

Consolidated Financial Statements of

**SIX NATIONS OF THE
GRAND RIVER
DEVELOPMENT
CORPORATION**

And Independent Auditor's Report thereon

Year ended December 31, 2022



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INDEPENDENT AUDITOR'S REPORT

To the Directors of Six Nations of the Grand River Development Corporation:

Opinion

We have audited the accompanying consolidated financial statements of Six Nations of the Grand River Development Corporation (the "Organization") which comprise:

- the consolidated statement of financial position as at December 31, 2022
- the consolidated statement of earnings for the year then ended
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Organization as at December 31, 2022, and its consolidated results of operations and its consolidated 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 Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



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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 consolidated financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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.



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- 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 Organization'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 Organization'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 Organization's 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Organization to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

April 25, 2023

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Consolidated Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,475,022	\$ 10,324,627
Restricted cash (note 3)	16,753,053	11,412,936
Distribution receivable	331,640	301,910
Accounts receivable	470,729	414,656
Inventories	131,791	106,794
Prepaid expenses	87,658	94,839
Other assets (note 21)	—	—
	<u>26,249,893</u>	<u>22,655,762</u>
Long-term receivables (note 4)	1,297,647	3,024,678
Investments in economic interest projects (note 5)	63,579,831	62,388,372
Capital assets (note 7)	12,196,136	12,182,348
	<u>\$ 103,323,507</u>	<u>\$ 100,251,160</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 8)	\$ 2,672,150	\$ 2,668,168
Due to related parties (note 11)	254,826	254,971
Deferred revenue	266,345	66,117
Distributions to Six Nations of the Grand River Economic Development Trust (note 16)	4,237,511	1,800,000
Current portion of long-term debt (note 9)	<u>2,197,456</u>	<u>4,307,871</u>
	9,628,288	9,097,127
Deferred capital contributions (note 10)	754,709	857,231
Long-term debt (note 9)	28,498,900	37,389,689
Net assets:		
Share capital (note 12)	1	1
Invested in capital assets (note 13)	11,348,787	11,309,776
Invested in economic interest entities (note 14)	32,976,115	23,073,153
Internally restricted reserves and contributed surplus (note 15)	20,116,707	18,524,183
Unrestricted	<u>—</u>	<u>—</u>
	64,441,610	52,907,113
Commitments (note 17)		
COVID-19 (note 23)		
	<u>\$ 103,323,507</u>	<u>\$ 100,251,160</u>

See accompanying notes to consolidated financial statements.

On Behalf of the Board:

_____ Director

_____ Director

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Consolidated Statement of Earnings

Year ended December 31, 2022, with comparative information 2021

	2022	2021
Revenues:		
Nations enterprises	\$ 22,059,119	\$ 10,669,752
Economic interests (note 5)	18,484,879	10,215,192
Master trust income	1,480,794	1,469,035
Amortization of deferred capital contributions	127,522	65,183
	<u>42,152,314</u>	<u>22,419,162</u>
Expenses:		
General, operating and administrative expenses	16,469,096	7,329,781
Salaries and benefits	6,094,804	4,193,906
Utilities	372,310	348,620
Gaming license and sponsors	266,200	50,000
Six Nations of the Grand River Elected Council - rent	702,287	47,287
Six Nations of the Grand River Elected Council - Bingo hall debt charges	555,363	555,363
Interest	1,130,949	2,244,763
Amortization of capital assets	1,527,541	1,289,574
Other	158,178	58,404
	<u>27,276,728</u>	<u>16,117,698</u>
Equity income in joint ventures (note 5)	896,422	991,838
Excess of revenues over expenses before distribution	15,772,008	7,293,302
Distribution to Six Nations of the Grand River Economic Development Trust (note 16)	4,237,511	1,800,000
Excess of revenues over expenses	<u>\$ 11,534,497</u>	<u>\$ 5,493,302</u>

See accompanying notes to consolidated financial statements.

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Consolidated Statement of Changes in Net Assets

Year ended December 31, 2022, with comparative information for 2021

December 31, 2022	Invested in capital assets	Unrestricted	Invested in economic interest entities	Internally restricted reserves (note 15)	Share capital	Total
Balance, beginning of year	\$ 11,309,776	\$ –	\$ 23,073,153	\$ 18,524,183	\$ 1	\$ 52,907,113
Excess of revenues over expenses	503,597	10,134,478	896,422	–	–	11,534,497
Transfers	(464,586)	(10,134,478)	9,006,540	1,592,524	–	–
Balance, end of year	\$ 11,348,787	\$ –	\$ 32,976,115	\$ 20,116,707	\$ 1	\$ 64,441,610

December 31, 2021	Invested in capital assets	Unrestricted	Invested in economic interest entities	Internally restricted reserves (note 15)	Share capital	Total
Balance, beginning of year	\$ 10,964,984	\$ –	\$ 22,746,328	\$ 13,702,498	\$ 1	\$ 47,413,811
Excess of revenues over expenses	232,553	4,268,911	991,838	–	–	5,493,302
Transfers	112,239	(4,268,911)	(665,013)	4,821,685	–	–
Balance, end of year	\$ 11,309,776	\$ –	\$ 23,073,153	\$ 18,524,183	\$ 1	\$ 52,907,113

See accompanying notes to consolidated financial statements

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Consolidated Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 11,534,497	\$ 5,493,302
Items not involving cash:		
Amortization of capital assets	1,527,541	1,289,574
Amortization of deferred capital contributions	(127,522)	(65,183)
Net (income) loss on equity investments	(896,422)	(991,838)
Changes in non-cash operating working capital:		
Accounts receivable	(56,073)	1,611,353
Distribution receivable	(29,730)	828,431
Due to related parties	(145)	176
Prepaid expenses	7,181	(26,309)
Inventories	(24,997)	585
Accounts payable and accrued liabilities	3,982	(149,793)
Deferred revenue	200,228	(462,281)
	<u>12,138,540</u>	<u>7,528,017</u>
Financing:		
Payment of long-term debt	(11,093,844)	(32,935,368)
Proceeds of long-term debt	92,640	36,697,000
Additions to deferred capital contributions	25,000	575,448
	<u>(10,976,204)</u>	<u>4,337,080</u>
Investing:		
Purchase of capital assets	(1,541,329)	(2,129,741)
Investment in economic interest projects	(295,037)	(744,509)
Due to Six Nations of the Grand River		
Economic Development Trust	2,437,511	444,212
Long-term receivable	1,727,031	(1,831,178)
	<u>2,328,176</u>	<u>(4,261,216)</u>
Increase in cash	3,490,512	7,603,881
Cash, cash equivalents and restricted cash, beginning of year	21,737,563	14,133,682
Cash, cash equivalents and restricted cash, end of year	<u>\$ 25,228,075</u>	<u>\$21,737,563</u>

See accompanying notes to consolidated financial statements.

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

Six Nations of the Grand River Development Corporation (the “Organization”) manages the economic interests of the Organization including partnerships of renewable energy projects with third parties. It also operates Nation Enterprises, such as the Six Nations Bingo Hall, Six Nations Tourism, Gathering Place by the Grand, the Chiefswood Museum, Chiefswood Park, Mohawk Chapel and other ancillary operations in Six Nations Indian Reserve, No. 40 (the “Community”). The Organization’s objective is to derive economic benefits, create employment for Community members and generate income to support community priorities as determined in the Six Nations Community Plan. The Organization was incorporated with share capital on November 18, 2013 under the Canada Business Corporations Act. The Organization is governed by a Board of Directors, with an Advisory Committee providing oversight for the Community. A Board of Trustees is also in place to oversee the Six Nations of the Grand River Economic Development Trust (the “EDT”), to which the Advisory Committee also provides oversight.

On December 22, 2022, EDT, Six Nations of the Grand River Elected Council (the “SNGR”), and the Organization entered into a legally binding Term Sheet to revise the Management Agreement that had been established on May 28, 2015. The primary objective of the Term Sheet is to find efficiencies and streamline the governance structure. Among the terms agreed to is a new funding formula in which the Organization’s post-audit surplus free cash on hand will be distributed as follows:

- i) 50% - Six Nations of the Grand River Development Corporation - retained for future investment and growth opportunities.
- ii) 40% (or \$1,400,000 whichever is greater) - SNGR - to be used to address Community Plan priorities, by way of EDT annual transfer.
- iii) 10% - EDT- to be used for investment in community priorities outside SNGR departments.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook. The Organization’s significant accounting policies are as follows:

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(a) Basis of consolidation:

(i) Consolidated entities:

The consolidated financial statements reflect the assets, liabilities, revenue, expenses and net assets of the reporting Organization. The reporting Organization is comprised of all organizations, committees and trusts accountable for the administration of their financial affairs and resources to the Organization and which are owned or controlled by the Organization. All significant intercompany balances and transactions have been eliminated upon consolidation. These entities and organizations include:

9374264 Canada Limited – Nanticoke Solar LP
9211560 Canada Limited – Gunn’s Hill LP
7539223 Canada Limited – Grand Renewable Wind LP
8490341 Canada Limited – Grand Renewable Solar LP
9250492 Canada Limited – SN Solar Developments LP
9710612 Canada Limited – FWRN LP
11100726 Canada Limited – Niagara Reinforcement LP
11456784 Canada Limited – Oneida Energy LP
11937855 Canada Limited – 3DATX Corporation
12419700 Canada Limited – Thrive
SNGR Trustee Services Inc.
SNGR Wind Project 1 Trustee Inc.
SNGR Community Benefits Trustee Inc.
SNGR Utilities Trustee Inc.
SNGR Solar Project 1 Trustee Inc.
Six Nations of the Grand River GP Inc.
SNGR Utilities LP
SNQM General Partner Inc
SNGR QM LP

(ii) Trusts:

Various Trusts have been created to facilitate the distribution of excess cash flow to the Community. The following trusts are included in the consolidated financial statements as the Organization controls the trust as the trustee:

SNGR Utilities Trust
SNGR Solar Project 1 Trust
SNGR Wind Project 1 Trust
SNGR Community Benefits Trust
Six Nations of the Grand River Master Trust

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(b) Revenue recognition:

The Organization follows the deferral method of accounting for contributions which include government grants.

Contributions from grants that are unrestricted are recorded as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Grants approved but not received at the end of an accounting period are accrued.

Revenue derived from grants which is restricted is recognized when the related expenditures have been made. Funds received for which the related expenditures have not been made are recorded as deferred revenue.

Externally restricted contributions are recognized as revenue in the period in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate of the related capital asset.

Six Nations Bingo revenue is recognized as earned.

Distribution revenue is recognized as the available cash flow from the underlying agreements are earned and collection of the relevant receivable is probable.

Revenues from Indigenous Services Canada are used only for the intended purpose of the funding received.

(c) Cash and cash equivalents:

Cash and cash equivalents consist of cash, bank overdrafts and investments in money market or other short-term instruments or investments with a maturity of less than 90 days or redeemable at the Organization's discretion.

(d) Inventories:

Inventories are valued at the low of cost and net realizable value. Cost is determined by actual invoice amounts.

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(e) Capital assets:

Capital assets are recorded at cost. 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 service, its carrying amount is written down to its residual value.

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

Asset	Rate
Building	20 years
Leasehold improvements	10 years
Furniture and fixtures	5 years
Equipment and vehicles	5 years
Computer software and equipment	2 years

The carrying amount of an item of capital assets is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount is not recoverable and exceeds its fair value.

(f) Investments in entities:

The Organization accounts for its investments in entities subject to significant influence and its investments in joint ventures using the equity method whereby the investment is carried at cost and adjusted for any contributions or withdrawals and its share of the net earnings or losses of the investment. The investments in other companies are accounted for at cost.

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. 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 period 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 amount 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.

(h) Income taxes:

Income taxes have not been recorded on these financial statements as the Organization considers that it is a tax-exempt corporation under the Income Tax Act (Canada). Provided the business of the Organization meets certain annual conditions tax exempt status will be maintained. It is management's position that the business meets the required conditions. The Canada Revenue Agency has not assessed the Organization's tax-exempt status and as a result if an unfavourable assessment is received, then the Organization may be subject to income taxes.

(i) Use of estimates:

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 period. Significant items subject to such estimates and assumptions include the carrying amounts of capital assets and receivables, valuation of investments, recognition of income taxes. Actual results could differ from those estimates.

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

2. Transfer of operations from Six Nations of the Grand River Elected Council:

Effective June 1, 2015 the Organization commenced operations independently from SNGR. At this time a separate Board of Directors, Board of Trustees and Advisory Committee were established to govern the operations of the Organization. Previously, the Organization and the related activities were controlled by SNGR. The operations transferred to the Organization include Six Nations Bingo, Old Bingo Hall, Six Nations Tourism, Chiefswood Museum, Mohawk Chapel, Oneida Business Park, Our Sustenance, Internet Towers, Martin Property Line and other properties.

In addition to the operations above the economic interests in various renewable energy entities, Ontario Land Lease and all related agreements were transferred to the Organization for no consideration as follows:

Investments in economic interest projects	\$ 9,673,160
Accounts payable and accrued liabilities	(1,000)
Long-term debt	(10,382,026)
	<hr/> \$ (709,866) <hr/>

In 2020, the Our Sustenance property was divested to SNEC.

3. Restricted cash:

Included in restricted cash are amounts of \$1,116,076 (2021 - \$637,511) that form part of the operating reserve. The remaining restricted cash of \$15,636,977 (2021 - \$10,775,425) is internally restricted for future projects of the Organization.

4. Long-term receivables:

- (a) In 2020, the Organization entered into a convertible loan agreement with Brant County whereby the Organization transferred \$193,500 to Brant County for the Adidas Roof Top Solar project. On March 16, 2023 the organization has provided Brant County with a notice of its intention to convert the loan.
- (b) In 2020, the Organization entered into an agreement whereby the Organization provided a non-revolving loan of \$1,000,000 to Thrive, an arm's length third party. Accrued interest is to be paid annually to the Organization with an annual interest rate of at least 12.75%. During 2021, the Organization exercised the option to advance an additional credit facility of \$500,000. On May 5, 2022, the non-revolving loan was paid in full.
- (c) In 2021, the Organization purchased equipment and entered into an agreement to lease the equipment to Six Nations Aecon Joint Venture for monthly payments of \$68,000 for the first 6 months and \$13,000 thereafter. The lease term is from December 1, 2021 and expires on March 31, 2028.

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

5. Investments in economic interest projects:

	2022	2021
The following investments are carried at cost:		
Grand Renewable Wind LP – 10% limited partner	\$ 6,799,000	\$ 6,799,000
Grand Renewable Solar LP – 10% limited partner	2,874,160	2,874,160
Gunn’s Hill LP – 10% limited partner	1,835,625	1,835,625
Nanticoke Solar LP – 15% limited partner	3,832,223	3,832,223
FWRN LP – 50% limited partner	30,262,273	30,262,273
Niagara Reinforcement Line – 25% limited partner	11,943,000	11,943,000
3DATX Corporation – 6.31% partner	2,447,002	2,151,965
Oneida Energy LP – 50% limited partner	102,455	102,455
SNGR QM LP – 51% limited partner	1	–
	<u>60,095,739</u>	<u>59,800,701</u>
The following joint ventures are accounted for using the equity method:		
Corporation of the County of Brant; Six Nations of the Grand River Joint Venture; 2325705 Ontario Inc. Joint Venture (“BGI Joint Venture”) – 15% venture interest	146,250	146,250
Corporation of the County of Brant and Six Nations of the Grand River Joint Venture (“OBP Joint Venture”) – 90% venture interest	1,682,294	1,682,294
Six Nations Aecon Joint Venture – 51% venture interest	1,655,548	759,127
	<u>3,484,092</u>	<u>2,587,671</u>
	<u>\$ 63,579,831</u>	<u>\$ 62,388,372</u>

The following is a summary of the Organization’s share of revenues and expenses of each joint venture:

	2022	2021
BGI Joint Venture		
Revenues	\$ 24,363	\$ 29,065
Expenses	(12,121)	(8,860)
	<u>12,242</u>	<u>20,205</u>
OBP Joint Venture		
Revenues	332,875	374,532
Expenses	(100,711)	(69,119)
	<u>232,164</u>	<u>305,413</u>
Six Nations Aecon Joint Venture		
Revenues	11,519,592	10,869,026
Expenses	(10,623,170)	(9,877,187)
	<u>\$ 896,422</u>	<u>991,839</u>

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

5. Investments in economic interest projects (continued):

Management evaluates the expected return on all investments on an annual basis. The revenues generated from the Organization's investment in economic interest projects are as follows:

	2022	2021
Distributions received from investments carried at cost	\$ 18,484,879	\$ 10,215,192
Equity pick up of joint ventures accounted for using the equity method	896,422	991,838
	<u>\$ 19,381,301</u>	<u>\$ 11,207,030</u>

Throughout the year, BGI and OBP joint ventures distribute the Organization's portion of the project profits.

6. Master trust entities:

The Organization is the beneficiary of the Cordelio Power wind projects, the Capital Power & Dufferin wind projects and the Port Ryerse wind project. The Organization was not required to provide capital in these projects. The Organization is the beneficiary of the operating results of SNGR Utilities LP and SN Solar Developments LP.

7. Capital assets:

	Cost	Accumulated amortization	Net book value 2022	Net book value 2021
Equipment and vehicles	\$ 1,169,102	\$ 577,824	\$ 591,278	\$ 396,623
Furniture and fixtures	238,435	187,492	50,943	87,303
Computer software and equipment	592,248	498,563	93,685	158,232
Leasehold improvements	9,729,858	3,045,481	6,684,377	6,485,483
Buildings	5,577,075	801,222	4,775,853	5,054,707
	<u>\$ 17,306,718</u>	<u>\$ 5,110,582</u>	<u>\$ 12,196,136</u>	<u>\$ 12,182,348</u>

8. Accounts payable and accrued liabilities:

There are no government remittances payable included in accounts payable and accrued liabilities (2021 - \$44,818), for payroll deductions.

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

9. Long-term debt:

	2022	2021
Fixed rate term loan with monthly principal and interest payments in the amount of \$7,438, repayable in full on April 6, 2026, bearing interest 3.06%. Secured by the property of 9250492 Canada Limited, excluding the partnership units.	\$ 282,510	\$ 361,796
Fixed rate term loan with monthly principal and interest payments in the amount of \$13,368, bearing interest 2.54%. Secured by the property of 7539223 Canada Limited, excluding the partnership units. This loan was repaid in full on December 2, 2022.	–	1,094,443
Fixed rate term loan with monthly principal and interest payments in the amount of \$25,906, bearing interest 3.31%. Secured by the property of 7539223 Canada Limited, excluding the partnership units. This loan was repaid in full on December 2, 2022.	–	2,061,980
Loan agreement with RBC Royal Bank with monthly principal and interest payments in the amount of \$1,060, repayable in full on April 19, 2026 bearing monthly interest 0.499%.	38,389	–
Automobile loan with 130 biweekly principal and interest payments in the amount of \$278, repayable in full on April 2, 2027, bearing biweekly interest 0.269%. The debt is secured by the automobile.	26,787	–
Loan agreement with CNH Industrial Capital Canada Ltd. with monthly principal and interest payments in the amount of \$612, repayable in full on January 18, 2027, bearing monthly interest 0.358%.	27,464	–
Automobile loan with 36 monthly principal and interest payments in the amount of \$1,299, bearing monthly interest 0.249%. The debt is secured by the automobile. This loan was repaid in full on December 11, 2022.	–	15,341
Term loan with Two Rivers Community Development Centre with only monthly interest payments through to August 31, 2022. Thereafter annual principal payments commencing September 30, 2022 in the amount of \$83,333, bearing annual interest of 4.5%. The term loan was repaid in full on June 20, 2022.	–	467,000
Term loan with Two Rivers Community Development Centre with only monthly interest payments through to August 31, 2022. Thereafter annual principal payments commencing September 30, 2022 in the amount of \$166,000, bearing annual interest of 5.0%. The term loan was repaid in full on December 23, 2022.	–	1,000,000
Term loan with Two Rivers Community Development Centre with only monthly interest payments through to August 31, 2022. Thereafter annual principal payments commencing September 30, 2022 in the amount of \$100,000, bearing annual interest of 5.0%. The term loan was repaid in full on December 23, 2022.	–	900,000

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

9. Long-term debt:

	2022	2021
Fixed rate term loan with semi-annual principal payments of \$130,000 and semi-annual interest payments bearing annual interest at 2.91%. The maturity date is April 30, 2026. Secured by property of 9374264 Canada Limited.	\$ 2,970,000	\$ 3,230,000
Vancity Community Investment Bank Tranche A Term Loan annual interest and principal payments of \$1,935,245 until June 30, 2036, bearing interest of 0.225%. The loan is guaranteed by the Province of Ontario under the Aboriginal Loan Guarantee Program.	20,790,145	23,200,000
Vancity Community Investment Bank Tranche B Term Loan interest and principal payments of \$656,518 until June 30, 2028, when a refinancing option is available. The term loan bear interest at 0.31%	6,561,061	9,367,000
	30,696,356	41,697,560
Less amounts due within one year	(2,197,456)	(4,307,871)
	\$ 28,498,900	\$ 37,389,689

Principal repayments due in the next five years are as follows:

2023	\$ 2,197,456
2024	2,257,181
2025	2,316,223
2026	4,239,215
2027 and thereafter	19,686,281
	\$ 30,696,356

10. Deferred capital contributions:

	2022	2021
Balance, beginning of year	\$ 857,231	\$ 346,966
Current year additions	25,000	575,448
Amortization of deferred capital contributions	(127,522)	(65,183)
Balance, end of year	\$ 754,709	\$ 857,231

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

11. Due to related parties:

The Organization owes a net amount of \$250,000 (2021 - \$250,000) to Aecon Construction Group Inc. a related company of the Six Nations Aecon Joint Venture. Amounts due to Aecon Construction Group Inc. are not secured and have no set repayment terms. The Organization owes \$4,826 (2021 - \$4,826) to the Six Nations of the Grand River Economic Development Trust for amounts received by the Organization on behalf of the Six Nations of the Grand River Economic Development Trust.

12. Share capital:

	2022	2021
Authorized:		
Unlimited number of common shares		
Issued:		
100 common shares	\$ 1	\$ 1

13. Invested in capital assets:

Net assets invested in capital assets is calculated as follows:

	2022	2021
Capital assets	\$ 12,196,136	\$ 12,182,348
Less deferred capital contributions	(754,709)	(857,231)
Less debt acquired to purchase capital assets	(92,640)	(15,341)
	<u>\$ 11,348,787</u>	<u>\$ 11,309,776</u>

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

14. Invested in economic interest projects:

Net assets invested in economic interest projects is calculated as follows:

	2022	2021
Investment in economic interest projects	\$ 63,579,831	\$ 62,388,372
Less debt	(30,603,716)	(39,315,219)
	<u>\$ 32,976,115</u>	<u>\$ 23,073,153</u>

15. Internally restricted reserves and contributed surplus:

During the year, the Organization withdrew \$2,981,057 (2021 - \$2,678,770) to fund capital projects. At year end, the Board of Directors made a recommendation to the Advisory Committee to retain \$4,469,739 (2021 - \$2,349,143) as a capital reserve for future planned projects. \$88,542 has also been retained for 2022 remaining capital projects not completed by year end. These reserves comprise the total capital projects reserve of \$4,558,281 below. Additionally, a reserve of \$992,584 (2021 - \$65,050) was approved to be internally restricted for other previous commitments. In 2022, the Post Pandemic Relief Reserve which had been established in 2020 was released and the remaining \$3,131,551 was transferred into the newly established Growth Fund reserve. In 2019, a \$1,000,000 restricted operating reserve was approved. In accordance with Dev Corp 2.0 Agreement, the Organization retained \$4,237,511 of Surplus Free Cash which was transferred to the Growth Fund reserve. The following reserves have been established through the transfer of unrestricted net assets:

	2022	2021
Future debt reduction and re-investment reserves:		
Debt service reserve	\$ 2,238,224	\$ 4,476,363
Capital projects reserve	4,558,281	2,739,972
Growth Fund reserve	8,027,027	-
Post pandemic relief reserve	-	3,131,551
Other commitments	992,584	65,050
	<u>15,816,116</u>	<u>10,412,936</u>
Current period investment reserves (deficit):		
Intercompany reserve and contributed surplus	4,010,457	7,821,113
Restricted operating reserve	1,000,000	1,000,000
Transferred net debt (note 2)	(709,866)	(709,866)
	<u>4,300,591</u>	<u>8,111,247</u>
	<u>\$ 20,116,707</u>	<u>\$ 18,524,183</u>

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

16. Distributions:

- a) The following funds are available for distribution to the Six Nations of the Grand River Economic Development Trust from earnings of the entities in the Organization:

	2022	2021
Six Nations of the Grand River Master Trust	\$ 1,449,821	\$ 1,433,692
Six Nations of the Grand River Development Corporation	2,787,690	366,308
Due to Six Nations of the Grand River Economic Development Trust	\$ 4,237,511	\$ 1,800,000

Throughout the period ended December 31, 2022, the Board of Directors made a recommendation to the Advisory Committee for a distribution totaling \$4,237,511. This represents the available distributions for activities from Six Nations of the Grand River Master Trust Entities and Six Nations of the Grand River Development Corporation to the Six Nations of the Grand River Economic Development Trust for further distribution to the Community.

- b) Amounts available for distribution to the Six Nations of the Grand River Economic Development Trust during the period is determined as follows:

	2022	2021
Excess of revenues over expenses before distributions	\$ 15,772,008	\$ 7,293,302
Less:		
Change in invested in capital assets (note 13)	(39,011)	(344,792)
Change in invested economic interest entities (note 14)	(9,902,962)	(326,825)
Change in future debt reduction and re-investment reserves (note 15)	(5,403,180)	(3,580,437)
Change in intercompany reserve and working capital	3,810,656	(1,241,248)
Due to Six Nations of the Grand River Economic Development Trust	\$ 4,237,511	\$ 1,800,000

17. Commitments:

The Organization is committed to minimum annual lease payments under various operating leases for office equipment, buildings and property. This includes the head lease agreement with SNGR for the lease of various buildings and property as well as the rooftop solar lease for the SN Solar Development LP. The lease payment under operating leases is as follows:

2023	\$ 809,540
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SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

18. Indigenous Services Canada:

The following are the funds received Indigenous Services Canada and the allocation to the Organizations operations:

	2022	2021
Revenues:		
Community Economic Development Program	\$ 761,200	\$ 761,200
Allocation of revenues to operations:		
Tourism	102,000	99,589
Maintenance	260,600	251,605
Administration	260,600	251,606
Revenue generation	138,000	145,671
Chiefswood Museum	–	8,442
Mohawk Chapel	–	4,287
	\$ 761,200	\$ 761,200

Indigenous Services Canada funds utilized by the Organization as follows:

	2022	2021
Tourism:		
Salaries and benefits	\$ 102,000	\$ 99,589
Maintenance:		
Salaries and benefits	260,600	251,605
Administration:		
Salaries and benefits	260,600	251,606
Revenue generation:		
Salaries and benefits	138,000	145,671
Chiefswood Museum:		
Salaries and benefits	–	8,442
Mohawk Chapel:		
Salaries and benefits	–	4,287
	\$ 761,200	\$ 761,200

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

19. Corporate governance expenditures:

Corporate governance expenses of the Board of Directors and Advisory Committee are included in these consolidated financial statements.

Six Nations of the Grand River Economic Development Trust expenses have been paid directly from the Trust property. Information on these expenses can be located in their December 31, 2022 audited financial statements.

December 31, 2022	Board of Directors	Advisory Committee	Total
Honoraria	\$ 32,500	\$ 25,400	\$ 57,900
Professional fee	26,790	—	26,790
Sponsorships Given	8,690	5,000	13,690
Computer software/licenses	6,819	6,819	13,638
Insurance	2,039	2,039	4,078
Meetings	617	392	1,009
Advertising and promotion	365	365	730
Legal fees	63	1,481	1,544
Internal Catering	60	60	120
Promotion	—	1,304	1,304
	\$ 77,943	\$ 42,860	\$ 120,803

December 31, 2021	Board of Directors	Advisory Committee	Total
Honoraria	\$ 20,300	\$ 23,400	\$ 43,700
Legal fees	2,669	2,691	5,360
Computer software/licenses	1,764	1,764	3,528
Professional fees	—	2,000	2,000
Advertising and promotion	1,254	—	1,254
	\$ 25,987	\$ 29,855	\$ 55,842

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

20. Guarantees:

9710612 Canada Limited is the guarantor of the present and future obligation of NR Capital General Partnership, an entity under common control with FWRN LP. The amount of the present obligation of NR Capital General Partnership as at December 31, 2022 is \$691,013,000 (2021 - \$725,554,000). 9710612 Canada Limited's guarantee and exposure to financial risk is limited to the 5000 LP Units invested in FWRN LP, all interest, dividends and distributions received or receivable on the FWRN LP Units.

21. Other assets:

- (a) On March 4, 2020, 11937855 Canada Limited entered into share purchase agreement with 3DATX Corporation. As a result of the agreement, the Organization was provided with 370,370 1-year stock warrants. During 2021, the option was exercised and 370,370 shares of 3DATX common stock along with an additional 123,333 warrants were purchased. During the year, the additional warrants were exercised resulting in the Corporation acquiring an additional 123,333 common shares.
- (b) On October 21, 2020, 12419700 Canada Limited entered into an agreement with Thrive whereby the Organization received 876,678 detached stock warrants upon lending \$1,000,000 to Thrive (note 4(b)). The stock warrants were received by 12419700 Canada Limited on October 26, 2020 and can be exercised immediately and up to October 21, 2024 at 12419700 Canada Limited's discretion. The stock warrants are settled in cash at \$0.2852 per stock warrant. As at December 31, 2022, the fair value of the stock warrants are \$nil (2021 - \$nil). The Organization exercised its ability to advance additional funds in the amount of \$500,000 to Thrive. Upon funding the additional amount, the Organization received an additional 937,500 detached warrants, for which the exercise price is equal to 80% of the fair market value of TerraFarma common shares exercisable at any time prior to March 31, 2025 or a Change of Control. No stock warrants have been exercised at December 31, 2022.

22. Financial instruments:

- (a) 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. There has been no change to credit risk from 2021.

- (b) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Further details about long-term debt are included in note 9.

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

22. Financial instruments (continued):

(c) 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 liquidity risk from 2021.

23. COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. The Organization accessed an amount of \$872,597 (2021 - \$1,379,659) through the Canadian Emergency Wage Subsidy which is recorded in nations enterprises revenue.