

**MOHAWKS OF THE BAY OF QUINTE  
CONSOLIDATED FINANCIAL STATEMENTS  
AS AT MARCH 31, 2021**

**MOHAWKS OF THE BAY OF QUINTE**  
**TABLE OF CONTENTS**  
**AS AT MARCH 31, 2021**

	<u>Page</u>
<b>MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING</b>	1
<b>INDEPENDENT AUDITOR'S REPORT</b>	2 - 3
<b>FINANCIAL STATEMENTS</b>	
Consolidated Funds Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Change in Net Assets	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 30
<b>BALANCE SHEETS BY FUND</b>	
Balance Sheet - Band Operations Fund	Statement 1
Balance Sheet - Housing Fund	Statement 2
Balance Sheet - Turton Penn	Statement 3
Balance Sheet - Capital Fund	Statement 4
Balance Sheet - Funds on Deposit with Indigenous Services Canada ("ISC")	Statement 5
Balance Sheet - OFNLP2008 Fund	Statement 6
<b>STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE BY FUND</b>	
Statement of Operations and Changes in Fund Balance - Band Operations Fund	Statement 7
Statement of Operations and Changes in Fund Balance - Housing Fund	Statement 8
Statement of Operations and Changes in Fund Balance - Turton Penn	Statement 9
Statement of Operations and Changes in Fund Balance - Capital Fund	Statement 10
Statement of Operations and Changes in Fund Balance - Funds on	
Deposit with Indigenous Services Canada	Statement 11
Statement of Operations and Changes in Fund Balance - OFNLP2008 Fund	Statement 12
Statement of Operations - Band Operations Fund	Statement 13
<b>STATEMENT OF CASH FLOWS BY FUND</b>	
Statement of Cash Flows - Band Operations Fund	Statement 14
Statement of Cash Flows - Housing Fund	Statement 15
Statement of Cash Flows - Turton Penn	Statement 16
Statement of Cash Flows - Capital Fund	Statement 17
Statement of Cash Flows - OFNLP2008 Fund	Statement 18

**MOHAWKS OF THE BAY OF QUINTE**  
**TABLE OF CONTENTS**  
**AS AT MARCH 31, 2021**

	<u>Page</u>
<b>STATEMENTS OF OPERATIONS BY PROGRAM</b>	
General Government - Administration	Statement A
Band Property Maintenance/Harvest Managers	Statement B
Fire	Statement C
Roads	Statement D
Parks and Recreation	Statement E
Economic & Employment Development	Statement F
Lands, Estates & Research	Statement G
Child Welfare	Statement H
Home Support	Statement I
Community Health	Statement J
Service Delivery - Social Assistance / Employment Support	Statement K
Social Assistance	Statement L
Day Care	Statement M
Homemakers	Statement N
Elementary/Secondary Instruction & Liaison	Statement O
Quinte Mohawk School Operations & Maintenance	Statement P
School Busing	Statement Q
Post Secondary Education	Statement R
Water/Sewer	Statement S
Student Employment Program	Statement T
Capital Programs	Statement U
Specific Purposes	Statement V
Library Operation	Statement W
Community Services Building	Statement X
National Native Alcohol & Drug Abuse Program	Statement Y
Fetal Alcohol Effects	Statement Z

**MOHAWKS OF THE BAY OF QUINTE**  
**TABLE OF CONTENTS**  
**AS AT MARCH 31, 2021**

	<u>Page</u>
<b>STATEMENTS OF OPERATIONS BY PROGRAM (Cont'd)</b>	
Aboriginal Healing & Wellness Strategy	Statement A1
Prenatal & Nutrition Program	Statement B1
Aboriginal Healing & Wellness - Shelter Operations	Statement C1
Police Office	Statement D1
Landfill Site	Statement E1
Management and Support	Statement F1
Aboriginal Head Start - Operations	Statement G1
Richmond Landfill Site	Statement H1
Home & Community Care	Statement I1
Aboriginal Diabetes Program	Statement J1
Healthy Babies/Healthy Children	Statement K1
Drinking Water Safety Program	Statement L1
Culbertson Tract Claim	Statement M1
Early Childhood Development	Statement N1
OHAHASE/HOPE Education	Statement O1
Tech Unit	Statement P1
Environmental Program	Statement Q1
Health Services Accreditation	Statement R1
Maternal Child Health	Statement S1
Fitness Centre	Statement T1
Demonstrated Mental Health	Statement U1
Mohawks Family Services Special Programs	Statement V1
Before and After School Program	Statement W1
Core Consultation Capacity Funding	Statement X1
Nation Building	Statement Y1
Fibre to the Home - Operations	Statement Z1

**MOHAWKS OF THE BAY OF QUINTE**  
**TABLE OF CONTENTS**  
**AS AT MARCH 31, 2021**

	<u>Page</u>
<b>STATEMENTS OF OPERATIONS BY PROGRAM (Cont'd)</b>	
Water Truck	Statement A2
Building Healthy Communities	Statement B2
Brighter Futures	Statement C2
Community Wellness Building	Statement D2
Ontario Diabetes Strategy	Statement E2
AIAI Diabetes Education	Statement F2
Youth Fundraising	Statement G2
Food Resource Centre	Statement H2
Children's Mental Health	Statement I2
Food For Learning	Statement J2
Administration Building Operations	Statement K2
Water Treatment Plant - Operations and Maintenance	Statement L2
Youth Suicide Prevention	Statement M2
Christ Church Renovations	Statement N2
Child Welfare - ISC Funded	Statement O2
CWWF Projects	Statement P2
Developing Our Future - FNIYES	Statement Q2
Life Promotions	Statement R2
Family Well-Being	Statement S2
Property Services	Statement T2
Community Climate Change	Statement U2
Home & Community Care - Ministry of Health	Statement V2
New Paths Language & Culture	Statement W2
AIAI Child Welfare & Family Revitalization	Statement X2
Right To Play	Statement Y2
AIAI Tobacco Research Project	Statement Z2

**MOHAWKS OF THE BAY OF QUINTE**  
**TABLE OF CONTENTS**  
**AS AT MARCH 31, 2021**

	<u>Page</u>
<b>STATEMENTS OF OPERATIONS BY PROGRAM (Cont'd)</b>	
AIAI Youth Council Support	Statement A3
Band Rep - ISC	Statement B3
Journey Together Program - Off Reserve	Statement C3
Journey Together Program - On Reserve	Statement D3
Primary Care	Statement E3
Crisis Mental Health	Statement F3
Victim Services	Statement G3
Beach Road Flood Rehabilitation	Statement H3
Watermain Distribution to Shannonville	Statement I3
Option Analysis	Statement J3
Labour Market Survey - Pilot Project	Statement K3
Community Centre Watermain Extension	Statement L3
COVID Funding	Statement M3
Fit Project Construction	Statement N3
Turton Penn Remediation	Statement O3
Phase 3 Water Distribution Project	Statement P3
Ohahase Retro-Fit Program	Statement Q3
Fire Hall Project	Statement R3
Medical Services Building	Statement S3
Airport Hanger Upgrades	Statement T3
Airport Road Reconstruction	Statement U3
Education Culture Language	Statement V3
York Road Reconstruction	Statement W3
Mental Health and Cannabis	Statement X3
Cannabis Project & Responsible Gambling	Statement Y3
DMAF Water Phase	Statement Z3

**MOHAWKS OF THE BAY OF QUINTE  
TABLE OF CONTENTS  
AS AT MARCH 31, 2021**

	<u>Page</u>
<b>STATEMENTS OF OPERATIONS BY PROGRAM (Cont'd)</b>	
North Street Watermain Extension	Statement A4
Indigenous Community Support - Infrastructure Projects	Statement B4
COVID-19 Emergency Mental Health and Addictions Support	Statement C4
FNIHB COVID-19 Mental Wellness Community Association	Statement D4
Health Canada COVID-19 - CWC	Statement E4
COVID Food Security	Statement F4
AIAI COVID-19 Respite - Mental Health Response	Statement G4
COVID-19 Vaccine Rollout Support	Statement H4
COVID Support Funding - LHIN	Statement I4
MBQ Elder & Disability Care Home - Pre Construction	Statement J4

**MOHAWKS OF THE BAY OF QUINTE  
TABLE OF CONTENTS  
AS AT MARCH 31, 2021**

	<u>Page</u>
<b>INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT</b>	
<b>SUPPLEMENTARY SCHEDULES</b>	
Due from Band Members - Housing Loans (Principal Only)	Schedule A
Due from Band Members - Other Loans and Receivables (Principal Only)	Schedule B
Due from Band Members - Business Loans (Principal Only)	Schedule C
Due from Band Members - Rental Arrears	Schedule D
Due from Band Members - Turton Penn - Housing Loans (Principal Only)	Schedule E
Schedule of Salaries, Honoraria, Travel Expenses and Other	
Remuneration Paid to Chief and Council	Schedule F
Schedules of Salaries and Travel Expenses Paid to Unelected Senior Officials	Schedule G
Schedule of Bank of Montreal - Loan Guarantees - Housing Loans/Others	Schedule H
Schedule of Bank of Montreal - Loan Guarantees - Business Loans	Schedule I
Schedule of Capital Fund and Reserve Transfers - Band Operations	Schedule J

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2021

The accompanying consolidated financial statements of the Mohawks of the Bay of Quinte and all the information in this annual report are the responsibility of management and have been approved by the Chief and Chief Administrative Officer on behalf of 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 Chartered Professional Accountants Canada. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments (see Measurement Uncertainty Page 10). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Mohawks of the Bay of Quinte maintain systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

The Mohawks of the Bay of Quinte is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. Council carries out this responsibility.

The Band Council reviews the consolidated financial statements and recommends their approval. 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 annual report, the consolidated financial statements and the external auditor's report. Council reports its findings when approving the consolidated financial statements for issuance to the Members. Council also considers, for review and approval by the members, the engagement of the external auditors.

The consolidated financial statements have been audited by Wilkinson & Company LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Wilkinson & Company LLP has full and free access to the Band Council.

Dale Marie

Chief

Nov 10, 2021

Mark

Chief Administrative Officer

## INDEPENDENT AUDITOR'S REPORT

To the Chief Council and Band Members of the  
Mohawks of the Bay of Quinte

### Opinion

We have audited the consolidated financial statements of Mohawks of the Bay of Quinte (the Band), which comprise the consolidated statement of financial position as at March 31, 2021 and the consolidated statements of operations, change in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Band as at March 31, 2021, and its results of operations, its changes in net assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of Chartered Professional Accountants Canada.

### 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 Band in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of Chartered Professional Accountants Canada 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 these consolidated financial statements, management is responsible for assessing the Band'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 Band, or to cease operations, or has no realistic alternative but to do so.

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

**INDEPENDENT AUDITOR'S REPORT  
(CONT'D)**

**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 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 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 Band'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 Band'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 Band 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 our audit.



BELLEVILLE, Canada  
November 10, 2021

Chartered Professional Accountants  
Licensed Public Accountants

**WILKINSON & COMPANY LLP - CHARTERED PROFESSIONAL ACCOUNTANTS**

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**MOHAWKS OF THE BAY OF QUINTE**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021**

	<b>2021</b> <b>Consolidated</b> \$	<b>2020</b> <b>Consolidated</b> \$
<b>FINANCIAL ASSETS</b>		
Cash - Note 4	<b>31,397,441</b>	25,891,878
Marketable securities - Note 5	<b>20,190,423</b>	16,790,785
Accounts receivable - Note 6	<b>23,845,086</b>	23,290,271
Due from Ernestown Windpark Limited Partnership - Note 7	<b></b>	39,484
Due from Loyalist Solar LP - Note 8	<b>54,376</b>	41,607
Investment in Loyalist Solar LP - Note 9	<b>11,350,784</b>	14,803,144
<u>Funds held in trust with Indigenous Services Canada - Note 10</u>	<b>578,865</b>	566,784
	<b>87,416,975</b>	81,423,953
<b>LIABILITIES</b>		
Community Development Fund Under Administration - Note 26	<b>2,926,457</b>	2,646,077
Accounts payable and accrued liabilities	<b>7,059,871</b>	6,668,502
Security deposits and prepaids	<b>185,426</b>	174,679
Deferred revenue - Note 12	<b>18,908,000</b>	11,908,758
Mortgage downpayments	<b>29,453</b>	17,453
Loans payable - Capital Fund and Operations Fund - Note 13, 14	<b>8,547,181</b>	7,972,212
<u>Loans payable - Yaote LS Solar Inc. - Note 15</u>	<b>13,694,568</b>	15,882,035
	<b>51,350,956</b>	45,269,716
<b>NET ASSETS</b>	<b>36,066,019</b>	36,154,237
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - Note 16	<b>98,565,046</b>	89,422,553
Prepaid expenses and inventories	<b>60,349</b>	74,394
<u>Deposits on purchase of golf course land and assets</u>	<b>2,440,000</b>	
	<b>101,065,395</b>	89,496,947
<b>ACCUMULATED SURPLUS - Note 22</b>	<b>137,131,414</b>	125,651,184
<b>CONTINGENCIES - Note 25</b>		

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

**MOHAWKS OF THE BAY OF QUINTE**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

	<b>2021</b>	<b>2020</b>
	<b>Budget</b>	<b>Actual</b>
	\$	\$
<b>REVENUES</b>		
Indigenous Services Canada	<b>26,909,264</b>	<b>22,793,005</b>
Health and Welfare	3,181,375	2,929,691
Canada Mortgage and Housing Corporation	290,843	471,255
Kagita Mikam		195,448
Other contributions from Federal government	14,984,999	191,763
Contributions from Province of Ontario	8,772,109	6,530,517
Association of Iroquois and Allied Indians	804,798	1,214,707
County of Hastings		113,029
Rental income - housing	1,178,352	1,126,919
Rental income - Turton Penn	51,800	7,800
Rental income - operations	305,845	293,183
Interest revenue	1,179,000	1,204,467
Program user fees/sales/insurance proceeds & other	13,655,427	3,070,894
Rental and lease income - Ottawa trust account		12,081
OFNLP2008 - Statement 12	7,206,678	4,600,621
Interest revenue on reserve funds		10,823
Yaote ET Wind Inc. - Note 23		69,261
Yaote LS Solar Inc. - Note 23	501,087	978,473
	<b>78,520,490</b>	<b>45,336,551</b>
	<b>48,115,415</b>	
<b>EXPENSES</b>		
Band operations	34,012,986	24,378,606
Housing projects	2,843,663	1,792,662
Turton Penn - Statement 9	51,800	29,100
OFNLP2008 - Statement 12	7,206,678	2,592,522
Amortization	3,336,754	3,556,013
Yaote ET Wind Inc. - Note 23		14,513
Yaote LS Solar Inc. - Note 23		1,492,905
	<b>47,451,881</b>	<b>33,856,321</b>
	<b>32,883,358</b>	
<b>ANNUAL SURPLUS</b>	<b>31,068,609</b>	<b>11,480,230</b>
<b>ACCUMULATED SURPLUS AT BEGINNING OF YEAR</b>	<b>125,651,184</b>	<b>125,651,184</b>
	<b>110,419,127</b>	
<b>ACCUMULATED SURPLUS AT END OF YEAR</b>	<b>156,719,793</b>	<b>137,131,414</b>
	<b>125,651,184</b>	

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

**MOHAWKS OF THE BAY OF QUINTE**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

	<b>2021</b>	2020
	<b>Budget</b>	<b>Actual</b>
	\$	\$
<b>ANNUAL SURPLUS</b>	<b>31,068,609</b>	<b>11,480,230</b>
Acquisition of tangible capital assets	(22,293,783)	(12,780,853)
Amortization of tangible capital assets	3,336,754	3,556,013
<u>Write-down/disposal of tangible capital assets</u>	<u>82,347</u>	<u>20,331</u>
	<b>12,111,580</b>	<b>2,337,737</b>
Decrease (increase) in prepaid expenses and inventories	14,045	(8,282)
<u>Deposits on purchase of golf course land and assets</u>	<u>(2,440,000)</u>	
	<b>(2,425,955)</b>	<b>(8,282)</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>12,111,580</b>	<b>(88,218)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>36,154,237</b>	<b>36,154,237</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>48,265,817</b>	<b>36,066,019</b>
	<b>36,154,237</b>	

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

**MOHAWKS OF THE BAY OF QUINTE**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

	<b>2021</b> <b>Actual</b> \$	<b>2020</b> <b>Actual</b> \$
<b>OPERATING ACTIVITIES</b>		
Annual Surplus	<b>11,480,230</b>	15,232,057
Adjustment for items which do not affect cash -		
Amortization	3,556,013	3,336,754
Interest earned on Reserve Funds	(10,823)	(36,095)
Investment income from Loyalist Solar LP	(496,500)	(973,000)
Write-down of tangible capital assets	82,347	20,331
Income earned on trust funds deposited with Indigenous Services Canada	(12,081)	(15,723)
Realized gain on investment	(189,123)	(158,126)
Amortized bond premiums - discounts	209,561	207,929
	<b>14,619,624</b>	17,614,127
Net change in non-cash working capital balances related to operations	<b>5,484,494</b>	(242,017)
<b>CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES</b>	<b>20,104,118</b>	17,372,110
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(12,780,853)	(15,803,579)
<b>INVESTING ACTIVITIES</b>		
Purchase of marketable securities	(4,509,332)	(9,318,842)
Proceeds on sale of marketable securities	1,089,256	3,564,550
(Increase) in loans receivable	(733,987)	(751,787)
Distributions from Loyalist Solar LP	3,948,860	831,005
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(205,203)</b>	(5,675,074)
<b>FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	1,421,428	2,572,467
Repayment of long-term debt	(3,033,927)	(805,988)
<b>CASH FLOWS PROVIDED FROM (USED IN) FINANCING ACTIVITIES</b>	<b>(1,612,499)</b>	1,766,479
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR YEAR</b>	<b>5,505,563</b>	(2,340,064)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>25,891,878</b>	28,231,942
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>31,397,441</b>	25,891,878
<b>REPRESENTED BY:</b>		
Cash	<b>31,397,441</b>	25,891,878
<b>SUPPLEMENTAL INFORMATION:</b>		
Interest paid	1,631,635	1,684,581

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

**MOHAWKS OF THE BAY OF QUINTE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021**

**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of Chartered Professional Accountants Canada.

**(a) Reporting Entity**

The Mohawks of the Bay of Quinte reporting entity includes the Mohawks of the Bay of Quinte First Nation government and all related entities that are:

- 1) Accountable for the administration of their financial affairs and resources directly to the First Nation; and
- 2) Owned or controlled by the First Nation.

This includes all aspects of the Band's operations including provision of social, educational, administrative and operational services.

The Tyendinaga Mohawk Council manages the affairs of the Mohawks of the Bay of Quinte government located on the Tyendinaga Mohawk Territory.

**(b) Internal Accounting**

The Band segregates its programs into funds which results in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions for the purposes of its internal accounting. The various funds have been combined for the purpose of presentation in the consolidated financial statements. Details of the operations of each fund are set out in the supplementary schedules. The Band maintains the following funds:

The *Band Operations Fund* which reports the general activities of the Band's Administration.

The *Housing Fund* which reports the social housing assets of the Band together with related activities.

The *Turton Penn* which reports the activities relating specifically to the Turton Penn property.

The *Capital Fund* which reports the tangible capital assets of the Band together with their related financing.

The *Trust Fund* which reports on trust funds owned by the Band and held by third parties.

The *OFNLP2008 Fund* which reports the activities relating specifically to the receipts of funds from the Ontario First Nations (2008) Limited Partnership, the subsequent investment income of these funds, and any approved expenditures.

**MOHAWKS OF THE BAY OF QUINTE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**(c) Reporting Entity and Principles of Financial Reporting**

All controlled entities are fully consolidated on a line-by-line basis. Interorganizational balances and transactions are eliminated upon consolidation.

Organizations consolidated in the Mohawks of the Bay of Quinte financial statements include:

- Yaote Holdings Limited
- Yaote ET Wind Inc.
- Yaote LS Solar Inc.
- 2821066 Ontario Inc.
- 2815751 Ontario Inc.
- 2815756 Ontario Inc.

The above organizations are owned 100% by Mohawks of the Bay of Quinte.

Yaote LS Solar Inc. has over 50% ownership of the Loyalist Solar LP partnership, which is a commercial enterprise that meets the definition of government business enterprise.

2815751 Ontario Inc. and 2815756 Ontario Inc. have formed the Mohawk Golf Course Limited Partnership, which is a commercial enterprise that meets the definition of a government business enterprise.

Government business enterprises are included in the consolidated financial statements on a modified equity basis. Under the modified equity basis, only the Band's investment in the government business enterprise and its share of net income of the government business enterprise are recorded in these financial statements. No adjustments have been made to these figures as a result of the accounting principles of the government business enterprise not conforming with the accounting principles used in the financial statements.

These consolidated financial statements do not include entities that receive their own funding from Indigenous Services Canada.

These consolidated financial statements consolidate the assets, liabilities, and results of operations for the following funds that use accounting principles which lend themselves to consolidation:

- Band Operations Fund
- Housing Fund
- Turton Penn
- Capital Fund
- Trust Fund - Funds on Deposit with Indigenous Services Canada
- OFNLP2008 Fund

All inter-fund receivable and payable balances, along with any transfers and expenditures have been eliminated on consolidation.

**MOHAWKS OF THE BAY OF QUINTE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**(d) Measurement Uncertainty**

In preparing the consolidated financial statements for the Mohawks of the Bay of Quinte, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include valuation of accounts receivable, inventories and the estimated useful life of tangible capital assets. Actual results could differ from those estimates.

**(e) Marketable Securities**

Marketable securities consist primarily of common and preferred shares, government treasury bills and corporate bonds with varying maturities and rates of interest. Marketable securities are carried at the lower of cost and market, where a decline in market value below cost is considered to be other than temporary in nature. Cost is determined on an average cost basis and market value is determined using quoted market prices on a portfolio basis.

**(f) Loans Receivable from Members**

All loans receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They have been classified as accounts receivable.

Loans are initially measured at fair value, net of loan origination fees and inclusive of transaction costs incurred.

Loans are subsequently measured at amortized cost, using the effective interest rate method, less any impairment losses.

Loans are reported at their recoverable amount representing the aggregate amount of principal, less any allowance or provision for impaired loans. Accrued interest is reported separately and is accounted for on the accrual basis for all loans.

If there is objective evidence that an impairment loss on member loans carried at amortized cost has incurred, the amount of the loss is measured as the difference between the loans carrying amount and the present value of expected cash flows discounted at the loans original effective interest rate. Short-term balances are not discounted.

The Band assesses whether objective evidence of impairment exists individually for financial assets that are individually significant.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of impairment loss is recognized in the annual surplus or deficit.

**MOHAWKS OF THE BAY OF QUINTE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**(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.

**(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 and landfill sites are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land improvements	15 to 40
Buildings and building improvements	10 to 40
Vehicles	5 to 15
Machinery and equipment	5 to 40
Water/wastewater infrastructure	45 to 75
Streetlights	30
Roads infrastructure	15 to 25
Bridges and major culverts	40

Landfill sites are amortized using the units of production method based upon capacity used during the year.

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

**(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) Natural Resources**

Natural resources that have not been purchased are not recognized as assets in the consolidated financial statements.

**(iv) Works of Art and Cultural and Historic Assets**

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

**MOHAWKS OF THE BAY OF QUINTE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**(g) Non-Financial Assets (Cont'd)**

**(v) Leased Tangible Capital Assets**

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

**(h) Inventories**

Inventories are valued at the lower of cost and net realizable value.

When the cost of inventories exceeds the net realizable value, the cost of inventories will be written down to net realizable value. Any such write-downs will be included in the cost of goods sold for the year of the write-down.

If circumstances or events lead to a subsequent increase in the net realizable value of the inventory that was written down, the amount of the write-down will be reversed and will reduce the cost of goods sold for the year of the reversal.

**(i) Revenue Recognition**

The Band follows the deferral method of accounting for contributions which include donations and government grants.

Revenue is recognized as it becomes receivable under terms of the applicable funding agreements. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt.

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 the transfer stipulations give rise to a liability and are recognized as revenue as the stipulation liabilities are settled.

Income from investments is recognized as revenue during the period in which it is earned or becomes payable.

**(j) Reserves**

Reserves represent funds appropriated for general and specific purposes and are charged or credited to operations in the year appropriated or drawn down.

**MOHAWKS OF THE BAY OF QUINTE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**(k) Financial Instruments**

**(i) Measurement of Financial Instruments**

The Band initially measures its financial assets and liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Band subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, marketable securities, accounts receivable, due from Ernestown Windpark Limited Partnership and due from Loyalist Solar LP.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and loans payable.

**(ii) Impairment**

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is reflected in the annual surplus (deficit). When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in the annual surplus (deficit), up to the amount previously recognized as impaired.

**(l) Cash and Equivalents**

Cash and equivalents consist of cash on deposit and bank term deposits in money market instruments with maturity dates of less than three months from the date they are acquired.

**MOHAWKS OF THE BAY OF QUINTE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021**

**2. FUTURE ACCOUNTING CHANGES**

**PS 3450 - Financial Instruments, PS 3041 - Portfolio Investments, PS 2601 - Foreign Currency Translation & PS 1201 - Financial Statement Presentation**

These Sections will be effective for fiscal years beginning on or after April 1, 2022. The main features of these sections include fair value measurement for derivatives and portfolio investments that are equity instruments quoted in an active market and the presentation of a change in the fair value of a financial instrument within a separate statement of remeasurement gains and losses. There are also greater disclosure requirements required by Section 3450.

**PS 3280 - Asset Retirement Obligations**

This Section defines asset retirement obligations and establishes standards for recognizing and measuring asset retirement obligations and allocating asset retirement costs. This Section is effective for fiscal periods beginning on or after April 1, 2022.

**PS 3400 - Revenue**

This Section establishes standards for recognition and measurement of revenue from transactions with performance obligations ("exchange transactions") and those without performance obligations ("non-exchange transactions"). This Section is effective for fiscal periods beginning on or after April 1, 2023.

**3. ECONOMIC DEPENDENCE**

The Mohawks of the Bay of Quinte receives a substantial portion of its revenues pursuant to a funding agreement with Indigenous Services Canada, Ontario First Nations (2008) Limited Partnership (OFNLP2008) and the Province of Ontario and accordingly, its continued operations are economically dependent on these sources of funding. ISC provided 50.3% of funding in the current year (2020 - 54.2%), OFNLP2008 provided 8.5% of funding (2020 - 9.5%) and the Province of Ontario provided 14.4% of funding (2020 - 13.5%).

**MOHAWKS OF THE BAY OF QUINTE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

**4. CASH**

Cash is comprised of the following:

	<b>2021</b>	<b>2020</b>
	\$	\$
Externally Restricted:		
Housing replacement reserve - CMHC	<u>1,778,344</u>	1,640,966
Internally Restricted:		
Community Development Fund	<u>2,657,256</u>	2,412,786
Turton Penn/Housing replacement reserve	<u>540,355</u>	485,784
	<u>3,197,611</u>	2,898,570
Unrestricted:		
Operating Fund	<u>20,909,141</u>	13,363,442
Housing Fund	<u>3,455,662</u>	3,718,733
Turton Penn	<u>511,192</u>	501,883
OFNLP2008 Fund	<u>1,360,782</u>	2,577,628
Yaote ET Wind Inc.	<u>49,548</u>	395,803
Yaote LS Solar Inc.	<u>135,161</u>	794,853
	<u>26,421,486</u>	21,352,342
<b>Total Cash</b>	<b><u>31,397,441</u></b>	<b>25,891,878</b>

**5. MARKETABLE SECURITIES**

As set out in Note 1(e), the Band values marketable securities at cost except where there is a decline in market value below cost which is considered to be other than temporary in nature. The cost values and market values of marketable securities as at March 31, 2021 are as follows:

	<b>2021</b>		<b>2020</b>	
	Cost	Market	Cost	Market
	\$	Value	\$	Value
Equities	4,906,120	6,929,571	3,898,377	4,490,516
Bonds	<u>15,284,303</u>	<u>15,929,540</u>	<u>12,892,408</u>	<u>13,854,814</u>
	<u>20,190,423</u>	<u>22,859,111</u>	<u>16,790,785</u>	<u>18,345,330</u>

**MOHAWKS OF THE BAY OF QUINTE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

**6. ACCOUNTS RECEIVABLE**

Accounts receivable consists of the following:

	<b>2021</b>	2020
	\$	\$
Due from Members:		
Housing loans	<b>21,073,553</b>	20,255,417
Housing loans - Turton Penn	526,622	626,083
Accrued interest - Housing loans	275,155	271,322
Rental arrears	32,488	23,373
Other loans and receivables	493,185	477,873
Other loans and receivables - Turton Penn	543	1,674
Business loans	<b>5,881</b>	5,881
	<b>22,407,427</b>	21,661,623
Less: Allowance for doubtful accounts	<b>588,208</b>	588,208
	<b>21,819,219</b>	21,073,415
Due from Others:		
Government of Canada	1,280,336	1,300,502
Provincial government	722,496	258,399
Accrued interest receivable	164,881	107,454
Other accounts receivable (net of other payables)	<b>(141,846)</b>	550,501
	<b>2,025,867</b>	2,216,856
Total Accounts Receivable	<b>23,845,086</b>	23,290,271

**7. DUE FROM ERNESTOWN WINDPARK LIMITED PARTNERSHIP**

Yaote Holdings Limited is a wholly-owned subsidiary of the Band which holds investments in Yaote ET Wind Inc. and Yaote LS Solar Inc. Yaote ET Wind Inc. has an investment in the Ernestown Windpark Limited Partnership ("Ernestown LP") wind power project. The assets of the subsidiaries have been consolidated for financial statement purposes and the receivable from Ernestown LP was repaid during the year.

Based on the contract between the parties, Ernestown LP will pay Yaote ET Wind Inc. from its profits, in priority to any other distributions to Limited Partners, a cumulative annual distribution of \$50,000, such amount to be payable after payment of indebtedness. In addition to this, Ernestown LP shall pay an annual amount to Yaote ET Wind Inc. from its profits in priority to any other distributions to Limited Partners, after payment of indebtedness, an Overproduction Payment that is not able to be estimated at this time. During the March 31, 2021 year, the Overproduction Payment was \$1,444 (2020 - \$NIL).

**MOHAWKS OF THE BAY OF QUINTE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

**8. DUE FROM LOYALIST SOLAR LP**

Yaote Holdings Limited is a wholly-owned subsidiary of the Band which holds investments in Yaote ET Wind Inc. and Yaote LS Solar Inc. Yaote LS Solar Inc. has an investment in Loyalist Solar LP's solar power project. The assets of the subsidiaries have been consolidated for financial statement purposes and the receivable from Loyalist Solar LP is an unsecured, non-interest bearing advance without fixed terms of repayment.

Based on the contract between the parties, after payment of indebtedness, Loyalist Solar LP shall pay a quarterly amount to Yaote LS Solar Inc. from its profits in priority to other distributions to Limited Partners, in the form of a Participation Payment which is estimated at \$200,000 annually. During the March 31, 2021 year, the Participation Payments were \$268,488 (2020 - \$231,005) with \$54,376 (2020 - \$41,607) of this received subsequent to year-end. The Participation Payments are recognized as a reduction of the Investment in Loyalist Solar LP.

**9. INVESTMENT IN LOYALIST SOLAR LP**

Loyalist Solar LP is a Limited Partnership owned 50% by Yaote LS Solar Inc. Yaote LS Solar Inc. is a wholly owned subsidiary of Yaote Holdings Limited. Yaote Holdings Limited is a wholly owned subsidiary of Mohawks of the Bay of Quinte. Loyalist Solar LP is a Limited Partnership formed to design, develop, construct, finance and operate a solar-powered electricity-generating facility in Ontario. The carrying value of this investment accounted for, using the modified equity method, is \$11,350,784 (2020 - \$14,803,144). Loyalist Solar LP has a December 31 year end and the financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

During the year, Mohawks of the Bay of Quinte through Yaote LS Solar Inc. (bare trustee corporation) received \$3,948,860 of partnership distributions from its investment in Loyalist Solar LP, with \$268,488 received in cash and \$3,680,372 applied to the outstanding loan payable to BluEarth Renewables Partnership described in Note 15.

Subsequent to year-end, Mohawks of the Bay of Quinte through Yaote LS Solar Inc. received a \$255,026 partnership distribution from its investment in Loyalist Solar LP. The proceeds from the distributions were adjusted to service the outstanding loan payable to BluEarth Renewables Partnership described in Note 15.

**MOHAWKS OF THE BAY OF QUINTE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

**9. INVESTMENT IN LOYALIST SOLAR LP (Cont'd)**

The following table presents condensed financial information for this government business enterprise:

	<b>December 31, 2020</b> \$ (000's)	<b>December 31, 2019</b> \$ (000's)
<b>ASSETS</b>		
Cash	1,736	7,935
Accounts receivable	815	745
Property, plant and equipment	166,669	172,559
Other assets	2,593	2,745
	<b>171,813</b>	<b>183,984</b>
<b>LIABILITIES</b>		
Accounts payable	6,107	6,242
Long-term debt	125,680	131,406
Other liabilities	15,127	15,070
	<b>146,914</b>	152,718
<b>EQUITY</b>		
	<b>24,899</b>	31,266
	<b>171,813</b>	<b>183,984</b>
Revenue	15,131	11,522
Expenses	14,138	9,576
	<b>NET INCOME</b>	<b>993</b>
	<b>171,813</b>	<b>183,984</b>

Mohawks of the Bay of Quinte's investment in Loyalist Solar LP is determined as follows:

	<b>2021</b> \$	2020 \$
Opening balance	14,803,144	14,661,149
Purchase of partnership units	(3,948,860)	(831,005)
Partner distributions	496,500	973,000
Share of earnings	<b>11,350,784</b>	<b>14,803,144</b>

**MOHAWKS OF THE BAY OF QUINTE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021**

**10. FUNDS HELD IN TRUST WITH INDIGENOUS SERVICES CANADA**

Trust Fund accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act. Amounts held are reflected in Statement 5 of these consolidated financial statements.

**11. CREDIT FACILITIES**

The Band has a Demand Loan Revolving Credit Facility whereby it can borrow up to \$500,000 from the Bank of Montreal. Advances exceeding \$25,000 require a specific Mohawk Council Resolution. This credit facility is reduced by the issuance of any letters of credit. At year end, the facility was not being utilized and bank indebtedness is \$Nil.

The Band also has a Demand Term Loan Non-Revolving Credit Facility whereby it can borrow up to \$3,900,000 from the Bank of Montreal to assist with construction of a Fire Hall. The interest rate and repayment terms are to be determined at the time of advance. Maximum term and amortization is ten years and 300 months respectively. At year end, the funds had not yet been advanced.

**MOHAWKS OF THE BAY OF QUINTE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

**12. DEFERRED REVENUE**

Deferred revenue consists of portions of the following grants from Indigenous Services Canada, the Province of Ontario and others for which the related expenditures were not yet made as at March 31, 2021.

	Funding Received	Revenue Recognized	
	2020 \$	2021 \$	2021 \$
<i>Indigenous Services Canada</i>			
Minor Capital	47,897	17,729	30,168
Deseronto Water Treatment Plant	11,181	11,181	
Solar Design	33,206		33,206
Water Treatment Plant	637,220		637,220
Post Secondary	3,701,388	3,156,093	545,295
Climate Change	33,788	33,788	
Child Welfare - Band Rep	213,083	189,830	110,963
New Paths	199,858	8,602	191,256
Community Centre Upgrades	62,708		62,708
Developing Our Future	200,464	79,392	81,749
QMS Instructional	3,665	1,061,694	1,022,026
Ohahase Instructional	381,202	218,110	195,627
Child Welfare	2,231,482	1,078,170	191,243
Solar Construction	872,657	80,205	792,452
Ohahase	48,526	387,806	229,920
Financial Management -			
Capacity Development	10,000		10,000
Flood	21,686	19,763	1,923
Water System Option Analysis	44,819		44,819
Turton Penn Remediation	313,828	313,828	
Watermain Distribution to Shannonville	2,223,070	2,223,070	
Beach Road Flood Rehabilitation	881,906	881,906	
Roads and Bridges	223,682	405,052	405,096
Phase 3 Project	846,716	8,229,018	4,190,743
Transformation Funding	90,246	88,030	2,216
New Paths	343,137	338,921	682,058
QMS Operations	128,473	898,446	587,994
Enhanced Housing Allocation	346,372	524,664	299,607
Capital - New Housing	180,916	180,916	
Lands Estates & Research	51,697	234,394	155,243
Ohahase Renovations		146,182	13,741
Capital Programs		337,274	242,689
Enhanced Water & Sewer		518,879	94,585
Indigenous Community Support -			
Infrastructure	774,000	64,752	709,248
COVID-19 Funding	2,187,444	1,152,004	1,035,440
COVID-19 Safe Restart/Reopening Funding	541,601		541,601
Family Violence Prevention Program	38,000		38,000
Asset Management Program	40,000	2,043	37,957
Other	102,969	949,946	869,272
	10,786,454	22,880,211	17,070,336
			16,596,329

**MOHAWKS OF THE BAY OF QUINTE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

**12. DEFERRED REVENUE (Cont'd)**

	2020	Funding Received 2021	Revenue Recognized 2021	2021
	\$	\$	\$	\$
<i>Others</i>				
Alai - Tobacco Strategy	9,094		9,094	
Alai - COVID-19 Reopening				
Funding		28,696	16,659	12,037
Aboriginal Labour Force				
Development Circle	21,194			21,194
County of Lennox & Addington	54,419	187,835	165,745	76,509
Shelter Fundraising	57,794	302	20,170	37,926
Ontario Diabetes Strategy	238		9	229
Home and Community				
Prosper Canada	20,000		10,891	9,109
Food Resource Centre	3,477	33,448	13,708	23,217
Child Welfare/other projects	14,769		6,800	7,969
Ministry of Transportation	74,372			74,372
Youth Fundraising	25,369	10,075	22,807	12,637
Financial Management Board	25,000			25,000
LHINS Strategy	30,001			30,001
Hastings Food for Learning	44,498	34,029	23,807	54,720
Various COVID-19 funds	151,857	10,714	162,571	
Health Canada	545,446	3,576,830	2,582,139	1,540,137
Project Management		154,397	131,028	23,369
Ministry of Children, Community				
and Social Services		183,756		183,756
Ministry of Health Home &				
Community Care		169,843	166,541	3,302
Ministry of Education		59,190	29,190	30,000
Other miscellaneous	44,776	309,370	207,959	146,187
	1,122,304	4,758,485	3,569,118	2,311,671
<b>Total deferred revenue</b>	<b>11,908,758</b>	<b>27,638,696</b>	<b>20,639,454</b>	<b>18,908,000</b>
<b>REPRESENTED BY:</b>				
Housing Fund	180,916			571,429
Band Operations Fund	11,727,842			18,336,571
	11,908,758			<b>18,908,000</b>

**MOHAWKS OF THE BAY OF QUINTE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

**13. LOANS PAYABLE - CAPITAL FUND**

	<b>2021</b>	2020
	\$	\$
<i>Capital Fund - CMHC Projects</i>		
Mortgage payable, Canada Mortgage and Housing Corporation - 2.70%, due October, 2023 repayable over 25 years with blended monthly instalments of \$4,209, secured by a guarantee agreement from Indigenous Services Canada.	<b>125,910</b>	172,368
Mortgage payable, Canada Mortgage and Housing Corporation - 0.75%, due December, 2024, repayable over 25 years with blended monthly instalments of \$5,541, secured by a guarantee agreement from Indigenous Services Canada.	<b>245,816</b>	310,107
Mortgage payable, Canada Mortgage and Housing Corporation - 0.27%, due October, 2021, repayable over 25 years with blended monthly instalments of \$2,265, secured by a guarantee agreement from Indigenous Services Canada.	<b>130,450</b>	156,584
Mortgage payable, Canada Mortgage and Housing Corporation - 0.76% due December, 2025, repayable over 25 years with blended monthly instalments of \$4,434, secured by a guarantee agreement from Indigenous Services Canada.	<b>471,004</b>	520,247
Mortgage payable, Canada Mortgage and Housing Corporation - 0.96%, due March, 2026, repayable over 25 years with blended monthly instalments of \$4,776, secured by a guarantee agreement from the Indigenous Services Canada.	<b>750,632</b>	801,302
Mortgage payable, Canada Mortgage and Housing Corporation - 2.50%, due June 2023, repayable over 25 years with blended monthly instalments of \$11,810, secured by a guarantee agreement from the Indigenous Services Canada.	<b>1,986,130</b>	2,077,327
Mortgage payable, Canada Mortgage and Housing Corporation - 1.67%, due July 2024, repayable over 25 years with blended monthly instalments of \$4,403, secured by a guarantee agreement from Indigenous Services Canada.	<b>996,557</b>	1,032,117
	<b>4,706,499</b>	5,070,052

**MOHAWKS OF THE BAY OF QUINTE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

**13. LOANS PAYABLE - CAPITAL FUND (Cont'd)**

	<b>2021</b>	2020
	\$	\$
Balance carried forward	<b>4,706,499</b>	5,070,052
<i>Capital Fund - Administration Building Loan</i>		
Fixed rate term loan agreement with the Bank of Montreal, bearing interest at 1.68%, due November, 2024, repayable over 4 years with blended monthly instalments of principal and interest totalling \$43,137, secured by an assignment of insurance.	<b>1,791,283</b>	2,274,189
	<b>6,497,782</b>	7,344,241

Principal repayments on these loans over the next five years are as follows:

	\$
2022	963,982
2023	847,467
2024	2,539,343
2025	1,331,155
2026	815,835
	<b>6,497,782</b>
	<b>2021</b>
	\$
Interest expense for the year on Note 13 loans payable	<b>138,730</b>
	<b>166,195</b>

**MOHAWKS OF THE BAY OF QUINTE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

**14. LOANS PAYABLE - OPERATIONS FUND**

Loans payable within the Operations Fund consist as follows:

	<b>2021</b>	2020
	\$	\$
<i>Operations Fund - Mohawk Golf Course Loan</i>		
Fixed rate term loan agreement with the Bank of Montreal, bearing interest at 2.15%, due March, 2026, repayable over 5 years with blended monthly instalments of principal and interest totalling \$6,156.	1,200,000	
<i>Operations Fund - Government of Canada</i>		
Culbertson Loan - original	473,271	473,271
Culbertson Loan - 17/18 advance	154,700	154,700
Culbertson Loan - 20/21 advance	134,560	
Turton Penn Lease Loss of Use Loan	86,868	
	<hr/> <b>2,049,399</b>	<hr/> 627,971

**Culbertson Loan**

During a prior year, the Tyendinaga Mohawk Council signed a loan with Indigenous Services Canada with respect to research, development and negotiation costs of its specific claim relating to the Culbertson Land Tract Settlement. During a prior year, a supplemental loan agreement was signed, with the Band being advanced a further \$154,700. During the current year, a supplemental loan agreement was signed, with the Band being advanced a further \$134,560. At March 31, 2021, total funds advanced under these loan agreements amounted to \$762,531. The non-interest bearing loans are payable at the earliest of March 31, 2025 or a settlement date.

**Turton Penn Lease Loss of Use Loan**

During the year, the Tyendinaga Mohawk Council signed a loan with Indigenous Services Canada with respect to its specific claim regarding the Turton Penn Lease Loss of Use Settlement. As at March 31, 2021, total funds advanced under this loan agreement amounted to \$86,868. The non-interest bearing loans are payable at the earliest of March 31, 2025 or a settlement date.

**MOHAWKS OF THE BAY OF QUINTE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

**14. LOANS PAYABLE - OPERATIONS FUND (Cont'd)**

**Mohawk Golf Course Loan**

Principal repayments on this loan over the next five years are as follows:

	\$		
2022	<b>48,551</b>		
2023	<b>49,605</b>		
2024	<b>50,682</b>		
2025	<b>51,783</b>		
<u>2026</u>	<b><u>999,379</u></b>		
	<b>1,200,000</b>		
		<b>2021</b>	<b>2020</b>
		\$	\$
Interest expense for the year on Note 14 loans payable		<b>NIL</b>	<b>NIL</b>

**15. LOANS PAYABLE - YAOTE LS SOLAR INC.**

Loans payable by Yaote LS Solar Inc. consist as follows:

	2021	2020
	\$	\$
BluEarth Renewables Partnership	<b>13,694,568</b>	<b>15,882,035</b>

**BluEarth Renewables Partnership Loan**

Fixed rate term loan agreement with BluEarth Renewables Partnership, bearing interest at 11%, due April 2039, repayable through distributions from the Loyalist Solar LP government business enterprise referred to in Note 9 (no set payments), secured by the partnership units owned by Yaote LS Solar Inc. in Loyalist Solar LP. Under the agreement, any outstanding portion remaining after 20 years will be forgiven. The current portion of the loan payable is variable based on the distribution payments to be applied to the loan. As repayment terms are not fixed, scheduled payments have not been disclosed.

	2021	2020
	\$	\$
Interest expense for the year on Note 15 loans payable	<b>1,492,905</b>	<b>1,518,386</b>

**MOHAWKS OF THE BAY OF QUINTE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

**16. TANGIBLE CAPITAL ASSETS**

Cost	Balance at March 31, 2020	Additions	Disposals/ Transfers	Balance at March 31, 2021
	\$	\$	\$	\$
Land	1,667,547			<b>1,667,547</b>
Land improvements	6,366,995			<b>6,366,995</b>
Buildings and building improvements	35,997,219	2,341,804		<b>38,339,023</b>
Vehicles	4,300,183	854,768	304,127	<b>4,850,824</b>
Machinery and equipment	7,875,053	120,887		<b>7,995,940</b>
Water/wastewater infrastructure	37,180,703			<b>37,180,703</b>
Roads infrastructure	31,378,101	4,344,264		<b>35,722,365</b>
Bridges and major culverts	3,088,285			<b>3,088,285</b>
Streetlights	237,762			<b>237,762</b>
Assets under construction	16,686,314	8,025,670	2,906,540	<b>21,805,444</b>
<b>Total</b>	<b>144,778,162</b>	<b>15,687,393</b>	<b>3,210,667</b>	<b>157,254,888</b>

Accumulated Amortization	Balance at March 31, 2020	Disposals	Amortization Expense	Balance at March 31, 2021
	\$	\$	\$	\$
Land improvements	2,453,618		206,110	<b>2,659,728</b>
Buildings and building improvements	12,724,220		1,018,231	<b>13,742,451</b>
Vehicles	3,206,770	221,780	352,707	<b>3,337,697</b>
Machinery and equipment	3,860,068		342,080	<b>4,202,148</b>
Water/wastewater infrastructure	4,345,822		758,490	<b>5,104,312</b>
Roads infrastructure	26,234,876		816,919	<b>27,051,795</b>
Bridges and major culverts	2,324,293		56,739	<b>2,381,032</b>
Streetlights	205,942		4,737	<b>210,679</b>
<b>Total</b>	<b>55,355,609</b>	<b>221,780</b>	<b>3,556,013</b>	<b>58,689,842</b>

**MOHAWKS OF THE BAY OF QUINTE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

**16. TANGIBLE CAPITAL ASSETS (Cont'd)**

	Net Book Value March 31, 2021 \$	Net Book Value March 31, 2020 \$
Land	1,667,547	1,667,547
Land improvements	3,707,267	3,913,377
Buildings and building improvements	24,596,572	23,272,999
Vehicles	1,513,127	1,093,413
Machinery and equipment	3,793,792	4,014,985
Water/wastewater infrastructure	32,076,391	32,834,881
Roads infrastructure	8,670,570	5,143,225
Bridges and major culverts	707,253	763,992
Streetlights	27,083	31,820
Assets under construction	21,805,444	16,686,314
<b>Total</b>	<b>98,565,046</b>	<b>89,422,553</b>

**(a) Assets Under Construction**

Assets under construction having a value of \$21,805,444 (2020 - \$16,686,314) have not been amortized. Amortization of these assets will commence when the asset is put into service.

**(b) 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.

**(c) Works of Art and Historical Treasures**

The Band manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at Band sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

**MOHAWKS OF THE BAY OF QUINTE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

**17. RESERVE FOR BUS REPLACEMENT**

The changes in the reserve for busing during the year are as follows:

	<b>2021</b>	2020
	\$	\$
Balance - Beginning of year	<b>200,195</b>	203,384
Add:		
Transfer from school busing - amortization charges	<b>102,474</b>	105,176
	<b>302,669</b>	308,560
Less:		
Transfer to school busing for acquisition of buses	<b>(107,100)</b>	(108,365)
	<b>195,569</b>	200,195

**18. RESERVE FOR BUILDING REPLACEMENT**

In accordance with an agreement with Canada Mortgage and Housing Corporation relating to the construction of rental housing projects, the Band is required to establish a building replacement reserve in an annual amount of \$86,400 (2020 - \$86,400). This reserve is comprised of the following:

	<b>2021</b>	2020
	\$	\$
Balance - Beginning of year	<b>673,360</b>	639,039
Add:		
Allocation for year	<b>86,400</b>	86,400
Interest	<b>3,819</b>	11,863
	<b>763,579</b>	737,302
Less:		
Approved expenditures	<b>(38,003)</b>	(63,942)
	<b>725,576</b>	673,360

**MOHAWKS OF THE BAY OF QUINTE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

**19. RESERVE FOR OPERATING SURPLUS**

CMHC Projects - Operating and Maintenance Surplus

This reserve is comprised of the following:

	<b>2021</b>	2020
	\$	\$
Balance - Beginning of year	<b>933,256</b>	882,062
Add:		
Interest	4,523	16,453
Due from Housing	<b>105,602</b>	34,741
<b>Balance - End of year</b>	<b>1,043,381</b>	<b>933,256</b>

**20. RESERVE FOR TURTON PENN AND HOUSING REPLACEMENT**

	<b>2021</b>	2020
	\$	\$
Balance - Beginning of year	<b>486,307</b>	419,828
Add:		
Interest	2,482	7,779
Allocation for year	<b>58,700</b>	<b>58,700</b>
	<b>61,182</b>	<b>66,479</b>
<b>Balance - End of year</b>	<b>547,489</b>	<b>486,307</b>

**21. DISCRETIONARY FUND**

	<b>2021</b>	2020
	\$	\$
Balance - Beginning of year	<b>50,126</b>	50,126
No change during year	<b>NIL</b>	<b>NIL</b>
<b>Balance - End of year</b>	<b>50,126</b>	<b>50,126</b>

**MOHAWKS OF THE BAY OF QUINTE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

**22. ACCUMULATED SURPLUS**

	<b>2021</b>	<b>2020</b>
	\$	\$
<b>Restricted:</b>		
Equity in CMHC Replacement Reserve Fund	725,576	673,360
Equity in CMHC Operating Reserve Fund	<u>1,043,381</u>	933,256
	<b><u>1,768,957</u></b>	<b><u>1,606,616</u></b>
 <b>Internally Restricted:</b>		
Equity in Bus Replacement Fund	195,569	200,195
Equity in Discretionary Fund	50,126	50,126
Equity in Housing Replacement Fund	538,403	477,962
Equity in Turton Penn Replacement Fund	<u>9,086</u>	8,345
	<b><u>793,184</u></b>	<b><u>736,628</u></b>
 <b>Unrestricted:</b>		
Equity in Capital Assets Fund	92,067,264	82,078,312
Equity in Operating Fund	87,479	131,669
Equity in Housing Fund	23,229,540	22,528,287
Equity in Turton Penn Fund	1,211,035	1,195,921
Equity in OFNLP2008 Fund	18,492,029	16,966,836
Yaote ET Wind Inc. - Note 23	137,310	82,562
Yaote LS Solar Inc. - Note 23	<u>(1,234,249)</u>	(242,431)
	<b><u>133,990,408</u></b>	<b><u>122,741,156</u></b>
Equity in Trust Funds held by Federal Government	<u>578,865</u>	566,784
<b>Total Accumulated Surplus</b>	<b><u>137,131,414</u></b>	<b><u>125,651,184</u></b>

**MOHAWKS OF THE BAY OF QUINTE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

**23. ACCUMULATED SURPLUS - YAOTE ET WIND INC. AND YAOTE LS SOLAR INC.**

The accumulated surplus attributed to Yaote ET Wind Inc. is comprised of the following:

	<b>2021</b>	2020
	\$	\$
<b>REVENUES</b>		
Ernestown LP	66,961	80,000
Interest revenue	2,300	2,581
	<b>69,261</b>	<b>82,581</b>
<b>EXPENSES</b>		
Professional fees	14,513	44,020
Bank charges	20	20
	<b>14,513</b>	<b>44,040</b>
<b>ANNUAL SURPLUS</b>		
	<b>54,748</b>	38,541
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>		
	<b>82,562</b>	44,021
<b>ACCUMULATED SURPLUS - END OF YEAR</b>		
	<b>137,310</b>	<b>82,562</b>

The accumulated surplus attributed to Yaote LS Solar Inc. is comprised of the following:

	<b>2021</b>	2020
	\$	\$
<b>REVENUES</b>		
Investment income from Loyalist Solar LP	496,500	973,000
Interest revenue	4,587	5,473
	<b>501,087</b>	<b>978,473</b>
<b>EXPENSES</b>		
Interest expense	1,492,905	1,518,386
Bank charges	18	18
	<b>1,492,905</b>	<b>1,518,404</b>
<b>ANNUAL DEFICIT</b>		
	<b>(991,818)</b>	(539,931)
<b>ACCUMULATED DEFICIT - BEGINNING OF YEAR</b>		
	<b>(242,431)</b>	297,500
<b>ACCUMULATED DEFICIT - END OF YEAR</b>		
	<b>(1,234,249)</b>	<b>(242,431)</b>

**MOHAWKS OF THE BAY OF QUINTE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021**

**24. FUNDS ON DEPOSIT WITH INDIGENOUS SERVICES CANADA**

The funds on deposit with Indigenous Services Canada reported in these consolidated financial statements include \$54,098 relating to the Turton Penn lease. Band Council does not recognize the validity of this lease. Under the terms of the Turton Penn lease which began in the 19th century, certain lands comprising part of the Tyendinaga Mohawk Territory were leased to non-aboriginal people with the consideration consisting of 30 barrels of flour. The funds held by Indigenous Services Canada represent the accumulated monetary value of this commodity. By Mohawk Council Resolution No. 105 dated March 6, 1990, the Tyendinaga Mohawk Council does not recognize the payment of these monies to reinstate the lease to the Mohawks of the Bay of Quinte and are currently in the process of having them deleted from their Ottawa revenue account.

Commencing in 1990, Indigenous Services Canada has provided statements of which Indigenous Services Canada deposited further sums of \$16,515 in a separate account which monies also pertain to the Turton Penn lease. The amounts are not included in these consolidated financial statements as Tyendinaga Mohawk Council does not recognize these monies as funds belonging to the Mohawks of the Bay of Quinte.

Indigenous Services Canada has completed an environmental assessment on the western third of the Turton Penn leasehold area and that portion of Hastings County Road #2 within the eastern two-thirds of the Turton Penn leasehold area. Ontario and Canada must pass required Orders in Council to release \$1.2 million to the ISC Capital trust funds of the Mohawks of the Bay of Quinte.

**25. CONTINGENCIES**

*Contingent assets*

Subsequent to year-end, the Tyendinaga Mohawk Territory community members voted to ratify a partial settlement of the Culbertson Land Tract claim for approximately one third of the tract as well as cash proceeds. Current estimates of these proceeds are approximately \$30,000,000 including land of approximately 300 acres. At the time that these financial statements were finalized, the exact amount of the proceeds could not be determined. These amounts are not included in the financial statements.

*Contingent liabilities*

The Mohawks of the Bay of Quinte has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the Band fails to comply with the terms and conditions of the agreements.

As of March 31, 2021, the Band has guaranteed loans totalling \$13,847,651 (principal balance) for housing purposes. All required payments under the loans have been made to date.

As of March 31, 2021, the Band has not guaranteed any On-Reserve Commercial loans.

The Band has been named as a defendant or is involved in one lawsuit, the outcome of which is not determinable at this time, and as such, no estimate can be made with respect to the amount of possible loss.

**MOHAWKS OF THE BAY OF QUINTE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

**26. COMMUNITY DEVELOPMENT FUND UNDER ADMINISTRATION**

	<b>2021</b>	2020
	\$	\$
Balance - Beginning of year	<b>2,646,077</b>	2,372,212
Add:		
Cigarette quota - Administration fee	271,326	264,836
Interest	<b>12,308</b>	40,857
	<b>283,634</b>	305,693
Less:		
Expenditures	<b>(3,254)</b>	(31,828)
Balance - End of year	<b>2,926,457</b>	2,646,077

**27. RELATED PARTY TRANSACTIONS**

The Band entered into the following transactions with key management personnel, which are defined by PS 2200 - Related Party Disclosures, as personnel that could include:

- directors or members of the governing body of the Band, where that body has authority and responsibility for planning, directing and controlling the activities of the Band; and
- senior management of the entity, including the chief executive or permanent head and senior management group who have the day-to-day responsibility for managing the Band's activities and operations, and who have been delegated authority and executive powers to implement the planning, directing and controlling decisions and initiatives of the governing body.

	<b>2021</b>	2020
	\$	\$
<b>Compensation</b>		
Salaries and benefits	<b>805,465</b>	744,693
Pension/CPP	<b>62,400</b>	63,167
Honoraria to Chief and Councilors	<b>176,280</b>	137,380

Amounts owing from and to key management personnel (excluding compensation due and accrued) at March 31, 2021 are \$333,562 (2020 - \$214,071) and \$Nil (2020 - \$Nil) respectively. The amounts owing from related parties are subject to regular payment terms for Band members and are included in accounts receivable.

**MOHAWKS OF THE BAY OF QUINTE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021**

**28. FINANCIAL RISKS AND CONCENTRATION OF RISK**

The Band has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include credit risk, market (other price) risk, interest rate risk and liquidity risk. Other price risk arises from changes in interest rates, foreign currency exchange rates and market prices.

**Credit Risk**

Credit risk is the risk of financial loss if a debtor fails to make payments of interest and principal when due.

The Band is exposed to this risk relating to its debt holdings in its investment portfolio. This risk is mitigated through the Band's investment policy which follows the investment policy as outlined under the Ontario First Nations Limited Partnership Agreement. All fixed income portfolios are monitored by management on a monthly basis.

Accounts receivable are short-term in nature and are not subject to material credit risk. The maximum exposure to credit risk and concentration of this risk are limited to the carrying value of these instruments.

There have been no significant changes from the previous period in the exposure to risk or policies used to measure risk.

**Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk, and equity risk.

The Band's investment policy operates within the guidelines as required by the Ontario First Nations Limited Partnership.

**Currency Risk**

Currency risk relates to the Band operating in different currencies and converting non-Canadian revenue at different points in time at different foreign exchange levels when adverse changes in foreign currency exchange rates occur.

The Band holds marketable securities that are denominated in a foreign currency, and thus is exposed to the financial risk of earnings fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates. The marketable securities are of a short-term nature and management does not believe they represent a significant risk to the Band. The Band does not currently use derivative instruments to reduce its exposure to foreign currency risk.

There have been no significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure this risk.

**MOHAWKS OF THE BAY OF QUINTE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

**28. FINANCIAL RISKS AND CONCENTRATION OF RISK (Cont'd)**

**Interest Rate Risk**

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The Band is exposed to interest rate risk through its interest-bearing investments. As prevailing interest rates increase or decrease, the market value of the interest-bearing investments will change.

The Band is also exposed to interest rate risk through its credit facility discussed in Note 11 to these consolidated financial statements. As at year end, the interest rate risk from this credit facility is not significant, as it is not being utilized.

The Band is also exposed to interest rate risk on its loans payable with a carrying value of \$7,697,782 (2020 - \$7,344,241), as detailed in Note 13 to these consolidated financial statements. Changes in the market rate of interest will affect the fair market value of the loans payable. This risk is mitigated as the Band's maturity dates on these loans payable are spread out over several years and the Band's intention is to hold these instruments to maturity.

There have been no significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure the risk.

**Equity Risk**

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Band is exposed to this risk through its equity holdings within its investment portfolio.

The Band's investment policy operates within the guidelines as required by the Ontario First Nations Limited Partnership, which mitigates this risk.

**Liquidity Risk**

Liquidity risk is the risk that the Band will not be able to meet all cash outflow obligations as they come due. The Band mitigates this risk by monitoring cash activities and expected outflows.

There have been no significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure the risk.

**29. BUDGETED FIGURES**

Unaudited budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Band.

**MOHAWKS OF THE BAY OF QUINTE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021**

**30. COVID-19**

Since the beginning of calendar year 2020, a virus known as Coronavirus (COVID-19) has caused a world-wide pandemic, including being present in Canada. The pandemic has had a considerable impact both globally and locally, which has the potential to create financial stress on the Band.

At the time that these financial statements were finalized, the full financial impact of the effects of COVID-19 on the Band could not be determined, however the Band has not seen a decrease in funding and it is expected that distributions from OFNLP2008 will be reduced.

**31. SUBSEQUENT EVENT**

In April, 2021, Mohawks of the Bay of Quinte, through its wholly-owned subsidiaries 2821066 Ontario Inc. and 2815751 Ontario Inc., acquired the land and assets respectively of the Briar Fox Golf and Country Club for \$2,320,000 plus legal fees and other closing costs.