

Financial Statements of

**HAUDENOSAUNEE
DEVELOPMENT INSTITUTE**

Year ended March 31, 2014



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INDEPENDENT AUDITORS' REPORT

To the Haudenosaunee Confederacy Chiefs Council

We have audited the accompanying financial statements of Haudenosaunee Development Institute, which comprise the statement of financial position as at March 31, 2014, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising 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 accounting standards for not-for-profit organizations, 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 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 our 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, we consider 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Haudenosaunee Development Institute as at March 31, 2014, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Other matter

The financial statements of Haudenosaunee Development Institute as at and for the year ended March 31, 2013 were audited by another auditor who expressed an unmodified opinion on those statements on June 27, 2013.

Comparative Information

Without modifying our opinion, we draw attention to Note 8 to the financial statements which indicates that the comparative information in the statement of financial position presented as at and for the year ended March 31, 2013 has been restated.

The financial statements of Haudenosaunee Development Institute as at and for the year ended March 31, 2013, excluding the restatements described in Note 7 to the financial statements, were audited by another auditor who expressed an unmodified opinion on those financial statements on June 27, 2013.

As part of our audit of financial statements as at and for the year ended March 31, 2014, we audited the restatement described in Note 7 to the financial statements that was applied to restate the comparative information presented as at and for the year ended March 31, 2013. In our opinion, the restatements are appropriate and have been properly applied.

We were not engaged to audit, review, or apply any procedures to the March 31, 2013 financial statements, other than with respect to the restatements described in Note 7 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

July 11, 2014
Hamilton, Canada

HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Statement of Operations

Year ended March 31, 2014, with comparative financial information for 2013

	2014	2013
Revenues (Schedule):		
Haudenosaunee Development Institute Administration	\$ 283,204	\$ 149,178
Archaeological Study Centre	1,029,416	422,451
Environmental Monitor Centre	536,309	67,013
Burch Restoration Project	296,813	212,885
Land lease fees	220,000	-
Other revenue	49,836	38,211
	<u>2,415,578</u>	<u>889,738</u>
Expenses (Schedule):		
Salaries, benefits and contract fees	1,007,848	404,698
Professional fees	355,899	67,961
Travel	279,035	54,613
Office and general	226,993	72,204
Rent	8,766	8,370
Training	7,119	-
Advertising	2,948	1,005
	<u>1,888,608</u>	<u>608,851</u>
Excess of revenues over expenses	\$ 526,970	\$ 280,887

See accompanying notes to financial statements.

HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Statement of Changes in Net Assets

Year ended March 31, 2014, with comparatives financial information for 2013

	Unrestricted	Land lease fund	Total
Balance, beginning of year (Restated)	\$ 280,887	\$ -	\$ 280,887
Excess of revenues over expenses	306,970	220,000	526,970
Balance, end of year	\$ 587,857	\$ 220,000	\$ 807,857

March 31, 2013	Unrestricted	Land lease fund	(Restated) Total
Balance, beginning of year	\$ -	\$ -	\$ -
Excess of revenues over expenses	280,887	-	280,887
Balance, end of year	\$ 280,887	\$ -	\$ 280,887

See accompanying notes to financial statements.

HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Statements of Cash Flows

Year ended March 31, 2014, with comparative financial information for 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ 526,970	\$ 280,887
Change in non-cash operating working capital		
Accounts receivable	(986,853)	(218,954)
Prepaid expenses	(5,106)	-
Accounts payable and accrued liabilities	223,717	54,663
Due to GRETl	24,676	-
Deferred revenue	100,000	-
Net (decrease) increase in cash and cash equivalents	(116,596)	116,596
Cash and cash equivalents, beginning of year	116,596	-
Cash and cash equivalents, end of year	\$ -	\$ 116,596

See accompanying notes to financial statements.

HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Notes to Financial Statements

Year ended March 31, 2014

Haudenosaunee Development Institute (HDI) (the "Organization") is a formal, unincorporated Organization established by the Haudenosaunee Confederacy Chiefs Council ("HCCC"). The Organization established and administers a regulatory framework which identifies, registers and regulates development in compliance with a number of regulatory obligations including the Haudenosaunee Green Plan and the Haudenosaunee Development Protocol.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Canada Handbook.

(a) Fund Accounting:

The Organization follows the restricted fund method of accounting.

The Land lease fund consists of net assets to be used for the sole benefit of the Haudenosaunee people and will be managed by the Haudenosaunee Confederacy Chiefs Council (HCCC). Such funds shall only be used by HCCC to support the advancement and promotion of Haudenosaunee educational programs and initiatives, human health and welfare, Haudenosaunee ceremonies, language, cultural heritage and education on the conservation of the environment and natural heritage. Expenditures must be for the benefit of the Haudenosaunee, as deemed fit by the Royane and Yakoyane on a case by case basis.

Unrestricted fund is available for general daily operations of the Organization as directed and approved by management.

(b) Revenue recognition:

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from fees or contracts is recognized when the services are provided or the goods are sold.

(c) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months.

HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Notes to Financial Statements

Year ended March 31, 2014

1. Significant accounting policies (continued):

(d) Use of estimates:

The preparation of the financial statements 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 financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include accounts payable and accrued liabilities. Actual results could differ from those estimates.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(f) Allocation of expenses:

The Organization records a number of its expenses by program. The costs of each program include the costs of personnel, premises and other expenses that are directly related to providing the program.

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Notes to Financial Statements

Year ended March 31, 2014

2. Accounts receivable:

	2014	2013
Accounts receivable	\$ 1,205,807	\$ 218,954
Less allowance for doubtful accounts	-	-
	<u>\$ 1,205,807</u>	<u>\$ 218,954</u>

3. Related entities:

Haudenosaunee Confederacy Chiefs Council ("the Council"):

The Council formed the Organization in 2007 in order to create a process and an institution to ensure certain rights are protected with respect to land development. The Organization represents the Council's interest in development of lands within the Haudenosaunee jurisdiction.

The Organization receives applications for projects on land and recommends approval to the Council and the Council provides final approval. The Organization reports to Council on a regular basis on the status and progress of potential and on-going projects.

There are no transactions between the Organization and the Council.

Grand River Employment and Training Inc. ("GRETI"):

The Organization has entered into a financial management service agreement with GRETI to administer financial recordings and payroll processing. A fee is collected on a percentage of all revenue pertaining to monitoring contracts.

GRETI maintains a general bank account which includes the Organization's transactions. All transactions are in the normal course of operations and at arm's length. The payable to GRETI is the net result of transactions during the year. No interest is charged when the account is in an overdraft position.

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$Nil (2013 - \$335), which includes amounts payable for WSIB.

HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Notes to Financial Statements

Year ended March 31, 2014

5. Financial risks and concentration of credit risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2013.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to the accounts receivable. The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

6. Commitments:

On July 1 2014, the Organization entered into a rental agreement GRET1 for a 5 year term to lease office space with minimum payments due as follows:

2015	\$	23,247
2016		30,996
2017		30,996
2018		30,996
2019 and thereafter		38,745
	\$	154,980

HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Notes to Financial Statements

Year ended March 31, 2014

7. Prior period adjustments:

The March 31, 2013 comparative statement of financial position has been restated to retroactively correct the accounting related to the Organization's net assets. In prior years, the financial results of the Organization were recognized as deferred revenue. Given there are no restrictions on the revenue and contributions, the ending surplus/deficit represents net assets available to the Organization. This change has been recorded retroactively and accordingly, the comparative statement of financial position has been restated as follows:

	Increase (decrease)
Statement of Financial Position, March 31, 2013	
Deferred revenue	\$ (280,887)
Net assets	280,887

8. Comparative Information

Certain 2013 comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Program Schedule – Archaeological Study Centre

Year ended March 31, 2014, with comparative financial information for 2013

	HDI				Land	2014	2013
	Administration	Archeology	Environmental	Burtch	lease		
Revenues:							
Application fees	\$ 283,204	\$ 1,029,416	\$ 536,309	\$ 296,813	\$ 220,000	\$ 2,365,742	\$ 851,527
Other revenue	49,836	-	-	-	-	49,836	38,211
	333,040	1,029,416	536,309	296,813	220,000	2,415,578	889,738
Expenses:							
Salaries and benefits	21,454	523,142	251,694	211,558	-	1,007,848	404,698
Professional fees	300,339	51,200	-	4,360	-	355,899	67,961
Travel	3,592	156,479	116,972	1,992	-	279,035	54,613
Office and general	226,993	-	-	-	-	226,993	72,204
Rent	8,766	-	-	-	-	8,766	8,370
Training	-	4,869	2,250	-	-	7,119	-
Advertising	2,948	-	-	-	-	2,948	1,005
	564,092	735,690	370,916	217,910	-	1,888,608	608,851
Excess of revenues over expenses							
(expenses over revenues)	\$ (231,052)	\$ 293,726	\$ 165,393	\$ 78,903	\$ 220,000	\$ 526,970	\$ 280,887