

Consolidated Financial Statements of

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

And Independent Auditor's Report thereon

Year ended December 31, 2023



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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, 2023
- 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, 2023, 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.



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.



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 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

May 4, 2024

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Consolidated Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,019,969	\$ 8,475,022
Restricted cash (note 3)	25,570,143	16,753,053
Distribution receivable	1,207,214	331,640
Accounts receivable	1,634,641	470,729
Inventories	114,425	131,791
Prepaid expenses	106,061	87,658
Other assets (note 21)	—	—
	<u>32,652,453</u>	<u>26,249,893</u>
Long-term receivables (note 4)	877,558	1,297,647
Investments in economic interest projects (note 5)	68,225,066	63,579,831
Capital assets (note 7)	11,835,741	12,196,136
	<u>\$ 113,590,818</u>	<u>\$103,323,507</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	\$ 2,250,483	\$ 2,672,150
Due to related parties (note 11)	250,000	254,826
Deferred revenue	25,358	266,345
Distributions to Six Nations of the Grand River Economic Development Trust (note 16)	2,009,985	4,237,511
Current portion of long-term debt (note 9)	2,201,311	2,197,456
	<u>6,737,137</u>	<u>9,628,288</u>
Deferred capital contributions (note 10)	845,608	754,709
Long-term debt (note 9)	30,999,451	28,498,900
Net assets:		
Share capital (note 12)	1	1
Invested in capital assets (note 13)	10,920,051	11,348,787
Invested in economic interest entities (note 14)	35,094,386	32,976,115
Internally restricted reserves and contributed surplus (note 15)	28,994,184	20,116,707
Unrestricted	—	—
	<u>75,008,622</u>	<u>64,441,610</u>
Commitments (note 17)		
	<u>\$ 113,590,818</u>	<u>\$103,323,507</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, 2023, with comparative information 2022

	2023	2022
Revenues:		
Nations enterprises	\$ 28,626,724	\$ 22,059,119
Economic interests (note 5)	9,982,078	18,484,879
Master trust income	1,526,030	1,480,794
Amortization of deferred capital contributions	109,101	127,522
	<u>40,243,933</u>	<u>42,152,314</u>
Expenses:		
General, operating and administrative expenses	22,573,533	16,469,096
Salaries and benefits	6,489,638	6,094,804
Utilities	407,461	372,310
Gaming license and sponsors	426,430	266,200
Six Nations of the Grand River Elected Council - rent	701,887	702,287
Six Nations of the Grand River Elected Council - Bingo hall debt charges	555,363	555,363
Interest	1,031,620	1,130,949
Amortization of capital assets	1,544,400	1,527,541
Other	171,610	158,178
	<u>33,901,942</u>	<u>27,276,728</u>
Equity income in joint ventures (note 5)	235,006	896,422
Excess of revenues over expenses before distribution	6,576,997	15,772,008
Distribution to Six Nations of the Grand River Economic Development Trust (note 16)	2,009,985	4,237,511
Excess of revenues over expenses	<u>\$ 4,567,012</u>	<u>\$ 11,534,497</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, 2023, with comparative information for 2022

December 31, 2023	Invested in capital assets	Unrestricted	Invested in economic interest entities	Internally restricted reserves (note 15)	Share capital	Total
Balance, beginning of year	\$ 11,348,787	\$ –	\$ 32,976,115	\$ 20,116,707	\$ 1	\$ 64,441,610
Excess of revenues over expenses	(1,435,299)	5,767,305	235,006	–	–	4,567,012
Contributed surplus	–	–	–	6,000,000	–	6,000,000
Transfers	1,006,563	(5,767,305)	1,883,265	2,877,477	–	–
Balance, end of year	\$ 10,920,051	\$ –	\$ 35,094,386	\$ 28,994,184	\$ 1	\$ 75,008,622

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

See accompanying notes to consolidated financial statements

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Consolidated Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 4,567,012	\$ 11,534,497
Items not involving cash:		
Amortization of capital assets	1,544,400	1,527,541
Amortization of deferred capital contributions	(109,101)	(127,522)
Net income on equity investments	(235,006)	(896,422)
Changes in non-cash operating working capital:		
Accounts receivable	(1,163,912)	(56,073)
Distribution receivable	(1,207,214)	(331,640)
Due to related parties	-	(145)
Prepaid expenses	(18,403)	7,181
Inventories	17,366	(24,997)
Due to related parties	(4,826)	-
Accounts payable and accrued liabilities	(421,667)	3,982
Deferred revenue	(240,987)	200,228
	<u>2,727,662</u>	<u>11,836,630</u>
Financing:		
Payment of long-term debt	(2,121,147)	(11,093,844)
Proceeds of long-term debt	4,625,553	92,640
Proceeds from capital contribution	6,000,000	-
Additions to deferred capital contributions	200,000	25,000
	<u>8,704,406</u>	<u>(10,976,204)</u>
Investing:		
Purchase of capital assets	(1,184,005)	(1,541,329)
Dividends received	331,640	301,910
Investment in economic interest projects	(4,410,229)	(295,037)
Due to Six Nations of the Grand River		
Economic Development Trust	(2,227,526)	2,437,511
Long-term receivable	420,089	1,727,031
	<u>(7,070,031)</u>	<u>2,630,086</u>
Increase in cash	4,362,037	3,490,512
Cash, cash equivalents and restricted cash, beginning of year	25,228,075	21,737,563
Cash, cash equivalents and restricted cash, end of year	<u>\$ 29,590,112</u>	<u>\$ 25,228,075</u>

See accompanying notes to consolidated financial statements.

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2023

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. In March 2023, the Organization amalgamated its governance model to be governed by a single Board of Directors. The Board of Directors also serves as the Board of Trustees for the Six Nations of the Grand River Economic Development Trust (the “EDT”).

In March 2023, the EDT, Six Nations of the Grand River Elected Council (the “SNGR”), and the Organization entered into a 15-year Funding Agreement. In addition, SNGR and the Organization executed a new 15-year Management Agreement. 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, 2023

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
14950844 Canada Limited – West Street
15338085 Canada Limited – Oneida Energy SLA
14069358 Canada limited – Nanticoke H2
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, 2023

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, 2023

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, 2023

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, 2023

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)
	\$ (709,866)

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

In 2023, Six Nations Tourism, Chiefswood Museum, Mohawk Chapel, Martin Property Line, Oneida Business Park (undeveloped lands) and other properties were divested to SNGR.

3. Restricted cash:

Included in restricted cash are amounts of \$18,242,134 (2022 - \$1,116,076) that form part of the operating reserve. The remaining restricted cash of \$7,328,009 (2022 - \$15,636,977) is internally restricted for future projects of the Organization.

4. Long-term receivables:

	2023	2022
Adidas	\$ 193,500	\$ 199,492
A6N equipment lease	684,058	875,206
Oneida Energy Storage LP	-	222,949
Balance, end of period	\$ 877,558	\$ 1,297,647

(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. As at May 4, 2024, the parties are in the process of finalizing the related legal documentation to effect the conversion.

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

4. Long-term receivables (continued):

(b) In 2021, the Organization purchased equipment and entered into an agreement to lease the equipment to Six Nations Aecon GP (previously Six Nations Aecon Joint Venture) for monthly payments of \$68,000 the first 6 months and \$13,000 thereafter. The lease term is from December 1, 2021 and expires on March 31, 2028.

5. Investments in economic interest projects:

	2023	2022
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	2,447,002
Oneida Storage LP – 10.3% limited partner	4,512,684	–
Oneida Energy LP – 50% limited partner	–	102,455
SNGR QM LP – 51% limited partner	1	1
Six Nations Aecon GP – 51% general partner	1,890,554	–
	<u>66,396,522</u>	<u>60,095,739</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
	<u>1,828,544</u>	<u>3,484,092</u>
	<u>\$ 68,225,066</u>	<u>\$ 63,579,831</u>

During 2023, Oneida Energy Storage LP transferred all of its assets to Oneida Storage LP in exchange for Special Units. Oneida Energy Storage LP was later dissolved and the Special Units were distributed to the limited partners of Oneida Energy Storage LP.

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

5. Investments in economic interest projects (continued):

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

	2023	2022
BGI Joint Venture		
Revenues	\$ 16,951	\$ 24,363
Expenses	(11,151)	(12,121)
	5,800	12,242
OBP Joint Venture		
Revenues	272,790	332,875
Expenses	(108,181)	(100,711)
	164,609	232,164
Six Nations Aecon Joint Venture		
Revenues	3,380,148	11,519,592
Expenses	(3,145,142)	(10,623,170)
	\$ 235,006	896,422

On March 30, 2023, the Company's investment in the Six Nations Aecon Joint Venture was converted to a general partnership (A6N General Partnership). Consequently, the accounting for the investment was revised from the equity method of accounting to the cost method. During the three months ending March 31, 2023 the Company recognized \$235,007 as its equity share of earnings which was added to the carrying value resulting in a cost basis of \$1,890,554.

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:

	2023	2022
Distributions received from investments carried at cost	\$ 9,982,078	\$ 18,484,879
Equity pick up of joint ventures accounted for using the equity method	235,006	896,422
	\$ 10,217,084	\$ 19,381,301

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

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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 2023	Net book value 2022
Equipment and vehicles	\$ 1,214,491	\$ 762,883	\$ 451,608	\$ 591,278
Furniture and fixtures	248,780	211,154	37,626	50,943
Computer software and equipment	608,799	581,772	27,027	93,685
Leasehold improvements	10,841,579	4,019,098	6,822,481	6,684,377
Buildings	5,577,075	1,080,076	4,496,999	4,775,853
	<u>\$ 18,490,724</u>	<u>\$ 6,654,983</u>	<u>\$ 11,835,741</u>	<u>\$ 12,196,136</u>

8. Accounts payable and accrued liabilities:

There are no government remittances payable included in accounts payable and accrued liabilities \$nil (2022 - \$nil), for payroll deductions.

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

9. Long-term debt:

	2023	2022
Loan agreement with Northland Power Canada Finance LP with no payments required until September 30, 2025, repayable in full on September 30, 2039, bearing annual interest of 5.25% for the first five years, thereafter the interest rate increases annually by 1% until a maximum rate of 8.25%.	\$ 4,625,553	\$ –
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.	200,763	282,510
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%.	27,668	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.	21,240	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%.	21,174	27,464
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.	2,710,000	2,970,000
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.	19,434,031	20,790,145
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%	6,160,333	6,561,061
	<u>33,200,762</u>	<u>30,696,356</u>
Less amounts due within one year	(2,201,311)	(2,197,456)
	<u>\$ 30,999,451</u>	<u>\$ 28,498,900</u>

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

2024	\$ 2,201,311
2025	2,555,631
2026	4,971,937
2027	2,775,682
2028 and thereafter	20,696,201
	<u>\$ 33,200,762</u>

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

10. Deferred capital contributions:

	2023	2022
Balance, beginning of year	\$ 754,709	\$ 857,231
Current year additions	200,000	25,000
Amortization of deferred capital contributions	(109,101)	(127,522)
Balance, end of year	\$ 845,608	\$ 754,709

11. Due to related parties:

The Organization owes a net amount of \$250,000 (2022 - \$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 \$nil (2022 - \$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:

	2023	2022
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:

	2023	2022
Capital assets	\$ 11,835,741	\$ 12,196,136
Less deferred capital contributions	(845,608)	(754,709)
Less debt acquired to purchase capital assets	(70,082)	(92,640)
	\$ 10,920,051	\$ 11,348,787

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

14. Invested in economic interest projects:

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

	2023	2022
Investment in economic interest projects	\$ 68,225,066	\$ 63,579,831
Less debt	(33,130,680)	(30,603,716)
	<u>\$ 35,094,386</u>	<u>\$ 32,976,115</u>

15. Internally restricted reserves and contributed surplus:

At year end, the Board of Directors approved to retain \$4,020,237 (2022 - \$4,469,739) as a capital reserve for future planned projects. \$85,000 has also been retained for 2023 remaining capital projects not completed by year end. These reserves comprise the total capital projects reserve of \$4,105,237 below. Additionally, a reserve of \$475,000 (2022 - \$992,584) was approved to be internally restricted for other previous commitments. In 2019, a \$1,000,000 restricted operating reserve was approved. In 2023, as part of SNGR's Settlement and Release Agreement with Hydro One Networks Inc. the Organization received \$6,000,000 which was transferred into the Growth Fund Reserve. In accordance with the terms of the Funding Agreement between EDT, SNGR and the Organization, the Organization retained \$2,009,985 (2022- \$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:

	2023	2022
Future debt reduction and re-investment reserves:		
Debt service reserve	\$ 2,242,080	\$ 2,238,224
Capital projects reserve	4,105,237	4,558,281
Growth Fund reserve	16,037,012	8,027,027
Other commitments	475,000	992,584
	<u>22,859,329</u>	<u>15,816,116</u>
Current period investment reserves (deficit):		
Intercompany reserve and contributed surplus	5,844,721	4,010,457
Restricted operating reserve	1,000,000	1,000,000
Transferred net debt (note 2)	(709,866)	(709,866)
	<u>6,134,855</u>	<u>4,300,591</u>
	<u>\$ 28,994,184</u>	<u>\$ 20,116,707</u>

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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:

	2023	2022
Six Nations of the Grand River Master Trust	\$ 1,483,823	\$ 1,449,821
Six Nations of the Grand River Development Corporation	526,162	2,787,690
Due to Six Nations of the Grand River Economic Development Trust	\$ 2,009,985	\$ 4,237,511

Throughout the period ending December 31, 2023, and in accordance with the terms of the Funding Agreement between EDT, SNGR and the Organization, the Board of Directors approved a distribution totaling \$2,009,985 (2022 -\$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 or to SNGR in accordance with the terms of the Funding Agreement.

Distribution to Six Nations of the Grand River Economic Development Trust payable as follow:

	2023	2022
Balance, beginning of year	\$ 1,607,988	\$ 3,390,009
Current year additions	401,997	847,502
Balance, end of year	\$ 2,009,985	\$ 4,237,511

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

	2023	2022
Excess of revenues over expenses before distributions	\$ 6,576,997	\$ 15,772,008
Less:		
Change in invested in capital assets (note 13)	-	(39,011)
Change in invested economic interest entities (note 14)	(2,118,271)	(9,902,962)
Change in intercompany reserve and contributed surplus (note 15)	(1,834,264)	-
Change in future debt reduction and re-investment reserves (note 15)	(7,043,213)	(5,403,180)
Add:		
Change in capital contribution	6,000,000	-
Change in invested in capital assets	428,736	-
Change in intercompany reserve and contributed surplus	-	3,810,656
Due to Six Nations of the Grand River Economic Development Trust	\$ 2,009,985	\$ 4,237,511

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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:

2024	\$ 785,000
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18. Indigenous Services Canada:

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

	2023	2022
Revenues:		
Community Economic Development Program	\$ 190,300	\$ 761,200
Allocation of revenues to operations:		
Tourism	25,500	102,000
Maintenance	65,150	260,600
Administration	65,150	260,600
Revenue generation	34,500	138,000
	\$ 190,300	\$ 761,200

Indigenous Services Canada funds utilized by the Organization as follows:

	2023	2022
Tourism:		
Salaries and benefits	\$ 25,500	\$ 102,000
Maintenance:		
Salaries and benefits	65,150	260,600
Administration:		
Salaries and benefits	65,150	260,600
Revenue generation:		
Salaries and benefits	34,500	138,000
	\$ 190,300	\$ 761,200

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

19. Corporate governance expenditures:

Corporate governance expenses of the Board of Directors and Advisory Committee are included in these consolidated financial statements. The Advisory Committee was disbanded on March 31, 2023, as a result of the governance model change. Accordingly, its expense are for the three month period.

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, 2023 audited financial statements.

December 31, 2023	Board of Directors	Advisory Committee	Total
Honoraria	\$ 62,525	\$ 4,500	\$ 67,025
Professional fee	27,021	–	27,021
Conferences	16,762	–	16,762
Computer software/licenses	9,711	6,189	15,900
Insurance	8,658	1,457	10,115
Meetings	2,180	–	2,180
Advertising and promotion	203	–	203
Other	7,958	–	7,958
	\$ 135,018	\$ 12,146	\$ 147,164

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

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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, 2023 is \$650,380,000 (2022 - \$691,013,000). 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 2022, 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, 2023, the fair value of the stock warrants are \$nil (2022 - \$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, 2023.

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 is an increase in credit risk from 2022.

- (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, 2023

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 is a decrease in liquidity risk from 2022.