

Consolidated Financial Statements of

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

And Independent Auditor's Report thereon

Year ended December 31, 2024



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

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, 2024
- 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, 2024, 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.



- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.



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- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a single, long, horizontal, slightly wavy line.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

April 22, 2025

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Consolidated Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,918,362	\$ 2,009,985
Restricted cash (note 3)	25,834,169	27,580,127
Distribution receivable	1,288,265	1,207,214
Accounts receivable	1,229,183	1,634,641
Inventories	281,372	114,425
Prepaid expenses	71,042	106,061
Current portion on long-term receivable (note 4)	10,026,042	—
Other assets (note 21)	—	—
	<u>41,648,435</u>	<u>32,652,453</u>
Long-term receivables (note 4)	874,504	877,558
Investments in economic interest projects (note 5)	68,361,246	68,225,066
Capital assets (note 7)	11,070,820	11,835,741
	<u>\$ 121,955,005</u>	<u>\$ 113,590,818</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 8)	\$ 2,660,533	\$ 2,250,483
Due to related parties (note 11)	—	250,000
Deferred revenue	490,908	25,358
Distributions to Six Nations of the Grand River Economic Development Trust (note 16)	2,918,362	2,009,985
Current portion of long-term debt (note 9)	<u>2,261,454</u>	<u>2,201,311</u>
	8,331,257	6,737,137
Deferred capital contributions (note 10)	771,960	845,608
Long-term debt (note 9)	29,187,052	30,999,451
Net assets:		
Share capital (note 12)	1	1
Invested in capital assets (note 13)	10,252,881	10,920,051
Invested in economic interest entities (note 14)	36,958,719	35,094,386
Internally restricted reserves (note 15)	25,834,169	27,580,127
Unrestricted contributed surplus	268,966	1,414,057
Capital held for long term investments (note 4)	<u>10,350,000</u>	<u>—</u>
	83,664,736	75,008,622
Commitments (note 17)		
	<u>\$ 121,955,005</u>	<u>\$ 113,590,818</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, 2024, with comparative information 2023

	2024	2023
Revenues:		
Nations enterprises	\$ 29,324,753	\$ 27,806,585
Economic interests (note 5)	14,417,396	9,982,078
Master trust income	1,423,963	1,462,748
Interest Income	1,683,317	883,421
Amortization of deferred capital contributions	73,648	109,101
	46,923,077	40,243,933
Expenses:		
General, operating and administrative expenses	23,940,330	22,573,533
Salaries and benefits	6,638,544	6,489,638
Utilities	446,351	407,461
Gaming license and sponsors	310,000	426,430
Six Nations of the Grand River Elected Council - rent	700,000	701,887
Six Nations of the Grand River Elected Council - Bingo hall debt charges	555,363	555,363
Interest	1,070,612	1,031,620
Amortization of capital assets	1,547,622	1,544,400
Other	139,779	171,610
	35,348,601	33,901,942
Equity income in joint ventures (note 5)	—	235,006
Excess of revenues over expenses before distribution	11,574,476	6,576,997
Distribution to Six Nations of the Grand River Economic Development Trust (note 16)	2,918,362	2,009,985
Excess of revenues over expenses	\$ 8,656,114	\$ 4,567,012

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, 2024, with comparative information for 2023

December 31, 2024	Share capital	Invested in capital assets	Invested in economic interest entities	Internally restricted reserves (note 15)	Unrestricted contributed surplus	Capital held for long-term investments	Total
Balance, beginning of year	\$ 1	\$ 10,920,051	\$ 35,094,386	\$ 27,580,127	\$ 1,414,057	\$ –	\$ 75,008,622
Excess of revenues over expenses	–	(1,473,974)	–	–	10,130,088	–	8,656,114
Contributed surplus	–	–	–	–	–	–	–
Transfers	–	806,804	1,864,333	(1,745,958)	(11,275,179)	10,350,000	–
Balance, end of year	\$ 1	\$ 10,252,881	\$ 36,958,719	\$ 25,834,169	\$ 268,966	\$ 10,350,000	\$ 83,664,736
December 31, 2023	Share capital	Invested in capital assets	Invested in economic interest entities	Internally restricted reserves (note 15)	Unrestricted contributed surplus	Capital held for long-term investments	Total
Balance, beginning of year	\$ 1	\$ 11,348,787	\$ 32,976,115	\$ 20,116,707	\$ –	\$ –	\$ 64,441,610
Excess of revenues over expenses	–	(1,435,299)	235,006	–	5,767,305	–	4,567,012
Contributed surplus	–	–	–	6,000,000	–	–	6,000,000
Transfers	–	1,006,563	1,883,265	1,463,420	(4,353,248)	–	–
Balance, end of year	\$ 1	\$ 10,920,051	\$ 35,094,386	\$ 27,580,127	\$ 1,414,057	\$ –	\$ 75,008,622

See accompanying notes to consolidated financial statements

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Consolidated Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 8,656,114	\$ 4,567,012
Items not involving cash:		
Amortization of capital assets	1,547,622	1,544,400
Amortization of deferred capital contributions	(73,648)	(109,101)
Net income on equity investments	—	(235,006)
Changes in non-cash operating working capital:		
Accounts receivable	405,458	(1,163,912)
Distribution receivable	(1,288,265)	(1,207,214)
Prepaid expenses	35,019	(18,403)
Inventories	(166,947)	17,366
Due to related parties	(250,000)	(4,826)
Accounts payable and accrued liabilities	410,050	(421,667)
Deferred revenue	465,550	(240,987)
	9,740,953	2,727,662
Financing:		
Payment of long-term debt	(2,201,472)	(2,121,147)
Proceeds of long-term debt	449,216	4,625,553
Proceeds from capital contribution	—	6,000,000
Additions to deferred capital contributions	—	200,000
	(1,752,256)	8,704,406
Investing:		
Purchase of capital assets	(782,701)	(1,184,005)
Dividends received	1,207,214	331,640
Investment in economic interest projects	(136,180)	(4,410,229)
Due to Six Nations of the Grand River		
Economic Development Trust	908,377	(2,227,526)
Long-term receivable	(10,022,988)	420,089
	(8,826,278)	(7,070,031)
Increase (decrease) in cash	(837,581)	4,362,037
Cash, cash equivalents and restricted cash, beginning of year	29,590,112	25,228,075
Cash, cash equivalents and restricted cash, end of year	\$ 28,752,531	\$ 29,590,112

See accompanying notes to consolidated financial statements.

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2024

Six Nations of the Grand River Development Corporation (the "Organization") manages the economic interests of the Organization including partnerships with third parties. It also operates Nation Enterprises, such as the Six Nations Bingo Hall, Gathering Place by the Grand, Chiefswood Park 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 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.

Since March 2023, the amounts distributed are as follows:

	2024	2023	Cumulative from March 2023
SNGRDC	\$ 2,918,362	\$ 2,009,985	\$ 4,928,347
SNGR	2,334,690	1,607,988	3,942,678
EDT	583,672	401,996	985,668
	\$ 5,836,724	\$ 4,019,969	\$ 9,856,693

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, 2024

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 – Oneida Energy Service Level Agreement
14950844 Canada Limited – West Street Demolition
15338085 Canada Limited – Elora Battery Energy Storage
14069358 Canada Limited – Nanticoke H2
15801397 Canada Limited – Hagersville Battery Energy Storage
16119867 Canada Limited – Hedley Battery Energy Storage
16592228 Canada Limited – Oxford Battery Energy Storage
Six Nations Solar Development LP
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

Effective June 12, 2024, SNGR Wind Project 1 Trust, SNGR Community Benefits Trust, SNGR Solar Project 1 Trust and Six Nations Solar Developments LP have wound up its operations into Six Nations of the Grand River Master Trust. The financial statement reflects all relevant information up to the aforementioned wind-up date.

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(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

(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.

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(d) Inventories:

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

(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, 2024

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, 2024

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

Effective May 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 included 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 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)
	<u>\$ (709,866)</u>

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 guaranteed investment certificates of \$11,913,357 (2023 - \$18,242,134) that form part of the operating reserve. The guaranteed investment certificates have maturity dates throughout 2025, bearing interest at an annual average rate of 4.61% (2023 - 5.43%) amounting to \$223,148 (2023 - \$238,019). The remaining restricted cash of \$13,920,812 (2023 - \$7,328,009) is internally restricted for future projects of the Organization.

4. Long-term receivables:

	2024	2023
Adidas	\$ —	\$ 193,500
A6N equipment lease	515,987	684,058
Nanashake	358,517	—
Lynx Equity	10,026,042	—
	<u>10,900,546</u>	<u>877,558</u>
Less amounts due within one year	10,026,042	—
Balance, end of year	<u>\$ 874,504</u>	<u>\$ 877,558</u>

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

4. Long-term receivables (continued):

- (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 provided Brant County with a notice to convert the loan into equity which was finalized in October 2024
- (b) In 2021, the Organization purchased equipment and entered into an agreement to lease the equipment to Six Nations Aecon General Partnership (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.
- (c) On August 7, 2024, the Organization entered into a \$350,000 convertible promissory note agreement with Nanashakes Inc. ("Nanashake"). Nanashake is a private company in the business of developing delicious and healthy ice cream alternatives that are naturally sweetened. Interest on the promissory note accrues at a rate of 7% per annum, compounding annually. The promissory note matures on August 7, 2027 unless the Organization at its sole discretion elects to extend the maturity for one or more 12-month periods. The loan plus accrued interest can be converted into Preferred Shares by the Organization prior to its maturity in the event of a Qualified Equity Financing by Nanashake based upon a prescribed formula in the promissory note agreement or at the maturity date.
- (d) On November 22, 2024, the Organization and Lynx Equity Limited ("Lynx") entered into a \$10,000,000 Term Loan Agreement. Lynx is a private equity firm that specializes in buying small to medium sized businesses from owners looking to retire. Interest on the term loan is payable monthly at a rate of 10% per annum. In 2024, the Organization recognized \$109,375 of interest related to this loan of which \$26,042 was accrued at year-end and is included in accounts receivable. The loan matures 12 months from the date of the advance, November 22, 2025 unless the Organization at its sole discretion elects to extend the maturity date for an additional 12 months by giving 30 days notice prior to the Maturity Date.

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

5. Investments in economic interest projects:

	2024	2023
The following investments are carried at cost:		
Grand Renewable Wind – 10% limited partner	\$ 6,799,000	\$ 6,799,000
Grand Renewable Solar – 10% limited partner	2,874,160	2,874,160
Gunn's Hill – 10% limited partner	1,835,625	1,835,625
Nanticoke Solar – 15% limited partner	3,832,223	3,832,223
FWRN – 50% limited partner	30,262,273	30,262,273
Niagara Reinforcement Line – 25% limited partner	11,943,000	11,943,000
3DATX Corporation – 6.94% partner	2,447,002	2,447,002
Oneida Storage – 10.3% limited partner	4,705,314	4,512,684
SNGR QM – 51% limited partner	1	1
Six Nations Aecon GP – 51% general partner	1,640,554	1,890,554
Adidas Solar (note 4)	193,500	–
Hagersville Battery Storage	50	–
	66,532,702	66,396,522
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
	1,828,544	1,828,544
	\$ 68,361,246	\$ 68,225,066

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

5. Investments in economic interest projects (continued):

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.

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

	2024	2023
BGI Joint Venture		
Revenues	\$ 1,211	\$ 16,951
Expenses	(12)	(11,151)
	1,199	5,800
OBP Joint Venture		
Revenues	104,958	272,790
Expenses	(36,263)	(108,181)
	68,695	164,609
Six Nations Aecon Joint Venture		
Revenues	—	3,380,148
Expenses	—	(3,145,142)
	\$ —	235,006

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.

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:

	2024	2023
Distributions received from investments carried at cost	\$ 14,417,396	\$ 9,982,078
Equity pick up of joint ventures accounted for using the equity method	—	235,006
	\$ 14,417,396	\$ 10,217,084

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, 2024

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.

Effective June 12, 2024, SNGR Wind Project 1 Trust, SNGR Community Benefits Trust, SNGR Solar Project 1 Trust and Six Nations Solar Developments LP have wound up its operations into Six Nations of the Grand River Master Trust. The financial statement reflects all relevant information up to the aforementioned wind-up date. As of June 12, 2024, the company has no ongoing obligations or assets

7. Capital assets:

	Cost	Accumulated amortization	Net book value 2024	Net book value 2023
Equipment and vehicles	\$ 1,507,594	\$ 938,557	\$ 569,037	\$ 451,608
Furniture and fixtures	333,040	228,470	104,570	37,626
Computer software and equipment	656,278	612,272	44,006	27,027
Leasehold improvements	11,199,438	5,064,377	6,135,061	6,822,481
Buildings	5,577,075	1,358,929	4,218,146	4,496,999
	\$ 19,273,425	\$ 8,202,605	\$ 11,070,820	\$ 11,835,741

8. Accounts payable and accrued liabilities:

There are no government remittances payable included in accounts payable and accrued liabilities \$nil (2023 - \$nil), for payroll deductions.

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

9. Long-term debt:

	2024	2023
Loan agreement with Northland Power Canada Finance LP 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%.	\$ 5,074,769	\$ 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.	116,548	200,763
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%.	16,283	27,668
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.	15,084	21,240
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%.	14,612	21,174
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.	2,450,000	2,710,000
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.	18,024,212	19,434,031
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%.	5,736,998	6,160,333
	31,448,506	33,200,762
Less amounts due within one year	(2,261,454)	(2,201,311)
	\$ 29,187,052	\$ 30,999,451

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

2025	\$ 2,261,454
2026	4,475,845
2027	2,794,243
2028	2,831,416
2029 and thereafter	19,085,548
1	\$ 31,448,506

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

10. Deferred capital contributions:

	2024	2023
Balance, beginning of year	\$ 845,608	\$ 754,709
Current year additions	–	200,000
Amortization of deferred capital contributions	(73,648)	(109,101)
Balance, end of year	\$ 771,960	\$ 845,608

11. Due to related parties:

In 2023, the Organization owed a net amount of \$250,000 to Aecon Construction Group Inc. a related company of the Six Nations Aecon Joint Venture. In 2024, this amount was settled as Aecon reduced the net investment by \$250,000 to offset the receivable balance from the Organization.

12. Share capital:

	2024	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:

	2024	2023
Capital assets	\$ 11,070,820	\$ 11,835,741
Less deferred capital contributions	(771,960)	(845,608)
Less debt acquired to purchase capital assets	(45,979)	(70,082)
	\$ 10,252,881	\$ 10,920,051

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

14. Invested in economic interest projects:

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

	2024	2023
Investment in economic interest projects	\$ 68,361,246	\$ 68,225,066
Less debt	(31,402,527)	(33,130,680)
	<u>\$ 36,958,719</u>	<u>\$ 35,094,386</u>

15. Internally restricted reserves:

The Organization utilizes internally restricted reserves to manage its capital to ensure that funds are available for the repayment of its debt obligations, funding of capital projects and strategic investment portfolio.

	2024	2023
Future debt reduction and re-investment reserves:		
Growth fund reserve	\$ 14,605,373	\$ 16,037,011
Debt service reserve	3,070,316	3,084,999
Restricted operating reserve	1,000,000	1,000,000
Restricted working capital reserve	7,158,480	6,983,117
Other commitments	—	475,000
	<u>\$ 25,834,169</u>	<u>\$ 27,580,127</u>

The debt service reserve represents the principal and interest required to service debt in the next twelve months and amounts that are contractually required to be included in a reserve for debt repayment.

The Growth Fund is utilized by the Organization for its strategic investments. The Growth Fund's inflows represent the Organization's allocation of the surplus free cash (distributions received) generated and certain revenues designated for investment purposes. The following is a continuity of the annual fund balance:

	2024	2023
Balance, beginning of year	\$ 16,037,011	\$ 8,027,026
Annual Distribution (Surplus Free Cash)	2,918,362	2,009,985
Hagersville Battery Energy Storage Development Fee	6,000,000	—
Hydro One Networks Inc Settlement and Release	—	6,000,000
Lynx Equity Loan (Note 4)	(10,000,000)	—
Nanashake Convertible Debenture (Note 4)	(350,000)	—
Balance, end of year	<u>\$ 14,605,373</u>	<u>\$ 16,037,011</u>

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

15. Internally restricted reserves (continued):

In accordance with the terms of the Funding Agreement between EDT, SNGR and the Organization, the Organization retained \$2,918,362 (2023 - \$2,009,985) of Surplus Free Cash.

In 2024, the Organization received a \$6,000,000 development fee from Boralex Inc. related to the Hagerville Battery Energy Storage Project. In 2023, as part of SNGR's Settlement and Release Agreement with Hydro One Networks Inc. the Organization received \$6,000,000. Both of these were designated for re-investment and transferred into the Growth Fund Reserve.

In 2019, a \$1,000,000 operating reserve was approved by the Board of Directors to ensure sufficient liquidity. In prior years a reserve of \$475,000 was approved for other previous commitments.

From its Annual Distribution the Organization has approved a 2025 Capital Expenditure plan of \$1,375,943 (2024 - \$1,230,890), of which \$1,045,000 (2024 - \$1,145,890) relates to new capital projects and \$330,943 (2024 - \$85,000) relates to capital projects from prior years.

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:

	2024	2023
Six Nations of the Grand River Master Trust	\$ 1,346,922	\$ 1,483,823
Six Nations of the Grand River Development Corporation	1,571,440	526,162
Due to Six Nations of the Grand River Economic Development Trust	\$ 2,918,362	\$ 2,009,985

Throughout the period ending December 31, 2024, and in accordance with the terms of the Funding Agreement between EDT, SNGR and the Organization, the Board of Directors approved a distribution totaling \$2,918,362 (2023 - \$2,009,985). 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.

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

16. Distributions (continued):

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

	2024	2023
Balance, beginning of year	\$ 2,009,985	\$ 1,607,988
Current year additions	908,377	401,997
Balance, end of year	\$ 2,918,362	\$ 2,009,985

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

	2024	2023
Excess of revenues over expenses before distributions	\$ 11,574,476	\$ 6,576,997
Less:		
Change in invested economic interest entities (note 14)	(1,864,333)	(2,118,271)
Change in restricted working capital (note 15)	(175,363)	(1,834,264)
Change in unrestricted	(9,204,909)	(1,414,057)
Change in future debt reduction and re-investment reserves (note 15)	–	(5,629,156)
Add:		
Change in future debt reduction and re-investment reserves (note 15)	1,921,321	–
Change in capital contribution (note 15)	–	6,000,000
Change in invested in capital assets (note 13)	667,170	428,736
Due to Six Nations of the Grand River Economic Development Trust	\$ 2,918,362	\$ 2,009,985

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:

2025	\$ 1,162,803
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SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

18. Indigenous Services Canada:

Effective March 2023 with the new management agreement, the Organization no longer receives funding from Indigenous Services Canada. The following were the funds received and the allocation to the operations.

	2024	2023
Revenues:		
Community Economic Development Program	\$ —	\$ 190,300
Allocation of revenues to operations:		
Tourism	—	25,500
Maintenance	—	65,150
Administration	—	65,150
Revenue generation	—	34,500
	\$ —	\$ 190,300

Indigenous Services Canada funds utilized by the Organization as follows:

	2024	2023
Tourism:		
Salaries and benefits	\$ —	\$ 25,500
Maintenance:		
Salaries and benefits	—	65,150
Administration:		
Salaries and benefits	—	65,150
Revenue generation:		
Salaries and benefits	—	34,500
	\$ —	\$ 190,300

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

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, 2024 audited financial statements.

December 31, 2024	Board of Directors	Advisory Committee	Total
Honoraria	\$ 206,212	\$ —	\$ 206,212
Professional fee	5,000	—	5,000
Conferences	—	—	—
Computer software/licenses	19,760	—	19,760
Insurance	3,601	—	3,601
Meetings	1,216	—	1,216
Advertising and promotion	289	—	289
Other	4,500	—	4,500
	\$ 240,578	\$ —	\$ 240,578

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

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

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, 2024 is \$608,904,000 (2023 - \$650,380,000). 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:

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.

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 2023.

(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.

(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 2023.

23. Comparative information:

Certain comparative information has been reclassified to conform with current year presentation.