

**MOHAWKS OF THE BAY OF QUINTE
CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2022**

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2022

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.

 Chief

 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, 2022 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, 2022, 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.

Wilkinson & Company LLP

BELLEVILLE, Canada
April 27, 2023

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, 2022

	2022 Consolidated \$	2021 Consolidated \$
FINANCIAL ASSETS		
Cash - Note 4	53,424,030	31,397,441
Marketable securities - Note 5	23,218,882	20,190,423
Accounts receivable - Note 6	27,266,610	23,845,086
Due from Loyalist Solar LP - Note 8	45,811	54,376
Investment in Loyalist Solar LP - Note 9	10,226,063	11,350,784
Funds held in trust with Indigenous Services Canada - Note 10	591,115	578,865
	114,772,511	87,416,975
LIABILITIES		
Community Development Fund Under Administration - Note 26	3,209,597	2,926,457
Accounts payable and accrued liabilities	9,295,470	7,059,871
Security deposits and prepaids	190,648	185,426
Deferred revenue - Note 12	43,788,066	18,908,000
Mortgage downpayments	13,693	29,453
Loans payable - Capital Fund and Operations Fund - Note 13, 14	12,540,507	8,547,181
Loans payable - Yaote LS Solar Inc. - Note 15	13,380,144	13,694,568
	82,418,125	51,350,956
NET ASSETS	32,354,386	36,066,019
NON-FINANCIAL ASSETS		
Tangible capital assets - Note 16	124,446,878	98,565,046
Prepaid expenses and inventories	103,635	60,349
Deposits on purchase of golf course land and assets		2,440,000
	124,550,513	101,065,395
ACCUMULATED SURPLUS - Note 22	156,904,899	137,131,414
CONTINGENCIES - Note 25		

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, 2022**

	Budget	2022	2021
	\$	Actual	Actual
		\$	\$
REVENUES			
Indigenous Services Canada	24,797,520	30,391,587	22,793,005
Health and Welfare	2,406,343	3,573,750	2,929,691
Canada Mortgage and Housing Corporation	301,370	346,017	471,255
Kagita Mikam			195,448
Other contributions from Federal government	19,855,115	3,120,246	191,763
Contributions from Province of Ontario	9,445,229	7,962,229	6,530,517
Association of Iroquois and Allied Indians	875,679	1,213,055	1,214,707
County of Hastings		45,840	113,029
Rental income - housing	1,191,581	1,110,144	1,126,919
Rental income - Turton Penn	46,000	7,800	7,800
Rental income - operations	347,130	353,727	293,183
Interest revenue	1,115,000	1,375,647	1,204,467
Program user fees/sales/insurance proceeds & other	8,424,276	4,324,133	3,070,894
Rental and lease income - Ottawa trust account		12,251	12,081
OFNLP2008 - Statement 12	2,664,500	3,368,427	4,600,621
Interest revenue on reserve funds		14,186	10,823
Yaote ET Wind Inc. - Note 23		50,337	69,261
Yaote LS Solar Inc. - Note 23		919,019	501,087
Mohawk Golf Course Limited Partnership - Note 23		821,599	
	71,469,743	59,009,994	45,336,551
EXPENSES			
Band operations	31,210,697	27,971,910	24,378,606
Housing projects	2,524,582	1,556,377	1,792,662
Turton Penn - Statement 9	46,000	29,284	29,100
OFNLP2008 - Statement 12	2,664,500	3,270,511	2,592,522
Amortization	3,556,013	4,145,929	3,556,013
Yaote ET Wind Inc. - Note 23		234	14,513
Yaote LS Solar Inc. - Note 23		1,504,994	1,492,905
2821066 Ontario Inc. - Note 23		23,511	
Mohawk Golf Course Limited Partnership (less amortization) - Note 23		733,759	
	40,001,792	39,236,509	33,856,321
ANNUAL SURPLUS	31,467,951	19,773,485	11,480,230
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	137,131,414	137,131,414	125,651,184
ACCUMULATED SURPLUS AT END OF YEAR	168,599,365	156,904,899	137,131,414

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, 2022**

	Budget	2022	2021
	\$	Actual	Actual
		\$	\$
ANNUAL SURPLUS	31,467,951	19,773,485	11,480,230
Acquisition of tangible capital assets	(40,041,193)	(30,027,761)	(12,780,853)
Amortization of tangible capital assets	3,556,013	4,145,929	3,556,013
Write-down/disposal of tangible capital assets			82,347
	(5,017,229)	(6,108,347)	2,337,737
Decrease (increase) in prepaid expenses and inventories		(43,286)	14,045
Deposits on purchase of golf course land and assets		2,440,000	(2,440,000)
	NIL	2,396,714	(2,425,955)
INCREASE (DECREASE) IN NET ASSETS	(5,017,229)	(3,711,633)	(88,218)
NET ASSETS AT BEGINNING OF YEAR	36,066,019	36,066,019	36,154,237
NET ASSETS AT END OF YEAR	31,048,790	32,354,386	36,066,019

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, 2022**

	2022 Actual \$	2021 Actual \$
OPERATING ACTIVITIES		
Annual Surplus	19,773,485	11,480,230
Adjustment for items which do not affect cash -		
Amortization	4,145,929	3,556,013
Interest earned on Reserve Funds	(14,186)	(10,823)
Investment income from Loyalist Solar LP	(917,500)	(496,500)
Write-down of tangible capital assets		82,347
Income earned on trust funds deposited with		
Indigenous Services Canada	(12,251)	(12,081)
Realized gain on investment	(360,811)	(189,123)
Amortized bond premiums - discounts	187,197	209,561
	22,801,863	14,619,624
Net change in non-cash working capital balances related to operations	26,354,593	5,484,494
CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES	49,156,456	20,104,118
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(30,027,761)	(12,780,853)
INVESTING ACTIVITIES		
Purchase of marketable securities	(6,236,346)	(4,509,332)
Proceeds on sale of marketable securities	3,381,501	1,089,256
(Increase) in loans receivable	31,617	(733,987)
Distributions from Loyalist Solar LP	2,042,221	3,948,860
CASH FLOWS USED IN INVESTING ACTIVITIES	(781,007)	(205,203)
FINANCING ACTIVITIES		
Proceeds from long-term debt	5,089,160	1,421,428
Repayment of long-term debt	(1,410,259)	(3,033,927)
CASH FLOWS PROVIDED FROM (USED IN) FINANCING ACTIVITIES	3,678,901	(1,612,499)
NET INCREASE IN CASH AND CASH EQUIVALENTS FOR YEAR	22,026,589	5,505,563
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	31,397,441	25,891,878
CASH AND CASH EQUIVALENTS - END OF YEAR	53,424,030	31,397,441
REPRESENTED BY:		
Cash	53,424,030	31,397,441
SUPPLEMENTAL INFORMATION:		
Interest paid	1,663,485	1,631,635

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, 2022**

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, 2022**

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 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, 2022**

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, 2022**

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, 2022**

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. Program user fees/sales/insurance proceeds & other is recognized in the period in which the fees/sales/proceeds are earned. Rental income is recognized monthly as accommodations are provided to tenants. OFNLP2008 revenue includes income from investments and revenue recognized under funding agreement.

(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, 2022**

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, 2022**

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 51.5% of funding in the current year (2021 - 50.3%), OFNLP2008 provided 5.7% of funding (2021 - 8.5%) and the Province of Ontario provided 13.4% of funding (2021 - 14.4%).

**MOHAWKS OF THE BAY OF QUINTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

4. CASH

Cash is comprised of the following:

	2022	2021
	\$	\$
Externally Restricted:		
Housing replacement reserve - CMHC	1,987,182	1,778,344
Internally Restricted:		
Community Development Fund	2,940,118	2,657,256
Turton Penn/Housing replacement reserve	595,153	540,355
	3,535,271	3,197,611
Unrestricted:		
Operating Fund	39,583,617	20,909,141
Housing Fund	5,531,891	3,455,662
Turton Penn	785,822	511,192
OFNLP2008 Fund	1,286,436	1,360,782
Yaote ET Wind Inc.	99,650	49,548
Yaote LS Solar Inc.	402,286	135,161
Mohawk Golf Course Limited Partnership	211,875	
	47,901,577	26,421,486
Total Cash	53,424,030	31,397,441

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, 2022 are as follows:

	2022		2021	
	Cost	Market	Cost	Market
	\$	Value	\$	Value
Equities	5,886,950	8,267,769	4,906,120	6,929,571
Bonds	17,331,932	16,823,938	15,284,303	15,929,540
	23,218,882	25,091,707	20,190,423	22,859,111

**MOHAWKS OF THE BAY OF QUINTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

6. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2022 \$	2021 \$
Due from Members:		
Housing loans	21,074,216	21,073,553
Housing loans - Turton Penn	502,442	526,622
Accrued interest - Housing loans	269,210	275,155
Rental arrears	31,162	32,488
Other loans and receivables	485,085	493,185
Other loans and receivables - Turton Penn	(812)	543
Business loans	5,881	5,881
	22,367,184	22,407,427
Less: Allowance for doubtful accounts	588,208	588,208
	21,778,976	21,819,219
Due from Others:		
Government of Canada	5,476,532	1,280,336
Provincial government	651,728	722,496
Accrued interest receivable	235,274	164,881
Other accounts receivable (net of other payables)	(877,436)	(141,846)
Other accounts receivable - Mohawk Golf Course LP	1,536	
	5,487,634	2,025,867
Total Accounts Receivable	27,266,610	23,845,086

Housing loans due from members are mortgages secured by the properties mortgaged. Housing loans have various repayment dates and are repaid at various amounts depending on the mortgage. Mortgages issued are repaid over 25 years and bear interest at 6%.

7. DUE FROM ERNESTOWN WINDPARK LIMITED PARTNERSHIP

Yaote ET Wind Inc. is a wholly-owned subsidiary of the Band which 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.

**MOHAWKS OF THE BAY OF QUINTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

7. DUE FROM ERNESTOWN WINDPARK LIMITED PARTNERSHIP (Cont'd)

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, 2022 year, the Overproduction Payment was \$337 (2021 - \$1,444).

8. DUE FROM LOYALIST SOLAR LP

Yoate LS Solar Inc. is a wholly-owned subsidiary of the Band which 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, 2022 year, the Participation Payments were \$257,042 (2021 - \$268,488) with \$45,811 (2021 - \$54,376) 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 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 \$10,226,063 (2021 - \$11,350,784). 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 \$2,042,221 of partnership distributions from its investment in Loyalist Solar LP, with \$257,042 received in cash and \$1,785,179 applied to 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, 2022**

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

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

	December 31, 2021 \$ (000's)	December 31, 2020 \$ (000's)
ASSETS		
Cash	649	1,736
Accounts receivable	855	815
Property, plant and equipment	159,662	166,669
Other assets	2,442	2,593
	163,608	171,813
LIABILITIES		
Accounts payable	6,619	6,107
Long-term debt	119,719	125,680
Other liabilities	14,106	15,127
	140,444	146,914
EQUITY		
	23,164	24,899
	163,608	171,813
Revenue	15,679	15,131
Expenses	13,844	14,138
NET INCOME	1,835	993

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

	2022 \$	2021 \$
Opening balance	11,350,784	14,803,144
Purchase of partnership units		
Partner distributions	(2,042,221)	(3,948,860)
Share of earnings	917,500	496,500
	10,226,063	11,350,784

**MOHAWKS OF THE BAY OF QUINTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

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.

MOHAWKS OF THE BAY OF QUINTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

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, 2022.

	2021	Funding Received 2022	Revenue Recognized 2022	2022
	\$	\$	\$	\$
<i>Indigenous Services Canada</i>				
Minor Capital	30,168	35,503	45,639	20,032
Solar Design	33,206			33,206
Water Treatment Plant	637,220		637,220	
Post Secondary	545,295	3,225,395	3,770,690	
Child Welfare - Band Rep	291,950		87,363	204,587
New Paths	191,256		10,000	181,256
Community Centre Upgrades	62,708		62,708	
Developing Our Future	198,107		185,014	13,093
QMS Instructional	43,333	1,061,694	1,105,027	
Ohahase Instructional	403,685	410,041	172,888	640,838
Child Welfare	3,118,409	347,684	577,815	2,888,278
CWJI Program Ongoing Funds		2,089,460		2,089,460
CWJI Program One-time Funds		10,370,597		10,370,597
Construction - Solar and Long Term Care	792,452		131,077	661,375
Ohahase	206,412	275,327	231,739	250,000
Financial Management -				
Capacity Development	10,000			10,000
Flood	1,923			1,923
Water System Option Analysis	44,819		44,819	
Roads and Bridges	223,638	2,543,175	1,027,471	1,739,342
Phase 3 Project	4,884,991	6,398,962	11,283,953	
Transformation Funding	2,216		2,216	
New Paths	682,058	335,552		1,017,610
QMS Operations	438,925	29,464	468,389	
Enhanced Housing Allocation	571,429		501,441	69,988
Lands Estates & Research	155,243	194,903	136,259	213,887
Ohahase Renovations	132,441			132,441
Capital Programs	94,585	336,028	417,040	13,573
Enhanced Water & Sewer	253,971	221,386	368,152	107,205
Indigenous Community Support -				
Infrastructure	709,248		568,325	140,923
COVID-19 Funding	1,035,440	1,699,348	836,759	1,898,029
COVID-19 Safe Restart/Reopening Funding	541,601	239,933	429,641	351,893
School Formula Financial Assistance		119,935	34,035	85,900
Family Violence Prevention Program	38,000		38,000	
Asset Management Program	37,957		16,928	21,029
Band Support Funding		972,461	457,450	515,011
Fire Truck Purchase		1,316,250		1,316,250
In Home and Community Care		203,173	39,021	164,152
Other	183,643	901,916	970,770	114,789
	16,596,329	33,328,187	24,657,849	25,266,667

MOHAWKS OF THE BAY OF QUINTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

12. DEFERRED REVENUE (Cont'd)

	2021	Funding Received 2022	Revenue Recognized 2022	2022
	\$	\$	\$	\$
<i>Others</i>				
AIAI - Tobacco Strategy		46,666		46,666
AIAI - Reopening	12,037	50,000	19,424	42,613
AIAI - Child Welfare		178,701		178,701
AIAI - Mental Health		33,531		33,531
AIAI - Shelter		476,151	349,858	126,293
Aboriginal Labour Force Development Circle	21,194	585,748		606,942
County of Lennox & Addington	76,509	273,043	281,616	67,936
Shelter Fundraising	37,926	4,600		42,526
Ontario Diabetes Strategy	229		229	
Prosper Canada	9,109		9,109	
Food Resource Centre	23,217		23,217	
Child Welfare/other projects	7,969			7,969
Ministry of Transportation	74,372		11,187	63,185
Youth Fundraising	12,637	1,651	4,696	9,592
Financial Management Board	25,000			25,000
LHINS Strategy	30,001			30,001
Hastings Food for Learning	54,720		1,600	53,120
Health Canada	1,540,137	4,371,897	3,032,812	2,879,222
Infrastructure Canada		9,647,909	1,691,448	7,956,461
Project Management	23,369		23,369	
Ministry of Children, Community and Social Services	183,756	172,268	184,533	171,491
Ministry of Health Home & Community Care	3,302		3,302	
Ministry of Education	30,000		30,000	
CMHC Rapid Housing		5,670,759	2,004	5,668,755
Economic Diversification Grant		150,000	15,200	134,800
Roads budget		432,641	370,493	62,148
Long Term Care Donations		78,000		78,000
Community Food Centre Canada		50,000	4,500	45,500
Second Harvest		50,000		50,000
Other miscellaneous	146,187	123,173	128,413	140,947
	2,311,671	22,396,738	6,187,010	18,521,399
Total deferred revenue	18,908,000	55,724,925	30,844,859	43,788,066
REPRESENTED BY:				
Housing Fund	571,429			5,738,744
Band Operations Fund	18,336,571			38,049,322
	18,908,000			43,788,066

**MOHAWKS OF THE BAY OF QUINTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

13. LOANS PAYABLE - CAPITAL FUND

	2022	2021
	\$	\$
<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.	78,199	125,910
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.	180,940	245,816
Mortgage payable, Canada Mortgage and Housing Corporation - 0.98%, due January, 2026, repayable over 25 years with blended monthly instalments of \$2,299, secured by a guarantee agreement from Indigenous Services Canada.	103,787	130,450
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.	421,198	471,004
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.	700,290	750,632
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.	1,892,756	1,986,130
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.	984,993	996,557
	4,362,163	4,706,499

**MOHAWKS OF THE BAY OF QUINTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

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

	2022 \$	2021 \$
Balance carried forward	4,362,163	4,706,499
<i>Capital Fund - CMHC Projects (Cont'd)</i>		
Mortgage payable, Canada Mortgage and Housing Corporation - Due on demand with no set repayment terms secured by a guarantee agreement from Indigenous Services Canada.	701,856	
<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.	1,299,881	1,791,283
<i>Capital Fund - Firehall Loan</i>		
Fixed rate term loan agreement with the Bank of Montreal, bearing interest at 3.04%, due November, 2028, repayable over 7 years with blended monthly instalments of principal and interest totalling \$39,607, secured by an assignment of insurance.	2,817,674	
	9,181,574	6,497,782

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

	\$	
2023	1,968,569	
2024	2,970,919	
2025	1,800,276	
2026	1,268,815	
2027	443,332	
Thereafter	729,663	
	9,181,574	
	2022 \$	2021 \$
Interest expense for the year on Note 13 loans payable	119,256	138,730

**MOHAWKS OF THE BAY OF QUINTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

14. LOANS PAYABLE - OPERATIONS FUND

Loans payable within the Operations Fund consist as follows:

	2022	2021
	\$	\$
<i>Operations Fund - Mohawk Golf Course</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.	1,151,449	1,200,000
Fixed rate term loan agreement with the Bank of Montreal, bearing interest at 2.28%, due June, 2026, repayable over 5 years with blended monthly instalments of principal and interest totalling \$7,270.	1,358,085	
<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	134,560
Turton Penn Lease Loss of Use Loan	86,868	86,868
	3,358,933	2,049,399

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 a prior year, a supplemental loan agreement was signed, with the Band being advanced a further \$134,560. At March 31, 2022, 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, 2022, 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, 2022**

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

Mohawk Golf Course

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

	\$	
2022	106,611	
2023	108,996	
2024	111,433	
2025	1,060,397	
2026	1,122,097	
	<hr/>	
	2,509,534	
	<hr/>	
	2022	2021
	\$	\$
Interest expense for the year on Note 14 loans payable	49,995	NIL
	<hr/>	<hr/>

15. LOANS PAYABLE - YAOTE LS SOLAR INC.

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

	2022	2021
	\$	\$
BluEarth Renewables Partnership	13,380,144	13,694,568
	<hr/>	<hr/>

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.

	2022	2021
	\$	\$
Interest expense for the year on Note 15 loans payable	1,494,234	1,492,905
	<hr/>	<hr/>

MOHAWKS OF THE BAY OF QUINTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

16. TANGIBLE CAPITAL ASSETS

Cost	Balance at March 31, 2021 \$	Additions \$	Disposals/ Transfers \$	Balance at March 31, 2022 \$
Land	1,667,547	1,240,000		2,907,547
Land improvements	6,366,995			6,366,995
Buildings and building improvements	38,339,023	5,788,135	96,430	44,030,728
Vehicles	4,850,824	111,600		4,962,424
Machinery and equipment	7,995,940	812,766		8,808,706
Water/wastewater infrastructure	37,180,703	272,520		37,453,223
Roads infrastructure	35,722,365	409,353		36,131,718
Bridges and major culverts	3,088,285			3,088,285
Streetlights	237,762			237,762
Assets under construction	21,805,444	21,802,998	409,611	43,198,831
Total	157,254,888	30,437,372	506,041	187,186,219

Accumulated Amortization	Balance at March 31, 2021 \$	Disposals \$	Amortization Expense \$	Balance at March 31, 2022 \$
Land improvements	2,659,728		196,049	2,855,777
Buildings and building improvements	13,742,451	96,430	1,204,779	14,850,800
Vehicles	3,337,697		378,744	3,716,441
Machinery and equipment	4,202,148		476,632	4,678,780
Water/wastewater infrastructure	5,104,312		785,742	5,890,054
Roads infrastructure	27,051,795		1,044,303	28,096,098
Bridges and major culverts	2,381,032		56,739	2,437,771
Streetlights	210,679		2,941	213,620
Total	58,689,842	96,430	4,145,929	62,739,341

**MOHAWKS OF THE BAY OF QUINTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

16. TANGIBLE CAPITAL ASSETS (Cont'd)

	Net Book Value March 31, 2022 \$	Net Book Value March 31, 2021 \$
Land	2,907,547	1,667,547
Land improvements	3,511,218	3,707,267
Buildings and building improvements	29,179,928	24,596,572
Vehicles	1,245,983	1,513,127
Machinery and equipment	4,129,926	3,793,792
Water/wastewater infrastructure	31,563,169	32,076,391
Roads infrastructure	8,035,620	8,670,570
Bridges and major culverts	650,514	707,253
Streetlights	24,142	27,083
Assets under construction	43,198,831	21,805,444
Total	124,446,878	98,565,046

(a) Assets Under Construction

Assets under construction having a value of \$43,198,831 (2021 - \$21,805,444) 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, 2022**

17. RESERVE FOR BUS REPLACEMENT

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

	2022	2021
	\$	\$
Balance - Beginning of year	195,569	200,195
Add:		
Transfer from school busing - amortization charges	106,286	102,474
	301,855	302,669
Less:		
Transfer to school busing for acquisition of buses	(111,600)	(107,100)
Balance - End of year	190,255	195,569

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 (2021 - \$86,400). This reserve is comprised of the following:

	2022	2021
	\$	\$
Balance - Beginning of year	725,576	673,360
Add:		
Allocation for year	86,400	86,400
Interest	5,140	3,819
	817,116	763,579
Less:		
Approved expenditures		(38,003)
Balance - End of year	817,116	725,576

**MOHAWKS OF THE BAY OF QUINTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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19. RESERVE FOR OPERATING SURPLUS

CMHC Projects - Operating and Maintenance Surplus

This reserve is comprised of the following:

	2022 \$	2021 \$
Balance - Beginning of year	1,043,381	933,256
Add:		
Interest	5,762	4,523
Due from Housing		105,602
Due from Housing	79,592	
Balance - End of year	1,128,735	1,043,381

20. RESERVE FOR TURTON PENN AND HOUSING REPLACEMENT

	2022 \$	2021 \$
Balance - Beginning of year	547,489	486,307
Add:		
Interest	3,284	2,482
Allocation for year	58,700	58,700
	61,984	61,182
Balance - End of year	609,473	547,489

21. DISCRETIONARY FUND

	2022 \$	2021 \$
Balance - Beginning of year	50,126	50,126
No change during year	NIL	NIL
Balance - End of year	50,126	50,126

**MOHAWKS OF THE BAY OF QUINTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

22. ACCUMULATED SURPLUS

	2022 \$	2021 \$
Restricted:		
Equity in CMHC Replacement Reserve Fund	817,116	725,576
Equity in CMHC Operating Reserve Fund	1,128,735	1,043,381
	1,945,851	1,768,957
Internally Restricted:		
Equity in Bus Replacement Fund	190,255	195,569
Equity in Discretionary Fund	50,126	50,126
Equity in Housing Replacement Fund	599,632	538,403
Equity in Turton Penn Replacement Fund	9,840	9,086
	849,853	793,184
Unrestricted:		
Equity in Capital Assets Fund	112,719,085	92,067,264
Equity in Operating Fund	1,839	87,479
Equity in Housing Fund	23,193,745	23,229,540
Equity in Turton Penn Fund	1,224,148	1,211,035
Equity in OFNLP2008 Fund	18,041,516	18,492,029
Yaote ET Wind Inc. - Note 23	187,413	137,310
Yaote LS Solar Inc. - Note 23	(1,820,224)	(1,234,249)
2821066 Ontario Inc. - Note 23	(23,511)	
Mohawk Golf Course Limited Partnership - Note 23	(5,931)	
	153,518,080	133,990,408
Equity in Trust Funds held by Federal Government	591,115	578,865
Total Accumulated Surplus	156,904,899	137,131,414

**MOHAWKS OF THE BAY OF QUINTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

23. ACCUMULATED SURPLUS - SUBSIDIARIES

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

	2022 \$	2021 \$
REVENUES		
Ernestown LP	50,000	66,961
Interest revenue	337	2,300
	50,337	69,261
EXPENSES		
Professional fees		14,513
Bank charges	234	
	234	14,513
ANNUAL SURPLUS	50,103	54,748
ACCUMULATED SURPLUS - BEGINNING OF YEAR	137,310	82,562
ACCUMULATED SURPLUS - END OF YEAR	187,413	137,310

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

	2022 \$	2021 \$
REVENUES		
Investment income from Loyalist Solar LP	917,500	496,500
Interest revenue	1,519	4,587
	919,019	501,087
EXPENSES		
Interest expense	1,494,234	1,492,905
Professional fees	10,760	
	1,504,994	1,492,905
ANNUAL DEFICIT	(585,975)	(991,818)
ACCUMULATED DEFICIT - BEGINNING OF YEAR	(1,234,249)	(242,431)
ACCUMULATED DEFICIT - END OF YEAR	(1,820,224)	(1,234,249)

**MOHAWKS OF THE BAY OF QUINTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

23. ACCUMULATED SURPLUS - SUBSIDIARIES (Cont'd)

The accumulated surplus attributed to 2821066 Ontario Inc. is comprised of the following:

	2022	2021
	\$	\$
REVENUES	NIL	NIL
EXPENSES		
Interest expense	23,511	
ANNUAL SURPLUS (DEFICIT)	(23,511)	NIL
ACCUMULATED SURPLUS - BEGINNING OF YEAR	NIL	NIL
ACCUMULATED SURPLUS (DEFICIT) - END OF YEAR	(23,511)	NIL

The accumulated surplus attributed to Mohawk Golf Course Limited Partnership is comprised of the following:

	2022	2021
	\$	\$
REVENUES		
Sales	821,599	NIL
EXPENSES		
Salaries and benefits	230,101	
Professional fees	225,601	
Amortization	93,771	
Interest Expense	25,323	
Other	252,734	
	827,530	NIL
ANNUAL SURPLUS (DEFICIT)	(5,931)	NIL
ACCUMULATED SURPLUS - BEGINNING OF YEAR	NIL	NIL
ACCUMULATED SURPLUS (DEFICIT) - END OF YEAR	(5,931)	NIL

**MOHAWKS OF THE BAY OF QUINTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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24. FUNDS ON DEPOSIT WITH INDIGENOUS SERVICES CANADA

The funds on deposit with Indigenous Services Canada reported in these consolidated financial statements include \$16,776 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, 2022, the Band has guaranteed loans totalling \$16,812,676 (principal balance) for housing purposes. All required payments under the loans have been made to date.

As of March 31, 2022, 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, 2022**

26. COMMUNITY DEVELOPMENT FUND UNDER ADMINISTRATION

	2022	2021
	\$	\$
Balance - Beginning of year	2,926,457	2,646,077
Add:		
Cigarette quota - Administration fee	277,896	271,326
Interest	16,209	12,308
	294,105	283,634
Less:		
Expenditures	(10,965)	(3,254)
Balance - End of year	3,209,597	2,926,457

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.

	2022	2021
	\$	\$
Compensation		
Salaries and benefits	814,464	805,465
Pension/CPP	64,662	62,400
Honoraria to Chief and Councilors	163,680	176,280

Amounts owing from and to key management personnel (excluding compensation due and accrued) at March 31, 2022 are \$326,544 (2021 - \$333,562) and \$Nil (2021 - \$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, 2022**

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, 2022**

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 \$11,691,108 (2021 - \$7,697,782), as detailed in Note 13 and Note 14 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, 2022**

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.