

Financial statements of

**National Indian Brotherhood  
Trust Fund**

March 31, 2016

# National Indian Brotherhood Trust Fund

March 31, 2016

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## Independent Auditor's Report

To the Trustees of  
National Indian Brotherhood Trust Fund

We have audited the accompanying financial statements of the National Indian Brotherhood Trust Fund, which comprise the statement of financial position as at March 31, 2016, and the statements of operations and changes in fund balances and 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

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.

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 judgment, 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 the National Indian Brotherhood Trust Fund as at March 31, 2016 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.

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants


July 6, 2016

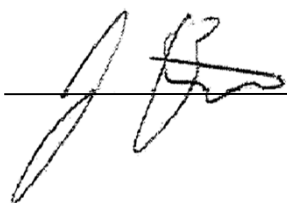
# National Indian Brotherhood Trust Fund

Statement of financial position  
as at March 31, 2016

								2016	2015	
	General Fund	Language and Literacy Fund	Youth Healing Fund	Research Sponsor Fund	Heroes of Our Time Fund	Education Fund	Métis Fund	Education Legacy Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Assets</b>										
Current assets										
Cash	103,875	93,079	3,607	16,325	10,931	(102,806)	231	831	126,073	134,393
Short-term investments (Note 4)	-	-	-	-	-	73,033,645	4,220,543	75,962,246	153,216,434	-
Accounts receivable	-	-	-	-	-	-	-	-	-	22,500
Goods and Services Tax/ Harmonized Sales Tax receivable	9,850	-	-	-	-	-	-	-	9,850	-
Accrued interest (Note 4)	-	-	-	-	-	478,724	14,760	53,191	546,675	-
	<b>113,725</b>	<b>93,079</b>	<b>3,607</b>	<b>16,325</b>	<b>10,931</b>	<b>73,409,563</b>	<b>4,235,534</b>	<b>76,016,268</b>	<b>153,899,032</b>	<b>156,893</b>
<b>Liabilities</b>										
Current liabilities										
Bank indebtedness	-	-	-	-	-	-	-	-	-	11,353
Accounts payable and accrued liabilities	67,675	-	-	-	-	-	-	-	67,675	-
Due to the National Indian Brotherhood (Note 3)	39,747	-	-	-	-	-	-	-	39,747	216
	<b>107,422</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>107,422</b>	<b>11,569</b>
<b>Fund balances</b>	<b>6,303</b>	<b>93,079</b>	<b>3,607</b>	<b>16,325</b>	<b>10,931</b>	<b>73,409,563</b>	<b>4,235,534</b>	<b>76,016,268</b>	<b>153,791,610</b>	<b>145,324</b>
	<b>113,725</b>	<b>93,079</b>	<b>3,607</b>	<b>16,325</b>	<b>10,931</b>	<b>73,409,563</b>	<b>4,235,534</b>	<b>76,016,268</b>	<b>153,899,032</b>	<b>156,893</b>

On behalf of the Trustees

  
Phil Fontaine, Chair

  
Jaime Battiste, Co-Chair

The accompanying notes to the financial statements are an integral part of this financial statement.

# National Indian Brotherhood Trust Fund

## Statement of operations and changes in fund balances year ended March 31, 2016

								2016	2015	
	General Fund	Language and Literacy Fund	Youth Healing Fund	Research Sponsor Fund	Heroes of Our Time Fund	Education Fund	Métis Fund	Education Legacy Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>										
Government of Canada	300,000	-	-	-	-	75,640,826	4,214,598	75,940,821	156,096,245	-
Interest income (Note 4)	-	-	-	-	-	679,026	20,936	75,447	775,409	-
Sponsorship	-	-	-	-	-	-	-	-	-	22,500
Miscellaneous	-	-	-	-	-	-	-	-	-	2,000
	<b>300,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76,319,852</b>	<b>4,235,534</b>	<b>76,016,268</b>	<b>156,871,654</b>	<b>24,500</b>
<b>Expenses</b>										
Advertising, promotions and publications	17,581	-	-	-	-	-	-	-	17,581	-
Office expenses	57,307	135	-	-	-	-	-	-	57,442	-
Professional services	126,033	-	-	-	-	-	-	-	126,033	1,936
Rent	20,846	-	-	-	-	-	-	-	20,846	-
Insurance	6,349	-	-	-	-	-	-	-	6,349	-
Salaries and benefits	137,992	-	-	-	-	-	-	-	137,992	-
Travel	120,408	-	-	-	-	-	-	-	120,408	21,811
Administration and management fees (Note 3)	75,000	-	-	-	-	-	-	-	75,000	-
Payment to individuals - Language & Literacy	-	18,000	-	-	-	-	-	-	18,000	-
Payment to organizations - Education & Culture	-	-	-	-	-	2,645,717	-	-	2,645,717	-
Miscellaneous	-	-	-	-	-	-	-	-	-	2,512
Sponsorship	-	-	-	-	-	-	-	-	-	16,000
	<b>561,516</b>	<b>18,135</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,645,717</b>	<b>-</b>	<b>-</b>	<b>3,225,368</b>	<b>42,259</b>
Excess (deficiency) of revenue over expenses	(261,516)	(18,135)	-	-	-	73,674,135	4,235,534	76,016,268	153,646,286	(17,759)
Fund balances, beginning of year	3,247	111,214	3,607	16,325	10,931	-	-	-	145,324	163,083
Interfund transfers (Note 5)	264,572	-	-	-	-	(264,572)	-	-	-	-
<b>Fund balances, end of year</b>	<b>6,303</b>	<b>93,079</b>	<b>3,607</b>	<b>16,325</b>	<b>10,931</b>	<b>73,409,563</b>	<b>4,235,534</b>	<b>76,016,268</b>	<b>153,791,610</b>	<b>145,324</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# National Indian Brotherhood Trust Fund

## Statement of cash flows year ended March 31, 2016

	2016	2015
	\$	\$
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses	153,646,286	(17,759)
Changes in non-cash operating working capital items		
Accounts receivable	22,500	(22,500)
Goods and Services Tax/Harmonized Sales Tax receivable	(9,850)	-
Accrued interest	(546,675)	-
Accounts payable and accrued liabilities	67,675	-
	<b>153,179,936</b>	<b>(40,259)</b>
<b>Investing activities</b>		
Purchase of investments	(156,016,434)	-
Disposal of investments	2,800,000	-
Increase in the due to the National Indian Brotherhood	39,531	3,587
	<b>(153,176,903)</b>	<b>3,587</b>
<b>Financing activity</b>		
Net change in bank indebtedness	(11,353)	11,353
Net cash inflow (outflow)	(8,320)	(25,319)
Cash, beginning of year	134,393	159,712
<b>Cash, end of year</b>	<b>126,073</b>	<b>134,393</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# National Indian Brotherhood Trust Fund

## Notes to the financial statements

March 31, 2016

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### 1. Purpose of the organization

National Indian Brotherhood Trust Fund (the "Trust Fund") was established November 1, 1975 as a registered charity under paragraph 149 (l)(f) of the Income Tax Act.

The original objects of the Trust Fund were as follows:

- a) To study in conjunction with First Nation representatives from the various parts of Canada the problems confronting First Nations in today's society;
- b) To do research into the economic, social, and scientific problems of First Nation communities with a view to proposing solutions to these problems;
- c) To do research into the historical and cultural aspects of First Nation communities with a view to assisting in retaining First Nation culture and values;
- d) In order to further carry out the foregoing objects, to obtain and disseminate information to First Nation groups and others concerned with the quality of First Nations life;

In 2009, the Trust Fund applied to the Court to amend its objects to include the ability to fund education programs and reconciliation initiatives to address the legacy of Indian Residential Schools (IRS).

In carrying out these objects, the Trust Fund administered the Language and Literacy Fund, the Youth Healing Fund, the Research Sponsor Fund and the Heroes of Our Times Fund. In 2016, the Trust Fund added the following funds: the Education Fund, the Métis Fund and the Education Legacy Fund to support further educational programs for First Nations peoples and to provide assistance to Métis peoples.

The Language and Literacy Fund was established to promote education of First Nations' citizens by way of scholarship awards and the promotion of research, seminars and conferences of an academic nature into First Nations' rights, histories and cultures among First Nations' peoples as well as the Canadian public.

The Youth Healing Fund was established in 1996 to support efforts to improve the self-esteem and profile of First Nations' Youth in Canada. Funding was provided to organize events that brought together First Nations' Youth with political leaders and elders for spiritual and leadership training. Funding was also provided to support Youth representation of their Nations at conferences and gatherings in Canada and internationally.

The Research Sponsor Fund was established in 2001. The purpose of the Fund was to enable research into economic, social and scientific problems of Indian communities with a view to proposing solutions to these problems.

The Heroes of Our Times Fund was established in 2001 with the purpose of providing scholarship awards. The awards are made available to applicants who are able to demonstrate a proven record of intellectual and academic ability, integrity of character, interest and respect for fellow human beings, ability to lead, and the initiative to use their talents to the fullest. The awards are named in memory of the following figures in First Nations history: Jake Fire (Criminology), Tommy Prince (Native Studies), Walter Dieter (Social Work), Omar Peters (Political Science), Robert Smallboy (Medicine), James Gosnell (Law). The awards are presented each year at the Annual General Assembly of First Nations.

The Trust Fund created three additional funds in 2015-16 pursuant to the Indian Residential Schools Settlement Agreement ("IRSSA"). In implementing the IRSSA in 2006, the Federal Government established a Designated Amount Fund ("DAF"), to compensate former students of Indian Residential School ("IRS"). Both the Common Experience Payment and Personal Credits were paid out of the DAF. The IRSSA stipulated that any surplus funds from the DAF were to be transferred to the National Indian Brotherhood Trust Fund in fiscal year 2015-2016. The courts supervising the implementation of the IRSSA issued an Order in July 2015 endorsing the transfer of funds, including a transfer of \$300,000 for startup costs for the Trust Fund operations.



# National Indian Brotherhood Trust Fund

## Notes to the financial statements

March 31, 2016

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### 1. Purpose of the organization (continued)

Under Court approved Terms and Conditions the Trust Fund is to administer the residual funds from the DAF for the benefit of First Nations and Métis. Funds to beneficiaries shall be divided proportionally as follows:

- First Nations 97.3%
- Métis 2.7%

The Terms and Conditions sets out that at least 50% of the initial funds received from the DAF will be invested into a reserve fund for a period of 20 years. It is the intent that the funds received be managed long-term for the benefit of all First Nations and Métis people.

The Education Fund was established following the IRSSA with the purpose of providing funds to support educational programs for the purpose of healing, reconciliation, and knowledge advancement for First Nations organizations and individuals.

The Métis Fund was established following the IRSSA with the purpose of providing assistance to Métis organizations and individuals for the purpose of healing and reconciliation programs.

The Education Legacy Fund was established following the IRSSA with the purpose of reinvesting and retaining the funds received from the Government of Canada in a reserve fund until fiscal year 2036 for First Nations organizations and individuals for future generations.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### *Revenue recognition*

The Trust Fund follows the restricted method of accounting for contributions.

Unrestricted contributions related to general operations are recognized as revenue in the General Fund in the year in which the contributions are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions for the Language and Literacy Fund, Youth Healing Fund, Research Sponsor Fund, Heroes of Our Times Fund, Education Fund and Métis Fund are recognized as revenue in the year in which the contributions are received. Endowment contributions are recognized as revenue in the Education Legacy Fund in the year in which the contributions are received and these contributions are invested for a period of 20 years for future generations.

#### *Allocation of interest income*

In compliance with the court approved Administration Plan for the Funds Received Pursuant to the IRSSA under the section of the investment of capital;

Interest revenue is to be allocated as follows:

The initial 2.7 percent portion and subsequent interest allocated for Métis peoples may be paid out at an earlier date and is exempt from the reserve fund.

The remainder 97.3 percent portion and subsequent interest allocated for First Nations peoples is distributed as follows:

- 10% of all annual interest generated will be paid back into the Education Legacy Fund for reinvestment; and,
- 90% of all annual interest may be made available to the Education Fund for payout to beneficiaries of the funds transferred under the IRSSA.

# National Indian Brotherhood Trust Fund

## Notes to the financial statements

March 31, 2016

### 2. Significant accounting policies (continued)

#### *Financial instruments*

The Trust Fund initially measures its financial assets and liabilities at fair value. The Trust Fund subsequently measures all its financial assets and liabilities at amortized cost except for cash which is measured at fair value.

#### *Contributed materials and services*

Contributed materials and services which are used in the normal course of the Trust Fund's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if the fair value can be reasonably estimated.

#### *Use of estimates*

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates in the current financial statements include the amount of accrued liabilities. Actual results could differ from these estimates.

### 3. Due to the National Indian Brotherhood

Since the National Indian Brotherhood (NIB), secretariat of the Assembly of First Nations ("AFN") appoints the trustees of the Trust Fund, the NIB is deemed to control the Trust Fund.

As at March 31, 2016, the Trust Fund has a due to the AFN of \$39,747 (2015 - due to the AFN of \$216). The balance arose as a result of AFN paying expenses on behalf of the Trust Fund.

For the year ended March 31, 2016, the Trust Fund paid the AFN of \$75,000 (2015 - \$Nil) for administration and management of the Trust Fund.

Transactions between AFN and the Trust Fund are in the normal course of operations and are recorded using the exchange amount

### 4. Investments

Investments are summarized as follows:

	2016			
	Education Fund	Metis Fund	Education Legacy Fund	Total
	\$	\$	\$	\$
Short-term investments	73,033,645	4,220,543	75,962,246	153,216,434
	73,033,645	4,220,543	75,962,246	153,216,434
	2015			
	Education Fund	Metis Fund	Education Legacy Fund	Total
	\$	\$	\$	\$
Short-term investments	-	-	-	-
	-	-	-	-

# National Indian Brotherhood Trust Fund

Notes to the financial statements

March 31, 2016

## 4. Investments (continued)

### *Determination of fair values*

Short-term investments consist of redeemable guaranteed investment certificates ("GICs") with a maturity of one year term; the GICs mature on November 28, 2016 and December 1, 2016 with an interest rate of 1.05%. The fair value of these GICs approximate their cost.

### *Investment income*

Interest income is recognized as it is earned and is allocated to the appropriate fund as follows:

				2016
	Education Fund	Metis Fund	Education Legacy Fund	Total
	\$	\$	\$	\$
Earns 2.7% of the initial interest into Metis Fund	-	20,936	-	20,936
Earns 90% of the remainder interest into Education Fund	679,026	-	-	679,026
Earns and re-invest 10% of the remainder interest into the Education Legacy Fund	-	-	75,447	75,447
	<b>679,026</b>	<b>20,936</b>	<b>75,447</b>	<b>775,409</b>

				2015
	Education Fund	Metis Fund	Education Legacy Fund	Total
	\$	\$	\$	\$
Earns 2.7% of the initial interest into Metis Fund	-	-	-	-
Earns 90% of the remainder interest into Education Fund	-	-	-	-
Earns and re-invest 10% of the remainder interest into the Education Legacy Fund	-	-	-	-
	-	-	-	-

## 5. Interfund transfers

Given that the Trust Fund shall incur costs while providing funds to support organizations and individuals such as: salaries, accounting and audit expenses, professional fees, rents, equipment, supplies, utilities, planning, reporting, any committees, meeting expenses and communications. In compliance with the court approved Administration Plan, the Trust Fund shall not exceed 10% of the interest generated by the fund per year or 10% of the amount paid out to beneficiaries in any given year, whichever is greater.

For the year ended March 31, 2016, the Trust Fund funded 84 projects across Canada aimed at healing and reconciliation and has released the first payment to organizations totaled in the amount of \$2,645,717 - with this amount 10% of projects funded is equal to \$264,572.