

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

---

Year Ended December 31, 2011

**SIX NATIONS OF THE GRAND RIVER COMMUNITY DEVELOPMENT TRUST**  
Index to the Financial Statements  
Year Ended December 31, 2011

**Contents**

	Page
Auditor's Report	3 - 4
Statement of Financial Position	5
Statement of Operations	6
Statement of Changes in Distributable Reserves	7
Statement of Cash Flows	8
Notes to the Financial Statements	9 - 16



Lucy  
Popoli

Chartered Accountant  
Professional Corporation

9 Pine Street North, Unit 35, Thorold, ON L2V 3Z9

p 905-680-1565 f 905-680-6073

lpopoli@popoli.ca

www.popoli.ca

---

## INDEPENDENT AUDITOR'S REPORT

---

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

I 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, 2011, and the statement of operations, statement of changes in distributable reserves and statement of cash flows 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 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.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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.

continued

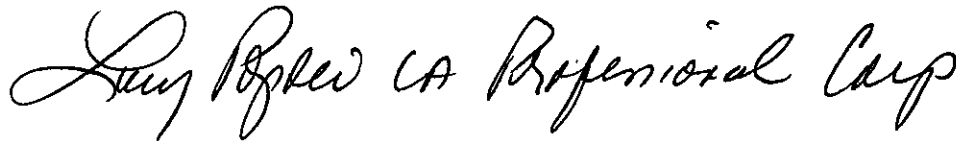
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my 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, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**Comparative Information**

Without modifying my opinion, I draw attention to Note 2 to the financial statements which describes that SIX NATIONS OF THE GRAND RIVER COMMUNITY DEVELOPMENT TRUST adopted the Canadian accounting standards for non-for-profit organizations on January 1, 2011 with a transition date of January 1, 2010. These standards were applied retrospectively by management to the comparative information in these financial statements, including the balance sheets as at December 31, 2010 and January 1, 2010, and the statement of operations, statement of changes in distributable reserves and statement of cash flows for the year ended December 31, 2010 and related disclosures. I was not engaged to report on the restated comparative information, and as such, it is unaudited.



**LUCY POPOLI CHARTERED ACCOUNTANT PROFESSIONAL CORPORATION**  
Authorized to practise public accounting by The Institute of Chartered Accountants of Ontario

**Thorold, Ontario**  
**March 28, 2012**

**Lucy Popoli** Chartered Accountant  
Professional Corporation

**SIX NATIONS OF THE GRAND RIVER COMMUNITY DEVELOPMENT TRUST**  
**Statement of Financial Position as at December 31, 2011**

ASSETS	Dec 31 2011	Dec 31 2010	Jan 1 2010
<b>Current Assets</b>			
Cash	\$ 383,046	\$ 141,411	\$ 52,984
Accrued interest	102,126	98,901	103,262
Prepaid expenses	3,814	3,792	5,267
	<u>488,986</u>	<u>244,104</u>	<u>161,513</u>
Investments (Note 3)	16,164,682	13,768,662	13,595,561
Property and Equipment (Note 4)	397	1,190	1,828
	<u>\$ 16,654,065</u>	<u>\$ 14,013,956</u>	<u>\$ 13,758,902</u>

**LIABILITIES AND TRUST EQUITY**

<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	\$ 648	\$ 10,938	\$ 677
<b>Trust Equity</b>			
Distributable reserves (Note 5)	16,653,417	14,003,018	13,758,225
Related party transactions (Note 9)			
Commitments (Note 10)			
	<u>\$ 16,654,065</u>	<u>\$ 14,013,956</u>	<u>\$ 13,758,902</u>

See accompanying notes to the financial statements

Approved by:

Trustee:

Trustee:

**SIX NATIONS OF THE GRAND RIVER COMMUNITY DEVELOPMENT TRUST**  
**Statement of Operations for the year ended December 31, 2011**

	<b>2011</b>	<b>2010</b>
<b>Revenue</b>		
Investment income	\$ 643,083	\$ 652,942
<b>Expenditures</b>		
Administration	65,524	60,675
Bank charges and interest	25	213
Depreciation	793	2,224
Elections	-	7,153
Honorarium (Note 6)	36,300	25,350
Insurance	3,279	4,774
Investment management fees	47,480	44,415
Professional development	1,054	825
Professional fees	19,200	20,672
Project expenditures (Note 7)	755,629	506,834
Rent	11,190	11,190
Repairs and maintenance	178	-
	<u>940,652</u>	<u>684,325</u>
<b>Other Revenues (Expenditures)</b>		
Six Nations of the Grand River Casino Rama Allocation	3,209,641	-
Change in fair value of investements	(261,673)	276,176
	<u>2,947,968</u>	<u>276,176</u>
<b>Excess of Revenues over Expenditures</b>	<u>\$ 2,650,399</u>	<u>\$ 244,793</u>

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, 2011**

---

	<b>2011</b>	<b>2010</b>
Distributable reserves, beginning of year	\$ 14,003,018	\$ 13,758,225
Excess of Revenues over Expenditures	2,650,399	244,793
<hr/>		
Distributable reserves, end of year	\$ 16,653,417	\$ 14,003,018

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, 2011**

	2011	2010
<b>Cash flows from operating activities</b>		
Excess of Revenues over Expenditures	\$ 2,650,399	\$ 244,793
Items not affecting cash:		
Depreciation	793	2,224
Realized gains	(60,588)	(99,620)
Change in fair value of investments	261,673	(276,177)
Changes in non-cash working capital:		
Accrued interest	(3,225)	4,361
Prepaid expenses	(22)	1,475
Accounts payable and accrued liabilities	(10,291)	10,263
<b>Net cash provided by (used in) operating activities</b>	<b>2,838,739</b>	<b>(112,681)</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	-	(1,587)
Purchase of long-term investments	(5,307,575)	(4,544,673)
Proceeds from sale of long-term investments	2,710,471	4,747,368
<b>Net cash provided by (used in) investing activities</b>	<b>(2,597,104)</b>	<b>201,108</b>
<b>Net increase in cash and cash equivalents</b>	<b>241,635</b>	<b>88,427</b>
Cash and cash equivalents at the beginning of the year	141,411	52,984
<b>Cash and cash equivalents at the end of the year</b>	<b>\$ 383,046</b>	<b>\$ 141,411</b>
<b>Cash and cash equivalents consists of:</b>		
Cash	\$ 5,249	\$ 12,311
Short-term investments	377,797	129,100
	<u>\$ 383,046</u>	<u>\$ 141,411</u>

See accompanying notes to the financial statements



## SIX NATIONS OF THE GRAND RIVER COMMUNITY DEVELOPMENT TRUST

Notes to Financial Statements

Year Ended December 31, 2011

---

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

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

#### (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) Financial Instruments

##### *Measurement*

The entity initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The entity subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity, bonds and debentures instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations.

Financial assets measured at amortized cost include cash and accrued interest.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

##### *Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

##### *Transactions costs*

The entity recognized its transactions costs in operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

**SIX NATIONS OF THE GRAND RIVER COMMUNITY DEVELOPMENT TRUST**  
Notes to Financial Statements  
Year Ended December 31, 2011

---

**1. Summary of Significant Accounting Policies (continued)**

(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. 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 recognized in operations.

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

Notes to Financial Statements

Year Ended December 31, 2011

---

**2. Impact of the Change in the Basis of Accounting**

Effective January 1, 2011, the Trust has elected to apply the standards in Part III of the CICA Accounting Handbook for not-for-profit organizations in accordance with Canadian generally accepted accounting principles.

These financial statements are the first financial statements for which the entity has applied Canadian accounting standards for not-for-profit organizations.

The financial statements for the year ended December 31, 2011 were prepared in accordance with the accounting principles and provisions set out in FIRST-TIME ADOPTION, Section 1501 for first-time adopters of this basis of accounting.

The impact of adopting these standards was accounted for in Trust Equity at January 1, 2010.

Adjustments to Trust Equity at January 1, 2010 is outlined as follows:

Trust Equity, as previously reported at December 31, 2009	\$13,230,988
Fair value adjustment of investments	527,237
<b>Trust Equity, as adjusted January 1, 2010</b>	<b>\$13,758,225</b>

Reconciliation of previously reported 2010 excess of expenditures over revenues with the amount for 2010 shown in these financial statements is outlined as follows:

Excess of expenditures over revenues, as previously reported at December 31, 2010	(\$31,383)
Change in fair value of investments	276,176
<b>Excess of revenues over expenditures, adjusted Dec 31, 2010</b>	<b>\$244,793</b>

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

Notes to Financial Statements

Year Ended December 31, 2011

**3. Investments**

	2011	2010
	Fair value	Fair value
Bonds and debentures		
Government of Canada	\$ 2,451,363	\$ 2,109,216
Provincial	3,311,209	2,767,201
Canadian corporate	6,183,219	4,873,371
Canadian other	-	51,698
United States corporate	-	201,416
United States other	140,936	147,225
	<u>\$ 12,086,727</u>	<u>\$ 10,150,127</u>
Canadian Equities		
Consumer discretionary	281,496	211,202
Consumer staples	102,454	81,337
Energy	733,073	821,109
Financials	990,757	981,148
Industrial	233,364	152,018
Information technology	-	82,459
Materials	542,769	663,416
Telecommunications	161,386	109,554
	<u>\$ 3,045,299</u>	<u>\$ 3,102,243</u>
United States Equities		
Funds	257,797	158,595
International Funds	416,060	200,460
	<u>\$ 673,857</u>	<u>\$ 359,055</u>
Canadian Mutual Funds	358,799	157,237
	<u>\$ 358,799</u>	<u>\$ 157,237</u>
	<u><b>\$ 16,164,682</b></u>	<u><b>\$ 13,768,662</b></u>

The Government of Canada bonds have stated interest rates ranging from 4.00% to 5.10%. These investments will mature as follows: \$1,370,758 within the next year to five years, and \$1,080,605 thereafter.

The Provincial bonds have stated interest rates ranging from 4.20% to 5.25%. These investments will mature as follows: \$594,686 within the next year to five years, and \$2,716,523 thereafter.

The Canadian Corporate bonds have stated interest rates ranging from 3.3% to 6.25%. These investments will mature as follows: \$3,794,805 within the next year to five years, and \$2,388,414 thereafter.

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.

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

Notes to Financial Statements

Year Ended December 31, 2011

**4. Property and Equipment**

			2011		2010	
	Cost	Accumulated Amortization	Net Book Value		Net Book Value	
Furniture and equipment	\$ 20,381	\$ 20,381	\$ -	\$	-	
Computer hardware	3,736	3,339	397		1,190	
	<u>\$ 24,117</u>	<u>\$ 23,720</u>	<u>\$ 397</u>	<u>\$</u>	<u>1,190</u>	

**5. Distributable Reserves**

	2011		2010	
Operating reserve	\$ 6,653,417	\$	4,003,018	
Restricted trust principal	10,000,000		10,000,000	
	<u>\$ 16,653,417</u>	<u>\$</u>	<u>14,003,018</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 \$10,000,000. The principal has not been drawn upon as of December 31, 2011.

**6. 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:

	2011		2010	
Darnay, Tom	\$ 5,250	\$	4,500	
Harris, Barbara	5,100		-	
Hill, Paula Jill	5,400		-	
Jonathan, Roger	-		5,100	
Maracle, Wray	300		2,250	
Martin, Tammy	6,450		4,650	
Montour, George	3,000		-	
Smith, Rosemary	6,000		5,400	
Thomas, Melba	4,800		3,450	
	<u>\$ 36,300</u>	<u>\$</u>	<u>25,350</u>	

## SIX NATIONS OF THE GRAND RIVER COMMUNITY DEVELOPMENT TRUST

Notes to Financial Statements

Year Ended December 31, 2011

---

### 7. Project Expenditures

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

	2011	2010
Arts After School Kids Inc.	\$ -	\$ 1,080
Arts Council (SN) - Red Barn	11,590	8,063
Brantford Native Housing	32,739	76,675
Chiefswood Museum National Historic	-	8,540
Childcare Resource Centre (SN)	3,781	6,534
First Nations Youth Choir	19,487	14,276
Health Foundation (SN)	-	25,000
Her Majesty's Royal Chapel of the Mohawks	182,562	-
Iroquois Lodge	2,995	141,247
Minor Ball Association	30,000	-
Ogwehoweh Skills and Trades Centre	-	12,240
Oliver M Smith School - Kids Want to Play	73,408	-
Parks and Recreation	333,451	-
Police (SN)	19,985	45,000
Polytechnic (SN) - Homework Support	31,676	22,478
Public Library (SN)	-	44,629
St. Lukes Anglican Church	-	81,000
Seneca Longhouse	-	1,940
Woodland Cultural Centre	13,955	18,132
	<u>\$ 755,629</u>	<u>\$ 506,834</u>

### 8. 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.

### 9. 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 \$19,290 in 2011 (2010 - \$16,890) and are detailed below.

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

Of the total honorariums outlined in note 6, council member trustees were reimbursed an amount of \$8,100 (2010 - \$5,700).

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

Notes to Financial Statements

Year Ended December 31, 2011

**10. Commitments**

The Trust has a remaining commitment for approved projects totalling \$1,244,994. Of this amount, \$445,693 pertains to existing projects which were not complete by year end and \$799,300 pertains to projects commencing in 2012.

	<b>Carried to</b>	
	<b>2012</b>	<b>2012</b>
Arts Council (SN) - Children's Creative Workshop	\$ -	\$ 12,619
Brantford Native Housing		58,186
FACT (Fighting Against Crack Together)		26,000
Farmers Association (SN)		70,000
Fire Department (SN) - Fire Prevention		3,500
First Nations Youth Choir	3,418	17,560
Grand River Champion of Champions Pow Wow		5,000
Grand River Post Secondary		61,770
Her Majesty's Royal Chapel of the Mohawks	533	-
Jr B Rebels Lacrosse (SN)	-	2,500
Nations Uniting Sharing Centre	-	30,000
Oliver M. Smith School - Kids Want to Play	1,592	-
Onkwawenna Kentyohkwa		20,663
Parks and Recreation (SN) - Infrastructure for Scoreboards	22,483	-
Parks and Recreation (SN) - Infrastructure for Lighting & Track	340,829	-
Police Service (SN) - Traffic Safety Strategy	2,016	-
Polytechnic (SN) - Franchise Acquisition		194,000
Polytechnic (SN) - Six Nations Homework Support Program	4,122	33,300
Polytechnic (SN) - University Accreditation		107,680
Public Library (SN) - Research Centre	-	19,610
SONICS CKRZ 100.3 FM		60,500
Woodland Cultural Centre - Education Extension		28,000
Woodland Cultural Centre - Library Security	-	48,412
Woodland Cultural - Roof	70,700	-
	<b>\$ 445,693</b>	<b>\$ 799,300</b>

**SIX NATIONS OF THE GRAND RIVER COMMUNITY DEVELOPMENT TRUST**  
Notes to Financial Statements  
Year Ended December 31, 2011

---

**11. Financial Instruments**

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.