>19,643,958</u>	<u>2,174,924</u>	<u>32,177,350</u>	<u>2,522,437</u>	<u>10,399,399</u>	<u>11,184,173</u>	<u>53,942,913</u>	<u>4,363,515</u>	<u>156,975,826</u>
Expenses											
Salaries & Benefits	12,818,834	8,917,571	6,057,165	375,858	12,791,156	1,595,089	5,348,044	2,936,741	2,957,587	1,134,044	54,932,089
Operating Costs	9,426,245	2,149,760	12,942,442	2,816,879	22,289,474	1,047,967	5,570,441	1,455,109	2,056,363	632,828	60,387,508
Rent	1,746,964	259,803	619,132	-	1,345,663	150,145	299,558	210,507	150,501	36,800	4,819,073
Amortization Expenses	388,938	411,326	151,641	1,761	250,943	13,250	3,163,605	28,405	252,279	-	4,662,148
Other Expenses	<u>514,157</u>	<u>489,022</u>	<u>398,872</u>	<u>8,156</u>	<u>612,174</u>	<u>140,679</u>	<u>901,099</u>	<u>477,946</u>	<u>255,293</u>	<u>103,365</u>	<u>3,900,763</u>
Sub-total	24,895,138	12,227,482	20,169,252	3,202,654	37,289,410	2,947,130	15,282,747	5,108,708	5,672,023	1,907,037	128,701,581
Inter-Segment Eliminations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(691,050)</u>	<u>-</u>	<u>(4,755,033)</u>	<u>(4,327,843)</u>	<u>-</u>	<u>(44,300)</u>	<u>(9,818,226)</u>
Total Expenses	<u>24,895,138</u>	<u>12,227,482</u>	<u>20,169,252</u>	<u>3,202,654</u>	<u>36,598,360</u>	<u>2,947,130</u>	<u>10,527,714</u>	<u>780,865</u>	<u>5,672,023</u>	<u>1,862,737</u>	<u>118,883,355</u>
Annual Surplus/(Deficit) before other item	<u>\$ (15,693,362)</u>	<u>\$ (862,101)</u>	<u>\$ (525,294)</u>	<u>\$ (1,027,730)</u>	<u>\$ (4,421,010)</u>	<u>\$ (424,693)</u>	<u>\$ (128,315)</u>	<u>\$ 10,403,308</u>	<u>\$ 48,270,890</u>	<u>\$ 2,500,778</u>	<u>\$ 38,092,471</u>

MOHAWK COUNCIL OF AKWESASNE
SCHEDULE 5 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE 2021 (unaudited)
YEAR ENDED MARCH 31, 2023

	Akwesasne Mohawk Board of Education <u>2022</u>	Akwesasne Mohawk Police <u>2022</u>	Department of Community & Social Services <u>2022</u>	Mohawk Government <u>2022</u>	Department of Health <u>2022</u>	Department of Justice <u>2022</u>	Department of Infrastructure & Housing <u>2022</u>	Dept. of Finance and Administration <u>2022</u>	Executive Services <u>2022</u>	Economic Development <u>2022</u>	Consolidated Totals <u>2022</u>
Revenues											
Federal Government	\$ 6,860,668	\$ 5,772,583	\$ 6,404,598	\$ 60,000	\$ 18,540,078	\$ 207,556	\$ 4,021,911	\$ 77,867	\$ 47,126,481	\$ 4,027,927	\$ 93,099,669
Provincial Government	3,136,540	3,015,761	4,047,404	31,953	11,207,971	636,706	420,911	72,250	955,776	2,425,030	25,950,302
Other Revenues	<u>978,330</u>	<u>927,020</u>	<u>86,799</u>	<u>2,345,038</u>	<u>941,831</u>	<u>17,568</u>	<u>6,094,997</u>	<u>3,840,460</u>	<u>1,528,581</u>	<u>706,712</u>	<u>17,467,336</u>
Sub-total	10,975,538	9,715,364	10,538,801	2,436,991	30,689,880	861,830	10,537,819	3,990,577	49,610,838	7,159,669	136,517,307
Inter-Segment Eliminations	<u>-</u>	<u>(750,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,646,707)</u>	<u>(3,906,288)</u>	<u>-</u>	<u>-</u>	<u>(9,302,995)</u>
Total Revenues	<u>10,975,538</u>	<u>10,465,364</u>	<u>10,538,801</u>	<u>2,436,991</u>	<u>30,689,880</u>	<u>861,830</u>	<u>5,891,112</u>	<u>84,289</u>	<u>49,610,838</u>	<u>7,159,669</u>	<u>127,214,312</u>
Expenses											
Salaries & Benefits	13,142,398	7,590,776	4,967,389	593,207	11,963,508	944,768	5,704,766	2,825,133	2,700,078	676,529	51,108,552
Operating Costs	10,426,957	1,414,623	7,021,411	2,201,391	19,763,672	400,739	5,161,041	1,274,352	1,659,327	672,604	49,996,117
Rent	1,680,549	284,112	847,102	-	1,105,448	112,175	280,021	205,336	137,377	2,000	4,654,120
Amortization Expenses	288,270	327,157	107,396	2,138	267,599	1,422	3,104,395	35,505	144,488	-	4,278,370
Other Expenses	<u>633,949</u>	<u>526,037</u>	<u>331,587</u>	<u>9,045</u>	<u>586,272</u>	<u>69,752</u>	<u>807,165</u>	<u>570,802</u>	<u>273,357</u>	<u>83,804</u>	<u>3,891,770</u>
Sub-total	26,172,123	10,142,705	13,274,885	2,805,781	33,686,499	1,528,856	15,057,388	4,911,128	4,914,627	1,434,937	113,928,929
Inter-Segment Eliminations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(750,000)</u>	<u>-</u>	<u>(4,646,707)</u>	<u>(3,906,288)</u>	<u>-</u>	<u>-</u>	<u>(9,302,995)</u>
Total Expenses	<u>26,172,123</u>	<u>10,142,705</u>	<u>13,274,885</u>	<u>2,805,781</u>	<u>32,936,499</u>	<u>1,528,856</u>	<u>10,410,681</u>	<u>1,004,840</u>	<u>4,914,627</u>	<u>1,434,937</u>	<u>104,625,934</u>
Annual Surplus/(Deficit) before other item	<u>\$ (15,196,585)</u>	<u>\$ 322,659</u>	<u>\$ (2,736,084)</u>	<u>\$ (368,790)</u>	<u>\$ (2,246,619)</u>	<u>\$ (667,026)</u>	<u>\$ (4,519,569)</u>	<u>\$ (920,551)</u>	<u>\$ 44,696,211</u>	<u>\$ 5,724,732</u>	<u>\$ 22,588,378</u>

MOHAWK COUNCIL OF AKWESASNE
SCHEDULE 6 - CONSOLIDATED STATEMENT OF CHANGES IN ACCUMULATED SURPLUS (unaudited)
YEAR ENDED MARCH 31, 2023

	Investment in property, plant and equipment	Investment in housing and housing construction loans	Internally restricted				Unrestricted accumulated operating surplus	<u>2023</u>	<u>2022</u>
			<u>ISC</u>	<u>OFNLP</u>	<u>Dundee Land Claim</u>	<u>Other</u>			
Balance at beginning of year	\$ <u>115,719,683</u>	\$ <u>5,717,153</u>	\$ <u>47,873,030</u>	\$ <u>34,803,278</u>	\$ <u>236,413,749</u>	\$ <u>15,229,410</u>	\$ <u>1,759,989</u>	\$ <u>457,516,292</u>	\$ <u>434,927,914</u>
Annual surplus (deficit) before transfers - allocated	16,387,169	-	17,520,427	1,843,385	6,225,778	1,578,204	(5,462,492)	38,092,471	22,588,378
Inter-fund transfer to (from) unrestricted	<u>(4,773,583)</u>	<u>(230,142)</u>	<u>(240,194)</u>	<u>-</u>	<u>-</u>	<u>(218,573)</u>	<u>5,462,492</u>	<u>-</u>	<u>-</u>
Net change in accumulated surplus for the year	<u>11,613,586</u>	<u>(230,142)</u>	<u>17,280,233</u>	<u>1,843,385</u>	<u>6,225,778</u>	<u>1,359,631</u>	<u>-</u>	<u>38,092,471</u>	<u>22,588,378</u>
Balance at end of year	\$ <u><u>127,333,269</u></u>	\$ <u><u>5,487,011</u></u>	\$ <u><u>65,153,263</u></u>	\$ <u><u>36,646,663</u></u>	\$ <u><u>242,639,527</u></u>	\$ <u><u>16,589,041</u></u>	\$ <u><u>1,759,989</u></u>	\$ <u><u>495,608,763</u></u>	\$ <u><u>457,516,292</u></u>