

**Mohawk Council of Kahnawà:ke  
Consolidated Financial Statements**

*March 31, 2017*



# Mohawk Council of Kahnawà:ke

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For the year ended March 31, 2017

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## **Management's Responsibility**

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To the Community Members and Chief and Council of Mohawk Council of Kahnawà:ke:

The accompanying consolidated financial statements of Mohawk Council of Kahnawà:ke are the responsibility of management and have been approved by Chief and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for recommending the appointment of Mohawk Council of Kahnawà:ke's external auditors.

MNP SENCRL, srl is appointed by Chief and Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both Council and management to discuss their audit findings.

June 26, 2017

"Original signed by Paul Rice", **Executive Financial Officer**   "Original signed by Alana G. Rice", **Executive Director**

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## Independent Auditors' Report

To the Community Members and Chief and Council of Mohawk Council of Kahnawà:ke:

We have audited the accompanying consolidated financial statements of Mohawk Council of Kahnawà:ke, which comprise the consolidated statement of financial position as at 2017, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mohawk Council of Kahnawà:ke as at March 31, 2017 and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Montréal, Québec

June 26, 2017



*MNP*  
SENCRL, srl<sup>1</sup>

<sup>1</sup> CPA auditor, CA, public accountancy permit no. A103961

**Mohawk Council of Kahnawà:ke**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2017*

	2017	2016
<b>Financial assets</b>		
Cash and cash equivalents (Note 3)	37,723,494	16,888,045
Term deposits (Note 4)	41,496,026	31,079,030
Accounts receivable (Note 5)	6,584,570	7,682,465
Short-term loan receivable (Note 6)	20,820,000	16,400,000
Investment in loans (Note 7)	602,055	15,282,835
Investments (Note 8)	-	12,500
Investment in government business entities (Note 9)	2,733,588	885,121
Loan receivable from government business entity (Note 9)	13,299,000	-
Mortgage and housing loans (Note 10)	14,075,086	14,145,774
<b>Total financial assets</b>	<b>137,333,819</b>	<b>102,375,770</b>
<b>Liabilities</b>		
Bank loan (Note 11)	146,750	-
Accounts payable and accruals (Note 12)	8,123,914	8,538,168
Deferred revenue (Note 13)	2,681,258	1,390,632
Short-term loan payable (Note 6)	20,820,000	16,400,000
Amounts held in trust (Note 14)	86,741	225,387
Long-term debt (Note 15)	2,243,911	2,227,712
Capital lease obligations (Note 16)	375,897	371,133
<b>Total liabilities</b>	<b>34,478,471</b>	<b>29,153,032</b>
<b>Net financial assets</b>	<b>102,855,348</b>	<b>73,222,738</b>
<b>Contingencies (Note 17)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Note 18) (Schedule 1)	84,825,317	83,668,639
Development costs (Note 19)	590,404	590,404
Prepaid expenses	855,258	256,771
<b>Total non-financial assets</b>	<b>86,270,979</b>	<b>84,515,814</b>
<b>Accumulated surplus (Note 20)</b>	<b>189,126,327</b>	<b>157,738,552</b>
<b>Approved on behalf of Council</b>		

\_\_\_\_\_  
"Original signed by  
Joseph T. Norton", Grand Chief

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"Original signed by  
Kahsennenhawe Sky-Deer",  
Chief, FAO Chairperson

**Mohawk Council of Kahnawà:ke**  
**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2017*

	<i>Schedules</i>	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
<b>Revenue</b>				
Indigenous and Northern Affairs Canada		40,575,896	44,592,576	44,159,921
Health Canada		8,664,549	9,156,721	9,071,982
Additional government funding		7,391,199	8,359,248	5,971,266
National Aboriginal Capital Corporations Association		550,000	565,442	-
Canada Mortgage and Housing Corporation		168,204	81,278	36,854
Province of Québec		2,946,916	4,961,797	4,792,291
First Nations Human Resource Development Commission of Québec		1,480,483	1,581,329	1,500,073
Other community income		11,065,040	11,569,574	10,745,620
Dividend income		500	30,982,244	462,745
Interest income		2,355,308	1,243,480	1,272,366
Deferred revenue - prior year (Note 13)		219,862	1,368,147	2,239,715
Recovery of prior year deficit		-	85,183	261,280
Deferred revenue - current year (Note 13)		-	(2,610,923)	(1,368,147)
Repayment of government funding		-	(514,585)	(772,227)
Cancellation of government funding		-	(222,088)	(316,408)
		<b>75,417,957</b>	<b>111,199,423</b>	<b>78,057,331</b>
<b>Expenses</b>				
Government operations	4	37,950,084	40,122,204	37,964,330
Economic development	5	8,103,649	6,826,311	8,634,925
Health and community services	6	15,415,185	16,764,128	17,295,494
Education	7	17,634,480	16,304,930	15,652,227
Fire services	8	725,355	848,090	821,536
Service complex	9	346,580	378,625	339,856
Cultural center	10	577,108	582,844	581,310
Ottawa trust funds	11	-	11,086	11,151
<b>Total expenses (Schedule 2)</b>		<b>80,752,441</b>	<b>81,838,218</b>	<b>81,300,829</b>
<b>Surplus (deficit) before other income</b>		<b>(5,334,484)</b>	<b>29,361,205</b>	<b>(3,243,498)</b>
<b>Other income</b>				
Gain on disposal of capital assets		5,000	30,644	92,200
Deferred expenses		-	49,482	-
Income from investments in government business entities (Note 9)		-	2,148,302	925,000
		<b>5,000</b>	<b>2,228,428</b>	<b>1,017,200</b>
<b>Surplus (deficit) before transfers</b>		<b>(5,329,484)</b>	<b>31,589,633</b>	<b>(2,226,298)</b>
<b>Transfers</b>				
Allocations to other community organizations		-	(201,858)	(236,000)
<b>Surplus (deficit)</b>		<b>(5,329,484)</b>	<b>31,387,775</b>	<b>(2,462,298)</b>
<b>Accumulated surplus, beginning of year</b>		<b>157,738,552</b>	<b>157,738,552</b>	<b>160,200,850</b>
<b>Accumulated surplus, end of year</b>		<b>152,409,068</b>	<b>189,126,327</b>	<b>157,738,552</b>

**Mohawk Council of Kahnawà:ke**  
**Consolidated Statement of Change in Net Financial Assets**  
*For the year ended March 31, 2017*

	<i>2017 Budget</i>	<b>2017</b>	<b>2016</b>
<b>Annual surplus (deficit)</b>	<b>(5,329,484)</b>	<b>31,387,775</b>	<b>(2,462,298)</b>
Purchases of tangible capital assets	(3,419,859)	(6,526,174)	(4,573,949)
Tangible capital assets acquired through capital leases	-	(134,884)	(284,700)
Amortization of tangible capital assets	-	5,489,714	5,302,686
Gain on sale of tangible capital assets	5,000	(30,644)	(92,200)
Write down of computer software	-	-	693,400
Proceeds of disposal of tangible capital assets	-	45,310	39,700
	(3,414,859)	(1,156,678)	1,084,937
Acquisition of prepaid expenses	-	(799,538)	(256,771)
Use of prepaid expenses	-	201,051	302,682
	-	(598,487)	45,911
<b>Increase (decrease) in net financial assets</b>	<b>(8,744,343)</b>	<b>29,632,610</b>	<b>(1,331,450)</b>
<b>Net financial assets, beginning of year</b>	<b>73,222,738</b>	<b>73,222,738</b>	<b>74,554,188</b>
<b>Net financial assets, end of year</b>	<b>64,478,395</b>	<b>102,855,348</b>	<b>73,222,738</b>

**Mohawk Council of Kahnawà:ke**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2017*

	<b>2017</b>	<b>2016</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Cash receipts from contributors	79,439,141	80,817,181
Cash paid to suppliers	(36,967,854)	(34,573,144)
Cash paid to employees	(39,826,559)	(37,826,480)
Interest income	1,231,556	1,264,729
Dividend income	30,981,778	48,967
Interest on capital lease obligation	(25,378)	(7,406)
Interest on long-term debt	(82,541)	(95,201)
Foreign exchange	1,337,708	325,749
	<b>36,087,851</b>	<b>9,954,395</b>
<b>Financing activities</b>		
Change in amounts held in trust	(138,646)	(34,234)
Repayment of long-term debt	(181,837)	(450,506)
Repayment of capital lease obligations	(130,120)	(68,621)
Repayment of advances from related organizations	(12,826)	(28,784)
Advances from long-term debt	198,036	-
Advances on revolving line of credit	146,750	-
	<b>(118,643)</b>	<b>(582,145)</b>
<b>Capital activities</b>		
Purchases of tangible capital assets	(6,526,174)	(4,569,142)
Proceeds of disposal of tangible capital assets	45,310	39,700
	<b>(6,480,864)</b>	<b>(4,529,442)</b>
<b>Investing activities</b>		
Purchase of temporary investments	(39,313,481)	(28,948,001)
Proceeds on disposal of temporary investments	28,896,482	33,324,059
New mortgages advanced in year	(717,101)	(419,000)
Principal repayments on mortgages receivable	790,674	772,328
New housing initiative loans granted	(141,936)	(111,544)
Principal repayments on housing initiative loans	138,718	161,201
Repayments of loans receivable	213,496	197,001
Investment in loans receivable	(92,604)	(209,869)
Proceeds on sale of investment	12,134	-
Advances to government business entity	(13,299,000)	-
Repayment of loan receivable from government business entity	14,559,888	-
Proceeds from investments in government business entities	299,835	-
	<b>(8,652,895)</b>	<b>4,766,175</b>
<b>Increase in cash resources</b>	<b>20,835,449</b>	<b>9,608,983</b>
<b>Cash resources, beginning of year</b>	<b>16,888,045</b>	<b>7,279,062</b>
<b>Cash resources, end of year</b>	<b>37,723,494</b>	<b>16,888,045</b>

**Mohawk Council of Kahnawà:ke**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

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**1. Operations**

Mohawk Council of Kahnawà:ke ("MCK") is located in the province of Quebec and provides various services to its community members. Mohawk Council of Kahnawà:ke includes the government and all related entities which form part of the Government Reporting Unit.

**2. Significant accounting policies**

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

***Reporting entity***

The financial statements consolidate the financial activities of all entities and departments comprising the Mohawk Council of Kahnawà:ke government reporting entity. Trusts administered on behalf of third parties by Mohawk Council of Kahnawà:ke are excluded from the reporting entity.

MCK has consolidated the assets, liabilities, revenue and expenses of the following entities:

- Mohawk Council of Kahnawà:ke
- Kahnawà:ke Shakotia' Takehnhas Community Services
- Tewatohnhi'saktha
- Kahnawà:ke Education Center
- Kanien'kehaka Onkwawen:na Raotitiohkwa
- Kahnawà:ke Fire Brigade
- Mohawk Council of Kahnawà:ke Multi-Dwelling Project
- Kahnawà:ke Service Complex

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

***Basis of presentation***

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

***Asset classification***

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

***Net financial assets***

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

**Mohawk Council of Kahnawà:ke**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

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**2. Significant accounting policies** *(Continued from previous page)*

***Segments***

MCK conducts its business through eight reportable segments. These operating segments are established by senior management to facilitate the achievement of MCK's long-term objectives to aid in resource allocation decisions and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

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

***Foreign currency translation***

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities reflect the exchange rates at the statement of financial position date. Translation gains and losses are included in current year surplus.

***Cash and cash equivalents***

Cash and cash equivalent include balances with banks and short-term investments with maturities of three months or less from the date of acquisition. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

***Temporary investments***

Temporary investments are valued at the lower of cost and market value.

***Loans receivable***

Loans are recorded at principal amounts, less any allowance for anticipated losses, plus accrued interest. Interest revenue is recorded on the accrual basis.

***Allowance for loan impairment***

MCK maintains an allowance for loan impairment that reduces the carrying value of loans to their estimated realizable amount. The allowance is increased by a charge for loan impairment which is charged to income and reduced by write-offs, net of recoveries.

A specific allowance is established on an individual loan basis to reduce the carrying values to estimated realizable amounts. Estimated realizable values are determined by discounting the expected future cash flows at the effective interest rate inherent in the loans. When the amount and timing of future cash flows cannot be reliably established, estimated realizable values are determined by reference to market prices for the loans or their underlying security value.

In addition, a general allowance may be established where, in management's opinion, it is required to absorb losses inherent in the loan portfolio, for which a specific allowance cannot yet be determined. A general provision is established when doubt exists within groups of loans but is not sufficient to allow identification of individually doubtful loans. Provision for loss is estimated based on historical credit loss experience, known portfolio risks and current economic conditions and trends.

***Loan guarantees***

MCK records a provision for losses on loan guarantees when it determines that a loss is likely.

The provision is determined based on the current circumstances of the individual borrowers; based on historical experience; based on current economic conditions facing the individual borrower; and is reviewed on an ongoing basis as new events occur, as more experience is acquired, or as additional information is obtained. Any changes in the provision is charged or credited to expenses. A provision for loss on a loan guarantee is removed from the statement of financial position when the guaranteed loan has been discharged or the term of the loan guarantee has expired.

**Mohawk Council of Kahnawà:ke**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

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**2. Significant accounting policies** *(Continued from previous page)*

**Amortization**

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	<b>Methods</b>	<b>Rates and periods</b>
Land improvements	straight-line	5 years
Buildings	declining balance	4%
Social housing	declining balance	4%
Water treatment plant	declining balance	4%
Sports Complex	declining balance	4%
Roads and infrastructure	declining balance	5%
School buses	straight-line	10 years
Fire trucks	straight-line	5%
Vehicles	straight-line	5 years
Computer hardware and software	straight-line	3 years
Equipment	straight-line	5 years
Furniture and fixtures	straight-line	5 years

**Capital lease obligations**

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation is recorded at the present value of the minimum lease payments. Assets under capital leases are amortized on the straight-line basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

Long term financing received to fund tangible capital asset purchases is recognized in the period the financing is acquired and recorded as an increase in long-term debt. Repayments of long term financing are recognized as a decrease in long-term debt.

**Long-lived assets**

Long lived assets consist of tangible capital assets. Long lived assets held for use are measured and amortized as described in the applicable accounting policies.

MCK performs impairment testing on long lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using discounted future cash flows. Any impairment is included in surplus for the year.

**Measurement uncertainty**

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Loans are stated after allowances for forgiveness (where applicable) and provisions for uncollectible amounts. Amortization is based on the estimated useful lives of tangible capital assets. Other significant areas of estimation include the actuarial estimates used in determining the funding deficit of the pension plan. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in surplus in the year in which they become known.

**Mohawk Council of Kahnawà:ke**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

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**2. Significant accounting policies** *(Continued from previous page)*

***Revenue recognition***

**Government Transfers**

MCK recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, MCK recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

**Externally restricted revenue**

MCK recognizes externally restricted inflows as revenue in the period the resources are used for the purpose specified in accordance with an agreement or legislation. Until this time, MCK records externally restricted inflows in deferred revenue.

**Funds held in Ottawa Trust Fund**

Revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is received.

**Investment Income**

Interest is recognized on the accrual basis as it is earned. Dividends are recognized when declared.

**Rental Income**

Rental income is recognized on a straight line basis over the term of the lease.

**Other Income**

Revenue is recognized when a price is agreed and all significant contractual obligations have been satisfied, and collectability is reasonably assured. Management assesses the business environment, customers' financial condition, historical experience, accounts receivable aging and customer disputes to determine whether collectability is reasonably assured. If collectability is not considered reasonably assured at the time of sale, MCK does not recognize revenue until collection occurs.

***Employee future benefits***

MCK's employee future benefit programs consist of a defined benefit plan.

The estimated future cost of providing defined benefit pension is actuarially determined using the projected benefits method pro-rated on service, as future salary levels affect the amount of employee future benefits. The attribution period for such cost begins one year after the date of hire of the employee to the date the employee becomes fully eligible to receive the benefits. MCK determines its discount rates by reference to its plan asset earnings.

The expected return on plan assets is determined by applying the assumed rate of return on plan assets to the average market-related value of assets for the period. Actuarial gains and losses are amortized on a straight-line basis over the average remaining service life of the related employee group. Prior period employee service costs resulting from plan amendments are expensed in the period of the plan amendment.

Contributions to the plan are expensed as incurred.

***Funds held in Ottawa Trust Fund***

Funds held in trust on behalf of MCK by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

**Mohawk Council of Kahnawà:ke**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

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**3. Cash and cash equivalents**

	<b>2017</b>	<b>2016</b>
Cash on hand and balances with banks	9,466,630	9,462,744
Internally restricted	27,464,110	6,910,808
Held in trust for community members	86,741	225,387
Ottawa trust funds	11,048	11,086
Externally restricted	694,965	278,020
	<b>37,723,494</b>	<b>16,888,045</b>

Externally restricted cash relates to funds provided for the Business Contribution Fund and is restricted to the operations of the program and cannot be used for any other purpose.

Internally restricted funds have been set aside and designated by Chief and Council and the boards of directors of the various organizations for specific purposes. These funds cannot be used for any other purposes without the prior approval of Chief and Council or the board of directors of the organization which initially restricted those funds.

**4. Term deposits**

Term deposits consist of various Canadian dollar term deposits which are interest bearing at rates ranging from 0.25% to 1.25% annually, and have maturity dates ranging from September 2017 to December 2019. The market value of the term deposits at March 31, 2017 approximates their carrying amount. Term deposits have been restricted as described in note 20.

**5. Accounts receivable**

	<b>2017</b>	<b>2016</b>
Indigenous and Northern Affairs Canada	2,877,085	4,281,831
First Nations Human Resource Development Commission of Quebec	171,619	261,068
First Nations Education Council	457,831	446,682
Dividends receivable	531,960	518,840
Interest receivable	322,144	360,540
Commodity taxes	259,781	314,783
Other receivables	1,964,150	1,498,721
	<b>6,584,570</b>	<b>7,682,465</b>

The accounts receivable balance is net of an allowance for uncollectible amounts of \$3,183,393 (2016 - \$3,055,810).

**Mohawk Council of Kahnawà:ke**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

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**6. Short-term loan receivable (payable)**

Mohawk Council of Kahnawà:ke (MCK) agreed to act as the signatory for the Capital Contribution Agreement signed on March 28, 2012 for the capital expansion of the Kateri Memorial Hospital Center (KMHC). A memorandum of understanding was signed whereby MCK transferred administrative and legal liability for the project to KMHC. However, MCK would, under the terms of funding provided to the Ministère de la Santé et des Services Sociaux (MSSS), continue in the capacity as the project manager. The total funding to be provided by the MSSS amounts to \$21,056,000. As part of this project, a short rate term loan agreement was signed between Financement-Québec, Mohawk Council of Kahnawà:ke and MSSS for the purpose of financing the construction costs of the hospital expansion.

As at March 31, 2017, total funding provided directly to KMHC by MSSS with respect to the project amounted to \$20,820,000. Therefore, this amount has been recorded as a loan receivable from KMHC.

Under the terms of the short rate term loan agreement, MCK has been identified as the borrower. Therefore, at March 31, 2017, \$20,820,000 has been recognized as a liability due to Financement-Québec.

As MCK is the guarantor and the loan receivable and payable are with different counter-parties, both an asset and a liability have been recorded for this amount.

**7. Investment in loans**

Investment in loans consist of the following:

	Principal	Provisions and allowances	2017 Net recoverable value	2016 Net recoverable value
Loan receivable - Onkwawista, unsecured, non-interest bearing, with no specific terms of repayment	-	-	-	14,559,888
Loans receivable - Business Loan Fund	564,855	-	564,855	670,854
Loans receivable - Youth Business Fund	35,230	-	35,230	46,710
Loans receivable - Employees, non-interest bearing with no fixed terms of repayment	1,970	-	1,970	5,383
	<b>602,055</b>	-	<b>602,055</b>	<b>15,282,835</b>

The loan receivable from Onkwawista of \$14,559,888 was fully collected during the year as described in note 9.

The primary purpose of the Business Loan Fund (BLF) and the Youth Business Fund (YBF) loans are to help the youth and community of Kahnawà:ke to establish viable businesses. The general terms and conditions differ from conventional loan agreements. Amortization periods range from one to fifteen years depending on the size of the loan. Interest is charged at annual fixed rates ranging from 6.25% to 7% (YBF) and prime plus 4% (BLF) compounded monthly. In addition, Youth Business Fund borrowers have the option of paying interest only during the first year of the loan and the fund will forgive 25% of the loan once 75% of the loan is reimbursed and the borrower has met all the terms of the loan agreement.

Recovery of youth loans is dependent upon the success of the related borrowers' businesses as the youth loans require no equity or personal guarantees.

**Mohawk Council of Kahnawà:ke**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

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**8. Portfolio investment**

MCK had signed a commitment to invest an aggregate sum of \$50,000 in the REIF First Nations L.P. project in a prior year. As there has been no activity for many years, the fund sponsor closed the fund and refunded \$12,134 of the initial investment.

Tewatohnhi'saktha has a management contract with Mohawk Internet Technologies ("MIT"), a band empowered entity, which has an exclusivity operating agreement with a third party. Under the terms of the management contract, Tewatohnhi'saktha is responsible for the day to day operations and management of MIT. However, based on the terms of the third party agreement, it does not exercise effective control over MIT's assets, liabilities and surplus without the cooperation and approval of the third party. As such, the assets, liabilities and results of the operations of MIT are not included in these financial statements.

**9. Investments in government business entities**

The First Nation has investments in the following entities:

	<i>2017</i>				
	<i>Investment cost, beginning of year</i>	<i>Loans / advances</i>	<i>Share of earnings</i>	<i>Cash distributions</i>	<i>Total investment</i>
<b>Wholly-owned businesses:</b>					
Mohawk Online Limited	885,015	-	2,018,302	(299,835)	2,603,482
Onkwawista Holdings Limited	106	13,299,000	130,000	-	13,429,106
	<b>885,121</b>	<b>13,299,000</b>	<b>2,148,302</b>	<b>(299,835)</b>	<b>16,032,588</b>

	<i>2016</i>				
	<i>Investment cost, beginning of year</i>	<i>Loans / advances</i>	<i>Share of earnings</i>	<i>Cash distribution</i>	<i>Total investment</i>
<b>Wholly-owned businesses:</b>					
Mohawk Online Limited	100	-	925,000	(40,085)	885,015
Onkwawista Holdings Limited	106	-	-	-	106
	<b>206</b>	<b>-</b>	<b>925,000</b>	<b>(40,085)</b>	<b>885,121</b>

*Continued on next page*

**Mohawk Council of Kahnawà:ke**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

**9. Investments in government business entities** *(Continued from previous page)*

Summary financial information for each First Nation business entities, accounted for using the modified equity method for the respective year-end, is as follows:

	<i>Mohawk Online Limited As at December 31, 2016</i>	<i>Onkwawista Holdings Limited As at March 31, 2017</i>
<b>Assets</b>		
Cash	217,909	1,270,765
Accounts receivable	2,556,647	-
Loans receivable	-	13,565,375
<b>Total assets</b>	<b>2,774,556</b>	<b>14,836,140</b>
<b>Liabilities</b>		
Accounts payable and accruals	143,997	531,960
Loan payable	-	13,342,992
<b>Total liabilities</b>	<b>143,997</b>	<b>13,874,952</b>
<b>Net assets excluding accumulated other comprehensive income</b>	<b>2,630,559</b>	<b>961,188</b>
<b>Total revenue</b>	<b>2,520,784</b>	<b>2,514,198</b>
<b>Total expenses</b>	<b>357,601</b>	<b>1,899,519</b>
<b>Comprehensive income</b>	<b>2,163,183</b>	<b>614,679</b>

An adjustment to earnings of 144,881, resulting from the change in the estimated net earnings for the three month stub period from January 1, 2017 to March 31, 2017 has been recorded in the financial statement of Mohawk Online Limited.

An adjustment to earnings of \$484,679, resulting from the estimated income earned for the period from April 1, 2016 to August 31, 2016, prior to Onkwawista being designated as a Government Business Entity has been recorded in the financial statements of Onkwawista Holdings Limited.

These adjustments have been recorded in order to arrive at the amount included in the consolidated financial statements.

One of the First Nation's investees has a different year-end than March 31, 2017. The First Nation uses the investee's year-end financial statements to account for its investment in this investee.

<b>Name of investee</b>	<b>Year-end</b>	<b>Significant events and transactions</b>
Mohawk Online Limited	December 31, 2016	Net revenues and expenses during the period from January 1, 2017 to March 31, 2017.

On August 1, 2016, Onkwawista Holdings Limited ("OHL") sold its 40% investment in Continent 8 PLC ("C8"). The agreed upon amount was \$35,000,000 USD.

As a result of this transaction, management has determined that it has re-acquired control of OHL. As such, the investment is accounted for as a Government Business Entity, and the organization records its share of the earnings as of this date using the modified equity method.

Prior to this date, management had determined that they did not exercise effective control of OHL, and as such the investment had been recorded at its initial cost of \$50. Distributions from OHL were recorded as dividends in the period they were received or receivable. Any future distributions from OHL will first be treated as dividends to the extent of the reacquired equity of OHL as of August 1, 2016 with the excess being accounted for as a reduction of the investment in OHL.

**Mohawk Council of Kahnawà:ke**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

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**9. Investments in government business entities** *(Continued from previous page)*

The proceeds were applied as follows:

Dividend paid by OHL to MCK upon sale of investment in C8	30,919,112
<u>Amount applied as a repayment of the loan receivable</u>	<u>14,559,888</u>
<b>Total proceeds received from sale of investment in C8</b>	<b>45,479,000</b>

The loan receivable from OHL of \$10,000,000 USD is unsecured, interest bearing at 2.5% per annum, and is repayable by way of five annual principal payments of \$1,600,000 USD to August 1, 2021 and five annual principal payments thereafter of \$400,000 USD until August 1, 2026.

**10. Mortgage loans receivable and housing initiative loans**

Mortgage loans receivable represent funds advanced for the construction of homes for community residents and are secured by the related properties. Initial terms of these mortgages vary, up to a maximum term of approximately thirty years. These mortgages are repayable in monthly instalments and bear interest at 6% per annum.

Housing initiative loans receivable are unsecured loans which are repayable in monthly principal and interest instalments and bear interest at 6% per annum. The loans are generally granted with terms of approximately five years.

**11. Revolving line of credit**

MCK has access to various unsecured credit facilities amounting to \$3,220,000 (2016 - \$720,000) of which \$344,786 is utilized as of March 31, 2017 (2016 - Nil). These facilities are renewable on an annual basis. Borrowings under these facilities bear interest at rates ranging from prime to prime plus 3% per annum.

As at March 31, 2017, the aggregate outstanding indebtedness amounted to \$344,786. Of this total, \$89,450 is repayable in November 2017 and \$57,300 in December 2017. The remaining balance of \$198,036 was converted into a term loan as described in note 15.

**12. Accounts payable and accruals**

	<b>2017</b>	<b>2016</b>
Trade payables	4,886,532	5,227,785
Salaries and vacations payable	2,623,494	2,625,783
Government funding repayable	613,888	684,600
	<b>8,123,914</b>	<b>8,538,168</b>

**Mohawk Council of Kahnawà:ke**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

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**13. Deferred revenue**

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Amount recognized as revenue</i>	<i>Balance, end of year</i>
<b>Deferred Revenue</b>				
Government operations	965,515	2,910,027	2,451,273	1,424,269
Economic development	278,020	1,155,542	802,021	631,541
Health & community services	124,612	146,452	124,612	146,452
Education	14,451	3,578,711	3,184,501	408,661
	<b>1,382,598</b>	<b>7,790,732</b>	<b>6,562,407</b>	<b>2,610,923</b>
<b>Other</b>				
Rental income	2,154	-	2,154	-
Primates world relief developpement fund	5,880	73,335	8,880	70,335
	<b>8,034</b>	<b>73,335</b>	<b>11,034</b>	<b>70,335</b>
	<b>1,390,632</b>	<b>7,864,067</b>	<b>6,573,441</b>	<b>2,681,258</b>

**14. Amounts held in trust**

Mohawk Council of Kahnawà:ke holds funds in trust for several Community members and uses those funds to pay for their day to day essential needs. The balance represents the total amount being administered on behalf of those community members as at March 31, 2017. Use of these funds is restricted as described in note 3.

**15. Long-term debt**

	<i>2017</i>	<i>2016</i>
Mortgage payable, interest bearing at 3.6% (2016 - 3.3%), repayable in blended monthly instalments of \$17,310 with the balance subject to renewal in August 2017, secured by a trust agreement in the lender's favour on the Business Complex having a net book value of \$3,397,425	1,349,905	1,507,046
Unsecured term loan, bearing interest at 3.45% per annum, repayable in 84 monthly principal and interest payments of \$2,657 commencing April 30, 2017	198,036	-
Mortgage payable, interest bearing at 4.65% (2016 - 4.65%), repayable in blended monthly instalments of \$4,806 with the balance subject to renewal in December 2019, secured by a \$1,000,000 first rank immovable hypothec on the Commercial Complex having a net book value of \$1,051,974	695,970	720,666
	<b>2,243,911</b>	<b>2,227,712</b>

**Mohawk Council of Kahnawà:ke**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

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**15. Long-term debt** *(Continued from previous page)*

Principal repayments on long-term debt in each of the next five years, assuming all term debt is subject to contractual terms of repayment and long-term debt subject to refinancing is renewed, are estimated as follows:

	<b>Total</b>
2018	213,084
2019	221,131
2020	229,479
2021	238,145
2022	247,141

**16. Capital lease obligations**

	<b>2017</b>	<b>2016</b>
Obligation under capital lease relating to computer hardware and software, repayable in equal monthly instalments of \$2,349 including interest at 4.59%, due May 2019, secured by the related assets having a net book value of \$3,595 (2016 - \$20,954)	57,870	83,358
Obligations under capital lease relating to vehicles and school buses, repayable in equal monthly aggregate instalments of \$9,839 (2016 - \$5,803) including interest at rates ranging from 3.11% to 3.99%, with maturities ranging from January 2018 to December 2020, secured by the related assets having a net book value of \$472,663.	318,027	287,775
	<b>375,897</b>	371,133

Minimum lease payments related to obligations under capital lease are as follows:

2018	144,927
2019	138,307
2020	66,388
2021	41,132
	390,754
Less: imputed interest	14,857
	<b>375,897</b>

**Mohawk Council of Kahnawà:ke**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

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**17. Contingencies**

- (a) MCK has entered into contribution agreements with various government departments. Funding received under these contribution agreements is subject to repayment if the organization fails to comply with the terms and conditions of the agreements.
- (b) Mohawk Council of Kahnawà:ke has been named as a defendant in several lawsuits as part of its ongoing operations. Details of the most significant cases are as follows:
  - i) A motion for a permanent injunction and damages was received on June 11, 2015. The action stems primarily from the alleged trespassing on the plaintiff's property by the defendants, the clearing of approximately 500 maple trees, and the unauthorized dumping and spreading of contaminated soil on the property. The plaintiff is seeking damages of \$1,456,365, extra judicial costs in the amount of \$125,000, and expertise expenses in the amount of \$37,362. The file was to be completed and filed with the Court by December 2016. MCK filed a contestation in this matter in November 2015. Council is unable to accurately estimate the outcome of the action at this time.
  - ii) Various other legal matters are pending or are before the courts or other regulatory bodies. Damages in certain cases have either not been filed as yet or are not requested or cannot be awarded. Council is unable to accurately estimate the outcome of these actions. No provision has been recorded in the accounts. Any settlement resulting from these claims will be recorded as an expense in the year in which the settlement occurs.
- (c) Mohawk Council of Kahnawà:ke guarantees loans made to Kahnawà:ke residents by Canada Mortgage and Housing Corporation for renovations. As at March 31, 2017, such loans are not significant. MCK acted as co-signer on loans to residents from various lending institutions for an aggregate amount of \$10,361,128 (2016 - \$9,996,695) for purchases of houses. In addition, MCK guarantees loans from a financial institution to residents as part of the On-reserve Loan Guarantee program in the amount of \$98,851 (2016 - \$243,263).
- (d) Mohawk Council of Kahnawà:ke has incurred certain financial obligations with respect to the research, development and negotiation of its specific claim relating to the Seigneurie of Sault St. Louis Claim. INAC has provided MCK with an interim loan to assist them in meeting these obligations. As at March 31, 2017, the outstanding loan is \$4,560,428. The advance is secured by a promissory note which is payable on the earlier of March 31, 2021 or the date on which the claim is settled.
- (e) Through the Business Loan Fund, Mohawk Council of Kahnawà:ke has guaranteed the Caisse Populaire Kahnawà:ke for a portion of the approved bank borrowings to a maximum of \$176,929 (2016 - \$184,000) for native entrepreneurs under the loan guarantee program. As at March 31, 2017, the total guaranteed indebtedness amounted to \$169,047 (2016 - \$134,708).
- (f) Through Kahnawà:ke Sustainable Energies ("KSE"), Mohawk Council of Kahnawà:ke has entered into an agreement with a service provider to pay \$2,976,000 for specific services (of which \$1,056,000 had been paid prior to the year-end). The payments are based on achieving certain milestones and providing specific services. In addition, there is a further commitment to pay a break-up fee of \$500,000 to the service provider in the event that certain specific circumstances occur. KSE has also entered into an agreement with another contractor/supplier for a commitment to pay \$35,453,379 to construct a wind-farm facility. The commitment is conditional upon signature of a purchase contract which is presently subject to negotiation and other approvals. Finally, KSE has also entered into agreements with a distributor of wind energy which calls for \$500,000 to secure a commitment to cover initial work performed by the distributor; \$480,000 to secure a commitment to begin delivery of contractual energy as well as \$190,000 to secure commitment to cover connection costs with the distributor electricity network. KSE has provided letters of credit aggregating \$1,670,000 to secure the various provisions of these contracts.
- (g) Through the Business Loan Fund, MCK has guaranteed the Caisse Populaire Kahnawake for a portion of the approved bank borrowings to a maximum of \$176,929 for native entrepreneurs under the loan guarantee program. As at March 31, 2017, the total guaranteed indebtedness amounted to \$169,047.

**Mohawk Council of Kahnawà:ke**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

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**18. Tangible capital assets**

The tangible capital assets reconciliation is included in Schedule 1.

Tangible capital assets include assets under capital lease with a gross cost of \$1,064,491 (2016 - \$805,571), and accumulated amortization of 588,233 (2016 - \$496,284).

**19. Development costs**

Development costs relate to payments made on a wind energy project representing specific project milestones and costs directly attributable to the project.

**20. Accumulated Surplus**

The accumulated surplus is comprised of the following:

	<b>2017</b>	<b>2016</b>
Tangible Capital Assets	82,058,756	81,069,794
Ottawa Trust Funds	11,048	11,086
Externally Restricted	5,805,038	5,807,581
Appropriated Reserves	100,146,096	69,855,748
Unappropriated	1,105,389	994,343
	<hr/>	<hr/>
	189,126,327	157,738,552

**21. Replacement reserve**

Under agreements with Canada Mortgage and Housing Corporation (CMHC), MCK established:

Replacement reserve, funded by an annual allocation of \$32,000 to ensure replacement of buildings financed by CMHC. At March 31, 2017, \$64,000 has been set aside to fully fund this reserve.

In accordance with terms of the agreements, CMHC reserve moneys must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal.

**22. Defined benefit pension plan**

Mohawk Council of Kahnawà:ke maintains a defined benefit pension plan covering the employees of Mohawk Council of Kahnawà:ke and other band empowered entities. According to the most recent actuarial valuation of the Plan dated March 31, 2017, the Plan had a funding surplus of approximately \$60,000,000 (2016 - \$49,000,000) on a going concern basis and a funding excess of approximately of \$3,000,000 (2016 - deficit \$15,000,000). The Pension Benefits Standards Act requires that Council fund the benefits determined under the Plan. The determination of the value of these benefits was made on the basis of an actuarial valuation on March 31, 2017.

Other accounts receivable includes an amount of \$874,458 (2016 - \$716,577), net of a provision of \$874,458 (2016 - \$716,577) due from Pension Plan for the employees of Mohawk Council of Kahnawake. This comprises administrative expenses paid by Mohawk Council of Kahnawà:ke on behalf of the Plan for current and prior years. Expenses for the current year are \$157,881 (2016 - \$163,443) and these amounts are charged at cost.

**Mohawk Council of Kahnawà:ke**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

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**22. Defined benefit pension plan** *(Continued from previous page)*

**Pension plan contingency**

Based on an actuarial report as at March 31, 2017, the actuary has provided the following information:

The amended Pension Benefits Standards Regulations, 1985 which became effective on July 1, 2011, has a transition rule allowing the Plan to use the solvency ratio at the valuation date as being the solvency ratio as at March 31, 2009 in order to determine the average solvency ratio over the last three Plan year ends. The minimum special payments required to be made by the employer to the Plan, over and above its required contributions with respect to current service cost, are as follows:

- i) The plan sponsor is required to pay approximately \$115,000 at the end of each month for a period of five years to amortize the adjusted solvency deficiency of approximately \$7,000,000 (2016 - \$10,000,000) existing on this valuation date;
- ii) Commencing on June 15, 2011, 5% of all transfer values paid to terminated members electing to transfer out of the Plan, the commuted value of their pension benefit credits in accordance with the portability provisions of the Plan, excluding terminated members with certain transfer values.

The above schedule of employer solvency special payments must be maintained until the next actuarial valuation report is filed with the Office of the Superintendent of Financial Institutions, Canada, which requires that the next actuarial valuation report must be effective as at March 31, 2017 and must be filed by September 30, 2017.

Under the Pension Benefits Standards Act, a Plan sponsor is permitted to use a letter of credit to reduce any solvency special payments otherwise required to be paid under the Act. In this regard, on July, 2015, the Plan sponsor entered into a letter of credit trust agreement with Bank of Montreal, whereby the Bank of Montreal provided the sponsor with letters of guarantee. Letters of credit outstanding at March 31, 2017 totalled \$11,293,436 (2016 - \$11,293,436) and expire on September 30, 2017.

**23. Government transfers**

During the year, the Organization recognized the following government transfers:

**Federal government transfers**

	<i>Operating</i>	<i>Capital</i>	<i>2017</i>	<i>2016</i>
Indigenous and Northern Affairs Canada	<b>43,198,407</b>	<b>1,394,169</b>	<b>44,592,576</b>	44,159,921
Public Safety Canada	<b>2,307,251</b>	-	<b>2,307,251</b>	2,280,637
Department of Justice Canada	<b>135,228</b>	-	<b>135,228</b>	52,500
Fisheries and Oceans Canada	<b>50,000</b>	-	<b>50,000</b>	55,687
Canadian Heritage	-	-	-	61,331
Canada Mortgage Housing Corporation	<b>81,278</b>	-	<b>81,278</b>	36,854
Natural Resources Canada	<b>156,664</b>	-	<b>156,664</b>	-
Employment and Social Development Canada	<b>676,171</b>	-	<b>676,171</b>	598,760
Health Canada	<b>9,156,721</b>	-	<b>9,156,721</b>	9,071,982
Canada Revenue Agency	<b>197,651</b>	-	<b>197,651</b>	145,627
First Nation Education Council	<b>4,405,833</b>	<b>200,733</b>	<b>4,606,566</b>	2,776,723
Minister of Indian Affairs and Northern Development	<b>114,817</b>	-	<b>114,817</b>	-
Minister of Environment and Climate Change	<b>114,900</b>	-	<b>114,900</b>	-
National Aboriginal Capital Corporations Association	<b>565,442</b>	-	<b>565,442</b>	-
	<b>61,160,363</b>	<b>1,594,902</b>	<b>62,755,265</b>	<b>59,240,022</b>

**Mohawk Council of Kahnawà:ke**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

**23. Government transfers (Continued from previous page)**

*Provincial government transfers*

	<i>Operating</i>	<i>Capital</i>	<b>2017</b>	<b>2016</b>
Transports Québec	<b>2,383,684</b>	-	<b>2,383,684</b>	2,377,069
Sécurité publique Québec	<b>2,129,770</b>	-	<b>2,129,770</b>	2,105,203
Québec en Forme	-	-	-	67,500
Développement durable, Environnement et Lutte contre les changements climatiques	<b>108,610</b>	-	<b>108,610</b>	101,519
Département de la justice du Québec	<b>52,500</b>	-	<b>52,500</b>	52,500
Québec en Forme	<b>40,500</b>	-	<b>40,500</b>	88,500
Finances Québec	<b>142,941</b>	-	<b>142,941</b>	-
Secrétariat aux affaires autochtones	<b>103,792</b>	-	<b>103,792</b>	-
	<b>4,961,797</b>	-	<b>4,961,797</b>	4,792,291
<b>Total government transfers</b>	<b>66,122,160</b>	<b>1,594,902</b>	<b>67,717,062</b>	<b>64,032,313</b>

**24. Economic dependence**

Mohawk Council of Kahnawà:ke receives 55% (2016 - 75%) of its revenue from Indigenous and Northern Affairs Canada and other agencies of the Government of Canada. The ability of MCK to continue operations is dependent upon the Government of Canada's continued financial commitments.

**25. INAC funding reconciliation**

INAC funding as per the statement of operations and accumulated surplus is reconciled as follows:

	<b>2017</b>	<b>2016</b>
<b>Balance per financial statements</b>		
Balance per financial statements	<b>44,592,576</b>	44,159,921
Less: Non-Budget NDP01 adjustment	-	(548,522)
Add: Other adjustment	-	5,103
<b>Adjusted balance per financial statements</b>	<b>44,592,576</b>	43,616,502
<b>Balance per INAC funding confirmation</b>		
Funding confirmation 0070 - Mohawks of Kahnawà:ke Band	<b>44,592,576</b>	43,501,421
Funding confirmation 3354 - Tewathonhi'saktha Business Loan Fund Ltd.	-	115,081
<b>Balance per INAC funding confirmations</b>	<b>44,592,576</b>	43,616,502

**26. Budget information**

The disclosed budget information has been approved by Chief and Council and the Board of Directors of the related entities which form part of the government reporting entity.

**Mohawk Council of Kahnawà:ke**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

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**27. Comparative figures**

Certain comparative figures have been reclassified to conform with the current year's presentation.

**Mohawk Council of Kahnawà:ke**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2017*

	<i>Land and land improvement</i>	<i>Buildings</i>	<i>Social Housing</i>	<i>Water Treatment Plant</i>	<i>Roads and Infrastructure</i>	<i>Sports Complex</i>	<i>Subtotal</i>
<b>Cost</b>							
Balance, beginning of year	2,794,684	59,415,809	1,831,815	11,100,940	45,187,256	1,326,202	121,656,706
Acquisition of tangible capital assets	-	2,380,403	179,034	-	2,247,722	-	4,807,159
Disposal of tangible capital assets	-	-	-	-	-	-	-
Write down of tangible capital assets	-	-	-	-	-	-	-
Balance, end of year	2,794,684	61,796,212	2,010,849	11,100,940	47,434,978	1,326,202	126,463,865
<b>Accumulated amortization</b>							
Balance, beginning of year	129,713	26,116,888	1,436,590	1,664,446	12,407,467	630,664	42,385,768
Annual amortization	7,814	2,271,624	6,563	377,460	1,707,171	39,093	4,409,725
Accumulated amortization on disposals	-	-	-	-	-	-	-
Write down of capital assets	-	-	-	-	-	-	-
Balance, end of year	137,527	28,388,512	1,443,153	2,041,906	14,114,638	669,757	46,795,493
<b>Net book value of tangible capital assets</b>	<b>2,657,157</b>	<b>33,407,700</b>	<b>567,696</b>	<b>9,059,034</b>	<b>33,320,340</b>	<b>656,445</b>	<b>79,668,372</b>
2016 Net book value of tangible capital assets	2,664,971	33,298,921	395,225	9,436,494	32,779,789	695,538	79,270,938

**Mohawk Council of Kahnawà:ke**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2017*

	<b>Subtotal</b>	<b>School Buses</b>	<b>Vehicles</b>	<b>Firetrucks</b>	<b>Equipment</b>	<b>Computer Hardware and Software</b>	<b>Subtotal</b>
<b>Cost</b>							
Balance, beginning of year	121,656,706	2,032,770	2,593,301	2,338,199	2,620,583	1,117,046	132,358,605
Acquisition of tangible capital assets	4,807,159	198,036	533,642	154,762	387,478	509,473	6,590,550
Disposal of tangible capital assets	-	-	(79,959)	-	-	-	(79,959)
Write down of tangible capital assets	-	-	-	-	-	-	-
Balance, end of year	126,463,865	2,230,806	3,046,984	2,492,961	3,008,061	1,626,519	138,869,196
<b>Accumulated amortization</b>							
Balance, beginning of year	42,385,768	855,583	1,913,200	734,387	2,019,394	930,108	48,838,440
Annual amortization	4,409,725	196,747	274,096	124,648	243,186	186,592	5,434,994
Accumulated amortization on disposals	-	-	(65,293)	-	-	-	(65,293)
Write down of capital assets	-	-	-	-	-	-	-
Balance, end of year	46,795,493	1,052,330	2,122,003	859,035	2,262,580	1,116,700	54,208,141
<b>Net book value of tangible capital assets</b>	<b>79,668,372</b>	<b>1,178,476</b>	<b>924,981</b>	<b>1,633,926</b>	<b>745,481</b>	<b>509,819</b>	<b>84,661,055</b>
2016 Net book value of tangible capital assets	79,270,938	1,177,187	680,101	1,603,812	601,189	186,938	83,520,165

**Mohawk Council of Kahnawà:ke**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2017*

	<i>Subtotal</i>	<i>Furniture and Fixtures</i>	<i>2017</i>	<i>2016</i>
<b>Cost</b>				
Balance, beginning of year	132,358,605	716,467	133,075,072	129,692,048
Acquisition of tangible capital assets	6,590,550	70,508	6,661,058	4,978,624
Disposal of tangible capital assets	(79,959)	-	(79,959)	(691,165)
Write down of tangible capital assets	-	-	-	(904,435)
Balance, end of year	<b>138,869,196</b>	<b>786,975</b>	<b>139,656,171</b>	<b>133,075,072</b>
<b>Accumulated amortization</b>				
Balance, beginning of year	48,838,440	567,993	49,406,433	44,938,467
Annual amortization	5,434,994	54,720	5,489,714	5,302,686
Accumulated amortization on disposals	(65,293)	-	(65,293)	(623,685)
Write down of capital assets	-	-	-	(211,035)
Balance, end of year	<b>54,208,141</b>	<b>622,713</b>	<b>54,830,854</b>	<b>49,406,433</b>
<b>Net book value of tangible capital assets</b>	<b>84,661,055</b>	<b>164,262</b>	<b>84,825,317</b>	<b>83,668,639</b>
2016 Net book value of tangible capital assets	83,520,165	148,474	83,668,639	

**Mohawk Council of Kahnawà:ke**  
**Schedule 2 - Consolidated Schedule of Expenses by Object**  
*For the year ended March 31, 2017*

	<b>2017 Budget</b>	<b>2017</b>	<b>2016</b>
<b>Consolidated expenses by object</b>			
Administration	747,222	180,530	176,313
Amortization	1,393,116	5,489,714	5,302,686
Bad debts	(7,461)	432,194	343,255
Bank charges and interest	218,421	206,675	221,005
Capital and Infrastructure costs	3,154,313	3,874,986	2,869,995
Community support services	200,336	168,729	107,730
Economic development	289,029	379,666	385,081
Education	1,924,763	1,777,673	1,721,124
Employment and training	1,359,996	962,502	914,493
Foreign exchange gain	(39,688)	(1,336,370)	(415,317)
Foster, institutional and group home	278,662	2,494,134	3,129,242
Health and social services	4,784,972	3,405,914	3,259,141
Honoraria	101,716	141,263	100,467
Impairment of asset	-	-	693,402
Information technology	70,652	54,251	100,363
Insurance	310,958	277,767	219,723
Legal, professional and consulting fees	3,819,172	3,396,431	3,874,803
MSI	1,505,154	632,680	890,772
Office and general	2,622,489	2,394,919	1,875,310
Overhead cost recoveries	560,858	(742,776)	(711,430)
Pension	799,688	2,458,830	2,383,235
Professional development	213,874	109,110	156,414
Public relations	1,082,390	664,956	629,117
Repairs and maintenance	1,921,530	1,476,344	1,276,342
Salaries and benefits	40,430,204	40,751,619	38,824,911
Social assistance	6,570,856	6,479,863	6,538,221
Training	431,246	377,721	505,549
Travel and transportation	606,429	736,397	593,523
Tuition and allowances	3,711,486	2,937,681	3,637,720
Utilities	1,298,453	1,306,100	1,304,206
Vehicle expenses	391,605	348,715	393,433
	<b>80,752,441</b>	<b>81,838,218</b>	<b>81,300,829</b>

**Mohawk Council of Kahnawà:ke**  
**Schedule 3 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus Deficit**  
*For the year ended March 31, 2017*

	<i>Schedule #</i>	<i>INAC Revenue</i>	<i>Other Revenue</i>	<i>Deferred Revenue</i>	<i>Total Revenue</i>	<i>Total Expenses</i>	<i>Adjustments/Transfers From (To)</i>	<i>Current Surplus (Deficit)</i>	<i>Prior Year Surplus (Deficit)</i>
<b>Segment Schedules</b>									
Government Operations	4	22,774,346	49,935,941	(458,754)	72,251,533	40,122,204	(201,858)	31,927,471	2,606,698
Economic Development	5	921,692	5,254,546	(353,521)	5,822,717	6,826,311	-	(1,003,594)	(2,874,018)
Health and Community Services	6	7,521,478	9,675,852	(21,839)	17,175,491	16,764,128	-	411,363	(297,950)
Education	7	12,841,801	4,758,403	(408,661)	17,191,543	16,304,930	-	886,613	(1,103,525)
Fire Services	8	422,468	125,195	-	547,663	848,090	-	(300,427)	(263,953)
Service Complex	9	-	175,579	-	175,579	378,625	-	(203,046)	(166,723)
Cultural Center	10	110,791	141,486	-	252,277	582,844	-	(330,567)	(357,336)
Ottawa Trust Funds	11	-	11,048	-	11,048	11,086	-	(38)	(5,491)
		44,592,576	70,078,050	(1,242,775)	113,427,851	81,838,218	(201,858)	31,387,775	(2,462,298)
<b>Accumulated surplus, beginning of year</b>								<b>157,738,552</b>	<b>160,200,850</b>
<b>Accumulated surplus, end of year</b>								<b>189,126,327</b>	<b>157,738,552</b>

**Mohawk Council of Kahnawà:ke**  
**Government Operations**  
**Schedule 4 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2017*

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada			
Block funding	21,082,090	19,733,821	19,300,815
Target funding	160,151	2,346,963	4,117,270
Fixed	361,544	528,422	237,749
Flexible	-	146,390	179,954
Other	-	18,750	-
Additional government funding	2,639,483	2,878,860	2,388,825
Canada Mortgage and Housing Corporation	168,204	81,278	36,854
Province of Québec	2,946,916	4,715,064	4,792,291
Dividend income	-	30,981,778	462,207
Interest income	2,203,476	1,058,697	1,075,937
Other revenues	1,683,537	2,857,774	2,493,260
MSI	1,849,231	1,799,226	1,778,470
Kahnawà:ke Gaming Commission	1,267,434	748,916	796,804
Tickets and fines	-	855,397	692,682
Rental income	649,357	756,838	691,072
Royalties	-	623,835	356,242
User fees	142,000	142,717	145,606
Snack bar	94,992	90,533	102,110
Registration fees	-	111,235	128,225
Poker room	-	186,938	190,638
Advertising revenue	79,500	35,358	19,181
Deferred revenue - prior year	219,760	965,515	718,827
Deferred revenue - current year	-	(1,424,269)	(965,515)
Repayment of government funding	-	(297,114)	(155,259)
Recovery of prior year deficit	-	85,183	222,083
<b>Total revenue</b>	<b>35,547,675</b>	<b>70,028,105</b>	<b>39,806,328</b>

*Continued on next page*

**Mohawk Council of Kahnawà:ke**  
**Government Operations**  
**Schedule 4 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2017*

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
<b>Total revenue (Continued from previous page)</b>	<b>35,547,675</b>	<b>70,028,105</b>	<b>39,806,328</b>
<b>Expenses</b>			
Administration	524,764	141,297	127,379
Amortization	-	3,159,703	3,099,705
Bad debts	3,000	418,657	348,645
Bank charges and interest	11,260	50,477	16,865
Capital and Infrastructure costs	4,581,921	3,838,639	2,869,245
Community support services	193,596	160,969	101,058
Employee benefits	965,391	1,691,708	1,722,325
Foreign exchange (gain) loss	-	(1,337,708)	(325,749)
Health and social services	50,146	50,088	45,390
Honoraria(um)	31,500	12,791	11,225
Insurance	197,912	176,236	114,500
Legal, professional and consulting fees	1,153,911	2,050,868	1,444,700
MSI	1,505,154	632,680	890,772
Office and general	1,261,944	1,310,430	1,035,600
Overhead cost recoveries	391,339	(335,142)	(285,832)
Pension	799,688	2,451,830	2,366,680
Public relations	112,018	112,227	99,313
Repairs and maintenance	892,819	723,576	697,076
Salaries	17,253,567	16,832,275	15,526,219
Social assistance	6,570,856	6,479,863	6,538,221
Training	246,486	274,811	369,764
Travel and transportation	213,917	283,976	182,340
Utilities	638,290	633,059	639,054
Vehicle expenses	350,605	308,894	329,835
	37,950,084	40,122,204	37,964,330
<b>Surplus before other income</b>	<b>(2,402,409)</b>	<b>29,905,901</b>	<b>1,841,998</b>
<b>Other income</b>			
Gain on disposal of capital assets	-	25,644	75,700
Deferred expenses	-	49,482	-
Income from investments in Government Business Entities	-	2,148,302	925,000
	-	2,223,428	1,000,700
<b>Surplus before transfers</b>	<b>(2,402,409)</b>	<b>32,129,329</b>	<b>2,842,698</b>
<b>Transfers</b>			
Allocations to other community organizations	-	(201,858)	(236,000)
<b>Surplus</b>	<b>(2,402,409)</b>	<b>31,927,471</b>	<b>2,606,698</b>

**Mohawk Council of Kahnawà:ke**  
**Economic Development**  
**Schedule 5 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2017*

	<b>2017 Budget</b>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada			
Block funding	916,435	921,692	901,685
Flexible	-	-	115,081
Employment and skills development Canada	658,350	676,171	598,760
National Aboriginal Capital Corporations Association	550,000	565,442	-
Rental income	1,728,080	1,898,459	1,817,528
First Nations Human Resource Development Commission of Quebec	1,480,483	1,581,329	1,500,073
Other revenues	1,779,845	284,310	304,635
Interest income	84,624	99,490	110,473
User fees	-	14,250	-
Recovery of prior year deficit	-	-	39,197
Deferred revenue - prior year	-	278,020	1,138,515
Deferred revenue - current year	-	(631,541)	(278,020)
Repayment of government funding	19,987	(111,638)	(487,020)
Province of Québec	-	246,733	-
	<b>7,217,804</b>	<b>5,822,717</b>	<b>5,760,907</b>
<b>Expenses</b>			
Administration	-	811	20,882
Amortization	-	466,619	489,370
Bad debts	-	37,398	824
Bank charges and interest	128,902	123,747	134,174
Capital and Infrastructure costs	4,450	16,065	-
Economic development	229,829	267,350	294,591
Employee benefits	395,740	332,160	367,947
Employment and training	1,359,996	962,502	914,493
Foreign exchange (gain) loss	(39,688)	2,158	(88,492)
Health and social services	7,700	2,008	-
Honoraria	20,675	20,231	25,646
Impairment of asset	-	-	693,402
Information technology	60,120	54,165	93,278
Insurance	32,445	28,165	28,905
Legal, professional and consulting fees	873,638	861,653	2,011,367
Office and general	729,388	595,049	458,914
Overhead cost recoveries	169,519	(407,634)	(425,598)
Public relations	939,683	500,549	499,838
Repairs and maintenance	199,459	164,986	153,669
Salaries	2,670,868	2,499,698	2,659,016
Training	79,050	23,400	28,913
Travel and transportation	43,104	83,668	56,629
Utilities	198,771	191,563	217,157
	<b>8,103,649</b>	<b>6,826,311</b>	<b>8,634,925</b>
<b>Deficit</b>	<b>(885,845)</b>	<b>(1,003,594)</b>	<b>(2,874,018)</b>

**Mohawk Council of Kahnawà:ke**  
**Health and Community Services**  
**Schedule 6 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2017*

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada			
Block funding	2,059,328	2,070,730	2,025,293
Fixed	3,583,202	5,450,748	5,040,517
Health Canada	8,664,549	9,156,721	9,071,982
Canada Revenue Agency	132,218	197,651	145,627
Other revenues	272,125	271,107	538,625
Rental income	333,690	316,565	296,257
Interest income	42,500	61,729	62,525
Deferred revenue - prior year	102	124,613	382,373
Repayment of government funding	-	(105,833)	(124,635)
Deferred revenue - current year	-	(146,452)	(124,612)
Cancellation of government funding	-	(222,088)	(316,408)
	<b>15,087,714</b>	<b>17,175,491</b>	<b>16,997,544</b>
<b>Expenses</b>			
Administration	-	1,386	(5,886)
Amortization	-	159,003	150,876
Bank charges and interest	24,500	27,475	27,142
Capital and Infrastructure costs	-	20,282	750
Economic development	-	50,000	56,949
Employee benefits	1,541,612	1,431,192	1,427,248
Foster, institutional and group home	256,662	2,471,984	3,129,242
Health and social services	4,727,126	3,353,818	3,213,751
Honoraria	5,000	20,564	11,629
Insurance	16,750	13,627	14,190
Legal, professional and consulting fees	128,555	161,510	311,151
Office and general	293,700	183,328	145,191
Repairs and maintenance	128,300	122,978	104,049
Salaries	7,940,339	8,395,404	8,316,411
Training	61,710	56,997	53,881
Travel and transportation	204,831	202,533	256,602
Utilities	86,100	92,047	82,318
	<b>15,415,185</b>	<b>16,764,128</b>	<b>17,295,494</b>
<b>Surplus (deficit)</b>	<b>(327,471)</b>	<b>411,363</b>	<b>(297,950)</b>

**Mohawk Council of Kahnawà:ke**  
**Education**  
**Schedule 7 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2017*

	<b>2017 Budget</b>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada			
Block funding	11,427,766	11,455,046	11,203,693
Target funding	382,920	1,386,755	433,398
Additional government funding			
Canadian Heritage	47,798	-	52,068
First Nation Education Council	3,913,350	4,606,566	2,776,723
Interest income	23,814	21,781	22,304
Other revenues	114,730	130,056	60,516
Deferred revenue - current year	-	(408,661)	-
	<b>15,910,378</b>	<b>17,191,543</b>	<b>14,548,702</b>
<b>Expenses</b>			
Administration	199,258	1,305	-
Amortization	1,227,724	1,366,929	1,255,920
Bad debts	(10,461)	(23,832)	(10,675)
Bank charges and interest	40,059	1,389	39,325
Capital and Infrastructure costs	83,595	-	-
Education	1,867,263	1,695,891	1,657,694
Employee benefits	350,373	352,739	347,561
Foster, institutional and group home	22,000	22,150	-
Honoraria	41,541	85,391	49,324
Information technology	10,532	86	7,085
Insurance	49,103	46,309	48,912
Legal, professional and consulting fees	111,106	302,396	74,854
Office and general	178,217	170,812	96,449
Professional development	209,874	107,955	156,324
Public relations	27,689	47,972	27,147
Repairs and maintenance	613,442	282,767	232,190
Salaries	8,479,160	8,448,045	7,668,023
Training	12,000	5,600	5,000
Travel and transportation	133,577	158,765	88,545
Tuition and allowances	3,711,486	2,937,681	3,637,720
Utilities	276,942	294,580	270,829
	<b>17,634,480</b>	<b>16,304,930</b>	<b>15,652,227</b>
<b>Surplus (deficit)</b>	<b>(1,724,102)</b>	<b>886,613</b>	<b>(1,103,525)</b>

**Mohawk Council of Kahnawà:ke**  
**Fire Services**  
**Schedule 8 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2017*

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada			
Block funding	422,224	422,243	412,978
Target funding	-	225	100,000
Other revenues	-	118,607	27,211
Interest income	894	1,588	894
	<b>423,118</b>	<b>542,663</b>	541,083
<b>Expenses</b>			
Amortization	-	166,684	151,574
Bad debts	-	(29)	4,461
Bank charges and interest	13,200	3,688	3,307
Community support services	6,740	7,760	6,672
Employee benefits	55,875	43,275	36,832
Foreign exchange gain	-	(820)	(1,076)
Insurance	3,100	3,246	3,007
Legal, professional and consulting fees	33,309	15,709	24,028
Office and general	77,500	53,648	55,089
Repairs and maintenance	38,360	85,050	25,926
Salaries	400,721	387,919	376,524
Training	32,000	16,913	47,991
Travel and transportation	8,000	5,377	8,028
Utilities	15,550	19,849	15,575
Vehicle expenses	41,000	39,821	63,598
	<b>725,355</b>	<b>848,090</b>	821,536
<b>Deficit before other income</b>	<b>(302,237)</b>	<b>(305,427)</b>	(280,453)
<b>Other income</b>			
Gain on disposal of capital assets	5,000	5,000	16,500
<b>Deficit</b>	<b>(297,237)</b>	<b>(300,427)</b>	(263,953)

**Mohawk Council of Kahnawà:ke**  
**Service Complex**  
**Schedule 9 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2017*

	<b>2017 Budget</b>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>			
Rental income	361,505	172,483	168,250
Other revenues	4,000	2,630	4,345
Dividend income	500	466	538
	<b>366,005</b>	<b>175,579</b>	<b>173,133</b>
<b>Expenses</b>			
Administration	23,200	24,645	22,787
Amortization	163,392	163,392	148,818
Insurance	7,548	7,516	7,549
Office and general	53,040	53,694	54,434
Repairs and maintenance	39,400	70,517	43,369
Utilities	60,000	58,861	62,899
	<b>346,580</b>	<b>378,625</b>	<b>339,856</b>
<b>Deficit</b>	<b>19,425</b>	<b>(203,046)</b>	<b>(166,723)</b>

**Mohawk Council of Kahnawà:ke**  
**Cultural Center**  
**Schedule 10 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2017*

	<b>2017 Budget</b>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada			
Block funding	180,236	110,791	91,488
Canadian Heritage	-	-	9,263
Other revenues	98,600	141,486	128,536
Repayment of government funding	-	-	(5,313)
	<b>278,836</b>	<b>252,277</b>	<b>223,974</b>
<b>Expenses</b>			
Amortization	2,000	7,384	6,423
Bank charges and interest	500	(101)	192
Economic development	59,200	62,316	33,541
Education	57,500	81,782	63,430
Honoraria	3,000	2,286	2,643
Insurance	4,100	2,668	2,660
Legal, professional and consulting fees	3,000	4,295	8,703
Office and general	28,700	27,958	29,633
Pension	-	7,000	16,555
Professional development	4,000	1,155	90
Public relations	3,000	4,208	2,819
Repairs and maintenance	9,750	26,470	20,063
Salaries	376,558	337,204	376,805
Travel and transportation	3,000	2,078	1,379
Utilities	22,800	16,141	16,374
	<b>577,108</b>	<b>582,844</b>	<b>581,310</b>
<b>Deficit</b>	<b>(298,272)</b>	<b>(330,567)</b>	<b>(357,336)</b>

**Mohawk Council of Kahnawà:ke**  
**Ottawa Trust Funds**  
**Schedule 11 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2017*

	<b>2017 Budget</b>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>			
Interest income	-	195	233
Rental income	-	10,853	5,427
	<b>-</b>	<b>11,048</b>	5,660
<b>Expense</b>			
Administration	-	11,086	11,151
<b>Deficit</b>	<b>-</b>	<b>(38)</b>	(5,491)