

**The Six Nations of the
Grand River Community
Development Trust
Financial Statements
For the year ended December 31, 2005**

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Auditors' Report

**To the Trustees of
The Six Nations of the Grand River Community Development Trust**

We have audited the statement of financial position of The Six Nations of the Grand River Community Development Trust as at December 31, 2005 and the statements of operations and change in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Board of Trustees. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Brantford, Ontario
March 29, 2006

**The Six Nations of the Grand River
Community Development Trust
Statement of Financial Position**

As at December 31 2005 2004

	Operating Fund	Endowment Fund	Investment Fund	Total	Total
Current assets					
Cash (Note 1)	-	-	\$ 33,945	\$ 33,945	\$ 301,987
Accrued interest	-	-	89,025	89,025	87,369
Short-term investments (Note 2)	-	10,000,000	3,870,231	13,870,231	16,263,889
Capital (Note 3)					
	9,696	10,000,000	3,993,201	13,993,201	16,653,245
			-	9,696	6,538
	\$ 9,696	\$ 10,000,000	\$ 3,993,201	\$ 14,002,897	\$ 16,659,783
Current liabilities					
Bank indebtedness	\$ 10,456	-	-	\$ 10,456	-
Accounts payable and accrued liabilities	-	-	372,265	372,265	318,592
	10,456	-	372,265	382,721	318,592
Fund balances					
Invested in capital assets	9,696	-	-	9,696	6,538
Restricted	-	10,000,000	3,620,936	13,620,936	16,331,222
Unrestricted	(10,456)	-	-	(10,456)	3,431
	(760)	10,000,000	3,620,936	13,620,176	16,341,191
	\$ 9,696	\$ 10,000,000	\$ 3,993,201	\$ 14,002,897	\$ 16,659,783
On behalf of the Board:					
				Director	
				Director	

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**The Six Nations of the Grand River
Community Development Trust
Statement of Operations and
Changes in Fund Balances**

For the year ended December 31

2005 2004

	Operating Fund	Endowment Fund	Investment Fund	Total	Total
Revenues					
OFNLP funding	-	\$ -	\$ 677,390	\$ 677,390	\$ 17,705,731
Investment income	-	-	568,577	568,577	370,366
	-	-	1,245,967	1,245,967	18,076,097
Expenses					
Administration	77,905	-	41,174	119,079	116,987
Amortization	3,979	-	-	3,979	1,326
Bank charges and interest	186	-	-	186	147
Insurance	4,954	-	-	4,954	4,750
Professional	13,352	-	-	13,352	36,393
Project expenses	-	-	3,755,079	3,755,079	1,551,572
Rent	5,456	-	-	5,456	5,456
Salaries and benefits	42,067	-	-	42,067	18,275
Professional development	22,830	-	-	22,830	-
	170,729	-	3,796,253	3,966,982	1,734,906
Excess of (expenses over revenues) revenues over expenses for the year	(170,729)	-	(2,550,286)	(2,721,015)	16,341,191
Fund balances, beginning of year	9,969	10,000,000	6,331,222	16,341,191	-
Inter-fund transfers	160,000	-	(160,000)	-	-
Fund balances, end of year	\$ (760)	\$ 10,000,000	\$ 3,620,936	\$ 13,620,176	\$ 16,341,191

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**The Six Nations of the Grand River
Community Development Trust
Statement of Cash Flows**

For the year ended December 31	2005	2004
Cash flows from operating activities		
Excess of revenue over expenses for the year	\$ (2,721,015)	\$ 16,341,191
Items not involving cash		
Amortization	3,979	1,326
	<u>(2,717,036)</u>	<u>16,342,517</u>
Changes in non-cash working capital balances		
Accrued interest	(1,656)	(87,369)
Accounts payable and accrued liabilities	53,673	318,592
	<u>(2,665,019)</u>	<u>16,573,740</u>
Cash flows from investing activities		
Purchase of capital assets	(7,137)	(7,864)
	<u>(2,672,156)</u>	<u>16,565,876</u>
Increase (decrease) in cash position during the year		
	<u>16,565,876</u>	<u>-</u>
Cash and cash equivalents, beginning of year	<u>16,565,876</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ 13,893,720</u>	<u>\$ 16,565,876</u>
Represented by		
Cash	\$ 33,945	\$ 301,987
Bank indebtedness	(10,456)	-
Short-term investments	13,870,231	16,263,889
	<u>\$ 13,893,720</u>	<u>\$ 16,565,876</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Six Nations of the Grand River Community Development Trust Summary of Significant Accounting Policies

December 31, 2005

Nature of Operations	The Trust was formed under the laws of Ontario. It was formed for the purposes of distributing funds received from Ontario First Nations Limited Partnership ("OFNLP") for community development projects.				
Income Tax	The organization is a trust and, as such, is subject to trust income tax rules.				
Fund Accounting	<p>The Trust follows the restricted fund method of accounting for contributions.</p> <p>The Operating Fund accounts for the organization's administrative and operating expenses. This fund reports unrestricted resources.</p> <p>The Endowment Fund represents a base level of funding received according to the terms of the OFNLP that cannot be distributed or spent according to the Trust Agreement. Investment income earned on resources of the Endowment Fund is recognized in the Investment Fund.</p> <p>The Investment Fund accounts for additional funding received according to the terms of the OFNLP. The investments and the income earned on them are used to fund approved projects as well as transfers to the operating fund.</p>				
Capital Assets	<p>Capital assets are recorded at cost. Amortization based on the estimated useful life of the asset is provided on the straight-line basis as follows:</p> <table><tr><td>Furniture and equipment</td><td>3 years</td></tr><tr><td>Computer software</td><td>2 years</td></tr></table> <p>One-half of the above rate is provided in the year of acquisition.</p>	Furniture and equipment	3 years	Computer software	2 years
Furniture and equipment	3 years				
Computer software	2 years				
Revenue Recognition	<p>Restricted contributions are recognized as revenue of the appropriate restricted fund.</p> <p>Investment revenue earned on Endowment Fund resources that must be spent on projects or operations is recognized as revenue of the Investment Fund. Investment revenue earned on Investment Fund resources is recognized as revenue of the Investment Fund.</p>				

**The Six Nations of the Grand River
Community Development Trust
Summary of Significant Accounting Policies**

December 31, 2005

Financial Instruments

The Trust's financial instruments consist of cash, short-term investments, accrued interest and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Trust is not exposed to significant interest, currency or credit risks arising from its financial instruments.

The fair values of the Trust's financial instruments approximate the carrying values because of their short maturity.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

**The Six Nations of the Grand River
Community Development Trust
Notes to Financial Statements**

December 31, 2005

1. Cash

The Trust maintains its bank accounts at one chartered bank. The Trust has operating accounts that do not earn interest and investment accounts with a balance at year end of \$33,945 (\$296,832 in 2004) that earn interest at 0.25%-1.75% depending on the balance.

2. Investments

	2005	2004
Bonds and debentures		
Government of Canada	\$ 3,526,970	\$ 3,868,455
Provincial	1,474,381	1,680,053
Canadian corporate	3,493,985	3,651,170
Other	516,275	-
	9,011,611	9,199,678
Short-term notes	4,858,620	7,064,211
	\$ 13,870,231	\$ 16,263,889

The Government of Canada bonds have a carrying value of \$3,526,970, a stated value of \$3,450,000 a quoted market value of \$3,567,741 (\$3,868,455, \$3,800,000, \$3,907,474 respectively in 2004) and stated interest rates of 3.00%-5.10%. These investments will mature as follows: \$299,780 within one year; \$1,536,640 within two to five years, and \$1,690,550 after five years.

The Provincial bonds have a carrying value of \$1,474,381, a stated value of \$1,150,000, a quoted market value of \$1,557,356 (\$1,680,053, \$1,650,000, \$1,711,597 respectively in 2004) and stated interest rates of 4.00%-5.70%. These investments will mature as follows: \$201,120 within two to five years, and \$1,273,261 after five years.

The Canadian corporate bonds have a carrying value of \$3,493,985, a stated value of \$3,450,000, a quoted market value of \$3,549,543 and (\$3,651,169, \$3,600,000, \$3,696,172 respectively in 2004) stated interest rates of 3.65%-5.69%. These investments will mature as follows: \$461,015 within two to five years, and \$248,360 within two to five years, and 2,784,610 after five years.

The other bond consists of a Canada Housing Trust mortgage bond with a face value of \$500,000, a quoted market value of \$510,600 and a stated interest rate of 4.65%. This investment matures September, 2009.

The short term notes consist of a Canada T-Bill, yielding 3.18% interest and maturing January 26, 2006.

**The Six Nations of the Grand River
Community Development Trust
Notes to Financial Statements**

December 31, 2005

3. Capital Assets

	2005		2004	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and equipment	\$ 13,182	\$ 4,762	\$ 7,689	\$ 1,282
Computer software	1,820	544	175	44
	\$ 15,002	\$ 5,306	\$ 7,864	\$ 1,326
Net book value		\$ 9,696		\$ 6,538

4. Related Party Transactions

The Trust reimburses the settlor, Six Nations of the Grand River, for various expenses paid on the Trust's behalf in addition to paying honorariums for council members that are trustees. Transactions are recorded at exchange amount. These expenses totalled \$7,500 in 2005 (\$5,247 in 2004).

5. Commitments

The Board of Trustees has approved projects totalling \$1,515,505 for 2006.