

Financial Statements of

**SIX NATIONS GRAND RIVER
ECONOMIC DEVELOPMENT
TRUST**

And Independent Auditor's Report Thereon

Year ended December 31, 2022



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INDEPENDENT AUDITOR'S REPORT

To the Trustees of the Six Nations of the Grand River Economic Development Trust

Opinion

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

- the statement of financial position as at December 31, 2022
- 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, 2022, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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 ethical 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.

Auditor's 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 auditor's 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.



Page 3

- 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 auditor's 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 auditor's 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.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

Hamilton, Canada

March 29, 2023

SIX NATIONS GRAND RIVER ECONOMIC DEVELOPMENT TRUST

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash	\$ 4,009,186	\$ 4,613,071
Distributions receivable (note 2)	4,237,511	1,800,000
Due from related parties	4,826	4,826
	<u>\$ 8,251,523</u>	<u>\$ 6,417,897</u>
Liabilities and Trust Capital		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 29,358	\$ 10,271
Distributions payable (note 3)	8,222,061	6,407,488
Due to related parties	4	38
	<u>8,251,423</u>	<u>6,417,797</u>
Trustee's equity (note 4)	100	100
Impact of COVID-19 pandemic (note 7)		
	<u>\$ 8,251,523</u>	<u>\$ 6,417,897</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, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Distributions (note 2)	\$ 4,237,511	\$ 1,800,000
Interest revenue	98,116	29,213
	<u>4,335,627</u>	<u>1,829,213</u>
Trustees' governance expenses:		
Administration service fees	70,000	70,000
Honoraria	24,275	26,000
Professional fees	12,904	11,072
Computer equipment and software	7,009	6,763
Office and miscellaneous	4,621	3,186
	<u>118,809</u>	<u>117,021</u>
Excess of revenue over expenses	4,216,818	1,712,192
Future distributions to beneficiaries (note 3)	(4,216,818)	(1,712,192)
Surplus for the year	–	–
Trustee's equity, beginning of year	100	100
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, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Surplus for the year	\$ -	\$ -
Change in non-cash operating working capital:		
Distributions payable	1,814,573	1,221,290
Distributions receivable	(2,437,511)	(444,212)
Due from related parties	(34)	8
Accounts payable and accrued liabilities	19,087	(2,580)
Net increase (decrease) in cash	(603,885)	774,506
Cash, beginning of year	4,613,071	3,838,565
Cash, end of year	\$ 4,009,186	\$ 4,613,071

See accompanying notes to financial statements.

SIX NATIONS GRAND RIVER ECONOMIC DEVELOPMENT TRUST

Notes to Financial Statements

Year ended December 31, 2022

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 ("SNGR") 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 ("SNGRDC") and the related entities that comprise the organization.

On December 22, 2022, the Trust, SNGR Elected Council and SNGRDC entered into a legally binding Term Sheet to revise the Management Agreement that had been established on May 28, 2015. The primary objective of the Term Sheet is to find efficiencies and streamline the governance structure. Among the terms agreed to is a new funding formula in which SNGRDC's post-audit surplus free cash on hand will be distributed as follows:

- i) 50% - SNGRDC - retained for future investment and growth opportunities.
- ii) 40% (or \$1,400,000 whichever is greater) - SNGR - to be used to address Community Plan priorities, by way of EDT annual transfer.
- iii) 10% - EDT- to be used for investment in community priorities outside SNGR departments.

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.

(b) Governance expenses and distributions to beneficiaries:

Governance expenses are recognized in profit or loss on an accrual basis when due.

The Trust's annual surplus is approved annually through board resolutions to be reserved for future distributions to beneficiaries. Distributions to beneficiaries are subsequently authorized through board resolutions to fund various community projects for the benefit of the beneficiaries of the Trust. Distributions to beneficiaries are paid to beneficiaries through a call for applicants submission and approval process.

SIX NATIONS GRAND RIVER ECONOMIC DEVELOPMENT TRUST

Notes to Financial Statements (continued)

Year ended December 31, 2022

2. Distributions received and receivable:

	2022	2021
Distributions earned and receivable:		
Six Nations of the Grand River Development Corporation (receivable as at December 31)	\$ 2,787,690	\$ 366,308
Six Nations of the Grand River Master Trust (receivable as at December 31)	1,449,821	1,433,692
	<u>\$ 4,237,511</u>	<u>\$ 1,800,000</u>

3. Future distributions payable to beneficiaries:

	2022	2021
Six Nations of the Grand River:		
Balance, beginning of year	\$ 6,407,488	\$ 5,186,198
Distributions to beneficiaries during the year (note 5)	(2,402,245)	(490,902)
Designated future distributions	4,216,818	1,712,192
	<u>\$ 8,222,061</u>	<u>\$ 6,407,488</u>

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. 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. Commencing in 2022, in accordance with the funding formula agreed to, the post-audit surplus free cash of SNGRDC is made payable to the Trust, for future distribution to SNGR.

At December 31, 2022, the future distributions of the Trust are as follows:

	2022	2021
2023 Projects	\$ 1,992,546	\$ –
2022 Projects	1,066,305	1,936,738
2021 Projects	144,914	1,753,066
SNGR elected council	3,390,009	–
EDT – future calls for applications	1,628,287	2,717,684
	<u>\$ 8,222,061</u>	<u>\$ 6,407,488</u>

SIX NATIONS GRAND RIVER ECONOMIC DEVELOPMENT TRUST

Notes to Financial Statements (continued)

Year ended December 31, 2022

4. Trustee's equity:

Trustee's equity is comprised of the following items:

	2022	2021
Trust indenture	\$ 100	\$ 100

5. Distributions to beneficiaries:

	2022	2021
Approved distributions, beginning of the year	\$ 3,689,804	\$ 2,243,968
Six Nations Public Works	(1,212,727)	(22,448)
Six Nations Housing	(320,601)	-
Six Nations Language Commission	(300,000)	(150,000)
Ganohkwasra Family Assault Support Services	(280,350)	-
Kayanase	(202,383)	-
Woodland Cultural Centre	(68,684)	-
Jamieson Elementary School	(15,000)	(15,000)
Two Rows on the Grand	(2,500)	(12,000)
Six Nations Central Administration	-	(291,454)
Distribution made to beneficiaries during the year	(2,402,245)	(490,902)
Approved past commitments not distributed	1,287,559	1,753,066
Approved future commitments not distributed (note 3)	1,992,546	1,936,738
Approved distributions, end of the year	\$ 3,280,105	\$ 3,689,804

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.

SIX NATIONS GRAND RIVER ECONOMIC DEVELOPMENT TRUST

Notes to Financial Statements (continued)

Year ended December 31, 2022

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 2021.

7. Impact of COVID-19 pandemic:

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic. Due to the uncertainty associated with the pandemic, the Trustees decided that the available funds in the Trust account would be split between the 2022 and 2023 calls.