

Mohawk Council of Kahnawà:ke
Consolidated Financial Statements
March 31, 2019

Mohawk Council of Kahnawà:ke

Contents

For the year ended March 31, 2019

Page

Management's Responsibility

Independent Auditors' Report

Consolidated Financial Statements

Consolidated Statement of Financial Position.....	1
Consolidated Statement of Operations and Accumulated Surplus.....	2
Consolidated Statement of Change in Net Financial Assets.....	3
Consolidated Statement of Cash Flows.....	4

Notes to the Consolidated Financial Statements.....	5
---	---

Schedules

Schedule 1 - Consolidated Schedule of Tangible Capital Assets.....	19
Schedule 2 - Consolidated Schedule of Expenses by Object.....	22
Schedule 3 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus	23
Schedule 4 - Government Operations.....	24
Schedule 5 - Economic Development.....	26
Schedule 6 - Health and Community Services.....	27
Schedule 7 - Education.....	28
Schedule 8 - Fire Services.....	29
Schedule 9 - Service Complex.....	30
Schedule 10 - Cultural Center.....	31
Schedule 11 - Ottawa Trust Funds.....	32

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.

E-SIGNED by Paul Rice

Executive Financial Officer

E-SIGNED by Alana G. Rice

Executive Director

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of Mohawk Council of Kahnawà:ke and its subsidiaries (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations, accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2019, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Montréal, Québec

June 24, 2019

MNP¹ SENCRL, srl

¹ CPA auditeur, CA, permis de comptabilité publique no. A124849

Mohawk Council of Kahnawà:ke
Consolidated Statement of Financial Position
As at March 31, 2019

	2019	2018
Financial assets		
Cash and cash equivalents (Note 3)	19,370,826	53,209,827
Term deposits (Note 4)	61,419,362	27,774,643
Accounts receivable (Note 5)	13,101,182	6,483,110
Short-term loan receivable (Note 6)	23,978,000	23,700,000
Investment in loans (Note 7)	9,632,449	11,489,352
Investment in government business entities (Note 9)	2,986,619	2,057,156
Mortgage and housing loans (Note 10)	12,956,855	13,754,027
Total financial assets	143,445,293	138,468,115
Liabilities		
Accounts payable and accruals (Note 12)	9,126,538	8,676,837
Deferred revenue (Note 13)	2,665,811	2,652,298
Short-term loan payable (Note 6)	23,978,000	23,700,000
Amounts held in trust (Note 14)	87,346	72,848
Long-term debt (Note 15)	2,483,271	2,466,446
Capital lease obligations (Note 16)	4,645	79,444
Total liabilities	38,345,611	37,647,873
Net financial assets	105,099,682	100,820,242
Contingencies (Note 17)		
Non-financial assets		
Tangible capital assets (Note 18) (Schedule 1)	87,964,138	85,736,290
Inventories held for use	28,156	14,146
Prepaid expenses	560,153	1,363,918
Total non-financial assets	88,552,447	87,114,354
Accumulated surplus (Note 20)	193,652,129	187,934,596

Approved on behalf of Council

E-SIGNED by Joseph T. Norton
Grand Chief

E-SIGNED by Michael Delisle Jr.
Chief, FAO Chairperson

Mohawk Council of Kahnawà:ke
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2019

	<i>Schedules</i>	<i>2019 Budget</i>	<i>2019</i>	<i>2018</i>
Revenue				
Indigenous Services Canada		48,556,418	49,371,784	46,497,664
Health Canada		8,723,672	9,935,696	9,447,114
Additional government funding		8,230,595	8,142,894	8,624,575
National Aboriginal Capital Corporations Association		569,500	609,479	628,543
Canada Mortgage and Housing Corporation		428,743	332,602	663,252
Province of Québec		8,402,861	6,855,404	5,195,976
First Nations Human Resource Development Commission of Québec		1,693,494	1,753,879	1,704,928
Other community income		11,223,823	17,212,713	11,062,036
Investment income		3,088,523	2,173,237	2,009,035
Deferred revenue - prior year (Note 13)		728,804	2,554,724	2,610,923
Deferred revenue - current year (Note 13)		(473,097)	(2,531,042)	(2,554,724)
Recovery of prior year deficit		-	104,142	-
Repayment of government funding		-	(232,864)	(189,844)
Cancellation of government funding		-	24,200	15,659
		91,173,336	96,306,848	85,715,137
Expenses				
Government operations	4	37,399,101	44,682,365	42,812,031
Economic development	5	8,147,392	7,983,472	6,944,345
Health and community services	6	19,104,040	18,046,395	17,740,345
Education	7	13,524,359	18,013,538	18,525,602
Fire services	8	977,436	1,182,101	853,761
Service complex	9	255,500	379,319	372,587
Cultural center	10	709,137	868,676	773,361
Ottawa trust funds	11	-	11,740	11,048
		80,116,965	91,167,606	88,033,080
Total expenses (Schedule 2)		80,116,965	91,167,606	88,033,080
Surplus (deficit) before other items		11,056,371	5,139,242	(2,317,943)
Other income (expense)				
Gain on disposal of capital assets		-	26,083	41,153
Deferred expenses		-	505	126,199
Foreign exchange		792,330	826,371	(1,292,383)
Income from investments in government business entities (Note 9)		-	1,462,579	2,476,748
Allocation to other community organizations		(178,000)	(178,000)	(225,500)
Breakup fees and other related costs		-	(1,559,247)	-
		614,330	578,291	1,126,217
Surplus (deficit)		11,670,701	5,717,533	(1,191,726)
Accumulated surplus, beginning of year		189,126,322	187,934,596	189,126,322
Accumulated surplus, end of year		200,797,023	193,652,129	187,934,596

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, 2019

	2019 Budget	2019	2018
Annual surplus (deficit)	11,670,701	5,717,533	(1,191,726)
Purchases of tangible capital assets	(6,657,521)	(8,141,437)	(6,678,474)
Amortization of tangible capital assets	5,168	5,913,589	5,728,475
Gain on sale of tangible capital assets	-	(26,083)	(41,153)
Acquisition of fuel inventory	-	(14,010)	(14,146)
Proceeds of disposal of tangible capital assets	-	26,083	80,176
Write off of development costs	-	590,404	-
	(6,652,353)	(1,651,454)	(925,122)
Acquisition of prepaid expenses	-	(560,153)	(773,514)
Use of prepaid expenses	-	773,514	855,258
	-	213,361	81,744
Increase (decrease) in net financial assets	5,018,348	4,279,440	(2,035,104)
Net financial assets, beginning of year	100,820,242	100,820,242	102,855,346
Net financial assets, end of year	105,838,590	105,099,682	100,820,242

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

Mohawk Council of Kahnawà:ke

Consolidated Statement of Cash Flows

For the year ended March 31, 2019

	2019	2018
Cash provided by (used for) the following activities		
Operating activities		
Cash receipts from contributors	87,474,291	83,281,095
Cash paid to suppliers	(37,261,410)	(40,090,630)
Cash paid to employees	(46,268,615)	(42,387,522)
Investment income	2,173,237	2,009,035
Interest on long-term debt	(109,209)	(101,117)
	6,008,294	2,710,861
Financing activities		
Change in amounts held in trust	14,498	(13,893)
Advances of current portion of long-term debt	366,614	203,386
Repayment of long-term debt	(349,789)	(289,812)
Repayment of capital lease obligations	(74,799)	(134,242)
	(43,476)	(234,561)
Capital activities		
Purchases of tangible capital assets	(8,141,437)	(6,678,474)
Proceeds of disposal of tangible capital assets	26,083	80,176
	(8,115,354)	(6,598,298)
Investing activities		
Purchase of temporary investments	(61,419,360)	(27,774,643)
Proceeds on disposal of Term deposits	27,774,643	41,281,779
Cash payments for new housing loans and mortgages granted	(752,096)	(396,945)
Principal repayments on mortgages and housing loans	852,373	719,072
Investment in business loans receivable	(42,211)	(244,675)
Repayment of business loan receivable	154,996	156,936
Repayment of loan receivable from government business entity	1,744,120	2,499,376
Investment in shares	(930)	-
Cash distributions from government business entities	-	3,153,180
	(31,688,465)	19,394,080
Increase (decrease) in cash resources	(33,839,001)	15,272,082
Cash resources, beginning of year	53,209,827	37,937,745
Cash resources, end of year	19,370,826	53,209,827

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

Mohawk Council of Kahnawà:ke
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

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
- Tewatohni'saktha
- Kahnawà:ke Education Center
- Kanien'kehaka Onkwawen:na Raotiohkwa
- 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.

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 of 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, 2019

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.

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, 2019

3. Cash and cash equivalents

	2019	2018
Cash on hand and balances with banks	12,027,897	12,609,309
Internally restricted	6,856,966	40,217,982
Held in trust for community members	87,346	72,848
Ottawa trust funds	26,886	11,740
Externally restricted	371,731	297,948
	19,370,826	53,209,827

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 0.45% to 2.7% annually, and have maturity dates ranging from May 2019 to February 2022. The market value of the term deposits at March 31, 2019 approximates their carrying amount. Term deposits have been restricted as described in Note 20.

5. Accounts receivable

	2019	2018
Contributions and other receivables	2,253,519	2,265,407
Government of Canada	3,329,862	348,060
Province of Québec	1,451,594	406,079
Indigenous Services Canada	3,123,988	1,973,254
First Nations Education Council	874,191	521,476
Dividends receivable	1,066,375	581,686
Commodity taxes	405,083	256,667
Interest receivable	596,570	130,481
	13,101,182	6,483,110

The accounts receivable balance is net of an allowance for uncollectible amounts of \$4,563,854 (2018 - \$3,848,196).

Mohawk Council of Kahnawà:ke
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

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, 2019, total funding provided directly to KMHC by MSSS with respect to the project amounted to \$23,978,000. 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, 2019, \$23,978,000 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:

	<i>Principal</i>	<i>Provisions and allowances</i>	<i>2019 Net recoverable value</i>	<i>2018 Net recoverable value</i>
Onkwawista Holdings Limited	9,086,840	-	9,086,840	10,830,960
Loans receivable - Business Loan Fund	504,235	(1,316)	502,919	610,667
Loans receivable - Youth Business Fund	59,863	(17,173)	42,690	47,725
	9,650,938	(18,489)	9,632,449	11,489,352

The loan receivable from OHL of \$9,086,840 (US\$6,800,000) (2018 - \$10,830,960 (US\$8,400,000)) 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.

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, 2019

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 First Nation has investments in the following entities:

	<i>Investment cost, beginning of year</i>	<i>Share of earnings (loss)</i>	<i>Cash distributions</i>	<i>2019 Total investment</i>
Wholly-owned businesses:				
Mohawk Online Limited	1,385,077	1,483,390	-	2,868,467
Onkwawista Holdings Limited	672,079	(20,811)	(534,046)	117,222
	2,057,156	1,462,579	(534,046)	2,985,689
Significantly Influenced businesses:				
Des Cultures Renewable Energy, Limited Partnership - 30%	429	-	-	429
Des Cultures Renewable Energy Inc. - 50.1%	501	-	-	501
	930	-	-	930
	2,058,086	1,462,579	(534,046)	2,986,619

	<i>Investment cost, beginning of year</i>	<i>Share of earnings (loss)</i>	<i>Cash distributions</i>	<i>2018 Total investment</i>
Wholly-owned businesses:				
Mohawk Online Limited	2,603,482	1,934,775	(3,153,180)	1,385,077
Onkwawista Holdings Limited	737,101	(65,022)	-	672,079
	3,340,583	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, 2019

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

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

	<i>Mohawk Online Limited As at December 31, 2018</i>	<i>Onkwawista Holdings Limited As at March 31, 2019</i>
Assets		
Cash	476,845	1,223,646
Accounts receivable	2,595,953	-
Prepayments	7,449	-
Loans receivable	-	9,230,084
Property, plant and equipment	1,038	-
Total assets	3,081,285	10,453,730
Liabilities		
Accounts payable and accruals	212,718	182,296
Dividends payable	-	1,068,091
Loan payable	-	9,078,772
Total liabilities	212,718	10,329,159
Net assets excluding accumulated other comprehensive income	2,868,567	124,571
Total revenue	2,484,397	278,404
Total expenses	609,463	299,215
Net income (loss)	1,874,934	(20,811)
Comprehensive income (loss)	1,874,934	(20,811)

One of the First Nation's investee has a different year-end than March 31, 2019. The First Nation uses the investee's year-end financial statements to account for its investment in this investee.

<i>Name of investee</i>	<i>Year-end</i>	<i>Significant events and transactions</i>
Mohawk Online Limited	December 31, 2018	There were no significant events or transactions during the period from January 1, 2019 to March 31, 2019.

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.

Mohawk Council of Kahnawà:ke
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

11. Revolving line of credit

MCK has access to various unsecured credit facilities amounting to \$3,220,000 (2018 - \$3,220,000) of which \$654,000 was utilized as at March 31, 2019 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

	2019	2018
Trade payables	5,153,229	5,383,171
Salaries and vacations payable	3,118,002	2,851,378
Government funding repayable	144,130	442,288
Accounts payable - Hydro-Québec TransÉnergie	636,796	-
Provision for loan - Caisse Populaire Kahnawà:ke	74,381	-
	9,126,538	8,676,837

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	1,634,360	1,056,993	1,518,263	1,173,090
Economic development	569,982	1,244,587	1,308,077	506,492
Health & community services	302,884	204,142	302,884	204,142
Education	47,498	588,407	47,498	588,407
Fire services	-	164,205	105,294	58,911
	2,554,724	3,258,334	3,282,016	2,531,042
Other				
Education	-	20,000	-	20,000
Service complex	-	3,645	-	3,645
Cultural center	97,574	98,435	84,885	111,124
	97,574	122,080	84,885	134,769
	2,652,298	3,380,414	3,366,901	2,665,811

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, 2019. Use of these funds is restricted as described in Note 3.

Mohawk Council of Kahnawà:ke
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

15. Long-term debt

	2019	2018
Mortgage payable, interest bearing at 4.29% (2018 - 3.9%), repayable in blended monthly installments of \$17,645, with the balance subject to renewal in August 2019, secured by a trust agreement in the lender's favour on the Business Complex having a net book value of \$3,148,210	1,021,504	1,187,751
Mortgage payable, interest bearing at 4.65% (2018 - 4.65%), repayable in 60 blended monthly installments 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 \$962,269	643,004	670,101
Term loan, unsecured, bearing interest at 3.13% per annum, repayable in monthly principal and interest payments of \$964, due December 2022	40,860	52,626
Term loan, unsecured, bearing interest at 3.13% per annum, repayable in monthly principal and interest payments of \$600, due December 2022	25,456	30,101
Term loan, unsecured, bearing interest at 3.45% per annum, repayable monthly principal and interest payments of \$2,657, due March 2024	146,249	172,582
Term loan, unsecured, bearing interest at 3.76% per annum, repayable in monthly principal and interest payments of \$1,593, due August 2022	61,281	77,671
Term loan, unsecured, bearing interest at 3.58% per annum, repayable in monthly principal and interest payments of \$1,401, due April 2023	62,576	76,875
Term loan, unsecured, bearing interest at 4.23% per annum, repayable in monthly principal and interest payments of \$732, due November 2022	29,152	36,528
Term loan, unsecured, bearing interest at 3.8% per annum, repayable in monthly principal and interest payments of \$643, due April 2023	29,147	-
Term loan, unsecured, bearing interest at 3.73% per annum, repayable in monthly principal and interest payments of \$1,422, due June 2025	95,014	-
Term loan, unsecured, bearing interest at 3.75% per annum, repayable in monthly principal and interest payments of \$3,070, due February 2026	224,160	-
Term Loan, unsecured, bearing interest at 3.20% per annum, repayable in monthly principle and interest payments of \$5,141, maturing December 2020.	104,868	162,211
	2,483,271	2,466,446

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:

	Total
2020	391,437
2021	391,798
2022	360,269
2023	355,987
2024	318,520

16. Capital lease obligations

	2019	2018
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 (2018 - \$Nil)	4,645	31,828
Obligations under capital lease relating to vehicles, repayable in equal monthly instalments of \$4,035 including interest at 3.11%. Fully repaid in the year.	-	47,616
	4,645	79,444

Mohawk Council of Kahnawà:ke
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

16. Capital lease obligations *(Continued from previous page)*

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

2020	4,698
Less: imputed interest	53
	<u>4,645</u>

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, 2019, such loans are not significant. Mohawk Council of Kahnawà:ke has also acted as co-signer on mortgage loans to residents from various lending institutions for an aggregate amount of approximately \$10,226,000 (2018 - \$9,833,000) for purchases of houses as part of the On-reserve loan guarantee program.
- (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 (program 1917). ISC has provided MCK with an interim loan to assist them in meeting these obligations. As at March 31, 2019 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 \$257,929 (2018 - \$261,944) for aboriginal entrepreneurs under the loan guarantee program. As at March 31, 2019, the total guaranteed indebtedness amounted to \$230,381 (2018 - \$251,108) of which \$74,381 is included in accounts payable.
- (f) Through Kahnawà:ke Sustainable Energies Inc. ("KSE"), Mohawk Council of Kahnawà:ke had previously entered into an agreement with a contractor/supplier for a commitment to pay \$35,453,379 to construct a windfarm facility in St. Cyprien. Under the new LOI for the Des Cultures project the St. Cyprien location is no longer referenced in the new supply contract, however the previous supplier disagrees that the prior LOI is no longer in force, and as such has not yet released the company from the original commitment. It is managements' opinion that the original LOI does not apply to the new location in partnership with KEI. 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; \$470,000 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 \$1,170,000 to secure the various provisions of these contracts.
- (g) Through Kahnawà:ke Shakotiaa/Takehnhas Community Services ("KSCS") Mohawk Council of Kahnawà:ke has one human resource matter pending or is before certain regulatory bodies. Management is unable to accurately estimate the outcome of these actions. No provision has been recorded in the accounts. Any settlement resulting from this action will be recorded as an expense in the year in which the settlement occurs.

Mohawk Council of Kahnawà:ke
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

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 \$597,415 (2018 - \$1,064,491), and accumulated amortization of \$412,359 (2018 - \$721,506).

19. Development costs

Deferred development costs relate to payments made on the St. Cyprien wind energy project representing specific project milestones and costs directly related to the project. These costs were written off during the year upon relocation of that project.

20. Accumulated Surplus

The accumulated surplus is comprised of the following:

	2019	2018
Tangible Capital Assets	85,476,224	83,190,402
Ottawa Trust Funds	26,886	11,740
Externally Restricted	9,110,567	7,050,660
Appropriated Reserves	98,445,921	97,524,650
Unappropriated	592,531	157,144
	193,652,129	187,934,596

21. CMHC replacement and operating reserves

Under agreements with Canada Mortgage and Housing Corporation (CMHC), MCK established a replacement reserve, funded by an annual allocation of \$82,400 (2018 - \$74,000) to ensure replacement of buildings financed by CMHC. At March 31, 2019, \$249,400 (2018 - \$167,000) 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, \$77,597 (2018 - \$67,389) has been set aside to fully fund this reserve. As at March 31, 2019, \$171,408 (2018 - \$93,811) 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, 2019, the Plan had a funding surplus of approximately \$75,900,000 (2018 - \$64,000,000) on a going concern basis and a funding excess of approximately \$9,600,000 (2018 - \$375,000) on a solvency basis. 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, 2019.

Mohawk Council of Kahnawà:ke
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

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

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 27, 2015, the Plan sponsor entered into a letter of guarantee agreement with Bank of Montreal, whereby Bank of Montreal provided the sponsor with letters of guarantee. Letters of guarantee outstanding at March 31, 2019 totalled \$12,373,231 (2018 - \$12,373,231) and expire on September 30, 2019.

Other accounts receivable includes an amount of \$1,228,682 (2018 - \$1,048,924), net of a provision of \$1,228,682 (2018 - \$1,048,924) due from the 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 \$179,748 (2018 - \$174,466) and these amounts are charged at cost.

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, 2019 and must be filed by September 30, 2019.

23. Government transfers

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

Federal government transfers

	Operating and capital	Deferrals and repayments	2019	2018
Indigenous Services Canada	49,371,784	(28,768)	49,343,016	46,443,021
Public Safety Canada	2,978,954	(360,289)	2,618,665	2,716,100
Department of Justice Canada	133,158	-	133,158	56,322
Fisheries and Oceans Canada	42,000	(5,817)	36,183	-
Canadian Heritage	18,241	(98,161)	(79,920)	73,855
Canada Mortgage Housing Corporation	342,602	(10,000)	332,602	663,252
Natural Resources Canada	-	-	-	164,744
Employment and Social Development Canada	389,340	102,192	491,532	162,203
Health Canada	9,935,696	(61,868)	9,873,828	9,356,273
Canada Revenue Agency	176,667	-	176,667	197,454
First Nation Education Council	4,361,241	47,498	4,408,739	4,621,672
Canadian Environment Assessment Agency Canada	25,880	19,630	45,510	-
Minister of Environment and Climate Change	-	-	-	64,572
Transport Canada	2,320	7,898	10,218	-
Economic Development Agency of Canada	70,000	-	70,000	-
Minister of Environment and Climate Change	9,794	8,744	18,538	-
	67,857,677	(378,941)	67,478,736	64,519,468

Mohawk Council of Kahnawà:ke
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

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

Provincial government transfers

	Operating and capital	Deferrals and repayments	2019	2018
Transports Québec	3,269,831	-	3,269,831	2,397,354
Sécurité publique Québec	2,213,960	(430,889)	1,783,071	2,154,706
Ministère de la culture	-	-	-	20,930
Province of Québec	1,438,760	-	1,438,760	-
Développement durable, Environnement et Lutte contre les changements climatiques	248,007	(72,757)	175,250	252,624
Département de la justice du Québec	52,500	(5,834)	46,666	52,500
Quebec en Forme	14,925	-	14,925	65,500
Secrétariat à l'action communautaire autonome et aux initiatives sociales	75,485	6,416	81,901	-
Secrétariat aux affaires autochtones	75,814	49,027	124,841	245,082
Ministère du Conseil Exécutif	1,250	-	1,250	-
	7,390,532	(454,037)	6,936,495	5,188,696
Total government transfers	75,248,209	(832,978)	74,415,231	69,708,164

24. Economic dependence

Mohawk Council of Kahnawà:ke receives 70% (2018 - 75%) of its revenue from Indigenous Services 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:

	2019	2018
Balance per INAC and financial statements	49,371,784	46,497,664

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, 2019

	<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	61,636,584	5,368,391	11,100,940	50,500,346	1,545,416	132,394,191
Acquisition of tangible capital assets	748,868	960,498	1,340,262	-	3,907,747	-	6,957,375
Disposal of tangible capital assets	-	-	-	-	-	-	-
Balance, end of year	2,991,382	62,597,082	6,708,653	11,100,940	54,408,093	1,545,416	139,351,566
Accumulated amortization							
Balance, beginning of year	27,329	30,953,904	1,712,029	2,404,267	15,868,193	424,746	51,390,468
Annual amortization	10,279	2,205,472	173,059	347,867	1,842,712	40,941	4,620,330
Accumulated amortization on disposals	-	-	-	-	-	-	-
Balance, end of year	37,608	33,159,376	1,885,088	2,752,134	17,710,905	465,687	56,010,798
Net book value of tangible capital assets	2,953,774	29,437,706	4,823,565	8,348,806	36,697,188	1,079,729	83,340,768
2018 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

Mohawk Council of Kahnawà:ke
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2019

	<i>Subtotal</i>	<i>School Buses</i>	<i>Vehicles</i>	<i>Firetrucks</i>	<i>Equipment</i>	<i>Computer Hardware and Software</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	132,394,191	2,230,786	3,418,259	2,492,960	3,210,531	1,811,901	145,558,628
Acquisition of tangible capital assets	6,957,375	-	336,186	-	584,649	239,617	8,117,827
Disposal of tangible capital assets	-	-	-	-	-	-	-
Balance, end of year	139,351,566	2,230,786	3,754,445	2,492,960	3,795,180	2,051,518	153,676,455
Accumulated amortization							
Balance, beginning of year	51,390,468	1,258,979	2,359,354	970,183	2,576,590	1,335,308	59,890,882
Annual amortization	4,620,330	189,159	335,078	111,068	322,343	316,842	5,894,820
Accumulated amortization on disposals	-	-	-	-	-	-	-
Balance, end of year	56,010,798	1,448,138	2,694,432	1,081,251	2,898,933	1,652,150	65,785,702
Net book value of tangible capital assets	83,340,768	782,648	1,060,013	1,411,709	896,247	399,368	87,890,753
2018 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

Mohawk Council of Kahnawà:ke
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2019

	<i>Subtotal</i>	<i>Furniture and Fixtures</i>	<i>2019</i>	<i>2018</i>
Cost				
Balance, beginning of year	145,558,628	651,562	146,210,190	139,656,169
Acquisition of tangible capital assets	8,117,827	23,610	8,141,437	6,678,474
Disposal of tangible capital assets	-	-	-	(137,953)
Balance, end of year	153,676,455	675,172	154,351,627	146,196,690
Accumulated amortization				
Balance, beginning of year	59,890,882	583,018	60,473,900	54,830,855
Annual amortization	5,894,820	18,769	5,913,589	5,728,475
Accumulated amortization on disposals	-	-	-	(98,930)
Balance, end of year	65,785,702	601,787	66,387,489	60,460,400
Net book value of tangible capital assets	87,890,753	73,385	87,964,138	85,736,290
2018 Net book value of tangible capital assets	85,667,746	68,544	85,736,290	

Mohawk Council of Kahnawà:ke
Schedule 2 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2019

	<i>2019 Budget</i>	<i>2019</i>	<i>2018</i>
Consolidated expenses by object			
Administration	178,000	139,413	131,020
Amortization	5,168	5,913,589	5,728,475
Assessment costs	-	886,654	-
Bad debts	263,211	588,807	496,782
Bank charges and interest	110,232	196,406	120,855
CIF allocations	-	258,896	-
Capital and Infrastructure costs	4,599,294	3,024,691	3,484,596
Community support services	105,981	381,753	236,165
Contribution to Ambulance	-	34,096	-
Economic development	238,046	463,124	186,629
Education	2,861,040	2,130,275	2,397,828
Employment and training	891,290	846,563	1,069,668
Foster, institutional and group home	256,662	1,965,381	2,372,078
Health and social services	5,931,523	3,797,230	3,873,555
Honoraria	118,638	133,988	111,791
Information technology	95,535	86,726	62,327
Insurance	401,425	273,841	264,972
Interest on long-term debt	95,357	109,209	101,117
Legal, professional and consulting fees	2,766,536	2,943,267	3,787,816
MSI	160,153	542,521	689,635
Office and general	2,957,395	3,121,639	2,599,140
Overhead cost recoveries	(250,903)	(317,771)	(754,308)
Pension	2,633,518	2,597,936	2,464,931
Professional development	141,989	195,088	230,348
Public relations	1,095,630	993,098	1,191,472
Repairs and maintenance	1,902,928	1,499,001	1,525,084
Salaries and benefits	39,534,344	46,268,615	42,387,522
Social assistance	6,791,408	6,277,083	6,314,986
Subcontracts	-	2,147	-
Training	489,466	542,705	816,840
Travel and transportation	837,811	805,424	766,567
Tuition and allowances	2,991,606	2,148,422	3,195,956
Utilities	1,388,255	1,388,783	1,322,616
Vehicle expenses	525,427	929,006	856,617
	80,116,965	91,167,606	88,033,080

Mohawk Council of Kahnawà:ke
Schedule 3 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus Deficit
For the year ended March 31, 2019

	<i>Schedule #</i>	<i>ISC 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>
Segment Schedules									
Government Operations	4	24,706,955	25,850,194	461,269	51,018,418	44,682,365	(1,597,598)	4,738,455	(781,862)
Economic Development	5	955,441	5,409,347	63,490	6,428,278	7,983,472	586,635	(968,559)	(164,358)
Health and Community Services	6	9,848,756	10,639,965	98,743	20,587,464	18,046,395	-	2,541,069	1,247,716
Education	7	13,353,033	4,676,481	(540,808)	17,488,605	18,013,538	-	(524,933)	(1,341,128)
Fire Services	8	437,599	153,862	(58,911)	532,650	1,182,101	645,963	(3,488)	(97,379)
Service Complex	9	-	368,112	-	368,112	379,319	-	(11,207)	(5,479)
Cultural Center	10	70,000	364,726	-	434,726	868,676	365,000	(68,950)	(49,928)
Ottawa Trust Funds	11	-	26,886	-	26,886	11,740	-	15,146	692
		49,371,784	47,489,673	23,682	96,885,139	91,167,606	-	5,717,533	(1,191,726)

Mohawk Council of Kahnawà:ke
Government Operations
Schedule 4 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	<i>2019 Budget</i>	<i>2019</i>	<i>2018</i>
Revenue			
Indigenous Services Canada			
Block funding	20,451,430	20,451,469	20,098,839
Target funding	232,728	4,800	2,067,597
Fixed	1,770,345	3,885,620	1,478,530
Flexible	3,974,255	365,066	435,592
Set	-	-	8,250
Canada Mortgage and Housing Corporation	428,743	332,602	663,252
Additional government funding			
Fisheries and Oceans	-	42,000	-
Justice	52,500	133,158	61,800
Industry Canada	252,407	-	-
Natural Resources	-	70,000	112,500
National Defence	75,000	39,332	75,000
Canadian Heritage	-	-	120,225
Public Safety Canada	2,334,265	2,618,665	2,770,649
Province of Québec	8,331,661	5,416,644	5,152,301
Investment income	2,922,344	1,971,298	1,828,161
Other revenues	1,683,537	6,641,086	2,452,530
MSI	1,640,328	2,111,249	1,780,015
Kahnawake Gaming Commission	889,914	722,178	652,555
Tickets and fines	646,034	585,210	526,132
Rental income	971,820	894,015	850,706
Royalties	532,000	568,271	622,715
User fees	133,600	136,365	135,491
Snack bar	95,892	93,523	91,203
Registration fees	-	136,809	118,500
Poker room	101,900	196,654	241,523
EGD revenue	-	950,795	-
Advertising revenue	30,000	33,783	27,729
Recovery of prior year deficit	-	104,142	-
Deferred revenue - prior year	581,838	1,634,359	1,424,269
Deferred revenue - current year	(473,097)	(1,173,090)	(1,634,359)
Repayment of government funding	-	(85,389)	(286,640)
Total revenue	47,659,444	48,880,614	41,875,065

Continued on next page

Mohawk Council of Kahnawà:ke
Government Operations
Schedule 4 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget	2019	2018
Total revenue <i>(Continued from previous page)</i>	47,659,444	48,880,614	41,875,065
Expenses			
Administration	150,790	152,587	127,625
Amortization	-	3,455,111	3,316,293
Assessment costs	-	886,654	-
Bad debts	263,211	582,841	453,208
Bank charges and interest	38,941	74,473	51,037
CIF allocations	-	258,896	-
Capital and Infrastructure costs	4,590,944	3,011,777	3,446,042
Community support services	98,212	368,541	227,865
Employee benefits	1,795,127	2,146,979	1,665,686
Health and social services	52,740	48,315	52,638
Honoraria(um)	36,950	18,265	16,593
Insurance	301,492	179,104	171,639
Interest on long-term debt	17,229	33,044	21,273
Legal, professional and consulting fees	1,727,289	2,072,049	2,900,407
MSI	160,153	542,521	689,635
Office and general	1,528,489	1,869,456	1,378,518
Overhead cost recoveries	(245,910)	(294,771)	(355,529)
Pension	2,633,518	2,570,320	2,454,116
Public relations	178,184	139,959	101,114
Repairs and maintenance	872,257	678,477	825,922
Salaries	14,793,934	17,504,015	16,579,879
Social assistance	6,791,408	6,277,083	6,314,986
Subcontracts	-	2,147	-
Training	253,329	341,676	640,017
Travel and transportation	282,689	272,418	304,400
Utilities	650,169	647,365	655,198
Vehicle expenses	427,956	843,063	773,469
	37,399,101	44,682,365	42,812,031
Surplus (deficit) before other items	10,260,343	4,198,249	(936,966)
Other income (expense)			
Gain on disposal of capital assets	-	26,083	31,153
Deferred expenses	-	505	126,199
Income from investments in Government Business Entities	-	1,462,579	2,476,748
Foreign exchange	801,930	826,637	(1,289,174)
Allocation to other community organizations	(178,000)	(178,000)	(225,500)
	623,930	2,137,804	1,119,426
Surplus before transfers	10,884,273	6,336,053	182,460
Transfers			
Kahnawà:ke Fire Brigade	(300,000)	(645,963)	(300,000)
Kanien'kehaka Onkwawen:na Raotitohkwa	(365,000)	(365,000)	(354,000)
Tewatohnhi'saktha	-	(586,635)	(310,322)
	(665,000)	(1,597,598)	(964,322)
Surplus (deficit)	10,219,273	4,738,455	(781,862)

Mohawk Council of Kahnawà:ke
Economic Development
Schedule 5 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	<i>2019 Budget</i>	<i>2019</i>	<i>2018</i>
Revenue			
Indigenous Services Canada			
Block funding	943,934	955,441	938,965
Employment and skills development Canada	662,679	683,590	670,225
National Aboriginal Capital Corporations Association	569,500	609,479	628,543
Rental income	1,883,242	1,946,754	1,952,957
First Nations Human Resource Development Commission of Quebec	1,693,494	1,753,879	1,704,928
Province of Québec	71,200	1,422,755	27,045
Registration fees	-	33,750	31,000
Other revenues	178,374	431,141	209,833
Investment income	73,295	87,246	87,793
Deferred revenue - prior year	10,379	569,982	631,541
Deferred revenue - current year	-	(506,492)	(569,982)
Repayment of government funding	-	-	156,817
	6,086,097	7,987,525	6,469,665
Expenses			
Administration	3,500	3,253	4,860
Amortization	-	428,244	448,707
Bad debts	-	966	22,957
Bank charges and interest	38,023	98,989	39,411
Economic development	188,046	413,124	136,629
Employee benefits	470,953	366,758	337,133
Employment and training	891,290	846,563	1,069,668
Honoraria(um)	21,600	24,325	16,600
Information technology	74,380	46,603	40,462
Insurance	29,998	25,647	25,320
Interest on long-term debt	78,128	76,165	79,844
Legal, professional and consulting fees	583,827	536,689	384,910
Office and general	505,300	415,238	452,873
Overhead cost recoveries	(4,993)	(23,000)	(398,779)
Public relations	840,870	779,256	1,025,004
Repairs and maintenance	293,500	255,441	177,577
Salaries	3,654,251	3,290,844	2,737,871
Training	85,920	58,192	52,351
Travel and transportation	136,792	136,137	93,256
Utilities	256,007	204,038	197,691
	8,147,392	7,983,472	6,944,345
Surplus (deficit) before other items	(2,061,295)	4,053	(474,680)
Other expenses			
Breakup fees and other related costs	-	(1,559,247)	-
Deficit before transfers	(2,061,295)	(1,555,194)	(474,680)
Transfers	-	586,635	310,322
Deficit	(2,061,295)	(968,559)	(164,358)

Mohawk Council of Kahnawà:ke
Health and Community Services
Schedule 6 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget	2019	2018
Revenue			
Indigenous Services Canada			
Block funding	2,146,042	2,146,036	2,109,032
Fixed	6,417,600	7,702,720	6,620,459
Set	-	-	131,040
Health Canada	8,723,672	9,888,570	9,447,114
Canada Revenue Agency	200,000	176,667	197,454
Other revenues	230,182	330,302	276,083
Rental income	295,480	309,863	312,820
Investment income	65,200	82,038	64,765
Deferred revenue - prior year	136,587	302,885	146,452
Deferred revenue - current year	-	(204,142)	(302,885)
Repayment of government funding	-	(147,475)	(24,273)
	18,214,763	20,587,464	18,978,061
Expenses			
Administration	(54,999)	(52,976)	(37,009)
Amortization	-	196,015	188,911
Bank charges and interest	28,040	24,111	28,372
Capital and Infrastructure costs	8,350	12,914	38,554
Economic development	50,000	50,000	50,000
Employee benefits	1,899,521	1,684,029	1,495,746
Foster, institutional and group home	256,662	1,965,381	2,372,078
Health and social services	5,878,783	3,748,915	3,820,917
Honoraria(um)	25,200	22,881	17,199
Insurance	11,449	12,374	12,206
Legal, professional and consulting fees	121,743	96,759	160,162
Office and general	499,146	308,126	294,462
Repairs and maintenance	126,900	144,586	116,482
Salaries	9,772,141	9,462,360	8,804,491
Training	112,400	66,291	76,382
Travel and transportation	233,435	167,060	172,562
Utilities	91,677	93,717	87,201
Vehicle expenses	43,592	43,852	41,629
	19,104,040	18,046,395	17,740,345
Surplus before other income	(889,277)	2,541,069	1,237,716
Other income			
Gain on disposal of capital assets	-	-	10,000
Surplus	(889,277)	2,541,069	1,247,716

Mohawk Council of Kahnawà:ke
Education
Schedule 7 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	<i>2019 Budget</i>	<i>2019</i>	<i>2018</i>
Revenue			
Indigenous Services Canada			
Block funding	11,900,268	11,871,622	11,666,929
Target funding	171,425	346,162	221,816
Fixed	-	1,135,249	190,560
Additional government funding			
Canadian Heritage	50,185	-	51,791
First Nation Education Council	4,603,559	4,361,241	4,533,510
Health Canada	-	47,126	-
Investment income	25,587	29,523	25,086
Other revenues	157,930	238,591	169,367
Deferred revenue - prior year	-	47,498	408,661
Deferred revenue - current year	-	(588,407)	(47,498)
Repayment of government funding	-	-	(35,748)
	16,908,954	17,488,605	17,184,474
Expenses			
Administration	2,708	3,421	2,658
Amortization	3,168	1,483,681	1,429,112
Bad debts	-	5,000	20,358
Bank charges and interest	516	(2,913)	147
Education	2,781,840	1,956,498	2,209,665
Employee benefits	108,918	397,767	422,331
Employee salaries and benefits capitalized	2,769	-	98,429
Honoraria(um)	31,188	66,034	58,845
Information technology	21,155	40,123	21,865
Insurance	45,140	45,538	43,538
Legal, professional and consulting fees	317,743	203,916	327,075
Office and general	279,560	373,115	319,964
Professional development	139,989	193,071	222,040
Public relations	63,576	71,108	62,329
Repairs and maintenance	481,226	283,573	257,545
Salaries	5,793,117	10,197,310	9,379,535
Training	1,117	2,983	1,095
Travel and transportation	173,895	207,153	165,943
Tuition and allowances	2,991,606	2,148,422	3,195,956
Utilities	285,128	337,738	287,172
	13,524,359	18,013,538	18,525,602
Deficit	3,384,595	(524,933)	(1,341,128)

Mohawk Council of Kahnawà:ke
Fire Services
Schedule 8 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget	2019	2018
Revenue			
Indigenous Services Canada			
Block funding	437,599	437,599	430,054
Other revenues	-	151,880	27,333
Investment income	1,300	2,348	2,204
Deferred revenue - current year	-	(58,911)	-
	438,899	532,916	459,591
Expenses			
Amortization	-	175,567	172,627
Bad debts	-	-	259
Bank charges and interest	4,148	2,673	3,350
Community support services	7,769	13,212	8,300
Contribution to Ambulance	-	34,096	-
Employee benefits	110,419	66,003	35,934
Insurance	3,246	2,801	2,786
Legal, professional and consulting fees	14,434	18,582	15,052
Office and general	62,200	49,026	62,357
Repairs and maintenance	60,795	40,995	60,432
Salaries	592,372	639,650	377,455
Training	36,700	73,563	46,995
Travel and transportation	9,000	3,566	8,826
Utilities	22,474	20,276	17,869
Vehicle expenses	53,879	42,091	41,519
	977,436	1,182,101	853,761
Deficit before other expense	(538,537)	(649,185)	(394,170)
Other expense			
Foreign exchange	(9,600)	(266)	(3,209)
Deficit before transfers	(548,137)	(649,451)	(397,379)
Transfers			
Kahnawake Fire Brigade	300,000	645,963	300,000
Deficit	(248,137)	(3,488)	(97,379)

Mohawk Council of Kahnawà:ke
Service Complex
Schedule 9 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	<i>2019 Budget</i>	<i>2019</i>	<i>2018</i>
Revenue			
Rental income	363,061	362,962	363,061
Other revenues	3,000	4,741	3,250
Investment income	797	409	797
	366,858	368,112	367,108
Expenses			
Administration	76,000	21,388	21,838
Amortization	-	170,715	167,368
Insurance	8,000	6,870	6,762
Office and general	54,000	55,000	54,096
Repairs and maintenance	57,500	61,193	63,250
Utilities	60,000	64,153	59,273
	255,500	379,319	372,587
Deficit	111,358	(11,207)	(5,479)

Mohawk Council of Kahnawà:ke
Cultural Center
Schedule 10 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget	2019	2018
Revenue			
Indigenous Services Canada			
Block funding	110,792	70,000	100,001
Canadian Heritage	-	18,241	31,421
Other revenues	194,161	306,280	205,722
Province of Québec	-	16,005	16,630
Cancellation of government funding	-	24,200	15,659
	304,953	434,726	369,433
Expenses			
Amortization	2,000	4,256	5,457
Bank charges and interest	564	(927)	(1,462)
Education	79,200	173,777	188,163
Honoraria	3,700	2,483	2,554
Insurance	2,100	1,507	2,721
Legal, professional and consulting fees	1,500	15,272	210
Office and general	28,700	51,678	36,870
Pension	-	27,616	10,815
Professional development	2,000	2,017	8,308
Public relations	13,000	2,775	3,025
Repairs and maintenance	10,750	34,736	23,876
Salaries	540,823	512,900	453,032
Travel and transportation	2,000	19,090	21,580
Utilities	22,800	21,496	18,212
	709,137	868,676	773,361
Deficit before transfers	(404,184)	(433,950)	(403,928)
Transfers	365,000	365,000	354,000
Deficit	(50,184)	(68,950)	(49,928)

Mohawk Council of Kahnawà:ke
Ottawa Trust Funds
Schedule 11 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget	2019	2018
Revenue			
Investment income	-	375	229
Rental income	-	26,511	11,511
	-	26,886	11,740
Expense			
Administration	-	11,740	11,048
Surplus	-	15,146	692