

**SIX NATIONS OF THE GRAND RIVER
COMMUNITY DEVELOPMENT TRUST
Financial Statements**

Year Ended December 31, 2010

SIX NATIONS OF THE GRAND RIVER COMMUNITY DEVELOPMENT TRUST

Index to the Financial Statements

Year Ended December 31, 2010

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INDEPENDENT AUDITORS' REPORT

To the Trustees of SIX NATIONS OF THE GRAND RIVER COMMUNITY DEVELOPMENT TRUST

We have audited the accompanying financial statements of SIX NATIONS OF THE GRAND RIVER COMMUNITY DEVELOPMENT TRUST, which comprise the statement of financial position as at December 31, 2010, and the statement of loss, statement of changes in distributable reserves and cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditors' Responsibility

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. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

continued

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

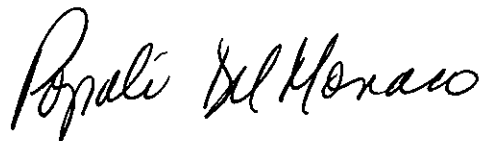
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of SIX NATIONS OF THE GRAND RIVER COMMUNITY DEVELOPMENT TRUST as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other Matter

The prior year comparative figures were audited by another firm of chartered accountants. The opinion expressed was not qualified and the report was dated March 4, 2010.



**Chartered Accountants
Licensed Public Accountants**

**Thorold, Ontario
March 30, 2011**

SIX NATIONS OF THE GRAND RIVER COMMUNITY DEVELOPMENT TRUST

Statement of Financial Position as at December 31, 2010

ASSETS	2010	2009
Current		
Cash	\$ 141,411	\$ 52,984
Accrued interest	98,901	103,262
Prepaid expenses	3,792	5,267
	<hr/>	<hr/>
	244,104	161,513
Investments (Note 2)	12,965,249	13,068,324
Property, plant and equipment (Note 3)	1,190	1,828
	<hr/>	<hr/>
	\$ 13,210,543	\$ 13,231,665

LIABILITIES AND TRUST EQUITY

Current liabilities		
Accounts payable and accrued liabilities	\$ 10,938	\$ 677
Trust Equity		
Distributable reserves (Note 4)	13,199,605	13,230,988
Related party transactions (Note 8)		
Commitments (Note 9)		
	<hr/>	<hr/>
	\$ 13,210,543	\$ 13,231,665

See accompanying notes to the financial statements

Approved by:

Trustee:  _____

Trustee:  _____

SIX NATIONS OF THE GRAND RIVER COMMUNITY DEVELOPMENT TRUST
Statement of Loss for the year ended December 31, 2010

	2010	2009
Revenue		
Investment income	\$ 652,942	\$ 662,160
Expenses		
Administration	60,675	57,596
Bank charges and interest	213	22
Depreciation	2,224	950
Elections	7,153	-
Honorarium (Note 5)	25,350	27,900
Insurance	4,774	4,750
Investment management fees	44,415	44,057
Professional development	825	4,100
Professional fees	20,672	18,753
Project expenditures (Note 6)	506,834	501,753
Rent	11,190	11,190
Repairs and maintenance	-	121
	<hr/> 684,325	<hr/> 671,192
Net Loss	<hr/> \$ (31,383)	<hr/> \$ (9,032)

See accompanying notes to the financial statements

SIX NATIONS OF THE GRAND RIVER COMMUNITY DEVELOPMENT TRUST
Statement of Changes in Distributable Reserves for the year ended December 31, 2010

	2010	2009
Distributable reserves, beginning of year	\$ 13,230,988	\$ 13,240,020
Net Loss	(31,383)	(9,032)
<hr/>		
Distributable reserves, end of year	\$ 13,199,605	\$ 13,230,988

See accompanying notes to the financial statements

SIX NATIONS OF THE GRAND RIVER COMMUNITY DEVELOPMENT TRUST

Statement of Cash Flows for the year ended December 31, 2010

	2010	2009
Cash flows from operating activities		
Net loss	\$ (31,383)	\$ (9,032)
Items not affecting cash:		
Depreciation	2,224	950
Realized gains	(99,620)	(80,834)
Changes in non-cash working capital:		
Accrued interest	4,361	7,798
Prepaid expenses	1,475	-
Accounts payable and accrued liabilities	10,262	(194)
Net cash used in operating activities	(112,681)	(81,312)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,587)	-
Purchase of long-term investments	(4,544,673)	(5,906,374)
Proceeds from sale of long-term investments	4,747,368	5,916,080
Net cash provided by investing activities	201,108	9,706
Net increase (decrease) in cash and cash equivalents	88,427	(71,606)
Cash and cash equivalents at the beginning of the year	52,984	124,590
Cash and cash equivalents at the end of the year	\$ 141,411	\$ 52,984
Cash and cash equivalents consists of:		
Cash	\$ 12,311	\$ 12,437
Short-term investments	129,100	40,547
	\$ 141,411	\$ 52,984

See accompanying notes to the financial statements

SIX NATIONS OF THE GRAND RIVER COMMUNITY DEVELOPMENT TRUST

Notes to Financial Statements
Year Ended December 31, 2010

The Six Nations of the Grand River Community Development Trust was formed by the Six Nations of the Grand River. A Trust Agreement dated January 6, 2004 (the Trust Agreement), was signed with the original trustees. The purpose of the Trust is to invest and distribute funds from the Ontario First Nations Limited Partnership ("OFNLP") for community development projects.

1. Summary of Significant Accounting Policies

(a) Cash and Cash Equivalents

Cash includes cash and cash equivalents. Cash and cash equivalents consist primarily of cash on hand, balances with banks and short-term deposits with original maturities of three months or less from the date of acquisition.

(b) Investments

Investments consist of bonds and debentures, Canadian equities, United States equities and mutual funds. Investments are carried at cost. The net realized gain or loss on sales of investments is the difference between proceeds received and the average cost of investments sold. Holding gains and losses are not recognized unless they are identified to be of a permanent nature.

(c) Property and Equipment

Property and equipment are recorded at cost. Amortization is based on the estimated useful life of the asset and is provided at the following rates and methods:

	<u>Rate</u>	<u>Method</u>
Furniture and equipment	3 years	straight line method
Computer hardware	2 years	straight line method

(d) Revenue Recognition

Investment revenue on reserve resources, that must be spent on projects or operations is recognized as revenue as earned.

(e) Use of Estimates

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

SIX NATIONS OF THE GRAND RIVER COMMUNITY DEVELOPMENT TRUST

Notes to Financial Statements
Year Ended December 31, 2010

2. Investments

	2010		2009	
	Carrying value	Market value	Carrying value	Market value
Bonds and debentures				
Government of Canada	1,987,753	2,109,216	2,437,070	2,584,441
Provincial	2,666,884	2,767,201	1,634,434	1,674,699
Canadian corporate	4,695,385	4,873,371	5,630,785	5,799,022
Canadian other	52,750	51,698	352,171	352,611
United States corporate	206,400	201,416	203,770	207,811
United States other	146,535	147,225	146,535	145,772
	<u>\$ 9,755,707</u>	<u>\$ 10,150,127</u>	<u>\$ 10,404,765</u>	<u>\$ 10,764,356</u>
Canadian Equities				
Consumer discretionary	198,739	211,202	166,509	172,026
Consumer staples	55,812	81,337	56,672	67,650
Energy	750,287	821,109	687,017	719,874
Financials	907,470	981,148	850,316	886,136
Industrial	119,172	152,018	192,197	218,197
Information technology	90,359	82,459	91,388	99,442
Materials	476,420	663,416	498,625	531,836
Telecommunications	86,310	109,554	120,835	136,044
	<u>\$ 2,684,569</u>	<u>\$ 3,102,243</u>	<u>\$ 2,663,559</u>	<u>\$ 2,831,205</u>
United States Equities				
Funds	159,663	158,595	-	-
International Funds	205,301	200,460	-	-
	<u>\$ 364,964</u>	<u>\$ 359,055</u>	<u>\$ -</u>	<u>\$ -</u>
Mutual Funds	160,009	157,237	-	-
	<u>\$ 160,009</u>	<u>\$ 157,237</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>\$12,965,249</u>	<u>\$ 13,768,662</u>	<u>\$ 13,068,324</u>	<u>\$ 13,595,561</u>

The Government of Canada bonds have stated interest rates ranging from 4.00% to 5.10%. These investments will mature as follows: \$1,391,060 within the next year to five years, and \$596,693 thereafter.

The Provincial bonds have stated interest rates ranging from 4.20% to 5.25%. These investments will mature as follows: \$712,060 within the next year to five years, and \$1,954,824 thereafter.

SIX NATIONS OF THE GRAND RIVER COMMUNITY DEVELOPMENT TRUST

Notes to Financial Statements
Year Ended December 31, 2010

2. Investments (cont'd)

The Canadian Corporate bonds have stated interest rates ranging from 3.3%% to 6.25%. These investments will mature as follows: \$2,540,175 within the next year to five years, and \$2,155,210 thereafter.

The Canadian other investments consists of a Royal Bank of Canada MTN, which has a stated interest rate of 4.53% and matures May 2012.

The United States corporate bond has a stated interest rate of 4.80%. This investment matures April 2011.

The United States other investment consists of a Bank of America Corp. Senior Note with a stated interest rate of 4.36%. This investment matures September 2015.

3. Property, Plant and Equipment

	Cost	Accumulated Amortization	2010 Net Book Value	2009 Net Book Value
Furniture and equipment	\$ 20,381	\$ 20,381	\$ -	\$ 1,499
Computer hardware	3,736	2,546	1,190	329
	<u>\$ 24,117</u>	<u>\$ 22,927</u>	<u>\$ 1,190</u>	<u>\$ 1,828</u>

4. Distributable Reserves

	2010	2009
Operating reserve	\$ 3,199,605	\$ 3,230,987
Restricted trust principal	10,000,000	10,000,000
	<u>\$ 13,199,605</u>	<u>\$ 13,230,987</u>

In accordance with the Trust Agreement dated January 6, 2004 and further to the fifth year anniversary review dated January 6, 2009, the Trustees are obliged to continue to maintain a Reserve trust principal of not less than \$6,000,000. The principal has not been drawn upon as of December 31, 2010.

SIX NATIONS OF THE GRAND RIVER COMMUNITY DEVELOPMENT TRUST

Notes to Financial Statements
Year Ended December 31, 2010

5. Honorarium

Honorarium includes all regular meetings, committee meetings, presentations, trustee development, elections and proposal review expenses incurred during the year. The following is a breakdown by trustee:

	2010	2009
Darnay, Tom	\$ 4,500	\$ 4,800
Jonathan, Roger	5,100	5,250
Maracle, Wray	2,250	-
Martin, Tammy	4,650	5,100
Smith, Rosemary	5,400	5,400
Thomas, Melba	3,450	4,950
White, Levi	-	2,400
	<u>\$ 25,350</u>	<u>\$ 27,900</u>

6. Project Expenditures

During the year funds were distributed to the following approved projects:

	2010	2009
A GWE GON SAHT GA RIHSE RON NIH	\$ -	\$ 500
Arts After School Kids Inc.	1,080	24,840
Arts Council (SN) - Red Barn	8,063	10,750
Brantford Native Housing	76,675	43,175
Chiefswood Museum National Historic	8,540	25,876
Childcare Resource Centre (SN)	6,534	15,158
Emergency Management Program (SN)	-	26,872
Environment Office (SN)	-	47,330
Farmers Partnership (SN)	-	49,050
Fire Department (SN) - Fire Prevention	-	6,810
First Nations Youth Choir	14,276	15,334
Haldimand Proclamation Monument	-	13,333
Health Foundation (SN)	25,000	-
Indian Pageant (SN) - Revitalization Project	-	17,364
Iroquois Lodge	141,247	-
Kawenniio/Gaweniyo Language Preservation	-	10,955
Mohawk Immersion Onkwawenna Kentyohkwa	-	6,000
Ogwehoweh Skills and Trades Centre	12,240	36,720
Police (SN)	45,000	15,000
Polytechnic (SN) - Homework Support	22,478	32,400
Public Library (SN)	44,629	31,752
St. Lukes Anglican Church	81,000	-
Seneca Longhouse	1,940	71,534
Skating Club (SN)	-	1,000
Woodland Cultural Centre	18,132	-
	<u>\$ 506,834</u>	<u>\$ 501,753</u>

SIX NATIONS OF THE GRAND RIVER COMMUNITY DEVELOPMENT TRUST

Notes to Financial Statements
Year Ended December 31, 2010

7. Income Taxes

Pursuant to the Trust Agreement, any income earned during the year is allocated to the Members of the Six Nations and as a consequence no income tax liability exists for the Trust.

8. Related Party Transactions

The Trust pays the settler, Six Nations of the Grand River, for the rental of its office facilities as well as honorariums for council members that are trustees. Transactions are recorded at exchange amounts which are intended to approximate the arm's length equivalent value for services rendered. These expenses totalled \$16,890 in 2010 (2009 - \$18,590) and are detailed below.

The annual rental of the office facilities totalled \$11,190 (2009 - \$11,190). The lease was renewed effective December 1, 2010 for a one year period ending November 30, 2011 for an annual amount of \$11,190.

Of the total honorariums outlined in note 5, council member trustees were reimbursed an amount of \$5,700 (2009 - \$7,400).

9. Commitments

The Trust has a remaining commitment for approved projects totalling \$1,206,181. Of this amount, \$136,870 pertains to existing projects which were not complete by year end and \$1,069,311 pertains to projects commencing in 2011.

	Carried to	
	2011	2011
Arts Council (SN) - Children's Creative Workshop	\$ -	\$ 11,590
Brantford Native Housing	32,739	-
First Nations Youth Choir	5,345	17,560
Her Majesty's Royal Chapel of the Mohawks	-	183,096
Iroquois Lodge	3,753	-
Minor Ball Association (SN)	-	30,000
Oliver M. Smith School - Kids Want to Play	-	75,000
Parks and Recreation (SN) - Infrastructure for Scoreboards	-	55,600
Parks and Recreation (SN) - Infrastructure for lighting & track	-	641,165
Police Service (SN) - Traffic Safety Strategy	-	22,000
Polytechnic (SN) - Six Nations Homework Support Program	-	33,300
Six Nations Childcare Resource Centre	7,542	-
Six Nations Polytechnic - Homework Support	2,498	-
WCC - Education Extension Program	9,993	-
WCC - Roof	75,000	-
	<u>\$ 136,870</u>	<u>\$ 1,069,311</u>

SIX NATIONS OF THE GRAND RIVER COMMUNITY DEVELOPMENT TRUST

Notes to Financial Statements
Year Ended December 31, 2010

10. Financial Instruments

The Trusts' financial instruments consist of cash, accrued interest, investments and accounts payable and accrued liabilities.

The carrying amounts of cash, accrued interest and accounts payable and accrued liabilities approximate the fair value because of the short term maturity of these instruments.

The fair value of investments is disclosed in Note 2.

The nature and extent of risks arising from financial instruments to which the Trust is exposed during the period and at the balance sheet date and how the Trust manages these risks is listed below.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will fluctuate due to changes in market interest rates. The Trust manages its portfolio investments based on its cash flow needs and with a view to optimizing investment income and in accordance with investment policy.

Market Risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in the market prices whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. This risk is mitigated because every transaction is guided by policy and regulatory limitations.

11. Capital Disclosure

The Trust considers its cash and investments as capital. The Trust manages its capital to have sufficient resources to satisfy its commitments for the year. In accordance with the Trust Agreement, a minimum principal balance of \$6,000,000 (2009 - \$10,000,000) must be held at year end. This restriction was tested for the period ended December 31, 2010 and the company was in compliance.

12. Comparative Figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.