

**Mohawk Council of Kahnawà:ke**  
**Consolidated Financial Statements**  
*March 31, 2016*

# Mohawk Council of Kahnawà:ke

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For the year ended March 31, 2016

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## **Management's Responsibility**

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

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

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

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

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

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

June 27, 2016

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

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## Independent Auditors' Report

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

We have audited the accompanying consolidated financial statements of Mohawk Council of Kahnawà:ke, which comprise the consolidated statement of financial position as at 2016, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mohawk Council of Kahnawà:ke as at March 31, 2016 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 27, 2016



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

# Mohawk Council of Kahnawà:ke Consolidated Statement of Financial Position

As at March 31, 2016

	<b>2016</b>	<b>2015</b>
<b>Financial assets</b>		
Cash and cash equivalents (Note 3)	16,577,852	7,279,062
Term deposits (Note 4)	31,389,223	35,455,095
Accounts receivable (Note 5)	8,567,480	14,058,801
Short-term loan receivable (Note 6)	16,400,000	7,000,000
Investment in loans (Note 7)	15,282,835	15,269,967
Mortgage and housing loans (Note 8)	14,145,774	14,548,426
Investments (Note 9)	12,606	12,606
<b>Total financial assets</b>	<b>102,375,770</b>	<b>93,623,957</b>
<b>Liabilities</b>		
Accounts payable and accruals (Note 11)	8,538,168	6,712,629
Deferred revenue (Note 12)	1,390,632	2,264,241
Short-term loan payable (Note 6)	16,400,000	7,000,000
Amounts held in trust (Note 13)	225,387	259,622
Long-term debt (Note 14)	2,227,712	2,678,218
Capital lease obligations (Note 15)	371,133	155,059
<b>Total liabilities</b>	<b>29,153,032</b>	<b>19,069,769</b>
<b>Net financial assets</b>	<b>73,222,738</b>	<b>74,554,188</b>
<b>Contingencies (Note 16)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Note 17) (Schedule 1)	83,668,639	84,753,576
Development costs (Note 18)	590,404	590,404
Prepaid expenses	256,771	302,682
<b>Total non-financial assets</b>	<b>84,515,814</b>	<b>85,646,662</b>
<b>Accumulated surplus (Note 19)</b>	<b>157,738,552</b>	<b>160,200,850</b>

Approved on behalf of Council

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

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

# Mohawk Council of Kahnawà:ke

## Consolidated Statement of Operations and Accumulated Surplus

*For the year ended March 31, 2016*

	Schedules	2016 Budget	2016	2015
<b>Revenue</b>				
Indigenous and Northern Affairs Canada		39,341,966	44,159,921	46,763,790
Health Canada		8,731,694	9,071,982	8,840,278
Additional government funding		6,131,830	5,971,266	5,708,485
Other revenue		457,544	-	-
Canada Mortgage and Housing Corporation		36,854	36,854	-
Province of Québec		5,059,692	4,792,291	8,653,092
First Nations Human Resource Development of Québec		1,495,021	1,500,073	1,568,854
Other community income		9,624,381	10,745,620	10,548,225
Dividend income		1,789,144	1,387,745	4,397,214
Interest income		501,090	1,272,366	1,287,380
Deferred revenue - prior year (Note 12)		1,391,497	2,239,715	1,661,466
Recovery of prior year deficit		-	261,280	396,249
Deferred revenue - current year (Note 12)		-	(1,368,147)	(2,239,715)
Repayment of government funding		-	(772,227)	(464,240)
Cancellation of government funding		-	(316,408)	(80,440)
		<b>74,560,713</b>	<b>78,982,331</b>	87,040,638
<b>Expenses</b>				
Government operations	4	36,566,113	37,964,330	36,735,559
Economic development	5	9,152,405	8,634,925	8,069,757
Health and community services	6	15,475,697	17,295,494	14,232,839
Education	7	14,953,247	15,652,227	15,793,852
Fire services	8	702,499	821,536	766,827
Service complex	9	175,290	339,856	319,014
Cultural center	10	621,551	581,310	665,775
Ottawa trust funds	11	-	11,151	11,121
<b>Total expenses (Schedule 2)</b>		<b>77,646,802</b>	<b>81,300,829</b>	76,594,744
<b>Surplus (deficit) before other income</b>		<b>(3,086,089)</b>	<b>(2,318,498)</b>	10,445,894
<b>Other income</b>				
Gain on disposal of capital assets		-	92,200	42,000
<b>Surplus (deficit) before transfers</b>		<b>(3,086,089)</b>	<b>(2,226,298)</b>	10,487,894
<b>Transfers</b>				
Allocations to other community organizations		(283,067)	(236,000)	(385,800)
<b>Surplus (deficit)</b>		<b>(3,369,156)</b>	<b>(2,462,298)</b>	10,102,094
<b>Accumulated surplus, beginning of year</b>		<b>160,200,843</b>	<b>160,200,850</b>	150,098,756
<b>Accumulated surplus, end of year</b>		<b>156,831,687</b>	<b>157,738,552</b>	160,200,850

The accompanying notes are an integral part of these financial statements

**Mohawk Council of Kahnawà:ke**  
**Consolidated Statement of Change in Net Financial Assets**  
*For the year ended March 31, 2016*

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
<b>Annual surplus (deficit)</b>	<b>(3,369,156)</b>	<b>(2,462,298)</b>	10,102,094
Purchases of tangible capital assets	<b>(3,419,859)</b>	<b>(4,573,949)</b>	(9,493,708)
Tangible capital assets acquired through capital leases	-	<b>(284,700)</b>	-
Amortization of tangible capital assets	-	<b>5,302,686</b>	5,294,023
Gain on sale of tangible capital assets	-	<b>(92,200)</b>	(42,000)
Write down of computer software	-	<b>693,400</b>	-
Proceeds of disposal of tangible capital assets	-	<b>39,700</b>	42,000
	<b>(3,419,859)</b>	<b>1,084,937</b>	(4,199,685)
Acquisition of prepaid expenses	-	<b>(256,771)</b>	(302,552)
Use of prepaid expenses	-	<b>302,682</b>	1,069,320
	-	<b>45,911</b>	766,768
<b>Increase (decrease) in net financial assets</b>	<b>(6,789,015)</b>	<b>(1,331,450)</b>	6,669,177
<b>Net financial assets, beginning of year</b>	<b>74,554,188</b>	<b>74,554,188</b>	67,885,011
<b>Net financial assets, end of year</b>	<b>67,765,173</b>	<b>73,222,738</b>	74,554,188

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

# Mohawk Council of Kahnawà:ke Consolidated Statement of Cash Flows

*For the year ended March 31, 2016*

	<b>2016</b>	<b>2015</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Cash receipts from contributors	79,932,161	76,705,388
Cash paid to suppliers	(34,247,395)	(34,387,660)
Cash paid to employees	(37,826,480)	(36,545,763)
Interest income	1,264,729	1,271,392
Dividend income	933,987	2,243,994
Interest on capital lease obligation	(7,406)	(7,347)
Interest on long-term debt	(95,201)	(109,835)
	<b>9,954,395</b>	<b>9,170,169</b>
<b>Financing activities</b>		
Change in amounts held in trust	(34,234)	32,841
Repayment of long-term debt	(450,506)	(326,662)
Repayment of capital lease obligations	(68,621)	(58,492)
Repayment of advances from related organizations	(28,784)	-
Advances from related organizations	-	28,784
Change in bank loan	-	(100,000)
	<b>(582,145)</b>	<b>(423,529)</b>
<b>Capital activities</b>		
Purchases of tangible capital assets	(4,569,142)	(8,743,708)
Proceeds of disposal of tangible capital assets	39,700	42,000
	<b>(4,529,442)</b>	<b>(8,701,708)</b>
<b>Investing activities</b>		
Purchase of temporary investments	(28,948,001)	(26,485,150)
Proceeds on disposal of temporary investments	33,013,866	24,871,069
New mortgages advanced in year	(419,000)	(1,352,546)
Principal repayments on mortgages receivable	772,328	987,569
New housing initiative loans granted	(111,544)	(284,258)
Principal repayments on housing initiative loans	161,201	174,719
Repayments of loans receivable	197,001	84,397
Investment in loans receivable	(209,869)	(296,567)
Advances to related organizations	-	67,778
	<b>4,455,982</b>	<b>(2,232,989)</b>
<b>Increase (decrease) in cash resources</b>	<b>9,298,790</b>	<b>(2,188,057)</b>
<b>Cash resources, beginning of year</b>	<b>7,279,062</b>	<b>9,467,119</b>
<b>Cash resources, end of year</b>	<b>16,577,852</b>	<b>7,279,062</b>

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



# Mohawk Council of Kahnawà:ke

## Notes to the Consolidated Financial Statements

For the year ended March 31, 2016

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### 1. Operations

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

### 2. Significant accounting policies

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

#### **Reporting entity**

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

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

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

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

#### **Basis of presentation**

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

#### **Asset classification**

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

#### **Net financial assets**

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

**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.

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

**Portfolio investments**

**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.

**Tangible capital assets**

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible capital assets are recorded at their fair value at the date of contribution. Tangible capital assets include acquired, built, developed and improved tangible capital assets whose useful life extends beyond one year and which are intended to be used on an ongoing basis for delivering services.

**Capital lease**

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.

**Amortization**

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

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

**Capital lease obligations**

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.

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

***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.

***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.

**Mohawk Council of Kahnawà:ke**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2016*

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

***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.

**3. Cash and cash equivalents**

	<b>2016</b>	<b>2015</b>
Cash on hand and balances with banks	<b>11,267,959</b>	3,553,847
Internally restricted	<b>4,795,400</b>	2,463,513
Held in trust for community members	<b>225,387</b>	259,622
Ottawa trust funds	<b>11,086</b>	16,579
Externally restricted	<b>278,020</b>	985,501
	<b>16,577,852</b>	7,279,062

Externally restricted cash relates to funds provided by Indigenous and Northern Affairs Canada 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, and 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 the funds.

**4. Term deposits**

Term deposits consist of various Canadian dollar term deposits which are interest bearing at rates ranging from 0.75% to 1.2% annually, and have maturity dates ranging from April 2015 to April 2019. The market value of the term deposits at March 31, 2016 approximates their carrying amount.

Management of one of the Organizations forming part of the government reporting entity has internally designated \$1,184,249 (2015 - \$1,171,513) of the term deposits to be used for loans to small businesses under the Business Loan Fund. The remaining balance of the term deposits has been restricted for various specific purposes by the various Organizations forming the government reporting entity.

**Mohawk Council of Kahnawà:ke**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2016*

**5. Accounts receivable**

	2016	2015
Indigenous and Northern Affairs Canada	4,281,831	4,261,223
First Nations Human Resource Development Commission of Quebec	261,068	93,353
First Nations Education Council	446,682	279,332
Dividends receivable	518,840	4,306,440
Interest receivable	360,540	265,609
Commodity taxes	314,783	399,754
Other receivables	2,383,736	4,453,090
	<b>8,567,480</b>	<b>14,058,801</b>

The accounts receivable balance is net of an allowance for uncollectible amounts of \$3,055,810 (2015 - \$2,757,534). Included in other receivable one dividend receivable of \$400,000 (2015 - \$3,400,000) denominated in U.S. dollars.

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

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

As at March 31, 2016, total funding provided by MSSS with respect to the project amounted to \$16,400,000 which was received directly by KMHC. 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, 2016, \$16,400,000 has been recognized as a liability due to Financement-Québec.

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

**7. Investment in loans**

Investment in loans consist of the following:

	Principal	Provisions and allowances	2016 Net recoverable value	2015 Net recoverable value
Loan receivable - Onkwawista, unsecured, non-interest bearing, with no specific terms of repayment	14,559,888	-	14,559,888	14,559,888
Loans receivable - Business Loan Fund	671,589	735	670,854	665,658
Loans receivable - Youth Business Fund	65,817	19,107	46,710	35,625
Loans receivable - Employees, non-interest bearing with no fixed terms of repayment	5,383	-	5,383	8,796
	<b>15,302,677</b>	<b>19,842</b>	<b>15,282,835</b>	<b>15,269,967</b>

**Mohawk Council of Kahnawà:ke**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2016*

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**7. Investment in loans** *(Continued from previous page)*

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. 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.

**9. Investments**

MCK has investments in the following entities:

	2016	2015
REIF First Nations L.P.	12,500	12,500
Onkwawista Holdings Limited	106	106
	<b>12,606</b>	<b>12,606</b>

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Mohawk Council of Kahnawà:ke has signed a letter of commitment to invest an aggregate sum of \$50,000 in the REIF project which participates in the growth of Quebec First Nations controlled businesses.

Mohawk Council of Kahnawà:ke has a 100% investment in the issued ordinary shares of Onkwawista Holdings Limited (OHL), an investment holding company. This investment is being carried at cost, being \$106. OHL has a 100% interest in Onkwawista Limited (OL), whose primary asset is a 40% interest in an operating company, Continent 8 Technologies, PLC. (Continent 8). OHL, OL and Continent 8 are incorporated under the provisions of the Isle of Man Companies Act. MCK does not exercise effective control nor is it able to exert significant influence with respect to its 40% investment in Continent 8, a portfolio investment company, without the cooperation of the majority shareholders. As such, income from this investment is recorded only when dividends are received or receivable. As such, income from this investment is recorded only when dividends are received or receivable. During the year, MCH recognized a dividend receivable and related dividend income of US\$400,000 (2015 - US\$3,400,000).

MCK also has an investment in Mohawk Internet Technologies (MIT), a band empowered entity. This investment is carried at cost, being nil, since MCK does not exercise effective control over MIT's assets, liabilities and surplus without the cooperation of the other significant stakeholders.

**10. Credit Facility**

MCK has access to various unused and unsecured credit facilities amounting to \$720,000 which are renewable on an annual basis. Borrowings under these facilities bear interest at rates ranging from prime to prime plus 3% per annum.

**Mohawk Council of Kahnawà:ke**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2016*

**11. Accounts payable and accruals**

	2016	2015
Trade payables	5,227,785	3,622,422
Salaries and vacations payable	2,625,783	2,669,763
Government funding repayable	684,600	420,444
	<b>8,538,168</b>	<b>6,712,629</b>

**12. Deferred revenue**

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

	Balance, beginning of year	Contributions received	Amount recognized as revenue	Balance, end of year
<b>Deferred Revenue</b>				
Government operations	718,827	4,832,214	4,585,526	965,515
Economic development	1,138,515	379,807	1,240,302	278,020
Health & community services	382,373	124,612	382,373	124,612
	<b>2,239,715</b>	<b>5,336,633</b>	<b>6,208,201</b>	<b>1,368,147</b>
<b>Other</b>				
Education	-	14,451	-	14,451
Rental income	5,487	-	3,333	2,154
PWRDF	19,039	20,700	33,859	5,880
	<b>24,526</b>	<b>35,151</b>	<b>37,192</b>	<b>22,485</b>
	<b>2,264,241</b>	<b>5,371,784</b>	<b>6,245,393</b>	<b>1,390,632</b>

**13. 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, 2016. Use of these funds is restricted as described in note 3.

**14. Long-term debt**

	2016	2015
Mortgage payable, interest bearing at 3.3% (2015 - 3.7%), repayable in blended monthly instalments of \$17,580 with the balance subject to renewal in August 2016, secured by a trust agreement in the lender's favour on the Business Complex having a net book value of \$3,576,237 (2015 - \$3,764,460)	1,507,046	1,658,972
Mortgage payable, interest bearing at 4.35% (2014 - 4.35%), repayable in blended monthly instalments of \$16,711, fully repaid during the year	-	275,091



**Mohawk Council of Kahnawà:ke**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2016*

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

Mortgage payable, interest bearing at 4.65% (2015 - 4.65%), repayable in 60 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 \$1,070,340	<b>720,666</b>	744,155
	<b>2,227,712</b>	2,678,218

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

	<b>Total</b>
2017	184,716
2018	191,251
2019	198,020
2020	205,034
2021	212,300

**15. Capital lease obligations**

	<b>2016</b>	2015
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 \$20,954 (2015 - \$62,863)	<b>83,358</b>	106,360
Obligations under capital lease relating to vehicles and school buses, repayable in equal monthly aggregate instalments of \$5,803 (2015 - \$3,548) including interest at rates ranging from 3.20% to 7.49%, with maturities ranging from July 2015 to December 2020, secured by the related assets having a net book value of \$288,383 (2015 - \$49,515)	<b>287,775</b>	48,699
	<b>371,133</b>	155,059

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

2017	100,059
2018	96,506
2019	89,886
2020	64,047
2021	41,132
	<b>391,630</b>
Less: imputed interest	20,497
	<b>371,133</b>

**Mohawk Council of Kahnawà:ke**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2016*

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**16. Contingencies**

- (a) The organization has entered into contribution agreements with various government departments. Funding received under these contribution agreements is subject to repayment if the organization fails to comply with the terms and conditions of the agreements.
- (b) Mohawk Council of Kahnawà:ke has been named as a defendant in several lawsuits as part of its ongoing operations. Details of the most significant cases are as follows:
  - i) A motion for a permanent injunction and damages was received on June 11, 2015. The action stems primarily from the alleged trespassing on the plaintiff's property by the defendants, the clearing of approximately 500 maple trees, and the unauthorized dumping and spreading of contaminated soil on the property. The plaintiff is seeking damages of \$1,456,365, extra judicial costs in the amount of \$125,000, and expertise expenses in the amount of \$37,362. The file is to be completed and filed with the Court by December 2016. The MCK filed a contestation in this matter in November 2015. Council is unable to accurately estimate the outcome of the action at this time.
  - ii) Various other legal matters are pending or are before the courts or other regulatory bodies. Damages in certain cases have either not been filed as yet or are not requested or cannot be awarded. Council is unable to accurately estimate the outcome of these actions. No provision has been recorded in the accounts. Any settlement resulting from these claims will be recorded as an expense in the year in which the settlement occurs.
- (c) Mohawk Council of Kahnawà:ke guarantees loans made to Kahnawà:ke residents by Canada Mortgage and Housing Corporation for renovations. As at March 31, 2016, such loans are not significant. MCK acted as co-signer on loans to residents from various lending institutions for an aggregate amount of \$9,996,695 (2015 - \$9,577,902) 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 \$243,263 (2015 - \$391,602).
- (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, 2016, the outstanding loan is \$4,655,729. The advance is secured by a promissory note which is payable on the earlier of March 31, 2018 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 \$184,000 (2015 - \$98,000) for native entrepreneurs under the loan guarantee program. As at March 31, 2016, the total guaranteed indebtedness amounted to \$134,708 (2015 - \$90,982).
- (f) Through Kahnawà:ke Sustainable Energies ("KSE"), Mohawk Council of Kahnawà:ke has entered into an agreement with a service provider to pay \$2,976,000 for specific services (of which \$1,056,000 had been paid prior to the year-end). The payments are based on achieving certain milestones and providing specific services. In addition, there is a further commitment to pay a break-up fee of \$500,000 to the service provider in the event that certain specific circumstances occur. KSE has also entered into an agreement with another contractor/supplier for a commitment to pay \$35,453,379 to construct a wind-farm facility. The commitment is conditional upon signature of a purchase contract which is presently subject to negotiation and other approvals. Finally, KSE has also entered into agreements with a distributor of wind energy which calls for \$500,000 to secure a commitment to cover initial work performed by the distributor; \$480,000 to secure a commitment to begin delivery of contractual energy as well as \$130,000 to secure commitment to cover connection costs with the distributor electricity network. KSE has provided letters of credit aggregating \$1,480,000 to secure the various provisions of these contracts.

**Mohawk Council of Kahnawà:ke**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2016*

**17. 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 \$805,571 (2015 - \$520,871), and accumulated amortization of \$496,234 (2015 - \$324,844).

Tangible capital assets include non-cash acquisitions of \$Nil (2015 - \$750,000) which were financed through long-term debt (see note 13).

**18. Development costs**

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

**19. Accumulated Surplus**

The accumulated surplus is comprised of the following:

	<b>2016</b>	2015
Tangible Capital Assets	<b>81,069,794</b>	81,920,299
Ottawa Trust Funds	<b>11,086</b>	16,579
Externally Restricted	<b>5,807,581</b>	5,842,060
Appropriated Reserves	<b>69,855,748</b>	71,348,881
Unappropriated	<b>994,343</b>	1,073,031
	<b>157,738,552</b>	160,200,850

**20. Related party transactions**

During the year, MCK entered into transactions with related Organizations. These transactions were in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Transactions and balances with related parties are summarized as follows:

	<b>2016</b>	2015
Allocation to Kahnawà:ke Youth Centre	<b>150,000</b>	150,000
Allocation to Kahnawà:ke Library	<b>5,000</b>	5,000

**21. 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, 2016, the Plan had a funding surplus of \$49,097,000 (2015 - \$52,862,000) on a going concern basis and a solvency deficiency of \$14,812,000 (2015 - \$16,992,000). 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, 2016.

Other accounts receivable includes an amount of \$716,577 (2015 - \$553,134), net of a provision of \$716,577 (2015 - \$553,134) due from MCK Pension Plan. 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 \$163,443 (2015 - \$54,587) and these amounts are charged at cost.

**Mohawk Council of Kahnawà:ke**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2016*

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

**Pension plan contingency**

Based on an actuarial report as at March 31, 2016, 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) \$164,933 at the end of each month for a period of five years to amortize the adjusted solvency deficiency of \$9,896,000 (2015 - \$11,260,000) existing on this valuation date;
- ii) Commencing on June 15, 2011, 5% of all transfer values paid to terminated members electing to transfer out of the Plan, the commuted value of their pension benefit credits in accordance with the portability provisions of the Plan, excluding terminated members with certain transfer values.

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

Under the Pension Benefits Standards Act, a Plan sponsor is permitted to use a letter of credit to reduce any solvency special payments otherwise required to be paid under the Act. In this regard, on July, 2015, the Plan sponsor entered into a letter of credit trust agreement with Bank of Montreal, whereby the Bank of Montreal provided the sponsor with letters of guarantee. Letters of credit outstanding at March 31, 2016 totalled \$10,520,436 (2015 - \$4,992,036) and expire on September 30, 2016.

**22. Government transfers**

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

***Federal government transfers***

	<i>Operating</i>	<i>Capital</i>	<b>2016</b>	<i>2015</i>
Indigenous and Northern Affairs Canada	41,331,356	2,828,565	44,159,921	46,763,790
Public Safety Canada	2,280,637	-	2,280,637	2,254,416
Department of Justice Canada	52,500	-	52,500	95,446
Fisheries and Oceans Canada	55,687	-	55,687	38,272
Canadian Heritage	61,331	-	61,331	18,565
Canada Mortgage Housing Corporation	36,854	-	36,854	-
Employment and Social Development Canada	598,760	-	598,760	522,996
Health Canada	9,071,982	-	9,071,982	8,840,278
Canada Revenue Agency	145,627	-	145,627	131,403
First Nation Education Council	2,776,723	-	2,776,723	2,647,387
	<b>56,411,457</b>	<b>2,828,565</b>	<b>59,240,022</b>	<b>61,312,553</b>

**Mohawk Council of Kahnawà:ke**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2016*

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

**Provincial government transfers**

	<i>Operating</i>	<i>Capital</i>	<b>2016</b>	<b>2015</b>
Transports Québec	2,377,069	-	2,377,069	6,124,501
Sécurité publique Québec	2,105,203	-	2,105,203	2,080,999
Secrétariat aux affaires autochtones	-	-	-	187,458
Québec en Forme	67,500	-	67,500	108,000
Développement durable, Environnement et Lutte contre les changements climatiques	101,519	-	101,519	99,634
Département de la justice du Québec	52,500	-	52,500	52,500
Secrétariat aux affaires autochtones	88,500	-	88,500	-
	<b>4,792,291</b>	<b>-</b>	<b>4,792,291</b>	<b>8,653,092</b>
<b>Total government transfers</b>	<b>61,203,748</b>	<b>2,828,565</b>	<b>64,032,313</b>	<b>69,965,645</b>

**23. Economic dependence**

Mohawk Council of Kahnawà:ke receives 75% (2015 - 70%) 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.

**24. INAC funding reconciliation**

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

	<b>2016</b>	<b>2015</b>
<b>Balance per financial statements</b>		
Balance per financial statements	44,159,921	46,763,790
Less: Non-Budget NDP01 adjustment	(548,522)	-
Add: Other adjustment	5,103	-
Adjusted balance per financial statements	<b>43,616,502</b>	46,763,790
<b>Balance per INAC funding confirmation</b>		
Funding confirmation 0070 - Mohawks of Kahnawà:ke Band	43,501,421	46,112,237
Funding confirmation 3354 - Tewathonhi'saktha Business Loan Fund Ltd.	115,081	651,553
Balance per INAC funding confirmations	<b>43,616,502</b>	46,763,790

**25. Budget information**

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

**Mohawk Council of Kahnawà:ke**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2016*

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**26. 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, 2016*

	<i>Land and land improvement</i>	<i>Buildings</i>	<i>Social Housing</i>	<i>Water Treatment Plant</i>	<i>Roads and Infrastructure</i>	<i>Sports Complex</i>	<i>Subtotal</i>
<b>Cost</b>							
Balance, beginning of year	2,794,684	58,285,093	1,831,815	11,100,940	42,423,335	1,326,202	117,762,069
Acquisition of tangible capital assets	-	1,130,716	-	-	2,763,921	-	3,894,637
Disposal of tangible capital assets	-	-	-	-	-	-	-
Write down of tangible capital assets	-	-	-	-	-	-	-
Balance, end of year	2,794,684	59,415,809	1,831,815	11,100,940	45,187,256	1,326,202	121,656,706
<b>Accumulated amortization</b>							
Balance, beginning of year	97,928	24,030,777	1,436,590	1,271,259	10,750,244	441,124	38,027,922
Annual amortization	31,785	2,086,111	-	393,187	1,657,223	189,540	4,357,846
Accumulated amortization on disposals	-	-	-	-	-	-	-
Write down of capital assets	-	-	-	-	-	-	-
Balance, end of year	129,713	26,116,888	1,436,590	1,664,446	12,407,467	630,664	42,385,768
<b>Net book value of tangible capital assets</b>	<b>2,664,971</b>	<b>33,298,921</b>	<b>395,225</b>	<b>9,436,494</b>	<b>32,779,789</b>	<b>695,538</b>	<b>79,270,938</b>
2015 Net book value of tangible capital assets	2,696,756	34,254,316	395,225	9,829,681	31,673,090	885,078	79,734,146

**Mohawk Council of Kahnawà:ke**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**

*For the year ended March 31, 2016*

	<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>
<b>Cost</b>							
Balance, beginning of year	117,762,069	1,996,098	2,490,571	2,221,362	2,555,810	1,956,241	128,982,151
Acquisition of tangible capital assets	3,894,637	284,700	478,867	116,837	64,773	132,240	4,972,054
Disposal of tangible capital assets	-	(248,028)	(376,137)	-	-	(67,000)	(691,165)
Write down of tangible capital assets	-	-	-	-	-	(904,435)	(904,435)
Balance, end of year	121,656,706	2,032,770	2,593,301	2,338,199	2,620,583	1,117,046	132,358,605
<b>Accumulated amortization</b>							
Balance, beginning of year	38,027,922	922,806	1,954,366	623,319	1,814,452	1,052,565	44,395,430
Annual amortization	4,357,846	180,825	267,471	111,068	204,942	155,578	5,277,730
Accumulated amortization on disposals	-	(248,048)	(308,637)	-	-	(67,000)	(623,685)
Write down of capital assets	-	-	-	-	-	(211,035)	(211,035)
Balance, end of year	42,385,768	855,583	1,913,200	734,387	2,019,394	930,108	48,838,440
<b>Net book value of tangible capital assets</b>	<b>79,270,938</b>	<b>1,177,187</b>	<b>680,101</b>	<b>1,603,812</b>	<b>601,189</b>	<b>186,938</b>	<b>83,520,165</b>
2015 Net book value of tangible capital assets	79,734,146	1,073,292	536,202	1,598,042	741,358	903,676	84,586,716



**Mohawk Council of Kahnawà:ke**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**

*For the year ended March 31, 2016*

	<i>Subtotal</i>	<i>Furniture and Fixtures</i>	<i>2016</i>	<i>2015</i>
<b>Cost</b>				
Balance, beginning of year	128,982,151	709,897	129,692,048	120,312,307
Acquisition of tangible capital assets	4,972,054	6,570	4,978,624	9,493,708
Disposal of tangible capital assets	(691,165)	-	(691,165)	(113,968)
Write down of tangible capital assets	(904,435)	-	(904,435)	-
Balance, end of year	132,358,605	716,467	133,075,072	129,692,047
<b>Accumulated amortization</b>				
Balance, beginning of year	44,395,430	543,037	44,938,467	39,758,412
Annual amortization	5,277,730	24,956	5,302,686	5,294,027
Accumulated amortization on disposals	(623,685)	-	(623,685)	(113,968)
Write down of capital assets	(211,035)	-	(211,035)	-
Balance, end of year	48,838,440	567,993	49,406,433	44,938,471
<b>Net book value of tangible capital assets</b>	<b>83,520,165</b>	<b>148,474</b>	<b>83,668,639</b>	<b>84,753,576</b>
2015 Net book value of tangible capital assets	84,586,716	166,860	84,753,576	

**Mohawk Council of Kahnawà:ke**  
**Schedule 2 - Consolidated Schedule of Expenses by Object**

*For the year ended March 31, 2016*

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
<b>Consolidated expenses by object</b>			
Administration	452,674	176,313	205,806
Amortization	-	5,302,686	5,294,023
Bad debts	156,735	343,255	205,170
Bank charges and interest	286,109	221,005	224,257
Capital and Infrastructure costs	4,581,920	2,869,995	2,748,857
Community support services	81,056	107,730	99,953
Economic development	537,825	385,081	518,258
Education	1,614,017	1,721,124	1,643,519
Employment and training	1,268,932	914,493	1,128,505
Foreign exchange gain	(603,000)	(415,317)	(509,352)
Foster, institutional and group home	1,339,642	3,129,242	1,238,567
Health and social services	3,835,765	3,259,141	3,026,754
Honoraria	102,466	100,467	109,871
Impairment of asset	-	693,402	-
Information technology	136,337	100,363	109,020
Insurance	332,125	219,723	284,324
Legal, professional and consulting fees	3,819,172	3,874,803	3,458,513
MSI	95,040	890,772	654,345
Office and general	2,417,899	1,875,310	2,105,550
Overhead cost recoveries	(489,073)	(711,430)	(736,717)
Pension	2,634,572	2,383,235	2,371,269
Professional development	20,521	156,414	55,363
Public relations	1,827,243	629,117	717,807
Repairs and maintenance	1,574,972	1,276,342	1,388,331
Salaries and benefits	38,761,107	38,824,911	37,455,067
Social assistance	6,543,000	6,538,221	6,458,094
Training	454,932	505,549	310,726
Travel and transportation	564,141	593,523	600,361
Tuition and allowances	3,567,824	3,637,720	3,664,065
Utilities	1,334,621	1,304,206	1,366,948
Vehicle expenses	398,228	393,433	397,490
	<b>77,646,802</b>	<b>81,300,829</b>	<b>76,594,744</b>

**Mohawk Council of Kahnawà:ke**  
**Schedule 3 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus Deficit**

*For the year ended March 31, 2016*

	<i>Schedule #</i>	<i>INAC Revenue</i>	<i>Other Revenue</i>	<i>Deferred Revenue</i>	<i>Total Revenue</i>	<i>Total Expenses</i>	<i>Adjustments/Transfers From (To)</i>	<i>Current Surplus (Deficit)</i>	<i>Prior Year Surplus (Deficit)</i>
<b>Segment Schedules</b>									
Government Operations	4	23,835,788	17,217,928	(246,688)	40,807,028	37,964,330	(236,000)	2,606,698	10,228,973
Economic Development	5	1,016,766	3,883,646	860,495	5,760,907	8,634,925	-	(2,874,018)	(289,158)
Health and Community Services	6	7,065,810	9,673,973	257,761	16,997,544	17,295,494	-	(297,950)	1,667,391
Education	7	11,637,091	2,911,611	-	14,548,702	15,652,227	-	(1,103,525)	(1,329,586)
Fire Services	8	512,978	44,605	-	557,583	821,536	-	(263,953)	326,056
Service Complex	9	-	173,133	-	173,133	339,856	-	(166,723)	(148,027)
Cultural Center	10	91,488	132,486	-	223,974	581,310	-	(357,336)	(359,013)
Ottawa Trust Funds	11	-	5,660	-	5,660	11,151	-	(5,491)	5,458
		44,159,921	34,043,042	871,568	79,074,531	81,300,829	(236,000)	(2,462,298)	10,102,094
<b>Accumulated surplus, beginning of year</b>								<b>160,200,850</b>	150,098,756
<b>Accumulated surplus, end of year</b>								<b>157,738,552</b>	160,200,850

**Mohawk Council of Kahnawà:ke**  
**Government Operations**  
**Schedule 4 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2016*

	2016 <i>Budget</i>	2016	2015
<b>Revenue</b>			
Indigenous and Northern Affairs Canada			
Block funding	18,591,740	19,300,815	19,072,837
Target funding	1,427,359	4,117,270	7,265,925
Fixed	282,929	237,749	294,062
Flexible	99,954	179,954	68,145
Additional government funding	2,387,937	2,388,825	2,388,134
Canada Mortgage and Housing Corporation	36,854	36,854	-
Province of Québec	5,001,715	4,792,291	8,465,634
Dividend income	1,788,606	1,387,207	2,243,994
Interest income	399,396	1,075,937	1,064,504
Other revenues	1,683,537	2,493,260	2,422,811
MSI	1,310,181	1,778,470	1,397,099
Kahnawà:ke Gaming Commission	-	796,804	624,909
Tickets and fines	633,000	692,682	643,547
Rental income	759,841	691,072	666,333
Royalties	270,000	356,242	307,695
User fees	131,290	145,606	141,980
Snack bar	118,000	102,110	156,684
Registration fees	-	128,225	114,300
Poker room	-	190,638	149,293
Advertising revenue	6,000	19,181	300
Deferred revenue - prior year	417,448	718,827	435,190
Deferred revenue - current year	-	(965,515)	(718,827)
Repayment of government funding	-	(155,259)	(262,466)
Recovery of prior year deficit	-	222,083	396,249
<b>Total revenue</b>	<b>35,345,787</b>	<b>40,731,328</b>	<b>47,338,332</b>

*Continued on next page*

**Mohawk Council of Kahnawà:ke**  
**Government Operations**  
**Schedule 4 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2016*

	2016 <i>Budget</i>	2016	2015
<b>Total revenue</b> <i>(Continued from previous page)</i>	<b>35,345,787</b>	<b>40,731,328</b>	47,338,332
<b>Expenses</b>			
Administration	169,335	127,379	130,044
Amortization	-	3,099,705	2,961,519
Bad debts	156,735	348,645	191,161
Bank charges and interest	89,637	16,865	14,937
Capital and Infrastructure costs	4,581,921	2,869,245	2,748,508
Community support services	74,856	101,058	94,456
Employee benefits	1,854,046	1,722,325	1,617,882
Foreign exchange (gain) loss	(348,000)	(325,749)	(467,302)
Health and social services	51,340	45,390	62,648
Honoraria(um)	18,800	11,225	41,715
Insurance	178,672	114,500	173,072
Legal, professional and consulting fees	1,599,762	1,444,700	1,324,719
MSI	95,040	890,772	654,345
Office and general	1,412,857	1,035,600	1,318,821
Overhead cost recoveries	(233,136)	(285,832)	(246,095)
Pension	2,634,572	2,366,680	2,352,521
Public relations	105,316	99,313	105,542
Repairs and maintenance	957,485	697,076	722,017
Salaries	15,184,728	15,526,219	15,080,786
Social assistance	6,543,000	6,538,221	6,458,094
Training	297,269	369,764	175,896
Travel and transportation	183,049	182,340	208,503
Utilities	604,001	639,054	677,092
Vehicle expenses	354,828	329,835	334,678
	<b>36,566,113</b>	<b>37,964,330</b>	36,735,559
<b>Surplus before other income</b>	<b>(1,220,326)</b>	<b>2,766,998</b>	10,602,773
<b>Other income</b>			
Gain on disposal of capital assets	-	75,700	12,000
<b>Surplus before transfers</b>	<b>(1,220,326)</b>	<b>2,842,698</b>	10,614,773
<b>Transfers</b>			
Allocations to other community organizations	(283,067)	(236,000)	(385,800)
<b>Surplus</b>	<b>(1,503,393)</b>	<b>2,606,698</b>	10,228,973

**Mohawk Council of Kahnawà:ke**  
**Economic Development**  
**Schedule 5 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2016*

	2016 <i>Budget</i>	2016	2015
<b>Revenue</b>			
Indigenous and Northern Affairs Canada			
Block funding	881,493	901,685	891,002
Flexible	719,253	115,081	651,555
Employment and skills development Canada	782,499	598,760	522,996
Rental income	1,775,272	1,817,528	1,674,894
First Nation human Resource Development Commission of Quebec	1,495,021	1,500,073	1,568,854
Dividend income	-	-	2,153,220
Other revenues	1,858,571	304,635	330,519
Interest income	70,482	110,473	132,536
Province of Québec	57,977	-	187,458
Recovery of prior year deficit	-	39,197	-
Deferred revenue - prior year	974,049	1,138,515	981,451
Deferred revenue - current year	-	(278,020)	(1,138,515)
Cancellation of government funding	-	-	(80,440)
Repayment of government funding	-	(487,020)	(94,931)
	<b>8,614,617</b>	<b>5,760,907</b>	<b>7,780,599</b>
<b>Expenses</b>			
Administration	13,852	20,882	22,017
Amortization	-	489,370	634,183
Bad debts	-	824	1,821
Bank charges and interest	142,497	134,174	144,739
Economic development	453,949	294,591	415,354
Employee benefits	434,252	367,947	375,467
Employment and training	1,268,932	914,493	1,128,505
Foreign exchange (gain) loss	(255,000)	(88,492)	16,762
Honoraria	25,150	25,646	12,530
Impairment of asset	-	693,402	-
Information technology	117,292	93,278	101,524
Insurance	34,910	28,905	29,887
Legal, professional and consulting fees	1,728,131	2,011,367	1,687,868
Office and general	435,723	458,914	352,581
Overhead cost recoveries	(255,937)	(425,598)	(490,622)
Public relations	1,712,765	499,838	591,076
Repairs and maintenance	185,959	153,669	201,290
Salaries	2,722,267	2,659,016	2,529,514
Training	87,600	28,913	44,324
Travel and transportation	64,810	56,629	64,950
Utilities	235,253	217,157	205,987
	<b>9,152,405</b>	<b>8,634,925</b>	<b>8,069,757</b>
<b>Deficit</b>	<b>(537,788)</b>	<b>(2,874,018)</b>	<b>(289,158)</b>

**Mohawk Council of Kahnawà:ke**  
**Health and Community Services**  
**Schedule 6 - Consolidated Schedule of Revenue and Expenses**

*For the year ended March 31, 2016*

	2016 <i>Budget</i>	2016	2015
<b>Revenue</b>			
Indigenous and Northern Affairs Canada			
Block funding	2,001,456	2,025,293	2,001,456
Fixed	3,621,519	5,040,517	4,213,386
Health Canada	8,731,694	9,071,982	8,840,278
Canada Revenue Agency	132,218	145,627	131,403
Other revenues	381,047	538,625	599,388
Rental income	309,750	296,257	292,132
Interest income	-	62,525	66,578
Deferred revenue - prior year	-	382,373	244,825
Cancellation of government funding	-	(316,408)	-
Repayment of government funding	-	(124,635)	(106,843)
Deferred revenue - current year	-	(124,612)	(382,373)
	<b>15,177,684</b>	<b>16,997,544</b>	15,900,230
<b>Expenses</b>			
Administration	45,822	(5,886)	20,805
Amortization	-	150,876	130,707
Bank charges and interest	24,500	27,142	31,343
Capital and Infrastructure costs	-	750	349
Economic development	50,000	56,949	43,051
Employee benefits	1,496,536	1,427,248	1,391,802
Foster, institutional and group home	1,339,642	3,129,242	1,238,567
Health and social services	3,784,425	3,213,751	2,964,106
Honoraria	6,200	11,629	21,084
Insurance	16,750	14,190	15,110
Legal, professional and consulting fees	367,710	311,151	278,262
Office and general	296,300	145,191	146,224
Repairs and maintenance	129,760	104,049	116,398
Salaries	7,557,826	8,316,411	7,464,113
Training	49,885	53,881	64,168
Travel and transportation	226,141	256,602	222,281
Utilities	84,200	82,318	84,469
	<b>15,475,697</b>	<b>17,295,494</b>	14,232,839
<b>Surplus (deficit)</b>	<b>(298,013)</b>	<b>(297,950)</b>	1,667,391

# Mohawk Council of Kahnawà:ke

## Education

### Schedule 7 - Consolidated Schedule of Revenue and Expenses

*For the year ended March 31, 2016*

	2016 <i>Budget</i>	2016	2015
<b>Revenue</b>			
Indigenous and Northern Affairs Canada			
Block funding	11,353,495	11,203,693	11,071,839
Target funding	362,768	433,398	554,346
Fixed	-	-	93,281
Additional government funding			
Canadian Heritage	52,068	52,068	-
First Nation Education Council	2,777,108	2,776,723	2,647,387
Interest income	31,212	22,304	23,463
Other revenues	340,043	60,516	73,950
	<b>14,916,694</b>	<b>14,548,702</b>	14,464,266
<b>Expenses</b>			
Administration	200,878	-	1
Amortization	-	1,255,920	1,287,125
Bad debts	-	(10,675)	12,188
Bank charges and interest	25,450	39,325	28,902
Education	1,569,017	1,657,694	1,584,378
Employee benefits	469,121	347,561	425,043
Honoraria	49,316	49,324	32,383
Information technology	19,045	7,085	7,496
Insurance	66,117	48,912	50,816
Legal, professional and consulting fees	111,106	74,854	160,733
Office and general	128,936	96,449	121,732
Professional development	20,332	156,324	53,184
Public relations	4,162	27,147	18,403
Repairs and maintenance	232,760	232,190	262,009
Salaries	8,100,406	7,668,023	7,690,888
Training	5,000	5,000	-
Travel and transportation	79,060	88,545	95,498
Tuition and allowances	3,567,824	3,637,720	3,664,065
Utilities	304,717	270,829	299,008
	<b>14,953,247</b>	<b>15,652,227</b>	15,793,852
<b>Deficit</b>	<b>(36,553)</b>	<b>(1,103,525)</b>	(1,329,586)



**Mohawk Council of Kahnawà:ke**  
**Fire Services**  
**Schedule 8 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2016*

	<b>2016 Budget</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada			
Block funding	-	<b>412,978</b>	408,117
Target funding	-	<b>100,000</b>	25,000
Other revenues	-	<b>27,211</b>	629,766
Interest income	-	<b>894</b>	-
	-	<b>541,083</b>	1,062,883
<b>Expenses</b>			
Amortization	-	<b>151,574</b>	140,131
Bad debts	-	<b>4,461</b>	-
Bank charges and interest	<b>3,525</b>	<b>3,307</b>	3,633
Community support services	<b>6,200</b>	<b>6,672</b>	5,497
Employee benefits	-	<b>36,832</b>	30,699
Foreign exchange gain	-	<b>(1,076)</b>	(58,812)
Insurance	<b>23,127</b>	<b>3,007</b>	3,216
Legal, professional and consulting fees	<b>4,463</b>	<b>24,028</b>	4,463
Office and general	<b>69,239</b>	<b>55,089</b>	84,342
Repairs and maintenance	<b>20,367</b>	<b>25,926</b>	22,997
Salaries	<b>487,439</b>	<b>376,524</b>	415,819
Training	<b>15,178</b>	<b>47,991</b>	26,338
Travel and transportation	<b>6,081</b>	<b>8,028</b>	7,668
Utilities	<b>23,480</b>	<b>15,575</b>	18,024
Vehicle expenses	<b>43,400</b>	<b>63,598</b>	62,812
	<b>702,499</b>	<b>821,536</b>	766,827
<b>Surplus (deficit) before other income</b>	<b>(702,499)</b>	<b>(280,453)</b>	296,056
<b>Other income</b>			
Gain on disposal of capital assets	-	<b>16,500</b>	30,000
<b>Surplus (deficit)</b>	<b>(702,499)</b>	<b>(263,953)</b>	326,056

**Mohawk Council of Kahnawà:ke**  
**Service Complex**  
**Schedule 9 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2016*

	<b>2016 Budget</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>			
Rental income	356,642	168,250	167,649
Other revenues	4,452	4,345	3,338
Dividend income	538	538	-
	<b>361,632</b>	<b>173,133</b>	<b>170,987</b>
<b>Expenses</b>			
Administration	22,787	22,787	21,818
Amortization	-	148,818	136,229
Insurance	7,549	7,549	8,149
Office and general	43,844	54,434	47,644
Repairs and maintenance	40,641	43,369	42,597
Utilities	60,469	62,899	62,577
	<b>175,290</b>	<b>339,856</b>	<b>319,014</b>
<b>Deficit</b>	<b>186,342</b>	<b>(166,723)</b>	<b>(148,027)</b>

**Mohawk Council of Kahnawà:ke**  
**Cultural Center**  
**Schedule 10 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2016*

	<b>2016 Budget</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada			
Block funding	-	91,488	152,839
Canadian Heritage	-	9,263	18,565
Other revenues	144,299	128,536	135,358
Repayment of government funding	-	(5,313)	-
	<b>144,299</b>	<b>223,974</b>	<b>306,762</b>
<b>Expenses</b>			
Amortization	-	6,423	4,129
Bank charges and interest	500	192	703
Economic development	33,876	33,541	59,853
Education	45,000	63,430	59,141
Honoraria	3,000	2,643	2,159
Insurance	5,000	2,660	4,074
Legal, professional and consulting fees	8,000	8,703	2,468
Office and general	31,000	29,633	34,206
Pension	-	16,555	18,748
Professional development	189	90	2,179
Public relations	5,000	2,819	2,786
Repairs and maintenance	8,000	20,063	21,023
Salaries	454,486	376,805	433,054
Travel and transportation	5,000	1,379	1,461
Utilities	22,500	16,374	19,791
	<b>621,551</b>	<b>581,310</b>	<b>665,775</b>
<b>Deficit</b>	<b>(477,252)</b>	<b>(357,336)</b>	<b>(359,013)</b>

**Mohawk Council of Kahnawà:ke**  
**Ottawa Trust Funds**  
**Schedule 11 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2016*

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
<b>Revenue</b>			
Interest income	-	233	299
Rental income	-	5,427	16,280
	-	5,660	16,579
<b>Expense</b>			
Administration	-	11,151	11,121
<b>Surplus (deficit)</b>	-	<b>(5,491)</b>	5,458