

**Mohawk Council of Kanesatake
Financial Statements
March 31, 2016**

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Independent Auditor's Report

To the Grand Chief and Council of Chiefs
Mohawk Council of Kanesatake

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We have audited the accompanying financial statements of Mohawk Council of Kanesatake, which comprise the statement of financial positions at March 31, 2016 and the statements of operations - sector summary, operations - detail by sector, changes in fund balances, cash flows, changes in net debt, and in-trust funds with AANDC for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Basis for qualified opinion

Note 2 describes the policy with respect to the Council's tangible capital assets. The policy states that tangible capital assets are recorded at cost. As there was no audit performed between 2002 and 2006, we are unable to determine if the opening balances should reflect any asset additions pertaining to those years. The note also indicates that Council expensed capital asset purchases from 2007 to 2008 to the specific program where the program dictated. In these respects, the financial statements are not in accordance with Canadian public sector accounting standards, and the effects of these departures from Canadian public sector accounting standards on the financial statements have not been determined. Our audit opinion on the financial statements for the year ended March 31, 2015 was modified accordingly because of the possible effects of this limitation in scope.

Qualified opinion

In our opinion, except for the possible effects of the failure to record tangible capital assets and amortization as described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Mohawk Council of Kanesatake as at March 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Raymond Chabot Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

Ottawa, Canada
July 27, 2016

Mohawk Council of Kanesatake
Operations - Sector Summary
Year ended March 31, 2016

	2016	2015
	\$	\$
Revenues		
AADNC	6,554,176	6,602,300
AADNC recoverable amount	(72,977)	(56,193)
FNHRDCQ	410,902	583,668
FNEC	634,727	552,753
Internal	252,032	264,467
Other	1,194,087	1,484,580
Health Canada	53,067	52,767
FNQLHSSC	69,626	96,481
CMHC	19,500	60,887
Centre Jeunesse des Laurentides	433,253	442,662
SAA	37,625	
FNCCEC	51,174	48,929
Deferred revenues	(132,685)	(133,557)
	9,466,882	10,037,369
Expenditures		
1 - Administration	1,297,084	1,089,388
2 - Education	2,823,512	2,948,336
3 - Public Works	336,443	397,594
4 - Public Works - Capital Base	373,675	377,141
5 - Public Works - Capital Secondary	630,798	415,059
6 - Human Resources Development	433,054	477,495
7 - Social Assistance	2,020,700	2,061,108
8 - Economic Development	222,393	321,131
9 - Other Projects	1,360,173	1,480,834
Amortization of tangible capital assets	328,260	323,850
Transfer to capital fund	(4,000)	(60,725)
	9,822,092	9,831,211
Annual surplus (deficit)	(355,210)	206,158

**Mohawk Council of Kanesatake
Operations - Detail by Sector**

Year ended March 31, 2016

			2016	2015
	Page	Revenues	Surplus (deficit)	Surplus (deficit)
	#	\$	\$	\$
1 - Administration				
1001 Band support funding	25	1,009,975	91,186	508,878
1004 Plan/Risk management	26	10,584	10,768	(184)
1005 Code of ethics PIDP	27	30,000	30,000	
1007 Transition plan	28	30,000	48,485	(18,485)
1015 Education services evaluation	29	40,049	40,049	
1020 Indian registry	30	17,734	17,091	643
1031 Land management	31	80,469	75,163	5,306
1040 OKA crisis	32	52,500	52,497	3
1055 New venture fund	33	3,215	3,215	
1080 Band employee benefits	34	24,520	23,306	1,214
1081 Native benefits plan	35	77,721	77,721	1,056
		<hr/> 1,376,767	<hr/> 1,297,084	<hr/> 79,683
			<hr/> 511,659	
2 - Education				
2010 Instructional services (main)	36			(9)
2012 Ratihente high school	37	274,064	295,885	(21,821)
2013 Rotiwenneakehte school	38	290,330	339,676	(49,346)
2020 Student services	39	20,845	3,285	17,560
2021 Ancillary services	40	10,590	9,128	1,462
2022 Advice and assistance	41	69,483	33,746	35,737
2023 Guidance and counseling	42	56,190	39,844	16,346
2024 Enhanced teacher salaries	43	30,130	30,130	
2030 Tuition fees	44	361,029	361,029	
2031 Tuition special education	45	21,823	21,820	3
2034 FNEC membership	46	7,700	7,700	(2,200)
2040 Transportation services	47	348,020	289,448	58,572
2050 Post-secondary services	48	480,575	459,904	20,671
2059 FNEC special education	49	231,833	231,833	(46)
2060 FNEC-NPIQ-employee assistance	50	11,551	11,819	(268)
2061 FNEC new paths teacher recruitment	51	5,775	5,572	203
2062 FNEC-NPIQ-staff education	52	3,132	3,511	(379)
2063 FNEC-NPIM-cultural extra curricular	53	17,850	17,353	497
2064 FNEC-NPIM-language & culture	54	19,689	19,967	(278)
2065 FNEC-NPIM-cultural enhancement	55	20,476	20,691	(215)
2066 FNEC-NPIP-parental involvement	56	683	264	419
2067 FNEC science and technology	57	4,655	4,601	54
2068 FNEC-NPIP-school governance	58	4,462	4,463	(1)
2070 FNEC youth employment	59	12,295	12,295	687
2071 FNEC-FNNSP early literacy	60	11,438	11,446	(8)
2072 Carrer and promotion	61	4,845	4,847	(2)
2073 FNEC Early literacy	62	4,904	4,911	(7)
				(454)

Mohawk Council of Kanesatake Operations - Detail by Sector

Year ended March 31, 2016

	Page #	Revenues \$	Expenses \$	2016 Surplus (deficit) \$	2015 Surplus (deficit) \$
2074 DSSLP Diversification paths program	63	38,334	38,334		(608)
2075 FNEC Student success program	64	189,660	189,647	13	(2,731)
2080 FNEC-EPP-EMSB partnership	65	10,610	10,889	(279)	
2081 FNEC-EPP-Homework	66	20,061	18,989	1,072	
2082 FNEC-EPP-Secondary visits	67	6,200	6,173	27	
2083 FNEC-EPP- Liaison agents	68	20,400	21,220	(820)	
2001 Operations and maintenance Ratihente High School	69	90,528	104,151	(13,623)	23,913
2002 Operations and maintenance Rotiennakehte and Aronhiatekha	70	99,528	115,733	(16,205)	11,381
2004 Operations and maintenance gymnasium	71	37,380	39,226	(1,846)	6,772
2005 Operations and maintenance education center	72	51,815	33,982	17,833	(7,671)
		2,888,883	2,823,512	65,371	111,841
3 - Public Works					
5001 Maintenance management	73	60,000	43,545	16,455	(67,694)
5015 Community buildings	74	52,190	81,376	(29,186)	9,187
5020 Roads and bridges	75	92,695	111,301	(18,606)	12,752
5021 Sanitation systems	76	43,545	33,502	10,043	15,853
5022 Water systems	77	18,252	12,090	6,162	3,435
5030 Community capital facility	78	55,000	54,629	371	(10,327)
		321,682	336,443	(14,761)	(36,794)
4 - Public Works - Capital Base					
5102 Major renovations RRAP	79	45,431	45,431		1,742
5103 Housing construction repair	80	35,740	35,740		
5104 Education capital	81	38,347	38,345	2	(1,007)
5105 Housing renovations - INAC CEAP	82	112,697	118,374	(5,677)	
5106 Housing renovations - 1 Unit	83	62,200	62,200		
5109 Management Consultant	84				(9,500)
5112 Doncaster renovations	85	4,487	4,487		
5125 Roads and bridges network	86	20,025	20,025		
5132 Emergency repais QC33	87	49,073	49,073		(376)
		368,000	373,675	(5,675)	(9,141)

Mohawk Council of Kanesatake Operations - Detail by Sector

Year ended March 31, 2016

	Page	Revenues	Expenses	2016 Surplus (deficit)	2015 Surplus (deficit)
	#	\$	\$	\$	\$
5 - Public Works - Capital Secondary					
5206 Water systems	88	300,000	306,617	(6,617)	
5211 Radon	89	30,500	23,789	6,711	
5212 Water strategy	90	80,312	80,658	(346)	(436)
5230 Roads & bridges Bonspille path drainage	91	190,897	190,897		
5231 School repair steam humidifiers	92	28,837	28,837		
		630,546	630,798	(252)	(436)
6 - Human Resources Development					
9001 KHRO EIF	93	108,733	107,748	985	(9,758)
9002 KHRO CRF	94	278,515	259,039	19,476	(37,423)
9003 KHRO YWEI	95	19,556	19,556		(697)
9004 KHRO Youth	96	34,424	34,420	4	(8,991)
9006 Service Canada youth employment	97	12,504	12,291	213	(602)
		453,732	433,054	20,678	(57,471)
7 - Social Assistance					
3021 Basic needs	98	1,796,134	1,796,134		
3022 Employability	99	85,178	85,178		
3023 Special needs	100	23,501	23,501		
3030 Program delivery	101	77,640	73,695	3,945	3,853
3051-3057 Daycamp	102	12,694	12,192	502	1,665
3900 Family violence	103	30,000	30,000		248
		2,025,147	2,020,700	4,447	5,766
8 - Economic Development					
4001 CEDO Operation planning	104	182,431	100,518	81,913	2,642
4020 Forestry project	105	2,250	2,518	(268)	10,299
4030 Laurentians orchards	106	120,000	119,357	643	(6,678)
4055 Aboriginal initiatives	107				
		304,681	222,393	82,288	6,263

Mohawk Council of Kanesatake Operations - Detail by Sector

Year ended March 31, 2016

	Page #	Revenues \$	Expenses \$	2016 Surplus (deficit) \$	2015 Surplus (deficit) \$
9 - Other Projects					
1045 AFSAR	108	15,403	15,403		68
1050 Kanesatake's involvement in war of 1812	109				(6,973)
1500 Specific claim negotiations	110		122,097	(122,097)	(293,758)
3058 FQIS Part 2	111				
5250 Council office flooding	112	8,368	16,024	(7,656)	9,760
5300 CMHC - HASI Renovations	113	3,500	3,500		
6000 Kanesatake Mohawk Police	114				(4,630)
6500 Crime prevention	115	184,032	178,416	5,616	13,136
7001 Riverside elders home	116	642,741	737,787	(95,046) ▾	(34,220)
8000 Cultural resource center	117	68,874	70,994	(2,120)	(15,937)
9007 KHRO Pikwadin	118				26,540
9500 Daycare center construction	119	40,593	42,111	(1,518)	
9502 Child care services	120	74,150	95,146	(20,996)	(24,753)
9503 Headstart services	121	53,067	56,728	(3,661)	(4,637)
9990 Adjustments	122	6,716	21,967	(15,251)	273,000
		1,097,444	1,360,173	(262,729)	(62,404)
Annual surplus - operating fund		9,466,882	9,497,832	(30,950)	469,283
Capital asset fund		4,000	328,260	(324,260)	(263,125)
Annual surplus (deficit)		9,470,882	9,826,092	(355,210)	206,158

The accompanying notes are an integral part of the financial statements.

Mohawk Council of Kanesatake
Changes in Fund Balances
Year ended March 31, 2016

	2016	2015
	\$	\$
Fund balance, beginning of year	3,863,309	3,657,151
Annual surplus	(355,210)	206,158
Fund balance, end of year	3,508,099	3,863,309

The accompanying notes are an integral part of the financial statements.

Mohawk Council of Kanesatake Cash Flows

Year ended March 31, 2016

	2016 \$	2015 \$
CASH PROVIDED FROM (USED FOR):		
OPERATING TRANSACTIONS		
Annual surplus	(355,210)	206,158
Items not requiring an outlay of cash:		
Amortization of tangible capital assets	328,260	323,850
Changes in working capital items		
In-trust funds with AANDC	(496)	(645)
Accounts receivable - AANDC	713,410	(359,144)
Accounts receivable - other	59,082	(49,598)
Prepaid expenses	81	(21,003)
Accounts payable and accrued liabilities	(589,031)	(309,618)
Deferred revenue	(872)	(25,678)
Cash flows from operating activities	<u>155,224</u>	<u>(235,678)</u>
INVESTMENT TRANSACTIONS		
Loans receivable and cash flows from investing activities	<u>(53,995)</u>	<u>-----</u>
FINANCING TRANSACTIONS		
Long-term debt financing	23,983	344,350
Reimbursement of long-term debt	<u>(33,756)</u>	<u>(77,071)</u>
Cash flows from (used in) financing activities	<u>(9,773)</u>	<u>267,279</u>
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	<u>(26,340)</u>	<u>(60,725)</u>
Net decrease in cash and cash equivalents	65,116	(29,124)
Bank indebtedness, beginning of year	<u>(69,970)</u>	<u>(40,846)</u>
Bank indebtedness, end of year	<u>(4,854)</u>	<u>(69,970)</u>

The accompanying notes are an integral part of the financial statements.

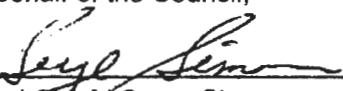
Mohawk Council of Kanesatake Financial Position

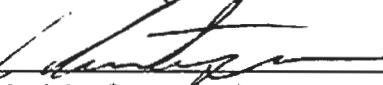
March 31, 2016

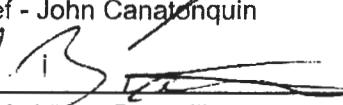
	2016	2015
	\$	\$
FINANCIAL ASSETS		
In-trust funds with AANDC	23,898	23,402
Accounts receivable - AANDC	67,242	780,652
Accounts receivable - other (Note 3)	201,537	260,619
Loans receivable	<u>65,685</u>	<u>11,690</u>
	<u>358,362</u>	<u>1,076,363</u>
LIABILITIES		
Bank indebtedness (Note 4)	4,854	69,970
Accounts payable and accrued liabilities (Note 5)	2,727,125	3,316,156
Deferred revenue (Note 6)	132,685	133,557
Long-term debt (Note 7)	<u>682,884</u>	<u>692,657</u>
	<u>3,547,548</u>	<u>4,212,340</u>
NET DEBT		
	<u>(3,189,186)</u>	<u>(3,135,977)</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	99,691	99,772
Tangible capital assets (Note 8)	<u>6,597,594</u>	<u>6,899,514</u>
	<u>6,697,285</u>	<u>6,999,286</u>
ACCUMULATED SURPLUS (Note 13)		
	<u>3,508,099</u>	<u>3,863,309</u>
Commitments (Note 9)		
Contingencies (Note 10)		

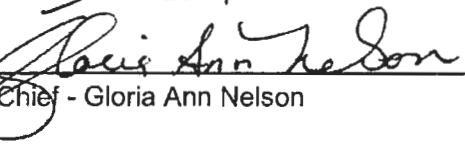
The accompanying notes are an integral part of the financial statements.

On behalf of the Council,


Grand Chief - Serge Simon

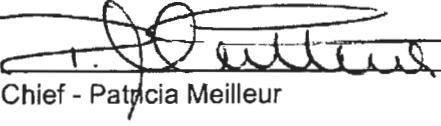

Chief - John Canatonquin


Chief - Victor Bonspille


Chief - Gloria Ann Nelson


Chief - Lourena Montour


Chief - Bruce Montour


Chief - Patricia Meilleur

Mohawk Council of Kanesatake
Statement of Changes in Net Debt
Year ended March 31, 2016

	2016	2015
	\$	\$
Annual surplus	(355,210)	206,158
 Tangible capital assets:		
Acquisition of tangible capital assets	(26,340)	(60,725)
Amortization of tangible capital assets	328,260	323,850
Total tangible capital assets	(53,290)	469,283
 Acquisition of prepaid expenses	(99,691)	(99,772)
Use of prepaid expenses	99,772	78,769
 Changes in net debt		
Net debt - beginning of year	(3,135,977)	(3,584,257)
Net debt - end of year	(3,189,186)	(3,135,977)

Mohawk Council of Kanesatake
Statement of In-Trust Funds with AANDC
 Year ended March 31, 2016

	2016	2015
	\$	\$
Operating fund		
Balance - beginning of year	2,238	1,593
Revenue		
Interest	496	645
Expense		
Payment from Trust	2,734	2,238
Balance - end of year	21,164	21,164
Capital fund		
Total	23,898	23,402

The In-Trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust by AANDC. The management of these funds is primarily governed by Section 63 to 69 of the Indian Act.

Mohawk Council of Kanesatake

Notes to Financial Statements

March 31, 2016

1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

Mohawk Council of Kanesatake (the "Council") is the governing body of the Mohawk Territory of Kanesatake, having a mandate to provide and administer the legislation, policies, services and structures of governance of their community.

2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

Management is responsible for the preparation of the Council's financial statements, which have been prepared in accordance with Canadian public sector accounting standards in the CPA Canada Public Sector Accounting Handbook.

Fund accounting

These financial statements are prepared based upon the principles of fund accounting. The accrual method is followed for the recognition of revenues and expenses. Transactions are accounted for under the following funds, based upon its use:

- The Operating Fund accounts for the Council's program delivery and administrative activities. This Fund reports unrestricted resources and restricted operating funding.
- The Capital Assets Fund reports the assets, liabilities, revenues and expenses related to the Council's tangible capital assets.

Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements, notes to financial statements and schedules. These estimates are based on management's knowledge of current events and actions that the Council may undertake in the future. Actual results may differ from these estimates.

Financial assets and liabilities

Initial measurement

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

Mohawk Council of Kanesatake

Notes to Financial Statements

March 31, 2016

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent measurement

At each reporting date, the Council measures its financial assets and liabilities at amortized cost (including any impairment in the case of financial assets).

The Council determines whether there is any objective evidence of impairment of the financial assets. Any financial asset impairment is recognized in the statement of operations.

Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined within a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenue when authorized and when the Council has satisfied any eligibility criteria, unless the agreement stipulations create an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service being performed is deferred and recognized when the fee is earned or service performed.

Loans receivable

Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Loans are reviewed on an annual basis by management.

Non-financial assets

By nature, the Council's non-financial assets are normally used to provide future services.

Tangible capital assets

Tangible capital assets are amortized over their estimated useful lives according to the straight-line method over the following periods:

	<u>Periods</u>
Roads	40 years
Buildings	40 years
Water and sewage	40 years
Machinery and vehicles	10 years
Computer hardware and software	3 years
Furniture and fixtures	10 years

Mohawk Council of Kanesatake Notes to Financial Statements

March 31, 2016

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension plan

The Council uses defined contribution plan accounting for multiemployer government plans because sufficient information to follow the defined benefit plan accounting is not available.

Net debt

The Council's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the Council is determined by its financial assets less its liabilities.

Disclaimer

No reference to any expense or to any revenue, allocations, transfer, contributions or other income as being deferred or surplus constitutes an admission of any legal obligation by Council to any party for any reason. No reference to any account or liability as payable or accrued and no reference to any amount as a liability, as owing or as a debt of any kind constitutes an admission of any legal obligation by Council to any party for any reason. More particularly, such references are made only in order to comply with Canadian public sector accounting standards, and the preparation of the Council's financial statements by management does not include any authorization to make admissions as to legal obligations. For greater clarity, the approval of the financial statements by Council does not necessarily include an acknowledgement of any right enjoyed by any other party.

3 - ACCOUNTS RECEIVABLE - OTHER

	2016	2015
	\$	\$
Accounts receivable - other (a)	173,066	226,908
Commodity taxes receivable	28,471	33,711
	<hr/> 201,537	<hr/> 260,619

(a) As at March 31, 2016, the gross carrying amount of impaired accounts receivable - other is \$78,249 (\$78,249 as at March 31, 2015). These accounts receivable - other are presented in the financial statements net of an allowance for impairment of \$78,249 (\$78,249 as at March 31, 2015).

Mohawk Council of Kanesatake Notes to Financial Statements

March 31, 2016

4 - BANK INDEBTEDNESS

The Council has an authorized credit facility of \$200,000 of which \$4,854 (2014 - \$55,176) was used as at March 31, 2016. Advances bear interest at prime plus 2.5% (2015 - prime plus 2.5%) (prime 2016 - 2.85%; prime 2015 - 2.85%). The credit line is secured by a first rank moveable hypothec on all receivables and is renewable on an annual basis.

5 - ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

	2016	2015
	\$	\$
Trade payables	2,117,802	2,440,730
Accrued liabilities	365,547	675,735
Salaries payable	243,775	199,679
	2,727,124	3,316,144

6 - DEFERRED REVENUE

Deferred revenue consists of government transfers received under various programs as described below which Council did not expend during the year. The total unexpended contributions relate to the following programs:

	Balance March 31, 2015	Funding received 2016	Funding repaid 2016	Revenue recognized 2016	Balance March 31, 2016
	\$	\$	\$	\$	\$
AANDC programs					
Plan / Risk management (1004)	10,584			(10,584)	
Education Services Evaluation (1015)		76,923		(40,049)	36,874
Radon (5211)	50,940		(20,440)	(30,500)	
Roads & Bridges (Bonspille Road) (5230)		217,192		(190,897)	26,295
	61,524	294,115	(20,440)	(272,030)	63,169
Other					
FQIS Part 2 (3058)	24,944	6,947			31,891
Aboriginal initiatives (4055)	37,625				37,625
Daycare center construction (9500)	5,009	35,584		(40,593)	
New KHRO project	4,455	248,189		(252,644)	
	72,033	290,720	(20,440)	(293,237)	69,516
Total	133,557	584,835	(20,440)	(565,267)	132,685

Mohawk Council of Kanesatake
Notes to Financial Statements

March 31, 2016

7 - LONG-TERM DEBT

	<u>2016</u>	<u>2015</u>
	\$	\$
3.99% GMAC loan payable, repayable in 60 blended monthly instalments of \$442, maturing November 2020, secured by a vehicle with a total net book value of \$25,022	22,529	
AANDC loan payable, claim negotiation expenses of 2012 to 2015, repayable without interest on various dates from March 31, 2017 to March 31, 2019	590,716	590,716
7.95% Caisse Populaire term loan, repayable in blended monthly instalments of \$3,278, maturing February 14, 2018, secured by vehicles with a total net book value of \$97,107	69,639	101,941
	<u>682,884</u>	<u>692,657</u>

The estimated instalments on long-term debt for the next five years are \$285,847 in 2017, \$242,754 in 2018, \$145,753 in 2019, \$5,050 in 2020 and \$3,480 in 2021.

Mohawk Council of Kanesatake

Notes to Financial Statements

March 31, 2016

8 - TANGIBLE CAPITAL ASSETS

	Cost				Accumulated amortization				Net book value, Mar 31, 2016	
	Opening balance, Apr 1, 2015	Additions	Disposals	Closing balance, Mar 31, 2016	Opening balance, Apr 1, 2015	Amortization	Disposals, write-offs and adjustments	Closing balance, Mar 31, 2016		
Roads	4,668,060			4,668,060	3,577,696	32,377		3,610,073	1,057,987	
Buildings	8,520,954			8,520,954	3,648,447	213,024		3,861,471	4,659,483	
Water and sewage	1,222,960			1,222,960	563,470	30,574		594,044	628,916	
Machinery and vehicles	992,029	26,340	22,169	996,200	787,227	31,906	22,169	796,964	199,236	
Computer equipment	171,713			171,713	148,513	10,204		158,717	12,996	
Furniture and fixtures	223,137			223,137	173,986	10,175		184,161	38,976	
	15,798,853	26,340	22,169	15,803,024	8,899,339	328,260	22,169	9,205,430	6,597,594	

	Cost				Accumulated amortization				Net book value, Mar 31, 2015	
	Opening balance, Apr 1, 2014	Additions	Disposals	Closing balance, Mar 31, 2015	Opening balance, Apr 1, 2014	Amortization	Disposals, write-offs and adjustments	Closing balance, Mar 31, 2015		
Roads	4,668,060			4,668,060	3,545,320	32,376		3,577,696	1,090,364	
Buildings	8,513,669	7,285		8,520,954	3,435,570	212,877		3,648,447	4,872,507	
Water and sewage	1,222,960			1,222,960	532,896	30,574		563,470	659,490	
Machinery and vehicles	992,029			992,029	755,034	32,193		787,227	204,802	
Computer hardware and software	154,108	17,605		171,713	141,097	7,416		148,513	23,200	
Furniture and fixtures	187,302	35,835		223,137	165,572	8,414		173,986	49,151	
	15,738,128	60,725		15,798,853	8,575,489	323,850		8,899,339	6,899,514	

Mohawk Council of Kanesatake Notes to Financial Statements

March 31, 2016

9 - COMMITMENTS

The Council has entered into long-term lease agreements for the rental of equipment used in daily operations.

These leases expire on various dates between October 30, 2016 and August 31, 2018.

Minimum lease payments for the next three years are \$29,767 in 2017, \$25,622 in 2018 and \$5,823 in 2019.

10 - CONTINGENCIES

- a) The Council has entered into contribution agreements with various government departments. Funding received under these contribution agreements is subject to repayment if the Council fails to comply with the terms and conditions of the agreements.
- b) During the normal course of operations, the Council is subject to legal claims. The total of these claims as at March 31, 2016 is undeterminable. Additionally, the Council is unable to accurately estimate the outcome of these claims and therefore no provision has been recorded in the financial statements. Any settlement resulting from these claims will be recorded as an expense in the year in which the settlement occurs.

11 - EMPLOYEE BENEFITS

The Council participates in a multiemployer government pension plan. The Council recognizes as expenses for current services the amount of its contribution in a given year. Contribution made during the year were \$85,664 (\$90,562 in 2015).

12 - FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Council is exposed to various financial risks resulting from both its operating and financing activities. The Council's management manages financial risks. The Council does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

During the year, there were no changes to the financial instrument risk management policies, procedures and practices. The means used by the Council to manage each of the financial risks are described in the following paragraphs.

Mohawk Council of Kanesatake Notes to Financial Statements

March 31, 2016

12 - FINANCIAL INSTRUMENTS (Continued)

Financial risks

The Council's main financial risk exposure and its financial risk management policies are as follows.

Credit risk

The Council is exposed to credit risk regarding the financial assets recognized in the statement of financial position. The Council has determined that the financial assets with more credit risk exposure are accounts receivable - AANDC, accounts receivable - other, and loans receivable since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Council. Credit risk relating to these accounts is generally low since the Council negotiates with large government organizations.

The accounts receivable - AANDC, accounts receivable - other, and loans receivable balances are managed and analyzed on an ongoing basis and, accordingly, the Council's exposure to doubtful accounts is not significant.

The credit risk related to cash and cash equivalents is considered to be negligible because it is held by a reputable financial institution with an investment grade external credit rating.

The carrying amount on the statement of financial position of the Council's financial assets exposed to credit risk represents the maximum amount exposed to credit risk.

The Council's management considers that all financial assets that are not impaired or past due are of good credit quality at the date of the financial statements.

Market risk

The Council's financial instruments expose it to market risk, in particular to interest rate risk:

- Interest rate risk:

The Council does not use derivative financial instruments to reduce its interest rate risk exposure.

Mohawk Council of Kanesatake Notes to Financial Statements

March 31, 2016

12 - FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

The Council's liquidity risk represents the risk that the Council could encounter difficulty in meeting obligations associated with its financial liabilities. The Council is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized in the statement of financial position.

Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalents and to ensure that the Council has financing sources for a sufficient authorized amount. The Council establishes budget and cash estimates to ensure it has the necessary funds to fulfil its obligations.

As at March 31, 2016, the Council's contractual maturities for financial liabilities (including any interest payments) are as follows:

	Less than 6 months	6 months to 1 year	1 to 5 years	Non-interest bearing
	\$	\$	\$	\$
Accounts payable and accrued liabilities	2,795,295			
Long-term debt	19,367	20,114	52,687	590,716
	<u>2,814,662</u>	<u>20,114</u>	<u>52,687</u>	<u>590,716</u>

Carrying amount of financial assets and liabilities by category

The Council's financial assets, totalling \$345,153 (\$1,042,652 as at March 31, 2015), have all been classified as financial assets measured at amortized cost, less any reduction for impairment.

The Council's financial liabilities, totalling \$3,636,158 (\$4,212,340 as at March 31, 2015), have all been classified as financial liabilities measured at amortized cost.

Mohawk Council of Kanesatake
Notes to Financial Statements
 March 31, 2016

13 - ACCUMULATED SURPLUS

	2016	2015
	\$	\$
Restricted		
Capital asset fund	21,164	21,164
Operating fund	2,734	2,238
	<u>23,898</u>	<u>23,402</u>
Unrestricted		
Capital asset fund	6,597,594	6,899,514
Operating fund	(3,113,393)	(3,059,607)
	<u>3,484,201</u>	<u>3,839,907</u>
	<u>3,508,099</u>	<u>3,863,309</u>

14 - BUDGETED FIGURES

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

15 - COMPARATIVE FIGURES

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

Mohawk Council of Kanesatake
Notes to Financial Statements

March 31, 2016

16 - EXPENDITURES BY NATURE

	2016	2015
	\$	\$
Amortization of tangible capital assets	328,260	323,850
Interest	103,107	110,789
Books and supplies	28,500	30,746
Computer equipment and software	20,796	24,067
Contracts	14,450	89,275
Employability measures (KHRO)	373,121	421,120
Fuel	25,007	33,260
Graduation allowances	1,200	2,000
In-kind expenses		144
Insurance	75,507	62,816
Internal billing - auxiliary expense	70,000	69,316
Internal billing - MCK administration fees	267,283	264,624
Maintenance and repairs	545,619	299,010
Management fees	81,834	154,896
Materials	141,952	119,355
Membership fees	8,781	11,125
Nutritional supplies	57,123	43,581
Equipment leasing	54,546	52,756
Office supplies	22,922	13,851
Salaries and fringe benefits	8,849	9,676
Pension plan and insurance benefits	110,777	115,828
Postal fees	12,890	12,085
Professional fees - legal	158,184	108,279
Professional fees - other	525,924	502,716
Rent, utilities and heating	195,166	214,662
Salaries and fringe benefits	3,284,135	3,242,962
Snow removal	2,300	2,000
Social assistance allowances	1,904,813	1,947,275
Special education	21,820	39,961
Specialized equipment	60,282	5,133
Student allowances and living expenses	373,130	419,782
Telecommunications	37,158	37,670
Travel	63,266	46,880
Tuition fees	427,851	643,617
Vehicle expenses	27,251	35,140
Workshops		3,237
Conference registration fees	370,321	318,031
	9,804,125	9,831,515