
Financial statements of
National Indian Brotherhood
Trust Fund

March 31, 2020

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Independent Auditor's Report

To the Trustees of
National Indian Brotherhood Trust Fund

Opinion

We have audited the financial statements of the National Indian Brotherhood Trust Fund (the "Fund"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2020, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund 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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund'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 GAAS 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 these financial statements.

As part of an audit in accordance with Canadian GAAS, 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.
- 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 Fund'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 Fund'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 Fund 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.

We 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
July 23, 2020

National Indian Brotherhood Trust Fund
Statement of operations and changes in fund balances
Year ended March 31, 2020

	Notes	2020					2019					
		General Fund	Education Fund	Education Legacy Fund	Métis Fund	Other funds (Note 8)	Total	General Fund	Education Fund	Education Legacy Fund	Métis Fund	Other funds (Note 8)
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue												
Government of Canada		—	—	—	—	—	—	29,759,934	29,759,934	1,651,630	—	61,171,498
Investment income	3	38,892	579,114	207,929	17,798	843,733	66,413	8,493,349	507,016	163,745	—	9,230,523
Miscellaneous		29,930	—	—	—	29,930	—	16,167	—	—	—	16,167
		68,822	579,114	207,929	17,798	873,663	66,413	38,269,450	30,266,950	1,815,375	—	70,418,188
Distributions to beneficiaries												
Payment to organizations	6	—	5,439,703	—	274,182	5,713,885	—	6,461,255	—	661,170	—	7,122,425
Payment to individuals	6	—	3,550,479	—	321,091	3,871,570	—	2,946,054	—	84,565	—	3,030,619
		—	8,990,182	—	595,273	9,585,455	—	9,407,309	—	745,735	—	10,153,044
Expenses												
Salaries and benefits		662,470	—	—	—	662,470	587,752	—	—	—	—	587,752
Travel		350,440	—	—	—	350,440	292,436	—	—	—	—	292,436
Professional services		214,986	26,229	—	—	241,215	191,873	—	—	—	—	191,873
Advertising, promotion and publications		35,950	—	—	—	35,950	11,246	—	—	—	—	11,246
Office expenses		160,272	—	—	—	160,272	109,460	—	—	—	—	109,460
Administration and management fees	5	36,066	—	—	—	36,066	60,000	—	—	—	—	60,000
Rent	5	57,065	—	—	—	57,065	48,117	—	—	—	—	48,117
Insurance		11,410	—	—	—	11,410	7,187	—	—	—	—	7,187
		1,528,659	26,229	—	—	1,554,888	1,308,071	—	—	—	—	1,308,071
		1,528,659	9,016,411	—	595,273	11,140,343	1,308,071	9,407,309	—	745,735	—	11,461,115
Excess (deficiency) of revenue over distributions and expenses		(1,459,837)	(8,437,297)	207,929	(577,475)	(10,266,680)	(1,241,658)	28,862,141	30,266,950	1,069,640	—	58,957,073
Fund balances, beginning of year		—	92,727,628	106,865,716	3,943,678	53,942	—	65,015,947	76,598,766	2,965,236	53,942	144,633,891
Interfund transfers	7	1,459,837	(1,368,928)	—	(90,909)	—	1,241,658	(1,150,460)	(91,198)	—	—	—
Fund balances, end of year		—	82,921,403	107,073,645	3,275,294	53,942	—	92,727,628	106,865,716	3,943,678	53,942	203,590,964

The accompanying notes and schedules are an integral part of the financial statements.

National Indian Brotherhood Trust Fund
Statement of financial position
As at March 31, 2020

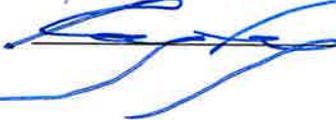
	2020						2019					
	General Fund	Education Fund	Education Legacy Fund	Métis Fund	Other funds (Note 8)	Total	General Fund	Education Fund	Education Legacy Fund	Métis Fund	Other funds (Note 8)	Total
Notes	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assets												
Current assets												
Cash	76,743	1,322,154	334,270	115,999	53,942	1,903,108	141,202	(206,325)	308,782	50,065	53,942	347,666
Accounts receivable	541	23,255	—	—	—	23,796	—	26,449	—	—	—	26,449
Sales taxes recoverable	51,506	—	—	—	—	51,506	23,793	—	—	—	—	23,793
Prepaid expenses	15,880	—	—	—	—	15,880	268	—	—	—	—	268
Short-term investments	—	9,000,000	—	1,000,000	—	10,000,000	—	9,000,000	—	1,000,000	—	10,000,000
Interfund receivable (payable)	—	311,888	(311,888)	—	—	—	—	4,824,121	(4,824,121)	—	—	—
	144,670	10,657,297	22,382	1,115,999	53,942	11,994,290	165,263	13,644,245	(4,515,339)	1,050,065	53,942	10,398,176
Capital assets	38,042	—	—	—	—	38,042	39,561	—	—	—	—	39,561
Investments	—	73,607,870	107,127,346	2,180,946	—	182,916,162	—	80,167,245	111,483,008	2,966,841	—	194,617,094
	182,712	84,265,167	107,149,728	3,296,945	53,942	194,948,494	204,824	93,811,490	106,967,669	4,016,906	53,942	205,054,831
Liabilities												
Current liabilities												
Accounts payable and accrued liabilities	114,952	1,343,764	76,083	21,651	—	1,556,450	121,865	1,083,862	101,953	73,228	—	1,380,908
Balance due to National Indian Brotherhood	67,760	—	—	—	—	67,760	82,959	—	—	—	—	82,959
	182,712	1,343,764	76,083	21,651	—	1,624,210	204,824	1,083,862	101,953	73,228	—	1,463,867
Fund balances												
	—	82,921,403	107,073,645	3,275,294	53,942	193,324,284	—	92,727,628	106,865,716	3,943,678	53,942	203,590,964
	182,712	84,265,167	107,149,728	3,296,945	53,942	194,948,494	204,824	93,811,490	106,967,669	4,016,906	53,942	205,054,831

The accompanying notes and schedules are an integral part of the financial statements.

On behalf of the Trustees



Keith Martell, Chair of the Board of Trustees



Roy Fox, Trustee

National Indian Brotherhood Trust Fund**Statement of cash flows**

Year ended March 31, 2020

	2020 \$	2019 \$
Operating activities		
Excess (deficiency) of revenue over distributions and expenses	(10,266,680)	58,957,073
Amortization of capital assets	16,119	11,711
Realized gain on investments	(6,967,277)	(2,976,762)
Change in unrealized loss (gain) on investments	15,113,046	(297,563)
Changes in non-cash operating working capital items		
Accounts receivable	2,653	(850)
Prepaid expenses	(15,612)	61,650
Sales taxes recoverable	(27,713)	64,748
Accounts payable and accrued liabilities	175,542	69,712
	(1,969,922)	55,889,719
Investing activities		
Purchase of investments	(224,371,748)	(72,451,649)
Disposal of investments	227,926,911	16,470,109
Purchase of capital assets	(14,600)	—
Increase (decrease) in the balance due to National Indian Brotherhood	(15,199)	25,079
	3,525,364	(55,956,461)
Net increase (decrease) in cash	1,555,442	(66,742)
Cash, beginning of year	347,666	414,408
Cash, end of year	1,903,108	347,666

The accompanying notes and schedules are an integral part of the financial statements.

National Indian Brotherhood Trust Fund

Notes to the financial statements

March 31, 2020

1. Purpose of the organization

The National Indian Brotherhood Trust Fund (the "Trust Fund") was established on 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 Nations 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 Nations communities with a view to proposing solutions to these problems;
- (c) To do research into the historical and cultural aspects of First Nations communities with a view to assisting in retaining First Nations culture and values; and
- (d) In order to further carry out the foregoing objects, to obtain and disseminate information to First Nations groups and others concerned with the quality of First Nations life.

In carrying out these objects, the Trust Fund administers the Language and Literacy Fund, the Youth Healing Fund, the Research Sponsor Fund and the Heroes of Our Time Fund.

The Language and Literacy Fund was established in 1975 to promote education of First Nations citizens by way of scholarship awards and to promote 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 to enable research into the economic, social and scientific problems of First Nations communities with a view to proposing solutions to these problems.

The Heroes of Our Time 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), and James Gosnell (law). The awards are generally presented each year at the Assembly of First Nations (AFN) annual general assembly.

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).

Pursuant to the Indian Residential Schools Settlement Agreement (IRSSA), the federal government, in 2006, established a Designated Amount Fund (DAF) to compensate former students of 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 Trust Fund. 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 of the Trust Fund's operations.

National Indian Brotherhood Trust Fund

Notes to the financial statements

March 31, 2020

1. Purpose of the organization (continued)

Under the 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 with the funds to be originally divided as follows:

- First Nations: 97.3%
- Métis: 2.7%

The terms and conditions require that at least 50% of the initial funds received from the DAF on behalf of the First Nations should be invested in a reserve fund for a period of 20 years.

The terms and conditions also set a limit on the administrative expenses that could be paid from the funds. The limit was set at 10% of the greater of the investment income in the year or the amount paid to beneficiaries in the year. In the 2016-2017 fiscal year, the court modified the limit temporarily to 15%. In 2018-2019 fiscal year, the court approved the permanent 15% administration cap for the Trust Fund.

As a consequence of the IRSSA, the Trust Fund established three funds in 2016:

- 1) The Education Fund to support educational programs for the purpose of healing, reconciliation, and knowledge advancement for First Nations organizations and individuals;
- 2) The Métis Fund to provide assistance to Métis organizations and individuals for the purpose of healing and reconciliation programs; and
- 3) The Education Legacy Fund to invest in a reserve fund for 20 years 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:

Fund accounting

In accordance with the principles of fund accounting, the Trust Fund maintains its accounting records to ensure that limitations and restrictions placed on the use of available resources are observed. Under this method, all resources are classified for accounting and reporting purposes into funds that are in accordance with specific activities and objectives. Accordingly, separate accounts are maintained for the following funds: General Fund, Education Fund, Métis Fund, Education Legacy Fund, Language and Literacy Fund, Youth Healing Fund, Research Sponsor Fund and Heroes of Our Time Fund.

The General Fund accounts are for the Trust Fund's operating activities. The remaining funds are externally restricted and are to be used only in the manner set out in Note 1.

Revenue recognition

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

Unrestricted contributions are recognized as revenue 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 and endowment contributions are recognized as revenue in the year in which the contributions are received. Restricted contributions, for which the Trust Fund has no corresponding restricted fund, are deferred and recognized as revenue in the General Fund in the year in which the related expenses are incurred.

National Indian Brotherhood Trust Fund

Notes to the financial statements

March 31, 2020

2. Significant accounting policies (continued)

Investment 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, investment income is recognized as it is earned. Investment income earned in the Education Legacy Fund is allocated to the appropriate fund as follows:

- Education Fund: up to 90% of the investment income; and
- Education Legacy Fund: at least 10% of the investment income.

Starting in Fiscal year 2020-21, the Trustees have approved an allocation of 60% of the investment income to the Education Fund and 40% to the Education Legacy Fund.

Financial instruments

Financial instruments consist of cash, investments, accounts receivable, sales taxes recoverable, accounts payable and accrued liabilities, and the balance due to National Indian Brotherhood.

All financial assets and financial liabilities are initially measured at fair value and are subsequently measured at amortized cost, with the exception of cash and investments which are measured at fair value.

Related party transactions are concluded in the normal course of business and are recorded at exchange amounts.

Capital assets

Capital assets are recorded at cost.

Depreciation is provided on the straight-line basis over the estimated useful lives of the assets. Leasehold improvements are depreciated over their lease term.

Computer equipment	3 years
Leasehold improvements	10 years

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 collectability of accounts receivable, the valuation of investments and the amount of accrued liabilities. Actual results could differ from these estimates.

National Indian Brotherhood Trust Fund
Notes to the financial statements
 March 31, 2020

3. Investments

The fair values and costs of investments as at March 31, 2020, are as follows:

							2020	
	Education Fund		Education Legacy Fund		Métis Fund		Total	
	Fair value	Cost	Fair value	Cost	Fair value	Cost	Fair value	Cost
	\$	\$	\$	\$	\$	\$	\$	\$
Cash	2,884,752	2,665,598	3,392,799	3,135,061	113,338	104,729	6,390,889	5,905,388
GMO Quality Fund III	35,046,643	37,478,733	41,216,935	44,077,216	1,376,960	1,472,515	77,640,538	83,028,464
Crestpoint Real Estate Fund	5,003,051	5,160,611	6,877,959	7,094,565	181,731	187,454	12,062,741	12,442,630
Leith Wheeler Core Active Bond	24,445,777	24,756,267	37,731,036	38,210,265	910,633	922,199	63,087,446	63,888,731
Beutel Goodman Canadian Equity	15,227,647	19,303,504	17,908,617	22,702,068	598,284	758,422	33,734,548	42,763,994
	82,607,870	89,364,713	107,127,346	115,219,175	3,180,946	3,445,319	192,916,162	208,029,207
Short-term investments	9,000,000	9,000,000	—	—	1,000,000	1,000,000	10,000,000	10,000,000
Long-term investments	73,607,870	80,364,713	107,127,346	115,219,175	2,180,946	2,445,319	182,916,162	198,029,207

It is the Trust Fund's intent to hold investments on a long-term basis. The amounts reflected under short-term investments represent the estimated budget to be distributed in the next twelve months to individuals, organizations and administration for the year ended March 31, 2020.

National Indian Brotherhood Trust Fund
Notes to the financial statements
March 31, 2020

3. Investments (continued)

The fair values and costs of investments as at March 31, 2019, are as follows:

	2019						Total	
	Education Fund		Education Legacy Fund		Métis Fund		Fair value	Cost
	Fair value	Cost	Fair value	Cost	Fair value	Cost		
\$	\$	\$	\$	\$	\$	\$	\$	
Cash	15,656	15,656	325,611	325,611	8,659	8,659	349,926	349,926
CIBC money market	2,020,809	2,025,180	2,840,426	2,850,127	82,990	83,208	4,944,225	4,958,515
CGOV Balanced Fund Class F	44,476,742	42,456,297	55,745,273	52,997,727	1,991,312	1,904,701	102,213,327	97,358,725
CIBC Canadian Bond Core Pooled Fund	17,720,977	17,724,318	2,184,1705	2,1876,390	789,303	787,492	40,351,985	40,388,200
CIBC Canadian Equity All Cap Value Pooled Fund	13,707,148	13,341,409	16,941,954	16,482,236	629,235	614,499	31,278,337	30,438,144
CIBC US Equity Value Pooled Fund	6,728,427	7,634,053	7,918,133	9,014,134	310,315	352,150	14,956,875	17,000,337
CIBC International Equity Pooled Fund	4,497,486	4,984,409	5,869,906	6,471,487	155,027	171,989	10,522,419	11,627,885
	<u>89,167,245</u>	<u>88,181,322</u>	<u>111,483,008</u>	<u>110,017,712</u>	<u>3,966,841</u>	<u>3,922,698</u>	<u>204,617,094</u>	<u>202,121,732</u>
Short-term investments	9,000,000	9,000,000	—	—	1,000,000	1,000,000	10,000,000	10,000,000
Long-term investments	<u>80,167,245</u>	<u>79,181,322</u>	<u>111,483,008</u>	<u>110,017,712</u>	<u>2,966,841</u>	<u>2,922,698</u>	<u>194,617,094</u>	<u>192,121,732</u>

It is the Trust Fund's intent to hold investments on a long-term basis. The amounts reflected under short-term investments represent the estimated budget to be distributed in the next twelve months to individuals, organizations and administration for the year ended March 31, 2019.

National Indian Brotherhood Trust Fund
Notes to the financial statements
 March 31, 2020

3. Investments (continued)

Investment income

In compliance with the court-approved administration plan, investment income earned in the Education Legacy Fund is allocated to the appropriate fund as follows:

- Education Fund: up to 90% of the investment income; and
- Education Legacy Fund: at least 10% of the investment income.

Starting in Fiscal year 2020-21, the Trustees have approved an allocation of 60% of the investment income to the Education Fund and 40% to the Education Legacy Fund.

	2020	2019
	\$	\$
Investment income earned by the Education Legacy Fund	519,823	5,070,159
Allocation to the Education Fund	(311,894)	(4,563,143)
Investment income - Education Legacy Fund	207,929	507,016
Investment income earned by the Education Fund	267,220	3,930,206
Allocation from the Education Legacy Fund	311,894	4,563,143
Investment income - Education Fund	579,114	8,493,349
Investment income earned by the Métis Fund	17,798	163,745
Investment income earned by the General Fund	38,892	66,413
	843,733	9,230,523

The Trust Fund presents its investment income net of investment expenses of \$460,585 (\$555,414 in 2019).

Determination of fair values

The fair value of investments approximates the value at which these instruments could be exchanged in a transaction between knowledgeable and willing parties. Information supplied by the Trust Fund's custodian is used to reflect fair value, which may differ from that which could eventually be realized. Pooled fund units are valued at prices based on the fair value of the underlying securities held by the pooled funds.

In October 2016, the investment portfolio was invested evenly between CIBC Asset Management Inc. and CGOV Asset Management. On May 31, 2018, Fiera Capital Corporation announced that it has completed the acquisition of the business of CGOV Asset Management. The investment portfolio that was managed by CGOV Asset Management has been transited to Fiera Capital Corporation.

In July 2019, per the resolution passed by the Board of Trustees, the Trust Fund sold its investments with CIBC Asset Management Inc. and Fiera Capital Corporation for total proceeds of \$207,786,230 and reinvested 40% (\$83,114,478) to GMO LLC., 40% (\$83,114,478) to Leith Wheeler Investment Counsel Ltd., and 20% (\$41,557,344) to Goodman & Company Ltd. 50% of the initial investment with Leith Wheeler Investment Counsel Ltd. will be transferred to Crestpoint Real Estate Investment Ltd. when Crestpoint Real Estate Investment Ltd. makes capital calls. To date \$12,442,630 has been transferred to Crestpoint with remaining commitment of \$29,114,714.

National Indian Brotherhood Trust Fund
Notes to the financial statements
 March 31, 2020

3. Investments (continued)

Investment risk

Investment in financial instruments renders the Trust Fund subject to investment risks. These include the risks arising from changes in interest rates, in rates of exchange for foreign currency, and in equity markets both domestic and foreign. They also include the risks arising from the failure of a counterparty to a financial instrument to discharge an obligation when it is due.

The Trust Fund's investments consist of units held in pooled funds. The Trust Fund has adopted investment policies, standards and procedures to control the amount of risk to which it is exposed. The investment practices of the Trust Fund are designed to avoid undue risk of loss and impairment of assets and to provide a reasonable expectation of fair return given the nature of the investments. The maximum investment risk to the Trust Fund is represented by the market value of the investments.

Concentration risk

Concentration risk exists when a significant proportion of the portfolio is invested in securities with similar characteristics or subject to similar economic, political or other conditions. Management believes there is no concentration that represents excessive risk.

Foreign currency risk

Foreign currency exposure arises from the Trust Fund's holdings of non-Canadian denominated investments, which as at March 31, 2020, totaled \$84,027,230 (\$28,628,222 in 2019) of the total portfolio. The balance comprises of \$6,386,692 of cash and \$77,640,538 invested in GMO Quality Fund III, all of which are denominated in US dollars. The Trust Fund does not enter into financial hedges for managing foreign currency risks.

4. Capital assets

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
	\$	\$	\$	\$
Computer equipment	28,726	14,002	14,724	9,417
Leasehold improvements	49,728	26,410	23,318	30,144
	78,454	40,412	38,042	39,561

5. Balance due to National Indian Brotherhood

Since National Indian Brotherhood (NIB), which acts as the secretariat of the AFN, appoints the Trustees of the Trust Fund, the NIB is deemed to control the Trust Fund and thus the NIB is a related party.

As at March 31, 2020, the balance due to the NIB was \$67,760 (\$82,959 in 2019).

For the year ended March 31, 2020, the Trust Fund paid the NIB \$36,066 (\$60,000 in 2019) for services relating to the administration and management of the Trust Fund and \$57,065 for the rental of office space (\$48,117 in 2019). The Trust Fund has renewed its office rent agreement with the NIB until March 31, 2020 at an annual cost of \$52,393. In addition, the Trust Fund entered into a new lease agreement with the NIB for additional office space in Akwesasne as of September 1, 2019. The annual cost of the rental space is \$11,212.

5. Balance due to National Indian Brotherhood (continued)

The transactions with the AFN have been recorded at their exchange amount which is the amount in accordance with the agreements signed between the parties.

6. Distributions to beneficiaries

In fiscal year 2019-2020, the Trust Fund approved distributions to 981 individuals and to 79 organizations for projects across Canada aimed at healing, reconciliation and knowledge advancement. It also continued to fund the organizations approved in prior years. The Trust Fund distributed \$3,871,570 to approved individuals and \$5,713,885 to approved organizations.

In fiscal year 2018-2019, the Trust Fund approved distributions to 840 individuals and to 84 organizations for projects across Canada aimed at healing, reconciliation and knowledge advancement. It also continued to fund the organizations approved in prior years. The Trust Fund distributed \$3,030,619 to approved individuals and \$7,122,425 to approved organizations.

7. Interfund transfers

In accordance with the limits set for administrative expenses as described in Note 1, the administrative expenses charged to the IRSSA funds for the year ended March 31, 2020, were \$1,459,837 (\$1,241,658 in 2019), representing 15.23% (12.23% in 2019) of the amount paid to beneficiaries.

Additional administrative expenses of \$22,018 were charged to the IRSSA funds during the year as a result of late expenses that came in, which exceeded the administrative expense limit of 15% set by the court order. The Board of Trustees approved the additional expenses.

8. Other Funds

The other funds include the Language and Literacy Fund, the Youth Healing Fund, the Research Sponsor Fund and the Heroes of Our Time Fund. There is no change to other funds in fiscal year 2020 from fiscal year 2019. The total fund balance is \$53,942 (\$53,942 in 2019).

	2020	2019
	Fund Balance	Fund Balance
	\$	\$
Language and Literacy Fund	23,079	23,079
Youth Healing Fund	3,607	3,607
Research Sponsor Fund	16,325	16,325
Heroes of Our Time Fund	10,931	10,931
	53,942	53,942

9. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

National Indian Brotherhood Trust Fund

Notes to the financial statements

March 31, 2020

10. COVID-19

On March 11, 2020, The World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. As it is difficult to predict the duration and magnitude of the epidemic, plenty of uncertainty prevails at this time. It is expected that the financial markets will remain extremely fragile until there is more visibility surrounding the COVID-19 crisis and, as a result, it is too early to reliably measure the potential impact on the Trust Fund's investments and severity of the crisis on the financial results.