

Financial Statements of

**HAUDENOSAUNEE
DEVELOPMENT INSTITUTE**

And Independent Auditors' Report thereon

Year ended March 31, 2020



KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton Ontario L8P 4W7
Canada
Telephone (905) 523-8200
Fax (905) 523-2222

INDEPENDENT AUDITORS' REPORT

To the Haudenosaunee Confederacy Chiefs Council

Opinion

We have audited the financial statements of Haudenosaunee Development Institute (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2020
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at March 31, 2020, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



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

Management is responsible for the preparation and fair presentation of the 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.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



Page 3

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

October 5, 2020

HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Statement of Financial Position

Year ended March 31, 2020, with comparative financial information for 2019

	2020	2019
Assets		
Current assets:		
Cash	\$ 3,737,799	\$ 2,984,867
Accounts receivable (note 2)	223,112	323,486
Due from 2438543 Ontario Inc. (note 4)	607,963	349,470
Prepaid expenses	265,094	342,294
	<u>4,833,968</u>	<u>4,000,117</u>
Capital assets (note 3)	8,363	17,458
	<u>\$ 4,842,331</u>	<u>\$ 4,017,575</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 7)	\$ 125,411	\$ 227,223
Due to Ogwawihsta Dedwahsnye (note 4)	7,612	6,054
Deferred revenue	74,707	55,000
	<u>207,730</u>	<u>288,277</u>
Fund balances:		
Unrestricted fund	1,183,809	1,047,769
Invested in capital assets	8,363	17,458
Old Council house restoration fund	321,464	349,540
Engagement funding	50,000	50,000
Land lease fund	1,226,590	785,156
Land acquisition fund	1,844,375	1,479,375
	<u>4,634,601</u>	<u>3,729,298</u>
Commitments (note 6)		
Contingency (note 7)		
Subsequent event (note 8)		
	<u>\$ 4,842,331</u>	<u>\$ 4,017,575</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Statement of Operations

Year ended March 31, 2020, with comparative financial information for 2019

	2020	2019
Revenues (Schedule):		
Archaeological Study Centre	\$ 2,386,439	\$ 2,086,564
Land lease fees	975,275	1,002,899
Land acquisition fees	365,000	365,000
Environmental Monitoring Centre	348,304	235,593
Joint Stew Board	75,244	28,776
Haudenosaunee Development Institute Administration	24,802	192,484
Kanonhstaton Project	-	300
	<u>4,175,064</u>	<u>3,911,616</u>
Expenses (Schedule):		
Salaries, benefits and contract fees	1,607,314	1,472,205
Cultural development	521,345	1,144,926
Travel	379,530	331,087
Consulting fees	320,662	475,447
Office and general	213,503	172,322
Legal expense	88,068	546,965
Rent	55,668	32,354
Bad debt expense	43,124	125,098
Administration fees (note 4)	12,496	12,072
Amortization	11,050	15,065
Advertising	8,438	7,261
Communication	5,841	18,875
Training	2,722	1,067
	<u>3,269,761</u>	<u>4,354,744</u>
(Deficiency) excess of revenues over expenses	\$ 905,303	\$ (443,128)

See accompanying notes to financial statements.

HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Statement of Changes in Fund Balances

Year ended March 31, 2020, with comparatives financial information for 2019

	Unrestricted Fund	Invested in capital assets	Land lease	Land acquisition	Old Council house restoration fund	Community Engagement	2020 Total
Balance, beginning of year	\$ 1,047,769	\$ 17,458	\$ 785,156	\$ 1,479,375	\$ 349,540	\$ 50,000	\$ 3,729,298
(Deficiency) excess of revenues over expenses	137,995	(11,050)	441,434	365,000	(28,076)	-	905,303
Net change in invested capital	(1,955)	1,955	-	-	-	-	-
Balance, end of year	\$ 1,183,809	\$ 8,363	\$ 1,226,590	\$ 1,844,375	\$ 321,464	\$ 50,000	\$ 4,634,601

	Unrestricted Fund	Invested in capital assets	Land lease	Land acquisition	Old Council house restoration fund	Community Engagement	2019 Total
Balance, beginning of year	\$ 1,475,206	\$ 14,377	\$ 1,168,928	\$ 1,114,375	\$ 349,540	\$ 50,000	\$ 4,172,426
(Deficiency) excess of revenues over expenses	(409,291)	(15,065)	(383,772)	365,000	-	-	(443,128)
Net change in invested capital	(18,146)	18,146	-	-	-	-	-
Balance, end of year	\$ 1,047,769	\$ 17,458	\$ 785,156	\$ 1,479,375	\$ 349,540	\$ 50,000	\$ 3,729,298

See accompanying notes to financial statements.

HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Statements of Cash Flows

Year ended March 31, 2020, with comparative financial information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenues over expenses	\$ 905,303	\$ (443,128)
Items not involving cash:		
Amortization of capital assets	11,050	15,065
Change in non-cash operating working capital		
Accounts receivable	100,374	548,975
Prepaid expenses	77,200	(180,158)
Due from 2438543 Ontario Inc.	(258,493)	7,970
Due from Ogowishta Dedwahsnye	1,558	493,867
Accounts payable and accrued liabilities	(101,812)	99,615
Deferred revenue	19,707	40,000
	<u>754,887</u>	<u>582,206</u>
Investing activities:		
Purchase of capital assets	(1,955)	(18,146)
<hr/>		
Net increase in cash	752,932	564,060
Cash, beginning of year	2,984,867	2,420,807
<hr/>		
Cash, end of year	<u>\$ 3,737,799</u>	<u>\$ 2,984,867</u>

See accompanying notes to financial statements.

HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Notes to Financial Statements

Year ended March 31, 2020

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, 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 Old Council house restoration fund and the community engagement fund were established for maintaining relationships between local parties and HDI for future mutual benefits. Amounts included are one-time unrestricted funding earned from funders.

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, 2020

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) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

	Rate
Computer software and equipment	33%
Furniture and fixtures	20%

(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.

HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Notes to Financial Statements

Year ended March 31, 2020

1. Significant accounting policies (continued):

(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, 2020

2. Accounts receivable:

	2020	2019
Accounts receivable	\$ 311,112	\$ 438,085
Less allowance for doubtful accounts	(88,000)	(114,599)
	\$ 223,112	\$ 323,486

3. Capital assets:

March 31, 2020	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Computer and equipment	\$ 52,771	\$ 47,660	\$ 5,111	\$ 15,206
Furniture and fixtures	14,767	11,515	3,252	2,252
	\$ 67,538	\$ 59,175	\$ 8,363	\$ 17,458

4. Related entities:

Haudenosaunee Confederacy Chiefs Council (“the Council” or “HCCC”):

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.

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, formed a limited partnership for a combined ownership of 25% of the Grand Valley Wind Farm project. On February 10, 2016, HDI entered into a related party transaction with HCCC to transfer its ownership investment in 2438543 Ontario Inc. to HCCC.

HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Notes to Financial Statements

Year ended March 31, 2020

4. Related entities (continued):

The amounts owing from 2438543 Ontario Inc. are non-interest bearing with no scheduled repayment terms and is due on demand and primarily involve providing cash flow for operations and administrative and financial services.

Ogwawishta Dedwahsnye:

On March 22, 2016, HCCC incorporated Ogwawishta Dedwahsnye under the Canada Not-for-profit Corporation Act of Canada. Ogwawishta Dedwahsnye works with the HCCC on the disbursement of its land lease funds. Previously, the entity provided payroll services to HDI however the arrangement was ended during the year. All transactions were in the normal course of operations and measured at the exchange amount. The amounts charged are included as administrative fees on the statement of operations. The payable of \$7,612 (2019 – \$6,054 receivable) to Ogwawishta Dedwahsnye is non-interest bearing and is the net result of transactions during the year.

Delegates and key personnel:

The organization enters into transactions with delegates of the Council as well as the secretary of the Council on an ongoing basis. The delegates of the Council include the entity's Directors. At March 31, 2020, the organization has prepaid success and termination fees to a Director in the amount of \$208,866 (2019 - \$208,866) and accrued severance for a former Director in the amount of \$nil (2019 - \$97,000). In addition to the above, the organization has also paid certain expenses to the delegates and Council secretary during the year.

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 2019.

(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 as described in Note 2.

HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Notes to Financial Statements

Year ended March 31, 2020

6. Commitments:

On March 26, 2020, the Organization entered into a rental agreement with Grand River Employment and Training Inc. ("GRET") for a one year term to lease office space, the remaining minimum payments for the next year is due as follows:

Rent	\$	35,424
Joint Stewardship Board		2,244
	\$	37,668

7. Contingencies:

The nature of the Organization's activities is such that there may be litigation pending or in prospect at any time. Motions and claims have been filed against the Organization in previous years. The Organization continues to defend against and deny all such claims, none of which have a determinable outcomes as at March 31, 2020.

8. Subsequent event:

Subsequent to March 31, 2020, world financial markets have continued to be negatively impacted by the novel Coronavirus or COVID-19, which was declared a pandemic by the World Health Organization on March 12, 2020. This has resulted in significant economic uncertainty, including in Canada, where the Organization operates. The ongoing impact may affect the generation, timing and collection of revenues. Consequently, it is difficult to reliably measure the potential impact of this uncertainty on the future financial results of the Organization.

HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Program Schedule

Year ended March 31, 2020, with comparative financial information for 2019

	HDI Admin	Archaeo Monitor	Enviro Monitor	Kanonstaton	HCCC	HRC	HERC	Land lease	Joint Land Acq	Stew Board	Scholars Conference	Old Council House	2020	2019
Revenues														
Fees	\$ 24,802	\$ 2,386,439	\$ 348,304	\$ -	\$ -	\$ -	\$ -	\$ 975,275	\$ 365,000	\$ 75,244	\$ -	\$ -	\$ 4,175,064	\$ 3,911,316
Other revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	300
	24,802	2,386,439	348,304	-	-	-	-	975,275	365,000	75,244	-	-	4,175,064	3,911,616
Expenses:														
Salaries, benefits and contract fees	215,872	941,065	136,129	-	-	254,248	-	-	-	60,000	-	-	1,607,314	1,472,205
Legal	88,068	-	-	-	-	-	-	-	-	-	-	-	88,068	546,965
Communications	4,680	-	-	-	-	-	-	-	-	1,161	-	-	5,841	18,875
Professional fees	215,070	12,576	3,177	-	-	86,218	-	-	-	3,621	-	-	320,662	475,447
Community language/ cultural development	-	-	-	-	-	-	-	521,345	-	-	-	-	521,345	1,144,926
Travel	156	204,581	51,102	-	38,829	11,801	73,041	-	-	20	-	-	379,530	331,087
Office and general	126,902	1,110	427	1,350	28,244	19,196	-	-	-	8,198	-	28,076	213,503	172,322
Administrative expenses	-	-	-	-	-	-	-	12,496	-	-	-	-	12,496	12,072
Bad debt expense	43,124	-	-	-	-	-	-	-	-	-	-	-	43,124	125,098
Rent	53,424	-	-	-	-	-	-	-	-	2,244	-	-	55,668	32,354
Advertising	8,038	-	-	-	-	-	-	-	-	-	400	-	8,438	7,261
Amortization expense	11,050	-	-	-	-	-	-	-	-	-	-	-	11,050	15,065
Training	-	-	2,722	-	-	-	-	-	-	-	-	-	2,722	1,067
	766,384	1,159,332	193,557	1,350	67,073	371,463	73,041	533,841	-	75,244	400	28,076	3,269,761	4,354,744
(Deficiency) excess of revenues over expense	\$ (741,582)	\$ 1,227,107	\$ 154,747	\$ (1,350)	\$ (67,073)	\$ (371,463)	\$ (73,041)	\$ 441,434	\$ 365,000	\$ -	\$ (400)	\$ (28,076)	\$ 905,303	\$ (443,128)