

Financial Statements of

**HAUDENOSAUNEE  
DEVELOPMENT INSTITUTE**

Year ended March 31, 2015



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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, 2015, 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, 2015, 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.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

July 10, 2015  
Hamilton, Canada

# HAUDENOSAUNEE DEVELOPMENT INSTITUTE

## Statement of Financial Position

Year ended March 31, 2015, with comparative financial information for 2014

	2015	2014
<b>Assets</b>		
Current assets:		
Due from GRETI (note 3)	\$ 1,226,929	\$ -
Accounts receivable (note 2)	530,090	1,205,807
Receivable from 2438543 Ontario Inc. (note 3, 4)	6,592	-
Prepaid expenses	608	5,106
	<u>\$ 1,764,219</u>	<u>\$ 1,210,913</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 48,763	\$ 278,380
Due to GRETI (note 3)	-	24,676
Deferred revenue	-	100,000
	<u>48,763</u>	<u>403,056</u>
Investment losses in 2438543 Ontario Inc., net (notes 3, 4)	247,416	-
	<u>296,179</u>	<u>403,056</u>
Net assets:		
Unrestricted	848,915	587,857
Land lease fund	609,750	220,000
Land acquisition fund	9,375	-
	<u>1,468,040</u>	<u>807,857</u>
Commitments (note 7)		
	<u>\$ 1,764,219</u>	<u>\$ 1,210,913</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# HAUDENOSAUNEE DEVELOPMENT INSTITUTE

## Statement of Operations

Year ended March 31, 2015, with comparative financial information for 2014

	2015	2014
Revenues (Schedule):		
Haudenosaunee Development Institute Administration	\$ 662,275	\$ 283,204
Archaeological Study Centre	811,415	1,029,416
Environmental Monitoring Centre	846,524	536,309
Land lease fees	389,750	220,000
Kanonhstaton Project	131,708	-
Land acquisition fees	9,375	-
Burtch Restoration Project	-	296,813
Other revenue	62,501	49,836
	<u>2,913,548</u>	<u>2,415,578</u>
Expenses (Schedule):		
Salaries, benefits and contract fees	996,485	1,007,848
Professional fees	410,926	355,899
Travel	360,543	279,035
Investment loss (note 4)	247,466	-
Office and general	193,133	226,993
Rent	25,416	8,766
Advertising	10,172	2,948
Bad debt expense	5,030	-
Training	4,194	7,119
	<u>2,253,365</u>	<u>1,888,608</u>
Excess of revenues over expenses	<u>\$ 660,183</u>	<u>\$ 526,970</u>

See accompanying notes to financial statements.

# HAUDENOSAUNEE DEVELOPMENT INSTITUTE

## Statement of Changes in Net Assets

Year ended March 31, 2015, with comparatives financial information for 2014

	Unrestricted	Land lease	Land acquisition	Total
Balance, beginning of year	\$ 587,857	\$ 220,000	\$ -	\$ 807,857
Excess of revenues over expenses	261,058	389,750	9,375	660,183
Balance, end of year	\$ 848,915	\$ 609,750	\$ 9,375	\$ 1,468,040

	Unrestricted	Land lease	Land acquisition	Total
Balance, beginning of year	\$ 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

See accompanying notes to financial statements.

# HAUDENOSAUNEE DEVELOPMENT INSTITUTE

## Statements of Cash Flows

Year ended March 31, 2015, with comparative financial information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ 660,183	\$ 526,970
Change in non-cash operating working capital		
Accounts receivable	675,717	(986,853)
Prepaid expenses	4,498	(5,106)
Due from 2438543 Ontario Inc.	(6,592)	-
Accounts payable and accrued liabilities	(229,617)	223,717
Due to/from GRETl, net	(1,251,605)	24,676
Deferred revenue	(100,000)	100,000
	(247,416)	(116,596)
Financing activities:		
Investment loss In 2438543 Ontario Inc.	247,416	-
	247,416	-
Net decrease in cash and cash equivalents	-	(116,596)
Cash and cash equivalents, beginning of year	-	116,596
Cash and cash equivalents, end of year	\$ -	\$ -

See accompanying notes to financial statements.

# HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Notes to Financial Statements

Year ended March 31, 2015

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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.

The Land acquisition 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 the HCCC for purposes of acquisition of land to support the advancement and promotion of Haudenosaunee educational programs and initiatives, human health and welfare, 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 acquisition of land and for the benefit of the Haudenosaunee, as deemed fit by the Royane and Yakoyane on a case by case basis.

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

# HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Notes to Financial Statements

Year ended March 31, 2015

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## 1. Significant accounting policies (continued):

### (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.

### (d) Investments:

The Organization applies the equity method as a basis of accounting for investments in companies over which it exercises significant influence. Under the equity method, the Organization records these investments initially at cost and the carrying amounts are adjusted thereafter to include the Organization's pro rata share of post-acquisition earnings of the investees, computed by the consolidation method. The adjustments are included in the determination of net income by the Organization, and the investment accounts of the Organization are also increased or decreased to reflect the Organization's share of capital transactions and changes in accounting policies and corrections of errors relating to prior period financial statements applicable to post-acquisition periods. Profit distributions received or receivable from investees reduce the carrying amounts of the investments. Unrealized inter-entity gains or losses are eliminated.

The Organization's determination of significant influence is based on consideration of voting interest in the investees along with other indicators such as representation on the Board of Directors, participation in policy-making processes, material inter-entity transactions, interchange of managerial personnel or provision of technical information.

# HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Notes to Financial Statements

Year ended March 31, 2015

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## 1. Significant accounting policies (continued):

### (e) 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.

### (f) 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.

### (g) 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.

# HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Notes to Financial Statements

Year ended March 31, 2015

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## 2. Accounts receivable:

	2015	2014
Accounts receivable	\$ 530,090	\$ 1,205,807
Less allowance for doubtful accounts	-	-
	<u>\$ 530,090</u>	<u>\$ 1,205,807</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 services agreement with GRETI to administer financial recording 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.

2438543 Ontario Inc.:

On October 20, 2014, HDI incorporated 2438543 Ontario Inc. under the Canada Corporations Act. This entity was incorporated for purposes of establishing a partnership to hold an investment within the Grand Valley Wind Farm project. This corporation, in partnership with five other entities, has formed a limited partnership for a combined ownership of 25% of the Grand Valley Wind Farm project.

# HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Notes to Financial Statements

Year ended March 31, 2015

### 3. Related entities (continued):

HDI has incurred expenditures on behalf of the entity for incorporation costs as it has not generated revenues from its partnership. HDI expects to receive repayment of these funds when the entity starts generating positive cash flows. There are no fixed terms for repayment.

### 4. Investments:

The Organization controls 2438543 Ontario Inc. and it has been included in the Organization's financial statements using the equity method. A financial summary of this entity as at March 31, 2015 and for the year then ended are as follows:

#### Financial position:

	2015
Total assets	\$ 2,973,243
Total liabilities	\$ 3,220,659
Total shareholder's equity	(247,416)
	\$ 2,973,243

Included in total liabilities held by 2438543 Ontario Inc. is \$6,592 payable to HDI. There are no set terms of repayment and the amounts are non-interest bearing. Also included in total liabilities is long term debt repayable with a total principal balance of \$3,000,000 with quarterly compounding interest at a rate of 4.22%. Repayments are based on distributions received from the Wind Farm project, calculated at 90% of the distributions received from the Wind Farm partnership.

#### Results of operations:

	2015
Total revenues	\$ -
Total expenses	(247,466)
	\$ (247,466)

# HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Notes to Financial Statements

Year ended March 31, 2015

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## 4. Investments (continued):

### Cash flows:

	2015
Excess of expenses over revenues	\$ (247,466)
Operating activities	6,592
Financing activities	240,924
Change in cash flows	\$ 50

## 5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$179 (2014 - \$nil), which includes amounts payable for employment insurance and WSIB.

## 6. 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 2014.

(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.

# HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Notes to Financial Statements

Year ended March 31, 2015

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## 7. Commitments:

On October 3 2014, the Organization entered into a rental agreement with GRETI for a four year term to lease office space, the remaining minimum payments for the next three years are due as follows:

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2016	\$	30,996
2017		30,996
2018		30,996
	\$	92,988

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# HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Program Schedule – Archaeological Study Centre

Year ended March 31, 2015, with comparative financial information for 2014

	HDI						Land	Land		
	Administration	Archaeology	Environmental	Kanonhstaton	Burch	Land	lease	acquisition	2015	2014
Revenues:										
Application fees	\$ 662,275	\$ 811,415	\$ 846,524	\$ 131,708	\$ -	\$ 389,750	\$ 9,375	\$ 2,851,047	\$ 2,365,742	
Other revenue	62,501	-	-	-	-	-	-	62,501	49,836	
	724,776	811,415	846,524	131,708	-	389,750	9,375	2,913,548	2,415,578	
Expenses:										
Salaries and benefits	82,266	462,137	441,713	-	10,369	-	-	996,485	1,007,848	
Professional fees	172,422	12,085	-	115,847	75,572	-	35,000	410,926	355,899	
Travel	6,392	143,171	210,909	71	-	-	-	360,543	279,035	
Investment loss	247,466	-	-	-	-	-	-	247,466	-	
Office and general	186,610	-	448	6,075	-	-	-	193,133	226,993	
Rent	25,416	-	-	-	-	-	-	25,416	8,766	
Advertising	10,172	-	-	-	-	-	-	10,172	2,948	
Bad debt expense	5,030	-	-	-	-	-	-	5,030	-	
Training	-	-	4,194	-	-	-	-	4,194	7,119	
	735,774	617,393	657,264	121,993	85,941	-	35,000	2,253,365	1,888,608	
Excess of revenue over expenses										
(expenses over revenues)	\$ (10,998)	\$ 194,022	\$ 189,260	\$ 9,715	\$ (85,941)	\$ 389,750	\$ (25,625)	\$ 660,183	\$ 526,970	