

Mohawk Council of Kahnawà:ke
Consolidated Financial Statements
March 31, 2018

Mohawk Council of Kahnawà:ke

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For the year ended March 31, 2018

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Management's Responsibility

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 25, 2018

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

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 March 31, 2018, and the consolidated statements of operations and accumulated surplus, change in net financial assets, cash flows and the related schedules 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 the consolidated 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, 2018 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 25, 2018

MNP
SENCRL, srl¹

¹ CPA auditor, CA, public accountancy permit no. A124849

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Mohawk Council of Kahnawà:ke
Consolidated Statement of Financial Position
As at March 31, 2018

	2018	2017
Financial assets		
Cash and cash equivalents (Note 3)	52,993,793	37,723,494
Term deposits (Note 4)	27,990,676	41,496,029
Accounts receivable (Note 5)	6,483,835	6,584,570
Short-term loan receivable (Note 6)	23,700,000	20,820,000
Investment in loans (Note 7)	11,489,418	13,901,055
Investment in government business entities (Note 9)	2,057,156	2,733,588
Mortgage and housing loans (Note 10)	13,752,959	14,075,086
 Total financial assets	 138,467,837	 137,333,822
Liabilities		
Accounts payable and accruals (Note 12)	8,676,559	8,123,919
Deferred revenue (Note 13)	2,652,298	2,681,258
Short-term loan payable (Note 6)	23,700,000	20,820,000
Amounts held in trust (Note 14)	72,848	86,741
Long-term debt (Note 15)	2,304,235	2,390,661
Capital lease obligations (Note 16)	241,655	375,897
 Total liabilities	 37,647,595	 34,478,476
 Net financial assets	 100,820,242	 102,855,346
 Contingencies (Note 17)		
Non-financial assets		
Tangible capital assets (Note 18) (Schedule 1)	85,736,290	84,825,314
Inventories held for use (Note 19)	14,146	-
Prepaid expenses	1,363,918	1,445,662
 Total non-financial assets	 87,114,354	 86,270,976
 Accumulated surplus (Note 20)	 187,934,596	 189,126,322
 Approved on behalf of Council		

"Original signed by Joseph T. Norton", **Grand Chief**

"Original signed by Kahsennenhawé Sky-Deer", **Chief, FAO Chairperson**

Mohawk Council of Kahnawà:ke
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2018

	<i>Schedules</i>	<i>2018 Budget</i>	<i>2018</i>	<i>2017</i>
Revenue				
Indigenous and Northern Affairs Canada		45,033,045	46,497,664	44,592,351
Health Canada		8,499,665	9,447,114	9,156,721
Additional government funding		7,795,439	8,276,158	8,079,399
National Aboriginal Capital Corporations Association		570,000	628,543	565,442
Canada Mortgage and Housing Corporation		475,562	663,252	81,278
Other revenue		880		
Province of Québec		8,145,901	5,195,976	4,961,797
First Nations Human Resource Development Commission of Québec		1,704,928	1,704,928	1,581,329
Other community income		9,843,492	11,062,036	11,569,799
Investment income		5,337,054	2,009,035	32,225,724
Deferred revenue - prior year (Note 13)		566,741	2,610,923	1,368,147
Recovery of prior year deficit		-	-	85,183
Deferred revenue - current year (Note 13)		(414,322)	(2,554,724)	(2,610,923)
Repayment of government funding		-	(189,844)	(514,585)
Cancellation of government funding		285,446	364,076	57,761
		87,843,831	85,715,137	111,199,423
Expenses				
Government operations	4	43,365,615	42,812,031	41,466,270
Economic development	5	7,236,085	6,944,345	6,826,311
Health and community services	6	18,458,885	17,740,345	16,764,128
Education	7	18,229,511	18,525,602	16,304,930
Fire services	8	729,419	853,761	848,910
Service complex	9	191,750	372,587	378,625
Cultural center	10	669,213	773,361	582,844
Ottawa trust funds	11	-	11,048	11,086
Total expenses (Schedule 2)		88,880,478	88,033,080	83,183,104
Surplus (deficit) before other income		(1,036,647)	(2,317,943)	28,016,319
Other income				
Gain on disposal of capital assets		-	41,153	30,644
Deferred expenses		-	126,199	49,482
Foreign exchange		8,326,262	(1,292,383)	1,338,528
Income from investments in government business entities (Note 9)		-	2,476,748	2,148,302
Allocation to other community organizations		(225,500)	(225,500)	(195,500)
		8,100,762	1,126,217	3,371,456
Surplus (deficit) before transfers		7,064,115	(1,191,726)	31,387,775
Surplus (deficit)		7,064,115	(1,191,726)	31,387,775
Accumulated surplus, beginning of year		189,126,322	189,126,322	157,738,547
Accumulated surplus, end of year		196,190,437	187,934,596	189,126,322

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

Mohawk Council of Kahnawà:ke
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2018

	2018 Budget	2018	2017
Annual surplus (deficit)	7,064,115	(1,191,726)	31,387,775
Purchases of tangible capital assets	(4,113,000)	(6,678,474)	(6,526,174)
Tangible capital assets acquired through capital leases	-	-	(134,884)
Amortization of tangible capital assets	1,431,112	5,728,475	5,489,714
Gain on sale of tangible capital assets	-	(41,153)	(30,644)
Acquisition of fuel inventory	-	(14,146)	-
Proceeds of disposal of tangible capital assets	-	80,176	45,310
	(2,681,888)	(925,122)	(1,156,678)
Acquisition of prepaid expenses	-	(773,514)	(799,538)
Use of prepaid expenses	-	855,258	201,051
	-	81,744	(598,487)
Increase (decrease) in net financial assets	4,382,227	(2,035,104)	29,632,610
Net financial assets, beginning of year	102,855,348	102,855,346	73,222,736
Net financial assets, end of year	107,237,575	100,820,242	102,855,346

Mohawk Council of Kahnawà:ke
Consolidated Statement of Cash Flows
For the year ended March 31, 2018

	2018	2017
Cash provided by (used for) the following activities		
Operating activities		
Cash receipts from contributors	81,610,476	81,812,228
Cash paid to suppliers	(37,180,525)	(39,444,010)
Cash paid to employees	(42,334,625)	(40,757,973)
Investment income	2,009,035	32,225,724
Foreign exchange	(1,292,383)	1,338,528
Interest on long-term debt	(101,117)	(99,474)
	2,710,861	35,075,023
Financing activities		
Change in amounts held in trust	(13,893)	(138,646)
Advances of current portion of long-term debt	203,386	344,786
Repayment of long-term debt	(289,812)	(181,837)
Repayment of capital lease obligations	(134,242)	(130,120)
	(234,561)	(105,817)
Capital activities		
Purchases of tangible capital assets	(6,678,474)	(6,526,174)
Proceeds of disposal of tangible capital assets	80,176	45,310
	(6,598,298)	(6,480,864)
Investing activities		
Purchase of temporary investments	(27,990,676)	(41,496,029)
Proceeds on disposal of temporary investments	41,496,029	32,079,032
New mortgages advanced in year	(276,924)	(717,101)
Principal repayments on mortgages receivable	600,732	790,674
New housing initiative loans granted	(120,021)	(141,936)
Principal repayments on housing initiative loans	118,340	138,718
Investment in loans receivable	(244,675)	(92,604)
Repayment of loans receivable	156,936	213,496
Advances to government business entity	-	(13,299,000)
Repayment of loan receivable from government business entity	2,499,376	14,559,888
Proceeds on sale of investment	-	12,134
Cash distributions from government business entities	3,153,180	299,835
	19,392,297	(7,652,893)
Increase in cash resources	15,270,299	20,835,449
Cash resources, beginning of year	37,723,494	16,888,045
Cash resources, end of year	52,993,793	37,723,494

Mohawk Council of Kahnawà:ke
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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
- 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, 2018

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, 2018

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:

	Methods	Rates and periods
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, 2018

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 collectibility 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, 2018

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

New accounting policies

PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions

Effective April 1, 2017, the First Nation adopted the recommendations relating to PS 2200 *Related Party Disclosures* and PS 3420 *Inter-Entity Transactions*, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated.

These new Sections define a related party and establish disclosures required for related party transactions. Disclosure is required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, a material financial effect on the financial statements. They also establish standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

There was no material impact on the [consolidated] financial statements of adopting the new Sections.

PS 3210 Assets, PS 3320 Contingent Assets and PS 3380 Contractual Rights

Effective April 1, 2017, the First Nation adopted the recommendations relating to PS 3210 *Assets*, PS 3320 *Contingent Assets*, and PS 3380 *Contractual Rights*, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated.

PS 3210 *Assets* provides additional guidance to clarify the definition of assets set out in PS 1000 *Financial Statement Concepts*.

PS 3320 *Contingent Assets* establishes disclosure standards on contingent assets.

PS 3380 *Contractual Rights* establishes disclosure standards on contractual rights, and does not include contractual rights to exchange assets where revenue does not arise. The main features of this Section are as follows:

- Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.
- Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right.
- Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.

There was no material impact on the consolidated financial statements of adopting the new Sections.

3. Cash and cash equivalents

	2018	2017
Cash on hand and balances with banks	12,393,275	9,996,824
Internally restricted	40,217,982	27,464,110
Held in trust for community members	72,848	86,741
Ottawa trust funds	11,740	11,048
Externally restricted	297,948	164,771
	52,993,793	37,723,494

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.

Mohawk Council of Kahnawà:ke
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

4. Term deposits

Term deposits consist of various Canadian dollar term deposits which are interest bearing at rates ranging from 0.4% to 1.6% annually, and have maturity dates ranging from April 2018 to January 2021. 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

	2018	2017
Contributions and other receivables	3,184,517	2,662,557
Indigenous and Northern Affairs Canada	1,874,934	2,370,889
First Nations Education Council	521,476	457,831
Dividends receivable	515,760	531,960
Commodity taxes	256,667	239,189
Interest receivable	130,481	322,144
	6,483,835	6,584,570

The accounts receivable balance is net of an allowance for uncollectible amounts of \$3,848,196 (2017 - \$3,413,828).

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 \$31,271,000. 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, 2018, total funding provided directly to KMHC by MSSS with respect to the project amounted to \$23,700,000. 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, 2018, \$23,700,000 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.

Mohawk Council of Kahnawà:ke
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

7. Investment in loans

Investment in loans consist of the following:

	<i>Principal</i>	<i>Provisions and allowances</i>	<i>Net recoverable value</i>	<i>2018 Net recoverable value</i>	<i>2017 Net recoverable value</i>
Onkwawista Holdings Limited	10,830,960	-	10,830,960	13,299,000	
Loans receivable - Business Loan Fund	618,898	(8,231)	610,667	564,855	
Loans receivable - Youth Business Fund	81,442	(33,717)	47,725	35,230	
Loans receivable - Employees, non-interest bearing with no fixed terms of repayment	66	-	66	1,970	
	11,531,366	(41,948)	11,489,418	13,901,055	

The loan receivable from OHL of \$10,830,960 (US\$8,400,000) (2017 - \$13,299,000 (US\$10,000,000)) is unsecured, interest bearing at 2.5% per annum, and is repayable by way of five annual principal payments of US\$1,600,000 to August 1, 2021 and five annual principal payments thereafter of US\$400,000 until August 1, 2026. receivable from Onkwawista of \$14,559,888 was fully collected during the 2017 fiscal 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.

8. Management contract

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 consolidated financial statements.

9. Investments in government business entities

The government has investments in the following entities:

	<i>Investment cost, beginning of year</i>	<i>Adjustments</i>	<i>Share of earnings (loss)</i>	<i>Cash distributions</i>	<i>2018 Total investment</i>
					<i>2018</i>
Wholly-owned businesses:					
Mohawk Online Limited	2,603,482	-	1,934,775	(3,153,180)	1,385,077
Onkwawista Holdings Limited	130,106	606,995	(65,022)	-	672,079
	2,733,588	606,995	1,869,753	(3,153,180)	2,057,156

Mohawk Council of Kahnawà:ke
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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

	<i>Investment cost, beginning of year</i>	<i>Adjustments</i>	<i>Share of earnings</i>	<i>Cash distribution</i>	<i>2017 Total investment</i>
Wholly-owned businesses:					
Mohawk Online Limited	885,015	-	2,018,302	(299,835)	2,603,482
Onkwawista Holdings Limited	106	-	130,000	-	130,106
	885,121	-	2,148,302	(299,835)	2,733,588

Continued on next page

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

	<i>Mohawk Online Limited</i> <i>As at December 31, 2017</i>	<i>Onkwawista Holdings Limited</i> <i>As at March 31, 2018</i>
Assets		
Cash	2,718,519	1,188,053
Accounts receivable	634,856	-
Loans receivable	-	11,017,232
Total assets	3,353,375	12,205,285
Liabilities		
Accounts payable and accruals	121,562	180,610
Dividends payable	-	516,030
Loan payable	-	10,836,622
Total liabilities	121,562	11,533,262
Net assets excluding accumulated other comprehensive income	3,231,813	672,023
Total revenue	2,530,767	305,775
Total expenses	674,537	370,797
Comprehensive income	1,856,230	(65,022)

An adjustment to earnings of \$78,545 (2017 - \$144,881), resulting from the change in the estimated net earnings for the three month stub period from January 1 to March 31 has been recorded in the financial statement of Mohawk Online Limited.

This adjustment has been recorded in order to arrive at the amount included in the consolidated financial statements.

Mohawk Council of Kahnawà:ke
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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

One of the government's investees has a different year-end than March 31, 2018. The government uses the investee's year-end financial statements to account for its investment in this investee.

Name of investee	Year-end	Significant events and transactions
Mohawk Online Limited	December 31, 2017	Net revenues and expenses during the period from January 1, 2018 to March 31, 2018.

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

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 as of this date. Consequently, the First Nation now records its share of the net earnings of OHL 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.

The proceeds were applied as follows:

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

Concurrent with the sale transaction described above, MCK immediately loaned \$US10,000,000 to Onkwawista Holdings as described in Note 7.

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 (2017 - \$3,220,000) of which \$446,383 was utilized as at March 31, 2018 and bear interest at the rates indicated in Note 15, which are renewable on an annual basis. Borrowings under these facilities bear interest at rates ranging from prime plus 0.5% to prime plus 3% per annum.

12. Accounts payable and accruals

	2018	2017
Trade payables	5,402,027	4,886,537
Salaries and vacations payable	2,832,244	2,623,494
Government funding repayable	442,288	613,888
	8,676,559	8,123,919

Mohawk Council of Kahnawà:ke
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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>
Deferred Revenue				
Government operations	1,424,269	6,427,268	6,217,177	1,634,360
Economic development	631,541	1,273,154	1,334,713	569,982
Health & community services	146,452	302,884	146,452	302,884
Education	408,661	47,498	408,661	47,498
	2,610,923	8,050,804	8,107,003	2,554,724
Other				
Cultural center	70,335	81,575	54,336	97,574
	2,681,258	8,132,379	8,161,339	2,652,298

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, 2018. Use of these funds is restricted as described in Note 3.

15. Long-term debt

	<i>2018</i>	<i>2017</i>
Mortgage payable, interest bearing at 3.9% (2017 - 3.6%), repayable in blended monthly instalments of \$17,664 with the balance subject to renewal in August 2018, secured by a trust agreement in the lender's favour on the Business Complex having a net book value of \$3,257,972	1,187,751	1,349,905
Mortgage payable, interest bearing at 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 \$1,016,073	670,101	695,970
Term loan, unsecured, bearing interest at 3.13% per annum, repayable in 60 monthly principal and interest payments of \$964, commencing December 5, 2017	52,626	89,450
Term loan, unsecured, bearing interest at 3.13% per annum, repayable in 60 monthly principal and interest payments of \$600, commencing December 5, 2017	30,101	57,300
Term loan, unsecured, bearing interest at 3.45% per annum, repayable in 84 monthly principal and interest payments of \$2,657, commencing April 30, 2017	172,582	198,036
Term loan, unsecured, bearing interest at 3.76% per annum, repayable in 60 monthly principal and interest payments of \$1,593, commencing September 13, 2017	77,671	-
Term loan, unsecured, bearing interest at 3.58% per annum, repayable in 60 monthly principal and interest payments of \$1,401, commencing March 28, 2018	76,875	-
Term loan, unsecured, bearing interest at 4.23% per annum, repayable in 60 monthly principal and interest payments of \$732, commencing November 26, 2017	36,528	-
	2,304,235	2,390,661

Mohawk Council of Kahnawà:ke
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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:

	<i>Total</i>
2019	276,653
2020	287,550
2021	298,878
2022	310,658
2023	303,254

16. Capital lease obligations

	2018	2017
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 \$Nil (2017 - \$3,595)	31,828	57,870

Obligations under capital lease relating to vehicles and school buses, repayable in equal monthly aggregate instalments of \$9,177 (2017 - \$9,839) including interest at rates ranging from 3.11% to 3.22%, with maturities ranging from March 2019 to December 2020, secured by the related assets having a net book value of \$342,985 (2017 - 472,663)	209,827	318,027
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	241,655	375,897
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Minimum lease payments related to obligations under capital lease are as follows:

2019	138,307
2020	66,388
2021	46,149
	250,844
Less: imputed interest	9,189
	241,655

Mohawk Council of Kahnawà:ke
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

17. Contingencies

- (a) MCK has entered into contribution agreements with various government departments. Funding received under these contribution agreements may be subject to repayment upon final review and verification of the eligibility of the expenses by the funder.
- (b) Mohawk Council of Kahnawà:ke has been named as a defendant in several lawsuits as part of its ongoing operations. with respect to various legal matters that 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, 2018, such loans are not significant. MCK acted as co-signer on loans to residents from various lending institutions for an aggregate amount of approximately \$9,750,000 (2017 - \$10,600,000) 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 approximately \$89,000 (2017 - \$99,000).
- (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, 2018, the outstanding loan is \$4,481,536. 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 approximately \$262,000 (2017 - \$177,000) for native entrepreneurs under the loan guarantee program. As at March 31, 2018, the total guaranteed indebtedness amounted to approximately \$251,000 (2017 - \$169,000).
- (f) Through Kahnawà:ke Sustainable Energies Inc. ("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 approximately \$35,450,000 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 Kahnawà:ke 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.

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 (2017 - \$1,064,491), and accumulated amortization of 721,506 (2017 - \$588,233).

Mohawk Council of Kahnawà:ke
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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:

	2018	2017
Tangible Capital Assets	83,190,402	82,058,756
Ottawa Trust Funds	11,740	11,048
Externally Restricted	7,050,660	5,805,038
Appropriated Reserves	97,524,650	100,146,096
Unappropriated	157,144	1,105,384
	187,934,596	189,126,322

21. Replacement reserve

Under agreements with Canada Mortgage and Housing Corporation (CMHC), MCK established a replacement reserve, funded by an annual allocation of \$74,000 (2017 - \$61,000) to ensure replacement of buildings financed by CMHC. At March 31, 2018, \$167,000 (2017 - \$93,000) has been set aside to fully fund this reserve.

Under the terms of the agreement with CMHC, MCK has also established an operational reserve related to the on-reserve housing units funded by CMHC. During the current year, \$70,251 (2017 - \$26,422) 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 \$64,000,000 (2017 - \$60,000,000) on a going concern basis and a funding excess of approximately of \$375,000 (2017 -\$3,000,000). 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 \$996,987 (2017 - \$874,458), net of a provision of \$996,987 (2017 - \$874,458) due from Pension Plan for the employees of Mohawk Council of Kahnawà:ke. 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 \$122,529 (2017 - \$157,881) and these amounts are charged at cost.

Mohawk Council of Kahnawà:ke
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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) Based on the March 31, 2017 actuarial valuation, 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 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, 2018 and must be filed by September 30, 2018.

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, 2018 totalled \$13,373,231 (2017 - \$11,293,436) and expire on September 30, 2018.

23. Government transfers

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

Federal government transfers

	<i>Operating and capital</i>	<i>Deferrals and repayments</i>	2018	2017
Indigenous and Northern Affairs Canada	46,497,664	(54,643)	46,443,021	44,592,576
Public Safety Canada	2,770,649	(54,549)	2,716,100	2,307,251
Department of Justice Canada	61,800	(5,478)	56,322	135,228
Fisheries and Oceans Canada	-	-	50,000	
Canadian Heritage	172,016	(98,161)	73,855	-
Canada Mortgage Housing Corporation	663,252	-	663,252	81,278
Natural Resources Canada	112,500	52,244	164,744	156,664
Employment and Social Development Canada	340,129	(177,926)	162,203	676,171
Health Canada	9,447,114	(90,841)	9,356,273	9,156,721
Canada Revenue Agency	197,454	-	197,454	197,651
First Nation Education Council	4,533,510	88,162	4,621,672	4,606,566
Minister of Indian Affairs and Northern Development	-	-	-	114,817
Minister of Environment and Climate Change	75,000	(10,428)	64,572	114,900
	64,871,088	(351,620)	64,519,468	62,189,823

Mohawk Council of Kahnawà:ke
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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

Provincial government transfers

	<i>Operating and capital</i>	<i>Deferrals and repayments</i>	2018	2017
Transports Québec	2,397,354	-	2,397,354	2,383,684
Sécurité publique Québec	2,154,706	-	2,154,706	2,129,770
Ministère de la culture	20,930	-	20,930	-
Développement durable, Environnement et Lutte contre les changements climatiques	341,086	(88,462)	252,624	108,610
Département de la justice du Québec	52,500	-	52,500	52,500
Québec en Forme	65,500	-	65,500	40,500
Secrétariat aux affaires autochtones	260,498	(6,416)	254,082	310,445
	5,292,574	(94,878)	5,197,696	5,025,509
Total government transfers	70,163,662	(446,498)	69,717,164	67,215,332

24. Economic dependence

Mohawk Council of Kahnawà:ke receives 75% (2017 - 55%) 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:

	2018	2017
Balance per INAC and financial statements	46,497,664	44,592,576

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.

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, 2018

	<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>
Cost							
Balance, beginning of year	2,242,514	60,567,494	4,086,718	11,100,940	47,604,513	1,322,952	126,925,131
Acquisition of tangible capital assets	-	1,105,494	1,281,673	-	2,895,833	222,464	5,505,464
Disposal of tangible capital assets	-	(36,404)	-	-	-	-	(36,404)
Balance, end of year	2,242,514	61,636,584	5,368,391	11,100,940	50,500,346	1,545,416	132,394,191
Accumulated amortization							
Balance, beginning of year	20,175	28,747,744	1,586,383	2,041,906	14,110,564	384,710	46,891,482
Annual amortization	7,154	2,206,888	125,646	362,361	1,757,629	40,036	4,499,714
Accumulated amortization on disposals	-	(728)	-	-	-	-	(728)
Balance, end of year	27,329	30,953,904	1,712,029	2,404,267	15,868,193	424,746	51,390,468
Net book value of tangible capital assets	2,215,185	30,682,680	3,656,362	8,696,673	34,632,153	1,120,670	81,003,723
2017 Net book value of tangible capital assets	2,222,339	31,819,750	2,500,335	9,059,034	33,493,949	938,242	80,033,649

Mohawk Council of Kahnawà:ke
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2018

	Subtotal	School Buses	Vehicles	Firetrucks	Equipment	Computer Hardware and Software	Subtotal
Cost							
Balance, beginning of year	126,925,131	2,230,786	3,046,984	2,492,960	2,906,563	1,425,783	139,028,207
Acquisition of tangible capital assets	5,505,464	-	457,410	-	305,882	386,118	6,654,874
Disposal of tangible capital assets	(36,404)	-	(86,135)	-	(15,414)	-	(137,953)
Balance, end of year	132,394,191	2,230,786	3,418,259	2,492,960	3,197,031	1,811,901	145,545,128
Accumulated amortization							
Balance, beginning of year	46,891,482	1,052,330	2,122,004	859,035	2,247,297	1,107,737	54,279,885
Annual amortization	4,499,714	206,649	320,138	111,148	331,207	227,571	5,696,427
Accumulated amortization on disposals	(728)	-	(82,788)	-	(15,414)	-	(98,930)
Balance, end of year	51,390,468	1,258,979	2,359,354	970,183	2,563,090	1,335,308	59,877,382
Net book value of tangible capital assets	81,003,723	971,807	1,058,905	1,522,777	633,941	476,593	85,667,746
2017 Net book value of tangible capital assets	80,033,649	1,178,456	924,980	1,633,925	659,266	318,046	84,748,322

Mohawk Council of Kahnawà:ke
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2018

	<i>Subtotal</i>	<i>Furniture and Fixtures</i>	2018	2017
Cost				
Balance, beginning of year	139,028,207	627,962	139,656,169	133,075,069
Acquisition of tangible capital assets	6,654,874	23,600	6,678,474	6,661,058
Disposal of tangible capital assets	(137,953)	-	(137,953)	(79,959)
Balance, end of year	145,545,128	651,562	146,196,690	139,656,168
Accumulated amortization				
Balance, beginning of year	54,279,885	550,970	54,830,855	49,406,433
Annual amortization	5,696,427	32,048	5,728,475	5,489,714
Accumulated amortization on disposals	(98,930)	-	(98,930)	(65,293)
Balance, end of year	59,877,382	583,018	60,460,400	54,830,854
Net book value of tangible capital assets	85,667,746	68,544	85,736,290	84,825,314
2017 Net book value of tangible capital assets	84,748,322	76,992	84,825,314	

Mohawk Council of Kahnawà:ke
Schedule 2 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2018

	2018 <i>Budget</i>	2018	2017
Consolidated expenses by object			
Administration	535,589	131,020	180,530
Amortization	1,431,112	5,728,475	5,489,714
Bad debts	252,337	496,782	432,194
Bank charges and interest	89,587	120,855	107,201
Capital and Infrastructure costs	5,620,783	3,484,596	3,821,916
Community support services	99,225	236,165	146,227
Economic development	231,520	186,629	190,027
Education	2,735,693	2,415,816	1,862,139
Employment and training	1,690,654	1,069,668	962,502
Foster, institutional and group home	-	2,372,078	2,471,984
Health and social services	5,776,470	3,873,555	3,403,906
Honoraria	197,241	111,791	141,263
Information technology	49,480	62,327	54,251
Insurance	391,680	264,972	277,767
Interest on long-term debt	88,302	101,117	99,474
Legal, professional and consulting fees	2,979,153	3,787,816	3,396,431
MSI	544,125	689,635	632,680
Office and general	2,982,424	2,599,140	2,489,018
Overhead cost recoveries	1,093,560	(754,308)	(742,776)
Pension	2,642,345	2,464,931	2,458,830
Professional development	176,360	229,257	109,110
Public relations	886,986	1,191,472	792,279
Repairs and maintenance	2,071,876	1,525,084	1,476,344
Salaries and benefits	43,297,442	42,370,625	40,757,973
Social assistance	6,711,451	6,314,986	6,412,432
Training	590,112	816,840	377,721
Travel and transportation	729,400	766,567	679,541
Tuition and allowances	3,137,212	3,195,956	2,937,681
Utilities	1,335,106	1,322,616	1,306,100
Vehicle expenses	513,253	856,617	458,645
	88,880,478	88,033,080	83,183,104

Mohawk Council of Kahnawà:ke

Schedule 3 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus Deficit

For the year ended March 31, 2018

	Schedule #	INAC Revenue	Other Revenue	Deferred Revenue	Total Revenue	Total Expenses	Adjustments/Transfers From (To)	Current Surplus (Deficit)	Prior Year Surplus (Deficit)
Segment Schedules									
Government Operations	4	24,088,808	19,115,773	(210,090)	42,994,491	42,812,031	(964,322)	(781,862)	31,927,471
Economic Development	5	938,965	5,469,141	61,559	6,409,005	5,944,345	510,322	(164,358)	(1,003,594)
Health and Community Services	6	8,860,531	10,283,963	(156,433)	18,988,061	17,740,345	-	1,247,716	411,363
Education	7	12,079,305	4,744,006	361,163	17,184,474	18,525,602	-	(1,341,128)	886,613
Fire Services	8	430,054	26,328	-	456,382	853,761	300,000	(97,379)	(300,427)
Service Complex	9	-	367,108	-	367,108	372,587	-	(5,479)	(203,046)
Cultural Center	10	100,001	269,432	-	369,433	773,361	354,000	(49,928)	(330,567)
Ottawa Trust Funds	11	-	11,740	-	11,740	11,048	-	692	(38)
		46,497,664	40,287,491	56,199	86,841,354	88,033,080	-	(1,191,726)	31,387,775

Mohawk Council of Kahnawà:ke
Government Operations
Schedule 4 - Schedule of Revenue and Expenses
For the year ended March 31, 2018

	2018	2018	2017
Revenue			
Indigenous and Northern Affairs Canada			
Block funding	20,098,793	20,098,839	19,733,821
Target funding	1,702,069	2,067,597	2,346,963
Fixed	532,917	1,478,530	528,422
Flexible	213,149	435,592	146,390
Set	-	8,250	18,750
Canada Mortgage and Housing Corporation	475,562	663,252	81,278
Additional government funding			
Fisheries and Oceans	-	-	50,000
Justice	110,388	61,800	135,228
Industry Canada	250,224	-	114,817
Natural Resources	-	112,500	156,664
National Defence	75,000	75,000	114,900
Canadian Heritage		120,225	-
Public Safety Canada	2,334,265	2,770,649	2,307,251
Province of Québec	8,145,901	5,152,301	4,715,064
Investment income	5,194,114	1,828,161	32,040,475
Other revenues	1,683,537	2,452,530	2,857,774
MSI	2,000,384	1,780,015	1,799,226
Kahnawà:ke Gaming Commission	868,400	652,555	748,916
Tickets and fines	615,216	526,132	855,397
Rental income	830,595	850,706	756,838
Royalties	-	622,715	623,835
User fees	481,487	135,491	142,717
Snack bar	102,993	91,203	90,533
Registration fees	-	118,500	111,235
Poker room	102,100	241,523	186,938
Advertising revenue	20,000	27,729	35,358
Deferred revenue - prior year	566,741	1,424,269	965,515
Deferred revenue - current year	(414,322)	(1,634,359)	(1,424,269)
Repayment of government funding	-	(286,640)	(297,114)
Recovery of prior year deficit	-	-	85,183
Total revenue	45,989,513	41,875,065	70,028,105

Continued on next page

Mohawk Council of Kahnawà:ke
Government Operations
Schedule 4 - Schedule of Revenue and Expenses
For the year ended March 31, 2018

	2018	2018	2017
Total revenue (Continued from previous page)	45,989,513	41,875,065	70,028,105
Expenses			
Administration	491,940	127,625	141,297
Amortization	-	3,316,293	3,159,703
Bad debts	252,337	453,208	418,657
Bank charges and interest	9,872	51,037	33,544
Capital and Infrastructure costs	5,460,987	3,446,042	3,785,569
Community support services	85,542	227,865	138,467
Employee benefits	1,864,235	1,665,686	1,698,063
Health and social services	50,039	52,638	50,088
Honoraria(um)	26,850	16,593	12,791
Insurance	282,867	171,639	176,236
Interest on long-term debt	9,097	21,273	16,933
Legal, professional and consulting fees	2,050,163	2,900,407	2,050,868
MSI	544,125	689,635	632,680
Office and general	1,485,838	1,378,518	1,400,363
Overhead cost recoveries	1,598,761	(355,529)	(335,142)
Pension	2,642,345	2,454,116	2,451,830
Public relations	151,818	101,114	112,227
Repairs and maintenance	752,116	825,922	723,576
Salaries	17,190,636	16,579,879	16,832,274
Social assistance	6,711,451	6,314,986	6,412,432
Training	354,762	640,017	274,811
Travel and transportation	268,672	304,400	264,331
Utilities	657,832	655,198	633,059
Vehicle expenses	423,330	773,469	381,613
	43,365,615	42,812,031	41,466,270
Surplus before other income	2,623,898	(936,966)	28,561,835
Other income			
Gain on disposal of capital assets	-	31,153	25,644
Deferred expenses	-	126,199	49,482
Income from investments in Government Business Entities	-	2,476,748	2,148,302
Foreign exchange	8,326,262	(1,289,174)	1,337,708
Allocation to other community organizations	(5,000)	(225,500)	(195,500)
	8,321,262	1,119,426	3,365,636
Surplus before transfers	10,945,160	182,460	31,927,471
Transfers			
Kahnawà:ke Fire Brigade	(300,000)	(300,000)	-
Kanien'kehaka Onkwawen:na Raotitohkwa	(354,000)	(354,000)	-
Tewatohnhì'saktha	-	(310,322)	-
	(654,000)	(964,322)	-
Surplus (deficit)	10,291,160	(781,862)	31,927,471

Mohawk Council of Kahnawà:ke
Economic Development
Schedule 5 - Schedule of Revenue and Expenses
For the year ended March 31, 2018

	2018	2018	2017
Revenue			
Indigenous and Northern Affairs Canada			
Block funding	932,898	938,965	921,692
Employment and skills development Canada	565,225	670,225	676,171
National Aboriginal Capital Corporations Association	570,000	628,543	565,442
Rental income	1,942,778	1,952,957	1,898,459
First Nations Human Resource Development Commission of Quebec	1,704,928	1,704,928	1,581,329
Other revenues	182,062	209,833	163,335
Investment income	69,474	87,793	99,490
User fees	-	-	14,250
Deferred revenue - prior year	-	631,541	278,020
Deferred revenue - current year	-	(569,982)	(631,541)
Repayment of government funding	-	156,817	(111,638)
Province of Québec	-	27,045	246,733
Registration fees	-	31,000	120,975
	5,967,365	6,469,665	5,822,717
Expenses			
Administration	3,245	4,860	811
Amortization	-	448,707	466,619
Bad debts	-	22,957	37,398
Bank charges and interest	39,359	39,411	41,206
Capital and Infrastructure costs	600	-	16,065
Economic development	181,520	136,629	140,027
Employee benefits	395,270	337,133	332,160
Employment and training	1,690,654	1,069,668	962,502
Honoraria	17,100	16,600	20,231
Information technology	42,045	40,462	54,165
Insurance	32,394	25,320	28,165
Legal, professional and consulting fees	426,648	384,910	861,653
Office and general	597,264	452,873	599,215
Overhead cost recoveries	(505,201)	(398,779)	(407,634)
Public relations	689,610	1,025,004	627,872
Repairs and maintenance	210,219	177,577	164,986
Salaries	2,999,077	2,737,871	2,499,698
Training	51,950	52,351	23,400
Travel and transportation	69,130	93,256	83,668
Utilities	215,996	197,691	191,563
Interest on long-term debt	79,205	79,844	82,541
	7,236,085	6,944,345	6,826,311
Deficit before transfers	(1,268,720)	(474,680)	(1,003,594)
Transfers	-	310,322	-
Deficit	(1,268,720)	(164,358)	(1,003,594)

Mohawk Council of Kahnawà:ke
Health and Community Services
Schedule 6 - Schedule of Revenue and Expenses
For the year ended March 31, 2018

	2018	2018	2017
Revenue			
Indigenous and Northern Affairs Canada			
Block funding	2,109,038	2,109,032	2,070,730
Fixed	5,756,758	6,620,459	5,450,748
Set	-	131,040	-
Health Canada	8,499,665	9,447,114	9,156,721
Canada Revenue Agency	180,000	197,454	197,651
Other revenues	208,647	276,083	271,107
Rental income	316,080	312,820	316,565
Investment income	52,700	64,765	61,729
Deferred revenue - prior year	-	146,452	124,613
Repayment of government funding	-	(24,273)	(105,833)
Deferred revenue - current year	-	(302,885)	(146,452)
Cancellation of government funding	-	-	(222,088)
	17,122,888	18,978,061	17,175,491
Expenses			
Administration	-	(37,009)	1,386
Amortization	-	188,911	159,003
Vehicle expenses	42,547	41,629	37,211
Bank charges and interest	24,500	28,372	27,475
Capital and Infrastructure costs	350	38,554	20,282
Economic development	50,000	50,000	50,000
Employee benefits	1,888,896	1,495,746	1,431,192
Foster, institutional and group home	-	2,372,078	2,471,984
Health and social services	5,726,431	3,820,917	3,353,818
Honoraria	25,200	17,199	20,564
Insurance	15,265	12,206	13,627
Legal, professional and consulting fees	122,828	160,162	161,510
Office and general	386,690	294,462	183,328
Repairs and maintenance	129,300	116,482	122,978
Salaries	9,620,293	8,804,491	8,395,404
Training	111,400	76,382	56,997
Travel and transportation	229,552	172,562	165,322
Utilities	85,633	87,201	92,047
	18,458,885	17,740,345	16,764,128
Surplus before other income	(1,335,997)	1,237,716	411,363
Other income			
Gain on disposal of capital assets	-	10,000	-
Surplus	(1,335,997)	1,247,716	411,363

Mohawk Council of Kahnawà:ke
Education
Schedule 7 - Schedule of Revenue and Expenses
For the year ended March 31, 2018

	2018	2018	2017
Revenue			
Indigenous and Northern Affairs Canada			
Block funding	11,684,148	11,666,929	11,455,046
Target funding	1,392,984	221,816	1,386,755
Additional government funding			
Canadian Heritage	-	51,791	-
First Nation Education Council	4,280,337	4,185,093	4,326,717
Fixed	-	190,560	-
Investment income	20,766	25,086	21,781
Other revenues	218,026	169,367	130,056
Deferred revenue - current year	-	(47,498)	(408,661)
Deferred revenue - prior year	-	408,661	-
Cancellation of government funding	285,446	348,417	279,849
Other revenue	880	-	-
Repayment of government funding	-	(35,748)	-
	17,882,587	17,184,474	17,191,543
Expenses			
Administration	15,404	2,658	1,305
Amortization	1,429,112	1,429,112	1,366,929
Bad debts	-	20,358	(23,832)
Bank charges and interest	1,508	147	1,389
Capital and Infrastructure costs	158,846	-	-
Education	2,654,173	2,227,653	1,718,041
Employee benefits	338,454	422,331	352,739
Honoraria	125,091	58,845	85,391
Information technology	7,435	21,865	86
Insurance	47,054	43,538	46,309
Legal, professional and consulting fees	359,580	327,075	302,396
Office and general	345,160	319,964	170,812
Professional development	172,360	220,949	107,955
Public relations	40,558	62,329	47,972
Repairs and maintenance	852,916	257,545	282,767
Salaries	8,090,430	9,362,638	8,448,045
Training	40,000	1,095	5,600
Travel and transportation	143,892	165,943	158,765
Tuition and allowances	3,137,212	3,195,956	2,937,681
Utilities	270,326	287,172	294,580
Employee salaries and benefits capitalized	-	98,429	-
	18,229,511	18,525,602	16,304,930
Surplus (deficit)	(346,924)	(1,341,128)	886,613

Mohawk Council of Kahnawà:ke
Fire Services
Schedule 8 - Schedule of Revenue and Expenses
For the year ended March 31, 2018

	2018	2018	2017
Revenue			
Indigenous and Northern Affairs Canada			
Block funding	430,055	430,054	422,243
Other revenues	-	27,333	118,832
Investment income	-	2,204	1,588
	430,055	459,591	542,663
Expenses			
Amortization	-	172,627	166,684
Bad debts	-	259	(29)
Bank charges and interest	13,748	3,350	3,688
Community support services	13,683	8,300	7,760
Employee benefits	51,397	35,934	43,275
Insurance	3,100	2,786	3,246
Legal, professional and consulting fees	14,434	15,052	15,709
Office and general	79,672	62,357	53,648
Repairs and maintenance	69,975	60,432	85,050
Salaries	375,361	377,455	387,919
Training	32,000	46,995	16,913
Travel and transportation	6,154	8,826	5,377
Utilities	22,519	17,869	19,849
Vehicle expenses	47,376	41,519	39,821
	729,419	853,761	848,910
Deficit before other income	(299,364)	(394,170)	(306,247)
Other income			
Gain on disposal of capital assets	-	-	5,000
Foreign exchange	-	(3,209)	820
	-	(3,209)	5,820
Deficit before transfers	(299,364)	(397,379)	(300,427)
Transfers	300,000	300,000	-
Deficit	636	(97,379)	(300,427)

Mohawk Council of Kahnawà:ke
Service Complex
Schedule 9 - Schedule of Revenue and Expenses
For the year ended March 31, 2018

	2018	2018	2017
Revenue			
Rental income	362,961	363,061	172,483
Other revenues	2,700	3,250	2,630
Investment income	-	797	466
	365,661	367,108	175,579
Expenses			
Administration	25,000	21,838	24,645
Amortization	-	167,368	163,392
Insurance	8,000	6,762	7,516
Office and general	53,850	54,096	53,694
Repairs and maintenance	44,900	63,250	70,517
Utilities	60,000	59,273	58,861
	191,750	372,587	378,625
Deficit	173,911	(5,479)	(203,046)

Mohawk Council of Kahnawà:ke
Cultural Center
Schedule 10 - Schedule of Revenue and Expenses
For the year ended March 31, 2018

	2018	2018	2017
Revenue			
Indigenous and Northern Affairs Canada			
Block funding	180,236	100,001	110,791
Canadian Heritage	-	31,421	-
Other revenues	135,220	205,722	141,486
Province of Québec	-	16,630	-
Cancellation of government funding	-	15,659	-
	315,456	369,433	252,277
Expenses			
Amortization	2,000	5,457	7,384
Bank charges and interest	600	(1,462)	(101)
Education	81,520	188,163	144,098
Honoraria	3,000	2,554	2,286
Insurance	3,000	2,721	2,668
Legal, professional and consulting fees	5,500	210	4,295
Office and general	33,950	36,870	27,958
Pension	-	10,815	7,000
Professional development	4,000	8,308	1,155
Public relations	5,000	3,025	4,208
Repairs and maintenance	12,450	23,876	26,470
Salaries	483,393	453,032	337,204
Travel and transportation	12,000	21,580	2,078
Utilities	22,800	18,212	16,141
	669,213	773,361	582,844
Deficit before transfers	(353,757)	(403,928)	(330,567)
Transfers	354,000	354,000	-
Deficit	243	(49,928)	(330,567)

Mohawk Council of Kahnawà:ke
Ottawa Trust Funds
Schedule 11 - Schedule of Revenue and Expenses
For the year ended March 31, 2018

	2018	2018	2017
Revenue			
Investment income	-	229	195
Rental income	-	11,511	10,853
	-	11,740	11,048
Expense			
Administration	-	11,048	11,086
Surplus (deficit)	-	692	(38)