

Mohawk Council of Kanesatake
Financial Statements
March 31, 2014

Mohawk Council of Kanesatake

Financial Statements March 31, 2014

Independent Auditor's Report	2 - 3
Financial Statements	
Operations - Sector Summary	4
Operations - Detail by Sector	5 - 8
Changes in Fund Balances	9
Cash Flows	10
Financial Position	11
Statement of Changes in Net Debt	12
Statement of In-Trust Funds with AANDC	13
Notes to Financial Statements	14 - 24
Schedules of Revenues and Expenses	25 - 114
Schedule of Federal Government Funding	115



Raymond Chabot Grant Thornton

Independent Auditor's Report

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

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We have audited the accompanying financial statements of Mohawk Council of Kanesatake, which comprise the statement of financial position as at March 31, 2014 and the statements of operations - sector summary, operations - detail by sector, changes in fund balances, cash flows, changes in net debt, and in-trust funds with AANDC for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian 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.

Auditor's responsibility

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

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

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

Basis for qualified opinion

Note 2 describes the policy with respect to the Council's tangible capital assets. The policy states that tangible capital assets are recorded at cost. As there was no audit performed between 2002 and 2006, we are unable to determine if the opening balances should reflect any asset additions pertaining to those years. The note also indicates that Council expensed capital asset purchases from 2007 to 2008 to the specific program where the program dictated. In these respects, the financial statements are not in accordance with Canadian public sector accounting standards, and the effects of these departures from Canadian public sector accounting standards on the financial statements have not been determined. Our audit opinion on the financial statements for the year ended March 31, 2013 was modified accordingly because of the possible effects of this limitation in scope.

Qualified opinion

In our opinion, except for the possible effects of the failure to record tangible capital assets and amortization as described in the Basis for qualified opinion, the financial statements present fairly, in all material respects, the financial position of the Mohawk Council of Kanesatake as at March 31, 2014 and the results of its operations, its cash flows and its changes in net debt for the year then ended in accordance with Canadian public sector accounting standards.

Raymond Chabot Grant Thornton LLP

Chartered Accountants,
Licensed Public Accountants

Ottawa, Canada
July 24, 2014

Mohawk Council of Kanesatake Operations - Sector Summary

Year ended March 31, 2014

	<u>2014</u>	<u>2013</u>
	\$	\$
Revenues		
AANDC	6,837,352	7,352,453
AANDC recoverable amount	(98,418)	
FNHRDCQ	549,925	407,849
FNEC	583,466	679,939
Internal	256,348	222,001
Other	2,061,791	712,324
Health Canada	53,067	53,067
FNQLHSSC	74,099	49,221
CMHC	45,284	62,340
Centre Jeunesse des Laurentides	342,151	249,360
Heritage Canada	18,000	45,000
SAA	76,566	70,431
FNCCEC	49,796	46,858
Deferred revenues	(159,235)	(49,921)
	<u>10,690,192</u>	<u>9,900,922</u>
Expenditures		
1 - Administration	1,725,762	1,306,390
2 - Education	3,417,939	3,345,570
3 - Public Works	368,281	539,600
4 - Public Works - Capital Base	403,947	777,108
5 - Public Works - Capital Secondary	453,698	447,132
6 - Human Resources Development	371,662	389,144
7 - Social Assistance	2,121,999	2,159,343
8 - Economic Development	188,695	365,879
9 - Other Projects	1,385,241	1,105,524
Amortization of tangible capital assets	313,938	329,174
Transfer to capital fund	(127,367)	(495,911)
	<u>10,623,795</u>	<u>10,268,953</u>
Annual surplus (deficit)	<u>66,397</u>	<u>(368,031)</u>

Mohawk Council of Kanesatake
Operations - Detail by Sector
 Year ended March 31, 2014

				2014	2013
	Page	Revenues	Expenses	Surplus	Surplus
	#	\$	\$	(deficit)	(deficit)
				\$	\$
1 - Administration					
1001 Band office administration	25	792,231	1,352,172	(559,941)	4,778
1002 Professional development initiative	26	100,000	103,701	(3,701)	(700)
1003 Human resources management	27				
1007 Transition plan	28	60,000	60,000		
1008 PIDP planning and risk management	29				
1019 Revenue account	30				(57,981)
1020 Indian registry	31	30,880	30,880		770
1031 Land management	32	78,250	73,945	4,305	1,015
1080 Band employee benefits	33	23,785	20,768	3,017	1,534
1081 Native benefits plan	34	84,296	84,296		
		<u>1,169,442</u>	<u>1,725,762</u>	<u>(556,320)</u>	<u>(50,584)</u>
2 - Education					
2010 Instructional services (main)	35	13,791	13,791		(268)
2012 Ratihente High School	36	361,381	361,381		9,142
2013 Rotiwennakehte School	37	352,471	340,226	12,245	(1,408)
2020 Student services	38	35,401	18,854	16,547	10,667
2021 Ancillary services	39	23,582	23,582		187
2022 Advice and assistance	40	108,474	103,883	4,591	10,191
2023 Guidance and counseling	41	97,054	84,726	12,328	3,076
2024 Enhanced teacher salaries	42	30,130	30,130		
2030 Tuition fees	43	681,623	773,417	(91,794)	
2034 FNEC membership	44	7,700	7,700		
2040 Transportation services	45	343,615	288,236	55,379	(127,279)
2050 Post-secondary services	46	522,970	515,624	7,346	7,957
2059 Special education	47	224,774	224,775	(1)	(5,794)
2061 Professional development	48	25,955	26,376	(421)	(2)
2062 FNEC New Paths	49				(898)
2065 New paths	50	59,048	59,051	(3)	(219)
2066 Parental involvement	51				
2067 Science and technology	52	4,310	4,313	(3)	(11)
2070 Youth employment	53	13,101	13,101		
2072 Career and promotion	54	5,625	5,625		1
2073 FNSSP - Early literacy	55	17,265	17,897	(632)	
2074 DSSLP diversification paths program	56	41,493	41,493		
2075 FNEC student success program	57	191,895	192,822	(927)	(5,593)
2076 ISSP Indian studies support program - FNEC	58				
2001 Operations and maintenance Ratihente High School	59	89,534	75,767	13,767	9,465

Mohawk Council of Kanesatake
Operations - Detail by Sector
 Year ended March 31, 2014

				2014	2013
		Revenues	Expenses	Surplus (deficit)	Surplus (deficit)
		\$	\$	\$	\$
2002 Operations and maintenance Rotiwennakehte and Aronhiatekha	60	107,855	106,110	1,745	(1)
2004 Operations and maintenance gymnasium	61	45,779	45,779		33
2005 Operations and maintenance education office	62	55,089	43,280	11,809	
		<u>3,459,915</u>	<u>3,417,939</u>	<u>41,976</u>	<u>(90,754)</u>
3 - Public Works					
5001 Maintenance management	63	125,461	114,471	10,990	(2,865)
5015 Community buildings	64	52,190	50,499	1,691	4,222
5020 Roads and bridges	65	89,556	89,556		(20,259)
5021 Sanitation systems	66	43,545	44,134	(589)	(670)
5022 Water systems	67	18,252	23,285	(5,033)	(5,243)
5030 Community capital facility	68	44,080	46,336	(2,256)	25,670
		<u>373,084</u>	<u>368,281</u>	<u>4,803</u>	<u>855</u>
4 - Public Works - Capital Base					
5102 Other capital projects	69	94,000	93,334	666	(37,965)
5103 Housing renovation and repair	70	42,000	44,200	(2,200)	(3,600)
5104 Education capital	71	41,000	36,672	4,328	
5105 Housing renovations - CEAP	72	83,340	167,923	(84,583)	(18,325)
5108 Well and septic tank 2 units	73	12,810	1,281	11,529	(9,400)
5109 Management consultant	74	21,000	24,113	(3,113)	4,139
5110 Paving of parking lots and ditches	75				(5,638)
5112 Tioweroton building	76	12,500	1,250	11,250	4,750
5113 Housing database	77				(150)
5124 Roads and bridges capital	78	5,250	3,064	2,186	31,820
5125 Roads and bridges network	79	42,000	4,200	37,800	
5132 Emergency repairs	80	30,100	27,910	2,190	(3,673)
5133 Multifunctional center study	81				
		<u>384,000</u>	<u>403,947</u>	<u>(19,947)</u>	<u>(38,042)</u>
5 - Public Works - Capital Secondary					
5201 Wastewater eco-flow	82	150,000	178,883	(28,883)	(550)
5203 Fuel tank	83	16,446	16,446		
5206 Water systems rehabilitation	84	121,937	93,054	28,883	
5209 Immersion school heating	85		53,715	(53,715)	
5212 Water strategy	86	84,083	67,020	17,063	17,250
5220 Equipment service truck	87	38,655	44,580	(5,925)	
5228 Solid waste recycling bins	88				
5245 Riverside elders home renovations	89				(17,675)
		<u>411,121</u>	<u>453,698</u>	<u>(42,577)</u>	<u>(975)</u>

Mohawk Council of Kanesatake
Operations - Detail by Sector
Year ended March 31, 2014

				2014	2013
		Revenues	Expenses	Surplus (deficit)	Surplus (deficit)
		\$	\$	\$	\$
6 - Human Resources Development					
9001 KHRO EIF	90	108,469	100,473	7,996	116
9002 KHRO CRF	91	251,761	218,677	33,084	8,720
9003 KHRO Skills link	92	18,156	16,398	1,758	
9004 KHRO Youth	93	34,126	26,019	8,107	2,152
9006 Service Canada youth employment	94	10,234	10,095	139	40
		<u>422,746</u>	<u>371,662</u>	<u>51,084</u>	<u>11,028</u>
7 - Social Assistance					
1090 Disability	95				(3,204)
3021 Basic needs	96	1,644,617	1,870,542	(225,925)	
3022 Employability social assistance	97	78,046	78,046		
3023 Special needs social assistance	98	30,000	36,668	(6,668)	
3030 Social assistance program delivery	99	77,560	79,730	(2,170)	2,154
3051 - 3060 Fight against poverty	100	21,580	19,223	2,357	(1,170)
3900 Family violence	101	37,790	37,790		
		<u>1,889,593</u>	<u>2,121,999</u>	<u>(232,406)</u>	<u>(2,220)</u>
8 - Economic Development					
4001 CEDO operation planning	102	186,470	150,554	35,916	15,017
4055 Aboriginal initiatives	103	38,141	38,141		
		<u>224,611</u>	<u>188,695</u>	<u>35,916</u>	<u>15,017</u>
9 - Other Projects					
1045 AFSAR	104	19,870	19,870		2
1050 Kanesatake's involvement in War of 1812	105	34,000	35,173	(1,173)	5,385
1500 Specific claim negotiation	106	150,131	150,131		(97,191)
1550 Specific and special claims submission	107				
6000 Kanesatake Mohawk police	108		4,630	(4,630)	(4,630)
6500 Crime prevention	109	57,683	69,965	(12,282)	393
7001 Riverside elder's home	110	529,375	679,923	(150,548)	(204,055)
8000 Cultural resource department	111	64,796	68,765	(3,969)	(7,902)
9007 Pikwadin	112	132,958	173,558	(40,600)	
9502 Child care services	113	78,346	122,499	(44,153)	(41,217)
9503 Headstart services	114	53,067	60,727	(7,660)	(8,548)
9990 Prior year adjustment	115	1,235,454		1,235,454	21,336
		<u>2,355,680</u>	<u>1,385,241</u>	<u>970,439</u>	<u>(336,427)</u>
Annual (deficit) surplus - operating fund		<u>10,690,192</u>	<u>10,437,224</u>	<u>252,968</u>	<u>(492,102)</u>
Capital asset fund		<u>127,367</u>	<u>313,938</u>	<u>(186,571)</u>	<u>124,071</u>

Mohawk Council of Kanesatake
Operations - Detail by Sector
 Year ended March 31, 2014

			2014	2013
	Revenues	Expenses	Surplus (deficit)	Surplus (deficit)
	\$	\$	\$	\$
Annual surplus (deficit)	10,817,559	10,751,162	66,397	(368,031)

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

Mohawk Council of Kanesatake
Changes in Fund Balances
Year ended March 31, 2014

	<u>2014</u>	<u>2013</u>
	\$	\$
Fund balance, beginning of year	3,590,754	3,958,785
Annual surplus (deficit)	<u>66,397</u>	<u>(368,031)</u>
Fund balance, end of year	<u>3,657,151</u>	<u>3,590,754</u>

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

Mohawk Council of Kanosatake

Cash Flows

Year ended March 31, 2014

	<u>2014</u>	<u>2013</u>
	\$	\$
CASH PROVIDED FROM (USED FOR):		
OPERATING TRANSACTIONS		
Annual surplus (deficit)	66,397	(368,031)
Items not requiring an outlay of cash:		
Amortization of tangible capital assets	313,938	329,174
Forgiveness of debt	(1,235,454)	
Loss on disposal of tangible capital assets		38,666
Amount receivable on disposal of tangible capital assets		4,000
Net change in non-cash components of operating working capital		
In-trust funds with AANDC	(562)	56,397
Accounts receivable - AANDC	681,763	(854,425)
Accounts receivable - other	29,701	76,918
Prepaid expenses	24,113	153,126
Accounts payable and accrued liabilities	233,868	997,111
Deferred revenue	109,314	(98,503)
Cash flows from operating activities	<u>223,078</u>	<u>334,433</u>
INVESTMENT TRANSACTIONS		
Loans receivable and cash flows from investing activities		(10,206)
FINANCING TRANSACTIONS		
Long-term debt financing		281,226
Reimbursement of long-term debt	(114,004)	(158,811)
Cash flows from (used in) financing activities	<u>(114,004)</u>	<u>122,415</u>
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	(127,367)	(495,911)
Net decrease in cash and cash equivalents	(18,293)	(49,269)
Cash (bank indebtedness), beginning of year	<u>(22,553)</u>	<u>26,716</u>
Bank indebtedness, end of year	<u>(40,846)</u>	<u>(22,553)</u>

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

Mohawk Council of Kanesatake
Financial Position
 March 31, 2014

	2014	2013
	\$	\$
FINANCIAL ASSETS		
In-trust funds with AANDC	22,757	22,195
Accounts receivable - AANDC	421,508	1,103,271
Accounts receivable - other (Note 3)	212,505	242,206
Loans receivable (Note 4)	10,206	10,206
	<u>666,976</u>	<u>1,377,878</u>
LIABILITIES		
Bank indebtedness (Note 5)	40,846	22,553
Accounts payable and accrued liabilities (Note 6)	3,625,774	4,627,360
Deferred revenue (Note 7)	159,235	49,921
Long-term debt (Note 8)	425,378	539,382
	<u>4,251,233</u>	<u>5,239,216</u>
NET DEBT	<u>(3,584,257)</u>	<u>(3,861,338)</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	78,769	102,882
Tangible capital assets (Note 10)	7,162,639	7,349,210
	<u>7,241,408</u>	<u>7,452,092</u>
ACCUMULATED SURPLUS (Note 14)	<u>3,657,151</u>	<u>3,590,754</u>
Commitments (Note 9)		
Contingencies (Note 11)		

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

On behalf of the Council,


 Grand Chief - Serge Simon



 Chief - John Canatonquin


 Chief - Victor Bonspille


 Chief - Gloria Ann Nelson


 Chief - Lourena Montour


 Chief - Bruce Montour


 Chief - Patricia Meilleur

Mohawk Council of Kanesatake
Statement of Changes in Net Debt
Year ended March 31, 2014

	<u>2014</u>	<u>2013</u>
	\$	\$
Annual surplus (deficit)	<u>66,397</u>	<u>(368,031)</u>
Tangible capital assets:		
Acquisition of tangible capital assets	(127,367)	(495,911)
Proceeds on disposal of tangible capital assets		4,000
Amortization of tangible capital assets	313,938	329,174
Loss on disposal of tangible capital assets		38,666
Total tangible capital assets	<u>252,968</u>	<u>(492,102)</u>
Acquisition of prepaid expenses	(78,769)	(102,882)
Use of prepaid expenses	<u>102,882</u>	<u>256,008</u>
Changes in net debt	277,081	(338,976)
Net debt - beginning of year	<u>(3,861,338)</u>	<u>(3,522,362)</u>
Net debt - end of year	<u><u>(3,584,257)</u></u>	<u><u>(3,861,338)</u></u>

Mohawk Council of Kanesatake
Statement of In-Trust Funds with AANDC

Year ended March 31, 2014

	<u>2014</u>	<u>2013</u>
	\$	\$
Operating fund		
Balance - beginning of year	1,031	57,428
Revenue		
Interest	562	1,603
Expense		
Payment from Trust		<u>(58,000)</u>
Balance - end of year	<u>1,593</u>	1,031
Capital fund	<u>21,164</u>	<u>21,164</u>
Total	<u><u>22,757</u></u>	<u><u>22,195</u></u>

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

Mohawk Council of Kanesatake

Notes to Financial Statements

March 31, 2014

1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

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

2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

Management is responsible for the preparation of the Council's financial statements, which have been prepared in accordance with Canadian public sector accounting standards in the CPA Canada Public Sector Accounting Handbook. The Council has elected not to apply the accounting standard recommendations applicable solely to government not-for-profit organizations in Sections PS 4200 to PS 4270 of the CPA Canada Public Sector Accounting Handbook.

Fund accounting

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

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

Accounting estimates

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

Financial assets and liabilities

Initial measurement

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

Mohawk Council of Kanesatake
Notes to Financial Statements
March 31, 2014

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent measurement

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

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

Revenue recognition

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

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

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

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

Loans receivable

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

Non-financial assets

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

Tangible capital assets

Tangible capital assets acquired are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

When the Council receives contributions of tangible capital assets, their cost is equal to their fair value at the contribution date or to a nominal value of \$1 if the fair value cannot be reasonably determined.

Mohawk Council of Kanesatake
Notes to Financial Statements
 March 31, 2014

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets.

In previous years up to and including 2006, tangible capital assets were either recorded on the statement of financial position at acquisition cost less amortization or expensed to the related program. For fiscal years 2007 and 2008, all tangible capital assets were expensed to their specific programs. Commencing in fiscal 2009, all newly acquired tangible capital assets have been capitalized in the statement of financial position.

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

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

Write-down

When conditions indicate that a tangible capital asset no longer contributed to the Council's ability to provide goods or services, or that the value of future economic benefits associated with the tangible capital asset is less than its net carrying amount, the cost of tangible capital asset is reduced to reflect the decline in value. Any write-down of tangible capital assets is accounted for as expenses in the statement of operations and any write-downs are not subsequently reversed.

Pension plan

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

Net debt

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

Disclaimer

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

Mohawk Council of Kanesatake

Notes to Financial Statements

March 31, 2014

3 - ACCOUNTS RECEIVABLE - OTHER

	<u>2014</u>	<u>2013</u>
	\$	\$
Accounts receivable - other (a)	195,584	229,729
Commodity taxes receivable	16,921	12,477
	<u>212,505</u>	<u>242,206</u>

(a) As at March 31, 2014, the gross carrying amount of impaired accounts receivable - other is \$78,249 (\$35,177 as at March 31, 2013). These accounts receivable - other are presented in the financial statements net of an allowance for impairment of \$78,249 (\$27,662 as at March 31, 2013). The amount of the impairment loss related to accounts receivable is \$50,587 (\$100 as at March 31, 2013) and the reversal of a previously recognized loss on the accounts receivable is \$Nil (\$31,364 in 2013).

4 - LOANS RECEIVABLE

Loans receivable are business loans to community members provided by the Community Economic Development Program (CEDP). These loans are 50% forgiven on issuance with the remainder repayable in equal instalments over a 5 year term. Interest on the loans are based on 10.25% of the opening balance and are repayable in equal instalments over the term of the loans.

5 - BANK INDEBTEDNESS

The Council has an authorized credit facility of \$200,000 of which \$64,134 (2013 - \$Nil) was used as at March 31, 2014. Advances bear interest at prime plus 2.5% (2013 - prime plus 2.25%) (prime 2014 and 2013 - 3%). The credit line is secured by a first rank moveable hypothec on all receivables and is renewable on an annual basis.

6 - ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

	<u>2014</u>	<u>2013</u>
	\$	\$
Trade payables	2,734,045	4,218,256
Accrued liabilities	601,328	124,831
Salaries payable	290,401	284,273
	<u>3,625,774</u>	<u>4,627,360</u>

Mohawk Council of Kanesatake

Notes to Financial Statements

March 31, 2014

7 - DEFERRED REVENUE

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

	Balance March 31, 2013	Funding received 2014	Revenue recognized 2014	Balance March 31, 2014
	\$	\$	\$	\$
AANDC programs				
Water system rehabilitation (5206)		150,000	(121,937)	28,063
Water strategy (5212)	17,862	92,875	(84,083)	26,654
	17,862	242,875	(206,020)	54,717
Other				
ASFAR (1045)		20,000	(19,870)	130
Kanesatake's involvement in War of 1812 (1050)	16,000	18,000	(34,000)	
Specific claim negotiation (1500)		203,450	(150,131)	53,319
Fight against poverty (3051)		23,245	(21,580)	1,665
Aboriginal initiatives (4055)		75,766	(38,141)	37,625
Crime prevention (6500)		65,007	(57,683)	7,324
Pikwadin (9007)	16,059	116,899	(132,958)	
New KHRO project		4,455		4,455
	32,059	526,822	(454,363)	104,518
Total	49,921	769,697	(660,383)	159,235

Mohawk Council of Kanesatake
Notes to Financial Statements
 March 31, 2014

8 - LONG-TERM DEBT

	<u>2014</u>	<u>2013</u>
	\$	\$
2.61% Elder's Home CMHC mortgage, repayable in blended monthly instalments of \$1,665, maturing August 1, 2014	8,286	27,818
4.25% AANDC loan payable, recovery of 2002-2003 net surpluses, repayable in monthly instalments of \$10,000 starting August 1, 2012, maturing December 1, 2013		62,152
4.49% GMAC loan payable, repayable in 60 blended monthly instalments of \$413, maturing in February 2015, secured by a vehicle	4,447	9,090
AANDC loan payable, claim negotiation expenses of 2012, repayable without interest until March 31, 2016	246,366	246,366
Loans from Canada Mortgage and Housing Corporation (R.R.A.P.), no defined terms of repayment	34,416	34,416
7.95% Caisse Populaire term loan, repayable in blended monthly instalments of \$3,278, maturing February 14, 2018	131,863	159,540
	<u>425,378</u>	<u>539,382</u>

The instalments on long-term debt for the next five years are \$42,662 in 2015, \$275,963 in 2016, \$31,183 in 2017, \$33,631 in 2018 and \$39,001 in 2019.

9 - COMMITMENTS

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

These leases expire on various dates between September 30, 2014 and July 11, 2018.

Minimum lease payments for the next five years are \$25,534 in 2015, \$24,636 in 2016, \$21,704 in 2017, \$17,559 in 2018 and \$2,589 in 2019.

Mohawk Council of Kanestatke Notes to Financial Statements

March 31, 2014

10 - TANGIBLE CAPITAL ASSETS

	Opening balance, Apr 1, 2013			Additions			Disposals			Cost		
	Opening balance, Apr 1, 2013	Opening balance, Apr 1, 2013	Opening balance, Apr 1, 2013	Additions	Disposals	Disposals	Closing balance, Mar 31, 2014	Amortization	Disposals, write-offs and adjustments	Closing balance, Mar 31, 2014	Net book value, Mar 31, 2014	
Roads	4,668,060	3,512,944	3,512,944	\$	\$	\$	4,668,060	32,376	3,545,320	1,122,740		
Buildings	8,446,437	3,223,326	3,223,326	67,232			8,513,669	212,244	3,435,570	5,078,099		
Water and sewage	1,222,960	502,322	502,322	47,129			1,222,960	30,574	532,896	690,064		
Machinery and vehicles	944,900	724,295	724,295				992,029	30,739	755,034	236,995		
Computer hardware and software	141,102	139,684	139,684	13,006			154,108	1,413	141,097	13,011		
Furniture and fixtures	187,302	158,980	158,980	127,367			187,302	6,592	165,572	21,730		
	15,610,761	8,261,551	8,261,551	127,367			15,738,128	313,938	8,575,489	7,162,639		

	Opening balance, Apr 1, 2012			Additions			Disposals			Cost		
	Opening balance, Apr 1, 2012	Opening balance, Apr 1, 2012	Opening balance, Apr 1, 2012	Additions	Disposals	Disposals	Closing balance, Mar 31, 2013	Amortization	Disposals, write-offs and adjustments	Closing balance, Mar 31, 2013	Net book value, Mar 31, 2013	
Roads	4,668,060	3,480,568	3,480,568	\$	\$	\$	4,668,060	32,376	3,512,944	1,155,116		
Buildings	8,112,370	3,019,805	3,019,805	334,067			8,446,437	203,521	3,223,326	5,223,111		
Water and sewage	1,222,960	471,748	471,748	161,844			1,222,960	30,574	502,322	720,638		
Machinery and vehicles	930,389	788,126	788,126	147,333			944,900	40,835	724,295	220,605		
Computer hardware and software	141,102	131,898	131,898				141,102	7,786	139,684	1,418		
Furniture and fixtures	187,302	144,898	144,898	495,911			187,302	14,082	158,980	28,322		
	15,262,183	8,037,043	8,037,043	495,911	147,333	147,333	15,610,761	329,174	8,261,551	7,349,210		

Mohawk Council of Kanesatake
Notes to Financial Statements
March 31, 2014

11 - CONTINGENCIES

- a) The Council has entered into contribution agreements with various government departments. Funding received under these contribution agreements is subject to repayment if the Council fails to comply with the terms and conditions of the agreements.
- b) During the normal course of operations, the Council is subject to legal claims. The total of these claims as at March 31, 2014 is \$148,350. Council is unable to accurately estimate the outcome of these claims and therefore no provision has been recorded in the financial statements. Any settlement resulting from these claims will be recorded as an expense in the year in which the settlement occurs.
- c) On March 29, 2010, Council invoiced the Government of Canada an aggregate amount of \$2,357,450 representing legal and other costs incurred from 2001 to 2009 for various negotiations and related mediation. These costs were incurred by Council to develop an official position related to grievances with respect to the Seigneurie of Lake of Two Mountains. According to the 1994 Agreement, the Government of Canada is to provide funding for these negotiations and mediation. These invoices have not as yet been recorded in the financial statements of Council and will be recorded in the year that collection is assured or received.

12 - ECONOMIC DEPENDENCE

The Council receives a major portion of its revenue from Aboriginal Affairs and Northern Development Canada. The nature and extent of this revenue is of such significance that they are economically dependent on this source of revenue.

13 - FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

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

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

Credit risk

The Council is exposed to credit risk regarding the financial assets recognized in the statement of financial position. The Council has determined that the financial assets with more credit risk exposure are accounts receivable - AANDC, accounts receivable - other, and loans receivable. Credit risk relating to these accounts is generally low since the Council negotiates with large government organizations.

Mohawk Council of Kanasatake
Notes to Financial Statements
 March 31, 2014

13 - FINANCIAL INSTRUMENTS (Continued)

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

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

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

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

Market risk

The Council's financial instruments expose it to market risk, in particular, interest rate risk, resulting from both its operations and its investment activities:

The Council's debt is at fixed interest rates. Accordingly, there is limited exposure to interest rate risk.

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

Liquidity risk

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

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

As at March 31, 2014, the Council's contractual maturities for financial liabilities (including any interest payments) are as follows:

	Less than 6 months	6 months to 1 year	1 to 5 years	Non-interest bearing
	\$	\$	\$	\$
Accounts payable and accrued liabilities	3,625,774			
Long-term debt	22,869	19,792	101,935	280,782
	<u>3,648,643</u>	<u>19,792</u>	<u>101,935</u>	<u>280,782</u>

Carrying amount of financial assets and liabilities by category

The Council's financial assets, totalling \$650,055 (\$1,343,206 as at March 31, 2013), have all been classified as financial assets measured at amortized cost, less any reduction for impairment.

The Council's financial liabilities, totalling \$4,251,233 (\$5,239,216 as at March 31, 2013), have all been classified as financial liabilities measured at amortized cost.

Mohawk Council of Kanesatake
Notes to Financial Statements
 March 31, 2014

14 - ACCUMULATED SURPLUS

	<u>2014</u>	<u>2013</u>
	\$	\$
Restricted		
Capital asset fund	21,164	21,164
Operating fund	<u>1,593</u>	<u>1,031</u>
	<u>22,757</u>	<u>22,195</u>
Unrestricted		
Capital asset fund	7,162,639	7,349,210
Operating fund	<u>(3,528,245)</u>	<u>(3,780,651)</u>
	<u>3,634,394</u>	<u>3,568,559</u>
	<u>3,657,151</u>	<u>3,590,754</u>

15 - BUDGETED FIGURES

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

16 - COMPARATIVE FIGURES

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

Mohawk Council of Kanesatake
Notes to Financial Statements
 March 31, 2014

17 - EXPENDITURES BY NATURE

	<u>2014</u>	<u>2013</u>
	\$	\$
Amortization of tangible capital assets	313,938	329,174
Bad debt (recovery)	50,587	(407)
Bank charges and interest	124,468	112,004
Books and supplies	28,794	31,203
Computer equipment and software		38,450
Contracts	198,237	185,120
Employability measures (KHRO)	317,871	338,516
Fuel	35,661	36,875
Graduation allowances	2,600	4,800
In-kind expenses	6,445	
Insurance	67,734	69,084
Internal billing - auxiliary expense	158,468	153,741
Internal billing - MCK administration fees'	256,348	222,001
Judgement debt expense	288,153	
Maintenance and repairs	229,894	280,061
Management fees	278,809	160,234
Material and other supplies	202,230	130,254
Membership fees	8,689	8,584
Nutritional supplies	31,676	28,581
Office space and equipment rental	39,868	39,243
Office supplies	18,696	20,029
Payroll service fees	8,091	8,824
Pension plan and insurance benefits	125,666	105,687
Postal fees	11,686	9,875
Professional fees - legal	252,334	209,511
Professional fees - other	474,902	455,969
Rent, utilities and heating	202,164	187,375
Salaries and fringe benefits	3,134,194	2,977,440
Snow removal	2,535	2,000
Social assistance allowances	1,985,256	2,021,748
Special education	41,228	35,110
Specialized equipment		121,241
Student allowances and living expenses	396,701	394,797
Telecommunications	41,007	51,309
Travel	29,207	21,773
Tuition fees	841,183	853,105
Vehicle expenses	34,926	42,601
Workshops	5,052	10,479
Other expenses	378,497	572,562
	<u>10,623,795</u>	<u>10,268,953</u>