

Financial Statements of

**SIX NATIONS GRAND RIVER  
ECONOMIC DEVELOPMENT  
TRUST**

Year ended December 31, 2018



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## INDEPENDENT AUDITORS' REPORT

To the Trustees of Six Nations Grand River Economic Development Trust

### *Opinion*

We have audited the financial statements of the Six Nations Grand River Economic Development Trust (the "Trust"), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of operations and trustee's equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2018, and its results of operations and its 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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Trust 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 financial statements, management is responsible for assessing the Trust'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 Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

***Auditors' 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 auditors' 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.



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- 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 Trust'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 Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Trust 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.

Hamilton, Canada

Date

# SIX NATIONS GRAND RIVER ECONOMIC DEVELOPMENT TRUST

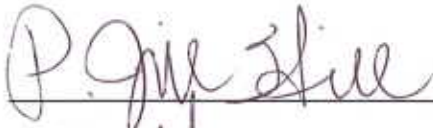
Statement of Financial Position

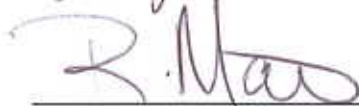
December 31, 2018, with comparative information for 2017

	2018	2017
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,795,177	\$ 1,953,152
Distributions receivable (note 2)	1,285,878	817,981
	<u>\$ 4,081,055</u>	<u>\$ 2,771,133</u>
<b>Liabilities and Trust Capital</b>		
Current liabilities:		
Accrued liabilities	\$ 11,011	\$ 9,783
Distributions payable (note 3)	4,068,892	2,761,222
Due to related parties	1,052	28
	<u>4,080,955</u>	<u>2,771,033</u>
Trustee's equity (note 4)	100	100
	<u>\$ 4,081,055</u>	<u>\$ 2,771,133</u>

See accompanying notes to financial statements.

On behalf of the Board:

  
 \_\_\_\_\_ Trustee

  
 \_\_\_\_\_ Trustee

# SIX NATIONS GRAND RIVER ECONOMIC DEVELOPMENT TRUST

## Statement of Operations and Trustee's Equity

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Revenue:		
Distributions (note 2)	\$ 2,967,898	\$ 2,937,656
Interest revenue	55,162	22,931
	<u>3,023,060</u>	<u>2,960,587</u>
Trustees' governance expenses:		
Administration service fees	42,500	-
Honoraria	32,200	45,450
Office and miscellaneous	12,718	9,782
Professional fees	7,833	19,693
Computer equipment and software	6,526	6,903
Insurance	4,241	4,900
	<u>106,018</u>	<u>86,728</u>
Excess of revenue over expenses	2,917,043	2,873,859
Trustee's equity (deficit), beginning of year	100	(444)
Distributions to beneficiaries (note 5)	-	(112,093)
Future distributions to beneficiaries (note 3)	(2,917,043)	(2,761,222)
Trustee's equity, end of year (note 4)	<u>\$ 100</u>	<u>\$ 100</u>

See accompanying notes to financial statements.

# SIX NATIONS GRAND RIVER ECONOMIC DEVELOPMENT TRUST

## Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses before distribution	\$ 2,917,043	\$ 2,873,859
Distributions made to beneficiaries	—	(112,093)
Future distributions payable to beneficiaries	(2,917,043)	(2,761,222)
	—	544
Change in non-cash operating working capital:		
Distributions payable	1,307,670	1,456,890
Distributions receivable	(467,897)	532,865
Due to related parties	1,024	(87,412)
Accrued liabilities	1,228	(126,842)
Net increase in cash and cash equivalents	842,025	1,776,045
Cash and cash equivalents, beginning of year	1,953,152	177,107
Cash and cash equivalents, end of year	\$ 2,795,177	\$ 1,953,152

See accompanying notes to financial statements.

# SIX NATIONS GRAND RIVER ECONOMIC DEVELOPMENT TRUST

Notes to Financial Statements

Year ended December 31, 2018

## Purpose of the Trust:

The Six Nations of the Grand River Economic Development Trust ("The Trust") was established on December 30, 2015. The Six Nations of the Grand River is listed as the beneficiary of the Trust, for the collective benefit of its Members, as outlined by the Community Purposes listed in the Trust Indenture. The Trust is dedicated to hold, invest in, acquire and/or manage investments, including but not limited to receiving payments and/or property pursuant to the terms of any community benefit, impact benefit or other agreements entered into from time to time between Six Nations of the Grand River Development Corporation and the entities that comprise the organization.

## 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 Canada Handbook – Accounting. The Trust's significant accounting policy is as follows:

### (a) Revenue recognition:

The Trust follows the deferral method of accounting for contributions which include donations and government grants.

The Trust is funded by distributions of net income from the Six Nations of the Grand River Development Corporation and related entities. The distribution amount is approved by the Advisory Committee. Distributions are recorded as revenue in the period to which they relate. Distributions approved but not received at the end of an accounting period are accrued.

## 2. Distributions received and receivable:

	2018	2017
Six Nations of the Grand River Development Corporation	\$ 1,682,020	\$ 1,389,246
Six Nations of the Grand River Master Trust	–	730,429
Six Nations of the Grand River Master Trust (receivable as at December 31)	1,285,878	817,981
	<u>\$ 2,967,898</u>	<u>\$ 2,937,656</u>



# SIX NATIONS GRAND RIVER ECONOMIC DEVELOPMENT TRUST

Notes to Financial Statements

Year ended December 31, 2018

### 3. Future distributions payable to beneficiaries:

	2018	2017
Six Nations of the Grand River:		
Balance, beginning of year	\$ 2,761,222	\$ 1,304,332
Distributions during the year (note 5)	(1,609,373)	(1,304,222)
Designated future distributions	2,917,043	2,761,222
<b>Balance, end of year</b>	<b>\$ 4,068,892</b>	<b>\$ 2,761,222</b>

Each year, the net income of the Six Nations of the Grand River Master Trust is made payable to the Six Nations of the Grand River Economic Development Trust as at December 31<sup>st</sup>. These funds are to be received at a future date and have been made payable to the beneficiaries of the Trust, Six Nations of the Grand River, via promissory note. This amount will be used to fund annual distributions to be awarded to beneficiaries as part of the next fiscal period's call for applicants. At December 31, 2018, an amount of \$2,691,027 was authorized through board resolutions to fund various community projects for the benefit of the beneficiaries of the Trust. The remaining future distributions payable of \$1,377,865 is included within a promissory note payable to the beneficiaries for future projects.

### 4. Trustee's equity:

Trustee's equity is comprised of the following items:

	2018	2017
Share capital:		
Authorized:		
Unlimited number of common shares		
Issued:		
100 common shares	\$ 100	\$ 100

# SIX NATIONS GRAND RIVER ECONOMIC DEVELOPMENT TRUST

Notes to Financial Statements

Year ended December 31, 2018

## 5. Distributions to beneficiaries:

	2018	2017
Six Nations Public Works	\$ 1,200,000	\$ 1,373,375
Grand River Pow Wow Committee	13,800	5,050
Six Nations Public Library	-	24,000
Two Row on the Grand	11,098	14,000
Six Nations Minor Lacrosse	8,000	-
Six Nations Minor Ball	7,834	-
SONICS-CKRZ fm	262,983	-
Six Nations Police	4,995	-
Ganohkwasra Family Assault Support Services	100,663	-
	1,609,373	1,416,425
Distributions approved in a prior year	(1,609,373)	(1,304,332)
	\$ -	\$ 112,093

Distributions are received from the Six Nations of the Grand River Development Corporation and Six Nations of the Grand River Master Trust. As the sole beneficiary of the Master Trust, the Six Nations of the Grand River Economic Development Trust is charged with awarding and investing these funds for the collective benefit of the Six Nations members.

## 6. Financial risk and concentration of credit risk:

Liquidity risk:

Liquidity risk is the risk that the Trust will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Trust manages its liquidity risk by monitoring its operating requirements and approved distributions. There has been no change to the risk exposures from 2017.