

Financial Statements of

**HAUDENOSAUNEE
DEVELOPMENT INSTITUTE**

And Independent Auditor's Report thereon

Year ended March 31, 2022



KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton ON L8P 4W7
Canada
Tel 905-523-8200
Fax 905-523-2222

INDEPENDENT AUDITOR'S 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, 2022
- the statement of operations for the year then ended
- the statement of changes in fund balances 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, 2022, 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 "Auditor's Responsibilities for the Audit of the Financial Statements" section of our auditor's 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.

Auditor's 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 auditor's 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.



Page 3

- 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.
- 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 auditor's 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 auditor's 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

February 2, 2023

HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Statement of Financial Position

Year ended March 31, 2022, with comparative financial information for 2021

	2022	2021
Assets		
Current assets:		
Cash	\$ 3,799,637	\$ 4,682,183
Accounts receivable (note 2)	771,140	890,249
Due from 2438543 Ontario Inc. (note 4)	664,696	170,531
Due from Ogwawihsta Dedwahsnye (note 4)	4,301	–
Prepaid expenses	155,273	237,623
	5,395,047	5,980,586
Investment in 2438543 Ontario Inc. (note 4)	2,365,000	1,365,000
Capital assets (note 3)	19,066	8,407
	\$ 7,779,113	\$ 7,353,993

Liabilities and Fund Balances

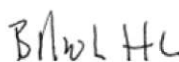
Current liabilities:		
Accounts payable and accrued liabilities	\$ 824,181	\$ 345,453
Due to 2438543 Ontario Inc. (note 4)	-	865,000
Deferred revenue	15,000	15,000
	839,181	1,225,453
Fund balances:		
Unrestricted fund	2,326,638	2,276,850
Invested in capital assets	19,067	8,407
Old Council house restoration fund	211,427	274,162
Land lease fund	1,808,425	1,359,746
Land acquisition fund	2,574,375	2,209,375
	6,939,932	6,128,540
Commitments (note 6)		
	\$ 7,779,113	\$ 7,353,993

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Statement of Operations

Year ended March 31, 2022, with comparative financial information for 2021

	2022	2021
Revenues (Schedule):		
Archaeological monitoring fees	\$ 4,263,099	\$ 3,397,110
Land lease fees	975,710	975,599
Land acquisition fees	365,000	365,000
Pipeline monitoring fees	247,250	154,123
Environmental monitoring fees	351,021	136,420
Joint Stewardship Board	150,655	150,000
Burtch farm revenue	72,000	500
Haudenosaunee Development Institute Administration	3,624	—
	6,428,359	5,178,752
Expenses (Schedule):		
Salaries, benefits and contract fees	2,330,653	1,449,565
Legal expenses – business development	1,031,103	255,356
Legal expenses – litigation	257,776	63,838
Community language and cultural development	527,030	852,981
Professional fees	564,279	412,815
Travel	402,718	314,614
Office and general	251,907	167,580
Bad debt expense	96,668	68,745
Communications	89,104	43,225
Rent	37,956	37,668
Advertising	11,125	9,341
Amortization	9,835	9,085
Administration fees (note 4)	3,624	—
Training	3,189	—
	5,616,967	3,684,813
Excess of revenues over expenses	\$ 811,392	\$ 1,493,939

See accompanying notes to financial statements.

HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Statement of Changes in Fund Balances

Year ended March 31, 2022, with comparatives financial information for 2021

	Unrestricted fund	Invested in capital assets	Land lease	Land acquisition	Old Council house restoration fund	Community engagement	2022 Total
Balance, beginning of year	\$ 2,276,850	\$ 8,407	\$ 1,359,746	\$ 2,209,375	\$ 274,162	\$ -	\$ 6,128,540
Excess (deficiency) of revenues over expenses	70,283	(9,835)	448,679	365,000	(62,735)	-	811,392
Net change in invested capital	(20,495)	20,495	-	-	-	-	-
Balance, end of year	\$ 2,326,638	\$ 19,067	\$ 1,808,425	\$ 2,574,375	\$ 211,427	\$ -	\$ 6,939,932

	Unrestricted Fund	Invested in capital assets	Land lease	Land acquisition	Old Council house restoration fund	Community engagement	2021 Total
Balance, beginning of year	\$ 1,183,809	\$ 8,363	\$ 1,226,590	\$ 1,844,375	\$ 321,464	\$ 50,000	\$ 4,634,601
(Deficiency) excess of revenues over expenses	1,102,170	(9,085)	133,156	365,000	(47,302)	(50,000)	1,493,939
Net change in invested capital	(9,129)	9,129	-	-	-	-	-
Balance, end of year	\$ 2,276,850	\$ 8,407	\$ 1,359,746	\$ 2,209,375	\$ 274,162	\$ -	\$ 6,128,540

See accompanying notes to financial statements.

HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Statements of Cash Flows

Year ended March 31, 2022, with comparative financial information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ 811,392	\$ 1,493,939
Items not involving cash:		
Amortization of capital assets	9,835	9,085
Change in non-cash operating working capital		
Accounts receivable	119,109	(667,137)
Prepaid expenses	82,350	27,470
Due from 2438543 Ontario Inc.	(1,359,165)	1,302,432
Due from Ogwawishta Dedwahsnye	(4,301)	(7,612)
Accounts payable and accrued liabilities	478,728	220,043
Deferred revenue	—	(59,707)
	137,948	2,318,513
Investing activities:		
Purchase of capital assets	(20,494)	(9,129)
Investment in subsidiary	(1,000,000)	(1,365,000)
	(1,020,494)	(1,374,129)
Net change in cash	(882,546)	944,384
Cash, beginning of year	4,682,183	3,737,799
Cash, end of year	\$ 3,799,637	\$ 4,682,183

See accompanying notes to financial statements.

HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Notes to Financial Statements

Year ended March 31, 2022

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.

(b) Revenue recognition:

Unrestricted contributions are recognized as revenue in the unrestricted fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized in the unrestricted fund using the deferral method when an appropriate restricted fund does not exist.

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

HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Notes to Financial Statements

Year ended March 31, 2022

1. Significant accounting policies (continued):

(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 carrying amounts are adjusted thereafter to include the Organization's pro rata share of post-acquisition earnings of the investees, computed by the consolidation methods. 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

(e) 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%

(f) 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, 2022

1. Significant accounting policies (continued):

(g) 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.

(h) 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.

2. Accounts receivable:

	2022	2021
Accounts receivable	\$ 938,188	\$ 996,994
Less: allowance for doubtful accounts	(167,048)	(106,745)
	<u>\$ 771,140</u>	<u>\$ 890,249</u>

HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Notes to Financial Statements

Year ended March 31, 2022

3. Capital assets:

March 31, 2022	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer and equipment	\$ 74,948	\$ 63,149	\$ 11,799	\$ 5,972
Furniture and fixtures	22,213	14,946	7,267	2,435
	\$ 97,161	\$ 78,095	\$ 19,066	\$ 8,407

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, at cost, in 2438543 Ontario Inc. to HCCC.

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.

During the year, \$1,000,000 (2021 - \$1,365,000) was provided to 2438543 Ontario Inc. as a capital contribution for the purposes of community development and land acquisition. This amount is presented as an investment, at cost, in the entity on the statement of financial position.

During the year, \$18,000 (2021 - \$nil) was charged to HDI by 2438543 Ontario Inc. for office space rentals provided.

HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Notes to Financial Statements

Year ended March 31, 2022

4. Related entities (continued):

Ogwawishta Dedwahsnye:

On March 22, 2016, HCCC incorporated Ogawishta Dedwahsnye under the Canada Not-for-profit Corporation Act of Canada. Ogawishta 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 amount due of \$4,301 is non-interest bearing.

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. The organization has paid success fees to a delegate during the year totalling \$130,000 (2021 - \$nil).

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 2021.

(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.

6. Commitments:

The Organization rents certain equipment from the Joint Stewardship Board, the remaining minimum payment for the next year is due as follows:

Joint Stewardship Board	\$	2,244
-------------------------	----	-------

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 determinable outcomes as at March 31, 2022.

HAUDENOSAUNEE DEVELOPMENT INSTITUTE

Program Schedule

Year ended March 31, 2022, with comparative financial information for 2021

	HD Admin	Archaeo Monitoring	Enviro. Monitoring	Land Research	HCOC	Land Lease	Land Acq.	Joint Stewardship Board	HRC	Pipeline Monitoring	Old Council House	HDI East/ Toronto	Burth Farming	Total 2022	Total 2021
Revenue:															
Fees	-	4,263,069	351,021	-	\$ -	\$ 975,710	\$ 385,000	\$ 150,655	-	\$ 247,250	\$ -	\$ -	\$ -	\$ 6,352,735	\$ 5,178,262
Other revenue	3,624	-	-	-	-	-	-	-	-	-	-	-	72,000	75,624	500
	3,624	4,263,069	351,021	-	-	975,710	385,000	150,655	-	247,250	-	-	72,000	6,428,359	5,178,762
Expenses:															
Salaries, benefits and - contract fees	256,789	1,434,992	141,747	-	-	-	-	80,000	281,162	137,567	-	8,397	-	2,330,654	1,449,565
Legal expenses - business development	836,599	33,092	-	-	-	-	-	-	-	-	-	161,412	-	1,031,103	255,366
Legal expenses - litigation	209,150	8,273	-	-	-	-	-	-	-	-	-	40,353	-	257,776	63,838
Communications	76,771	-	-	-	-	-	-	332	-	-	-	12,000	-	89,103	43,224
Consulting and professional fees	266,864	6,714	12,248	50,204	-	-	-	45,525	69,377	-	-	113,318	-	564,280	412,815
Community language/cultural development	-	-	-	-	-	527,030	-	-	-	-	-	-	-	527,030	852,881
Travel	3,885	304,438	57,888	-	7,242	-	-	-	1,823	24,869	-	2,898	-	402,719	314,814
Office and general	145,363	-	-	-	17,250	-	-	7,705	18,854	-	62,735	-	-	251,907	167,580
Administrative fees	-	-	-	-	-	-	-	3,624	-	-	-	-	-	3,624	-
Bad debt expense	96,688	-	-	-	-	-	-	-	-	-	-	-	-	96,688	68,745
Rent	36,834	-	-	-	-	-	-	1,122	-	-	-	-	-	37,956	37,068
Advertising	9,625	-	-	-	1,500	-	-	-	-	-	-	-	-	11,125	9,342
Amortization expense	9,835	-	-	-	-	-	-	-	-	-	-	-	-	9,835	9,085
Training	-	-	840	-	-	-	-	2,347	-	-	-	-	-	3,187	-
	1,948,383	1,787,509	212,821	50,204	25,992	527,030	-	150,655	351,016	162,436	62,735	338,176	-	5,616,987	3,684,813
Excess of revenue over expenses (expenses over revenue)	\$ (1,944,768)	\$ 2,475,590	\$ 138,200	\$ (50,204)	\$ (25,992)	\$ 448,680	\$ 385,000	\$ -	\$ (351,016)	\$ 84,814	\$ (62,735)	\$ (338,176)	\$ 72,000	\$ 811,392	\$ 1,483,939