

**The Six Nations of the  
Grand River Community  
Development Trust  
Financial Statements  
For the year ended December 31, 2006**

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## Auditors' Report

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**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, 2006 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, 2006 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,  
Licensed Public Accountants

Brantford, Ontario  
March 19, 2007

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

As at December 31

2006                      2005

	Operating Fund	Endowment Fund	Investment Fund	Total	Total
<b>Current assets</b>					
Cash (Note 1)	\$ 6,239	\$ -	\$ 108,361	\$ 114,600	\$ 33,945
Accrued interest	-	-	112,747	112,747	89,025
Prepaid expenses	5,571	-	-	5,571	-
Investments (Note 2)	-	10,000,000	3,751,559	13,751,559	13,870,231
<b>Capital (Note 3)</b>					
	11,810	10,000,000	3,972,667	13,984,477	13,993,201
	9,185	-	-	9,185	9,696
<b>Total</b>	<b>\$ 20,995</b>	<b>\$ 10,000,000</b>	<b>\$ 3,972,667</b>	<b>\$ 13,993,662</b>	<b>\$ 14,002,897</b>
<b>Current liabilities</b>					
Bank indebtedness	-	-	-	-	-
Accounts payable and accrued liabilities	1,155	-	12,143	13,298	372,265
<b>Total</b>	<b>1,155</b>	<b>-</b>	<b>12,143</b>	<b>13,298</b>	<b>382,721</b>
<b>Fund balances</b>					
Invested in capital assets					
Restricted	9,185	-	-	9,185	9,696
Unrestricted	10,655	10,000,000	3,960,524	13,960,524	13,620,936
	19,840	10,000,000	3,960,524	13,980,364	(10,456)
<b>Total</b>	<b>\$ 20,995</b>	<b>\$ 10,000,000</b>	<b>\$ 3,972,667</b>	<b>\$ 13,993,662</b>	<b>\$ 14,002,897</b>

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**

**2006**                      **2005**

	Operating Fund	Endowment Fund	Investment Fund	Total	Total
<b>Revenues</b>					
OFNLP funding	-	\$ -	\$ 1,392,866	\$ 1,392,866	\$ 677,390
Investment income	-	-	611,849	611,849	568,577
	-	-	2,004,715	2,004,715	1,245,967
<b>Expenses</b>					
Administration	72,488	-	66,951	139,439	119,079
Amortization	6,210	-	-	6,210	3,979
Bank charges and interest	175	-	-	175	186
Insurance	447	-	-	447	4,954
Professional	21,379	-	-	21,379	13,352
Project expenses	-	-	1,418,176	1,418,176	3,755,079
Rent	10,627	-	-	10,627	5,456
Repairs and maintenance	435	-	-	-	-
Salaries and benefits	43,856	-	-	43,856	42,067
Professional development	3,783	-	-	3,783	22,830
	159,400	-	1,485,127	1,644,527	3,966,982
<b>Excess of (expenses over revenues) revenues over expenses for the year</b>	(159,400)	-	519,588	360,188	(2,721,015)
<b>Fund balances, beginning of year</b>	(760)	10,000,000	3,620,936	13,620,176	16,341,191
<b>Inter-fund transfers</b>	180,000	-	(180,000)	-	-
<b>Fund balances, end of year</b>	\$ 19,840	\$ 10,000,000	\$ 3,960,524	\$ 13,980,364	\$ 13,620,176

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**

<b>For the year ended December 31</b>	<b>2006</b>	<b>2005</b>
<b>Cash flows from operating activities</b>		
Excess of revenue over expenses for the year	\$ 360,188	\$ (2,721,015)
Items not involving cash		
Amortization	6,210	3,979
	<u>366,398</u>	<u>(2,717,036)</u>
Changes in non-cash working capital balances		
Accrued interest	(23,722)	(1,656)
Prepaid expenses	(5,571)	-
Accounts payable and accrued liabilities	(358,967)	53,673
	<u>(21,862)</u>	<u>(2,665,019)</u>
<b>Cash flows from investing activities</b>		
Purchase of capital assets	(5,699)	(7,137)
	<u>(5,699)</u>	<u>(7,137)</u>
<b>Increase (decrease) in cash position during the year</b>	<b>(27,561)</b>	<b>(2,672,156)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>13,893,720</b>	<b>16,565,876</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 13,866,159</b>	<b>\$ 13,893,720</b>
<b>Represented by</b>		
Cash	\$ 114,600	\$ 33,945
Bank indebtedness	-	(10,456)
Short-term investments	13,751,559	13,870,231
	<u>\$ 13,866,159</u>	<u>\$ 13,893,720</u>
<b>Supplementary information</b>		
Interest paid	\$ 46,361	\$ 41,174

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

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

**December 31, 2006**

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<b>Nature of Operations</b>	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.				
<b>Income Tax</b>	The organization is a trust and, as such, is subject to trust income tax rules.				
<b>Fund Accounting</b>	<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>				
<b>Capital Assets</b>	<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				
<b>Revenue Recognition</b>	<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>				

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

**December 31, 2006**

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**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, 2006**

**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 \$108,361 (\$33,945 in 2005) that earn interest at 0.25%-1.75% depending on the balance.

**2. Investments**

	2006	2005
Bonds and debentures		
Government of Canada	<b>\$ 3,899,120</b>	\$ 3,526,970
Provincial	<b>1,474,372</b>	1,474,381
Canadian corporate	<b>5,887,586</b>	3,493,985
United States corporate	<b>203,770</b>	-
Other	<b>516,275</b>	516,275
	<b>11,981,123</b>	9,011,611
Short-term notes	<b>1,770,436</b>	4,858,620
	<b>\$ 13,751,559</b>	\$ 13,870,231

The Government of Canada bonds have a carrying value of \$3,899,120, a stated value of \$3,850,000, a quoted market value of \$3,928,450 (\$3,526,970, \$3,450,000, \$3,567,741 respectively in 2005) and stated interest rates of 4.00%-5.10%. These investments will mature as follows: \$1,125,080 within two to five years, and \$2,774,040 after five years.

The Provincial bonds have a carrying value of \$1,474,372, a stated value of \$1,250,000, a quoted market value of \$1,545,277 (\$1,474,381, \$1,150,000, \$1,557,356 respectively in 2005) and stated interest rates of 4.00%-5.70%. These investments will mature as follows: \$201,120 within two to five years, and \$1,273,252 after five years.

The Canadian corporate bonds have a carrying value of \$5,887,586, a stated value of \$5,850,000, a quoted market value of \$5,916,827 and (\$3,493,985, \$3,450,000, \$3,549,543 respectively in 2005) stated interest rates of 3.96%-5.69%. These investments will mature as follows: \$1,887,778 within two to five years, and \$3,999,808 after five years.

The United States corporate bond has a carrying value of \$203,770, a stated value of \$200,000, a quoted market value of \$203,968 and (NIL in 2005) stated interest rate of 4.80%. This investment matures June 2011.

The other bond consists of a Canada Housing Trust mortgage bond with a face value of \$500,000, a quoted market value of \$506,950 and (\$500,000, \$510,600 respectively in 2005) and a stated interest rate of 4.65%. This investment matures September, 2009.

The short-term notes consist of two Canada T-Bills, one yielding 4.12% interest and maturing February 22, 2007 and the other yielding 4.14% interest and maturing March 22, 2007.



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

**December 31, 2006**

**3. Capital Assets**

	2006		2005	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and equipment	\$ 18,881	\$ 10,106	\$ 13,182	\$ 4,762
Computer software	1,820	1,410	1,820	544
	<b>\$ 20,701</b>	<b>\$ 11,516</b>	<b>\$ 15,002</b>	<b>\$ 5,306</b>
Net book value		<b>\$ 9,185</b>		<b>\$ 9,696</b>

**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 which approximates the arm's length equivalent value for services rendered. These expenses totalled \$8,575 in 2006 (\$7,500 in 2005).

**5. Commitments**

The Trust has a remaining commitment for approved projects totalling \$1,303,095. Of this amount, \$690,686 pertains to projects commencing in 2007 and \$612,409 pertains to existing projects which were not complete by year end.