



NEW RELATIONSHIP TRUST

Investing in First Nations in BC

2013-14 Annual Report

THE NEW RELATIONSHIP TRUST (NRT) IS A
NON-PROFIT ORGANIZATION DEDICATED TO
STRENGTHENING BC FIRST NATIONS TO BECOME
HEALTHY, PROSPEROUS AND SELF-SUFFICIENT.

New Relationship Trust

2013-14 Annual Report

Focus on Education



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Message from the Chair & CEO

Hugh Braker and Cliff Fregin



Back in 2006, when the inaugural NRT Board of Directors deployed its initial series of regional engagement meetings, we asked First Nations people to identify their top capacity-related needs. The number one response at that time was education.

Over the years, as we have continued to ask for community feedback to refine our initiatives, education remains consistently at the top of your priorities. Other pressing needs of economic development, governance and language follow

closely behind, but education remains number one.

In 2007, we introduced NRT Scholarships, which provide support to BC First Nations students in pursuit of post-secondary degrees at undergraduate through doctoral levels. The following year, we added a Bursary category, for students wishing to pursue trades certificates and diplomas.

We are proud of these initiatives, as we are of the hundreds of young people who have received a scholarship or

bursary award over the years. With the education award initiative now in its seventh year, we have seen a handful of students complete their education and go on to become productive contributing members of their communities.

Last fall, the *Globe and Mail* newspaper reported that although the number of Aboriginal people in Canada with university degrees has doubled in the past decade, the gap between Aboriginal and non-Aboriginal Canadians pursuing post-secondary

education has grown. The main reason: lower high school graduation rates are holding Aboriginal youth back.

The good news is that according to researchers, Aboriginal youth that complete high school tend to go on to post-secondary schooling at rates comparable to the rest of the population.

In 2013-14, we introduced support for First Nations to develop and deliver kindergarten to grade 12 (K-12) education projects within core disciplines of English and literacy, math and

science. In our view, a concerted effort to advance educational engagement and achievement in these early grades will lead to increased high school graduation rates here in BC, and begin to close that gap.

In addition to the new K-12 initiative, we produced some new resources in 2013-14.

We published a guidebook on Assertion of First Nations Rights for Economic Benefit and funded four new toolkits and guides in partnership with other organizations. We also hosted the annual YES (Young Entrepreneurs Symposium) and supported the Annual Elders Gathering and two governance conferences for First Nations youth.

As for our existing initiatives, we worked to enhance and improve services. Within our Direct Support initiative—which

provides governance funding to individual and collaborating groups of First Nations—we reached out to communities that hadn't previously accessed support. Eighty percent of First Nations in the province have now received direct support and we hope to grow that number this year.

Financially, we had a good year in 2013-14. Thanks to a rebound in the global economy and a restructuring of our investment strategy, we saw positive growth to the investment portfolio. We also leveraged additional funds through partnerships via the NRT Foundation.

Looking forward, we have a number of initiatives planned that will bring NRT programs and services out to communities. We will deliver

regional workshops for the new Assertion guidebook. We plan to host a national YES event in late fall of 2014, as well as up to five regional YES conferences throughout the year. We are looking at hosting a Trust Seminar for First Nations governments. And we are looking into ways we can better support First Nations to develop their economies.

Most importantly, we will continue to look to you, our community partners, to share with us your capacity needs and priorities and how we can address them. If you haven't already done so, please visit our website at newrelationshiptrust.ca and complete the survey. Each month from now until January we are asking for feedback on specific initiatives. Responses will be reviewed by the Board

of Directors at our annual strategic planning session, and will inform the direction we take in the next three years.

In closing, our heartfelt thanks goes out to Kathryn Teneese and Judith Sayers for their passion and commitment to NRT through their years on our Board—their presence will be sorely missed. In their places, we are happy to welcome Kory Wilson and Wade Grant to the Board to continue the good work; we look forward to many good years ahead.

Respectfully,

Hugh Braker
Chair

Cliff Fregin
CEO

Our Mission

Investing in First Nations in British Columbia to assist them in building their capacity as envisioned by the new relationship.

Our Vision

A British Columbia where First Nations have vibrant cultures and languages, effective governments, social justice, economic prosperity, and where all forms of education are valued and accessible.

Our Guiding Principles:

- Respect for First Nations' decision-making authority, including traditional teachings and laws
- Fairness and Equity
- Transparency and Accountability
- Responsible Management of the fund

In addition to the Guiding Principles above, in providing resources to the First Nations in BC, NRT will:

- Support First Nations re-building
- Communicate effectively with First Nations in BC
- Encourage First Nations participation in NRT's activities and initiatives
- Not replace or duplicate existing government or First Nations programs
- Leverage NRT funds wherever possible
- Increase the investment fund in order to provide more benefits
- Collaborate with organizations, both public and private, that share NRT goals and values



The Year in Highlights

In 2013-14, NRT

Provided **\$5.27** million in project support

80%
went directly
to communities

Just **1.08%**
of our total
portfolio went to
operating costs

Funded **4**
governance capacity
toolkits/guides



Funded **8** provincial
policy initiatives



Helped **92** First Nations
businesses leverage
\$8.2 million



Funded **60**
communities to build
governance capacity



Supported **176**
post secondary students
(84 scholarships and 92 bursaries)



Raised **\$364,029**
in additional funds for
post secondary bursaries



Worked
with
12 partners



Funded
85 Youth and
101 Elders projects

The investment
portfolio rate
of return was
24.15%



Supported **72**
language and cultural
revitalization projects

Strategic Initiatives at a Glance

EDUCATION \$1.01 million

Scholarships and Bursaries	\$510,000
K-12 Initiative	\$500,000

GOVERNANCE CAPACITY \$2.12 million

Direct Support	\$1,499,021
Policy Development	\$491,000
Web Portal	\$125,000

ECONOMIC DEVELOPMENT \$717,192

Entrepreneur Equity Matching	\$392,030
Community Equity Matching	\$107,500
Other Initiatives	\$217,662

ELDERS & YOUTH \$451,100

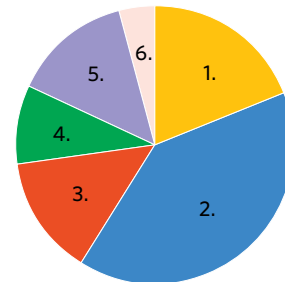
Elders Grants	\$203,000
Elders Gathering	\$50,000
Youth Grants	\$168,100
Youth Conferences	\$30,000

LANGUAGE & CULTURE \$750,000

FirstVoices	\$200,000
Master Apprentice	\$100,000
Language Revitalization Planning	\$100,000
BC Language Initiative	\$200,000
Arts Internships	\$70,000
Arts Transmissions	\$70,000
Cultural Protocols and the Arts	\$10,000

SPECIAL PROJECTS \$224,673

Young Entrepreneurs Symposium	\$209,673
NRTF Charity Golf Tournament	\$15,000



1. Education 19%
2. Governance Capacity 40%
3. Economic Development 14%
4. Elders & Youth 9%
5. Language & Culture 14%
6. Special Projects 4%

In 2013-14, we invested **\$5,267,986** across all strategic areas.



EDUCATION HAS THE POWER TO CHANGE LIVES

IT IS A TOP PRIORITY FOR FIRST NATIONS IN BC

- BC is home to the second-largest Aboriginal population in Canada—5% of the province's total—and that rate is growing at almost three times the rate of non-Aboriginal peoples.
- Almost 40% of BC's Aboriginal population is under 19.
- The number of Aboriginal people in BC with university degrees has nearly doubled over the past decade.
- However, the education of BC's Aboriginal youth is still below National and Provincial standards.

BC's Aboriginal youth need and deserve the opportunities that come with advanced education, which will empower them to achieve their goals.

NRT supports education advancement from kindergarten through post-secondary levels with the goal of encouraging First Nations students to achieve higher levels of education so they can better their own lives and contribute to their communities.

In 2013-14 NRT supported **176** post secondary students and raised **\$364,029** in additional funds for post secondary bursaries

K-12 SUPPORT

Providing a solid educational foundation for our children is one of the best ways to secure their futures.

In 2012, NRT introduced a new education support initiative directed at learners in kindergarten through to grade 12. We offer funding to First Nations in BC so they can develop and deliver educational projects within the core disciplines of English and literacy, math and science. Because projects are controlled by communities, they are more relevant and engaging for young First Nations learners. We hope with this new initiative to see more of our youth graduate from high school and go on to higher levels of education.

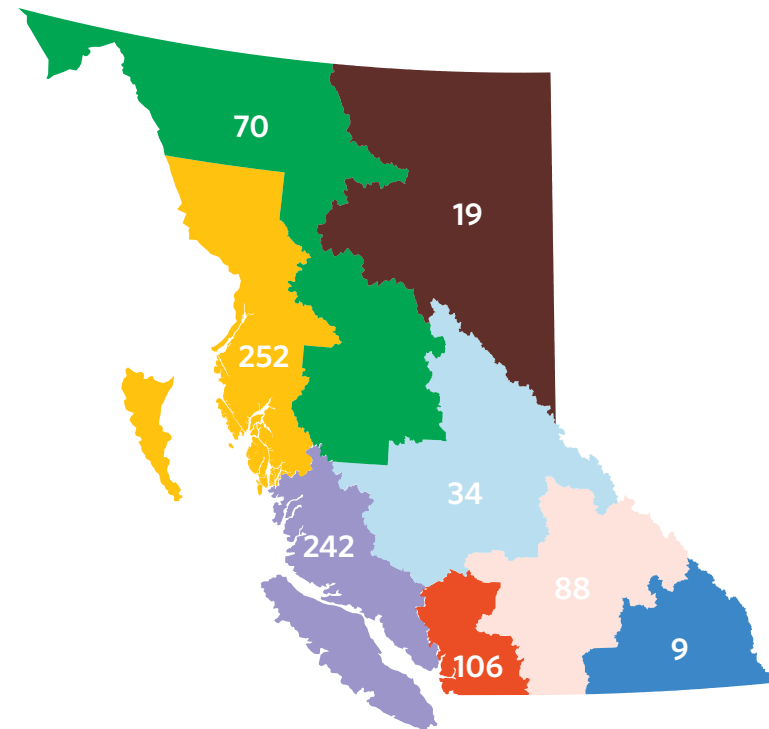
In 2013-14, K-12 grants supported projects including reading workshops with parents, field trips, school supplies and software.



SCHOLARSHIPS AND BURSARIES

By assisting our motivated students to pursue higher levels of education, we offer them the opportunity to create better lives for themselves and their families. In turn, they contribute to capacity within their communities and the province at large.

Since 2007, NRT has provided scholarships to First Nations students pursuing degrees at the undergraduate, masters, and doctorate levels. In 2008, we began to offer bursaries to students pursuing certificates, diplomas and trades programs. We also partnered with the Chief Joe Mathias BC Aboriginal Scholarship Fund by matching contributions for additional post-secondary students working toward a degree, certificate or diploma.



With a total contribution of **\$5,177,500**, we have provided **1,102** scholarship and bursary awards to date.



“ I am both honoured and grateful for the financial help that NRTF has provided me and my family. The scholarship will go a long way in helping me reach my professional goals. ”

—Tanu Gamble



“ I have a strong desire to protect my homeland for future generations. ”

—Tauren Collinson



“ I would like to express immense gratitude for the support of NRTF allowing me to grow and engage in a global Indigenous world. ”

—Darlene Kelly



“ I am very thankful to the New Relationship Trust Foundation for providing the opportunities for students to continue moving towards our educational goals. With this bursary, I am able to get all my books and also transportation for the school year. ”

—Sheldon Robinson

Our Education partners in 2013–14 were: The Chief Joe Mathias BC Scholarship Fund, The Provincial Health Services Authority, the BC First Nations Health Authority, Canfor and Peace Hills Trust.

ABOUT THE NRT FOUNDATION

Mission *The NRT Foundation assists Aboriginal peoples from BC separately and collectively to meet their advanced education and trades training goals, and supports the education component of First Nations language revitalization strategies.*

The NRT Foundation was created in 2011 as a sister organization to NRT. This strategic decision allows the Foundation to use its charitable status to attract donations from interested partners. Support is directed through the NRT Scholarship and Bursary and K-12 initiatives to Aboriginal students in BC who wish to advance their education aspirations.

Since inception in 2011, the NRT Foundation has successfully raised \$737,535.

The annual golf tournament raised **\$21,729** in 2013.



EDUCATION TARGETS

	2013-14	TO DATE	STATUS
Produce annual recipient brochure	Brochure produced and distributed	4 annual brochures produced and distributed	✓ Goal met annually
Provide up to 40 scholarships and 60 bursaries annually	66 NRT scholarships: <ul style="list-style-type: none"> 41 undergrad 16 masters 9 doctorate 92 NRT bursaries 18 Chief Joe Matthias awards (all levels)	531 NRT scholarships: <ul style="list-style-type: none"> 326 undergrad 136 masters 69 doctorate 448 NRT bursaries 124 Chief Joe Matthias awards (all levels)	✓ Goal exceeded annually
Via NRT Foundation, attract \$750,000 for scholarships & bursaries	\$364,029 raised	\$737,535 raised since 2011	✓ On track to meet 3 year goal
Establish a database of scholarship & bursary recipients	Database established and recipients added	Database established and recipients added	✓ Goal met annually

GOVERNANCE CAPACITY

First Nations governments need tools, resources and knowledge to build capacity. In 2013-14, we supported a number of governance initiatives at the community, regional and provincial levels.

DIRECT SUPPORT

We provided Direct Support funding to individual communities or groups of three or more collaborating communities for their unique capacity-building projects. In 2013-14, we supported 60 projects in total. Almost half were for governance activities; the rest involved land use and community planning, economic development strategies, negotiations and impact benefit agreements.

POLICY DEVELOPMENT

We supported five First Nations organizations with a provincial mandate to develop policies that benefit all First Nations in BC. In 2013-14, Policy Development projects focused on tourism, business, forestry and energy and mining.

POLICY COORDINATION

We supported three Policy Coordination initiatives led by the First Nations Leadership Council. The projects involved a First Nations governance toolkit, a guide on inherent rights and a report on wild salmon in BC.

TOOLS & RESOURCES

We continued to support a number of governance tools and resources. We contributed to the First Nations in BC Web Portal and developed a new guidebook on Assertion of First Nations Rights for Economic Benefit.

Our Governance Capacity partner in 2013-14 was the First Nations Technology Council.





GOVERNANCE CAPACITY TARGETS

	2013-14	TO DATE	STATUS
Develop 3-5 Best Practice Toolkits; Deliver 3-5 regional training sessions per year	Assertion of Rights guidebook created	5 Best Practice toolkits created; Assertion of Rights workshop delivered in 5 regional sessions	✓ Goal met to date
Fund development of governance capacity tools	4 toolkits / guides funded	22 toolkits / guides funded	✓ Goal met
Fund up to 12 community governance projects	60 projects funded	273 projects approved since 2008	✓ Goal exceeded annually
Fund up to 5 provincial policy development projects annually	5 projects approved	37 projects funded to date	✓ Goal met annually
Fund 1 or more Policy Coordination project by the First Nations Leadership Council	3 projects funded	8 projects funded since 2008	✓ Goal met annually
Secure up to 75% of the admin & maintenance costs of the First Nations in BC web portal	Ongoing	Funded development and creation of the portal	✓ Goal met to date

ECONOMIC DEVELOPMENT

NRT economic development initiatives support First Nations communities, businesses and individuals to take advantage of economic opportunities that further their own economic and business goals. In 2013-14 we continued to offer two equity-matching initiatives for First Nations businesses.

ENTREPRENEURS EQUITY MATCHING INITIATIVE (EEMI)

The EEMI initiative is delivered via a partnership with five Aboriginal Capital Corporations and one Community Futures Development Corporation. NRT provides matching equity funds of up to \$5,000 to BC First Nations entrepreneurs for new and/or expanding businesses. In 2013-14,

NRT contributions supported 87 BC First Nations entrepreneurs.

COMMUNITY EQUITY MATCHING INITIATIVE (CEMI)

In 2011, the EEMI was extended to First Nations community businesses to create the CEMI. In 2013-14, NRT supported 5 BC First Nations community businesses.

In 2013-14, together the EEMI and CEMI initiatives leveraged \$8,198,373, which is a leveraging ratio of 19.4:1

BC FIRST NATIONS EQUITY FUND

In partnership with the All Nations Trust Company and the Nuu-chah-nulth Economic Development Corporation,

NRT created the BC First Nations' Equity Fund (BCFNEF) to provide low interest loans to communities so that they may participate in viable clean energy economic development opportunities.

Our Economic Development partners in 2013-14 were: All Nations Trust Company, Community Futures Development Corporation of Central Interior First Nations, Nuu-chah-nulth Economic Development Corporation, Native Fishing Association, Tale'awtxw Aboriginal Capital Corporation and Tribal Resources Investment Corporation.





ECONOMIC DEVELOPMENT TARGETS

	2013-14	TO DATE	STATUS
Support up to 50 First Nations entrepreneurs and 5 First Nations communities with matching equity	87 First Nations entrepreneurs and 5 First Nations communities supported	344 entrepreneurs / businesses supported since 2010; 20 First Nations communities supported since 2011	✓ Goal met or exceeded annually
Provide equity loans for up to 5 projects	N/A	1 project funded to date	Ongoing

ELDERS & YOUTH

NRT supports Elders and Youth groups to build capacity at the community, regional and provincial levels.

ELDERS GRANTS

We supported Elders groups, communities and organizations in the development and delivery of community programs that benefit and build capacity for Elders. The 101 projects funded in 2013-14 included language and culture camps, social gatherings and travel expenses for the Elders Gathering.

ELDERS GATHERING

We supported delivery of the 37th Annual Elders Gathering, themed "Honour Your Journey". With more than 2,400 estimated in attendance, the gathering was hosted by the Lheidli T'enneh Nation and took place in Prince George in 2013.

YOUTH GRANTS

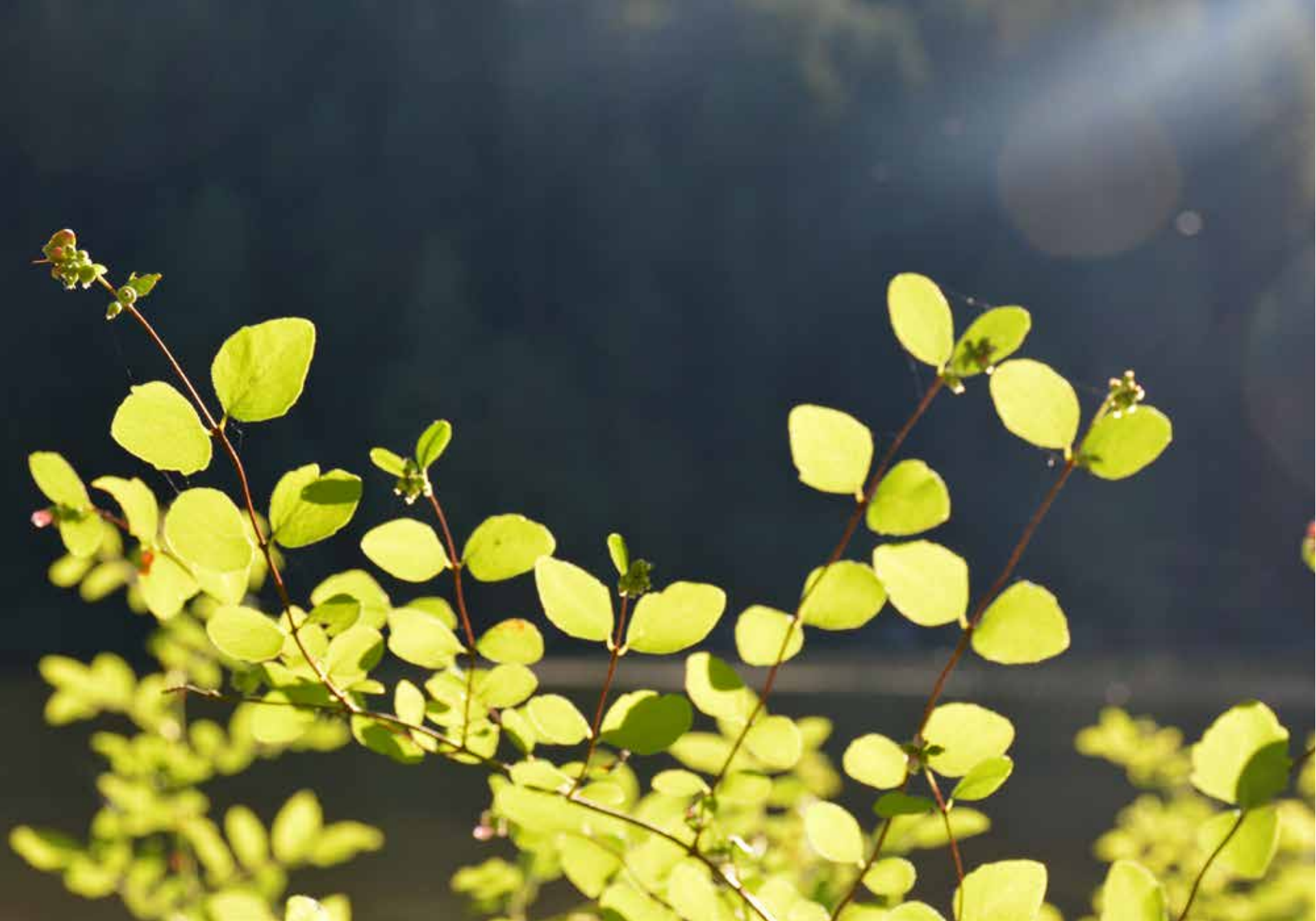
We provided 85 Youth Grants for projects targeted toward strengthening youth leadership skills, building capacity and/or providing mentorship opportunities. Projects in 2013-14 included leadership retreats, language initiatives, and opportunities to participate in traditional cultural activities.

YOUNG ENTREPRENEURS SYMPOSIUM (YES)

Once again in 2013, we hosted YES. A highlight of the year for participants, the national 2013 symposium brought together almost 100 young entrepreneurs over three-days, as they learned from seasoned business professionals and engaged in a variety of team-based challenges.

In 2013-14, NRT supported **85** Youth and **101** Elders projects.





ELDERS & YOUTH TARGETS

	2013-14	TO DATE	STATUS
Fund up to 50 youth projects per year	85 projects funded	474 projects funded	✓ Goal exceeded annually
Fund up to 50 Elders projects per year	101 projects funded	515 projects funded	✓ Goal exceeded annually
Support annual Elders Gathering	\$50,000 in support provided	\$324,764 provided since 2007	✓ Goal met annually
Support an annual gathering / initiative that builds capacity for BC First Nations youth	\$30,000 in support provided for 2 youth conferences	\$250,349 in support provided for 10 youth events	✓ Goal met annually

LANGUAGE & CULTURE

We support initiatives that revitalize First Nations languages and cultural traditions. In 2013-14, we supported 72 projects in six distinct initiatives.

FIRSTVOICES

This suite of web-based tools assists First Nations to archive and learn about their languages and cultures. In 2013-14, NRT was the sole funder of *FirstVoices*. Our support was distributed to ten language communities so they could upgrade their existing archives and develop lessons and training.

LANGUAGE REVITALIZATION PLANNING PROGRAM (LRPP)

Here, communities that speak the same language or dialects of the same language work together

to create long-term language revitalization plans and to create and share related resources. In 2013-14, we funded ten LRPPs, impacting the same number of languages.

BC LANGUAGE INITIATIVE (BCLI)

The BCLI supports First Nations communities and organizations in their efforts to revitalize languages through documentation, language classes, immersion programs, material and curriculum development and promotion. Last year, NRT funds reached 13

projects, ranging from language immersion and documentation to the development of curriculum and storybooks.

ARTS ADMINISTRATOR INTERNSHIPS

This initiative builds communities' capacity to manage arts and culture by supporting the professional development of arts administrators through internships. In 2013-14, we supported three interns to work and learn in galleries and cultural organizations.

SHARING TRADITIONAL ARTS ACROSS GENERATIONS

This program supports the inter-generational transmission of the broad range of knowledge and skills based in traditional art practices. We supported 13 projects in 2013-14.

MENTOR-APPRENTICE

We supported ten Mentor-Apprentice teams—pairs of committed language learners and fluent speakers—as they worked together to pass on language from mentor to learner.

Our partner for all Language & Culture initiatives in 2013-14 was the First Peoples' Cultural Council.





LANGUAGE & CULTURE TARGETS

2013-14

TO DATE

STATUS

Leverage \$1 million for First Nations language and culture

\$1.66 M

\$3.3 M since 2012

✓ Goal exceeded

Support the archiving of up to 10 First Nations language dialects

Archiving projects for 10 language dialects supported

Archiving projects for 36 language dialects supported

✓ Goal exceeded



The NRT Team

2013-14 Board of Directors

Hugh Braker

Chair

Terry Kuzma

Vice-Chair

Catherine Panter

Dave Porter

George Saddleman *XweeTa?*

Wade Grant

(term started in December 2013)

Kory Wilson

(term started in December 2013)

Kathryn Tenneese

(term ended in November 2013)

Judith Sayers *Kekinusuqs*

(term ended in November 2013)

NRT Staff

Cliff Fregin

CEO

Chanze Gamble

General Manager

Miranda Stirling

Senior Project Officer

Lana Plante

Project Officer

NRT Foundation Staff

Vacant

Advancement Coordinator

Auditors

KNV Chartered

Accountants LLP

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White Rock, BC V4B 2P7

Custodian

CIBC Mellon Global Securities

Services Company

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Suite 1600

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Investment Council

Mercer

550 Burrard Street, Suite 900

Vancouver, BC, V6C 3S8

FINANCIAL OVERVIEW

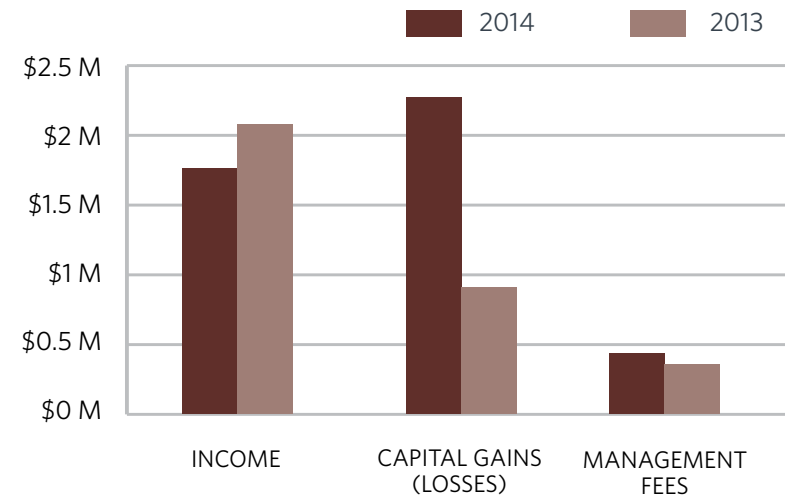
HIGHLIGHTS

- NRT's total assets at year-end were \$88.6 million and consisted mainly of investments and restricted cash. Total assets were up 11.7% from the prior year due to continued recovery in the market (especially the global fund).
- The market value of the investment portfolio was \$86 million, up 11.7% from the prior year.
- The cumulative unrealized gain on investments is \$7.95 million, a recovery of \$11.6 million from the prior year which was due to the strong recovery of our global funds.
- Strategic expenditures and commitments were \$5.27 million, a slight decrease of 4.5% compared to the prior year.
- Operating expenditures were \$0.9 million, a slight increase of 2% compared to the prior year.

OPERATIONS

Contribution Fund

The Contribution Fund earned \$4 million of income from investments held in institutional pooled funds managed by professional investment managers.



Strategic Fund

The Strategic Fund earned \$0.1 million from investments held in institutional pooled funds managed by professional investment managers. This income was used to partially finance operating expenditures.

Strategic expenditures focus on enhancing capacity within First Nations governments, encouraging access to education, protecting and reviving languages and cultures, supporting initiatives that engage youth and elders, and fostering and advancing economic development opportunities.

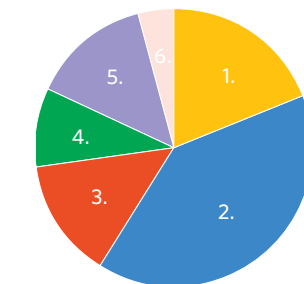
The audited financial statements disclose how \$5.2 million was disbursed and that there is \$.35 million in committed funds for strategic initiatives. Refer to notes number nine and ten of the audited financial statements for details.

Operating Fund

Operating expenditures consisted mainly of communications, governance, occupancy, professional fees, staffing costs and travel. Actual operating expenditures were 1.08% of the total investments for the year ended March 31, 2014. This meets the Board of Director's performance target to limit administrative costs to less than 2% of the investment portfolio.

	2014	2013
Operating Expenditures	\$926,460	\$906,138
Operating Expenditures as % of Total Investments	1.08%	1.18%

2014 Strategic expenditures and commitments



1. Education \$1 million
2. Governance Capacity \$2.12 million
3. Economic Development \$0.73 million
4. Elders & Youth \$0.45 million
5. Language & Culture \$0.75 million
6. Young Entrepreneurs Symposium \$0.21 million

INVESTMENTS

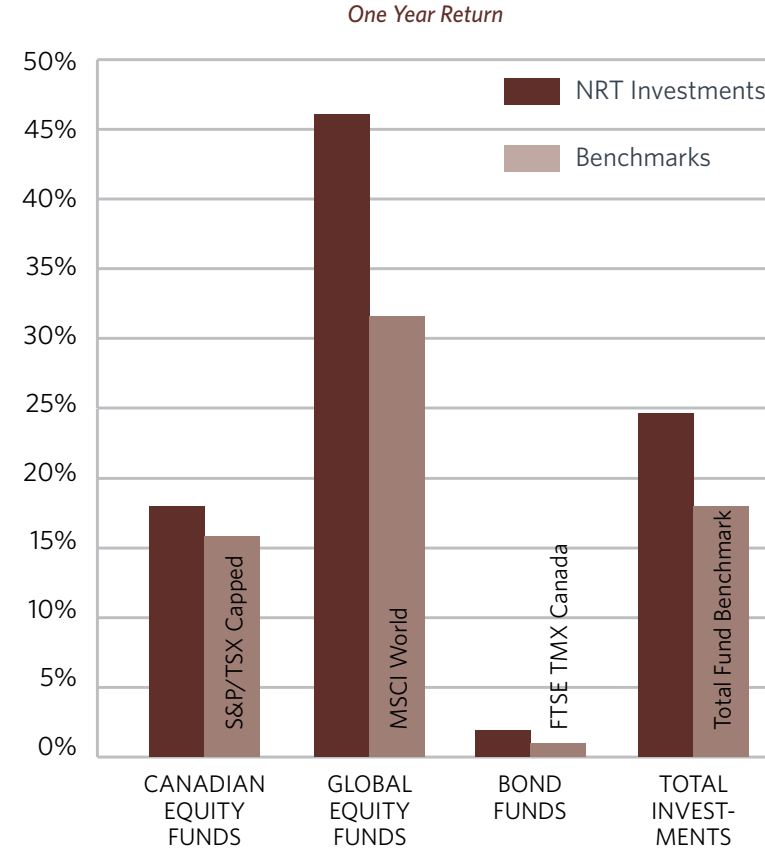
Financial Market and Portfolio Performance

The total investment portfolio rate of return for the year ended March 31, 2014 was 24.15%. On a relative basis, the investment portfolio exceeded the portfolio benchmark's rate of return by 6.8% for the year.

	2014	2013
Short-term Investments	\$7,000,000	\$7,000,000
Long-term Investments	\$79,086,150	\$70,063,126
Total Investments	\$86,086,150	\$77,063,126

Economic Outlook

With the global economy continuing to strengthen, this will encourage development for Canada while it continues to recover from the economic slowdown. According to many economists, a comfortable growth above 2% is expected for Canada and above 3.5% for the global economy. The impact this will have on NRT's investment portfolio is unknown. The NRT Finance Committee is closely monitoring the investment portfolio and consulting with a professional, independent investment advisory firm to ensure that portfolio is consistent with NRT's investment policy and strategic goals.



Investment Strategy

NRT's short-term portfolio objective is to preserve capital and manage cash flows over the next year. Short-term investments are held in money market and short-term fixed income funds.

long-term investments, NRT is positioned to minimize its exposure and risk of realizing unnecessary losses. The short-term goal is to maintain the investment fund at \$60 million by March 31, 2017.

NRT's long-term portfolio objectives are to preserve capital in real terms, generate sufficient annual cash flow to meet expenditure objectives, and increase cash flows to meet rising expenditures over the long-term. By focusing on well managed, high quality, diversified

A key goal of NRT's financial strategy is growing the investment fund in order to support sustainable and ongoing Nation re-building activities well into the future.

INVESTMENT TARGETS	2013-14	To Date	Status
Leverage new funds at a ratio of 2:1	Ongoing	Ongoing	Ongoing
Maintain the investment fund at \$60 million by March 31, 2017	Ongoing	Ongoing	Ongoing
Limit admin costs to less than 2%	Admin costs were 1.08%	Annual admin costs below 2% each year	✓ Goal met annually

PARTNERSHIP TARGETS	2013-14 Progress	Status
Develop and maintain at least 6 partnerships/protocols	Partnerships/protocols with 13 organizations in place	✓ Goal met annually



FINANCIAL STATEMENTS MARCH 31, 2014

NEW RELATIONSHIP TRUST
FINANCIAL STATEMENTS
MARCH 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Directors of,
New Relationship Trust:

Report on Financial Statements

We have audited the accompanying financial statements of NEW RELATIONSHIP TRUST, which comprise the statement of financial position as at March 31, 2014 and the statements of operations and changes in net assets 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 misstatements 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, these statements present fairly, in all material respects, the financial position of the Trust as at March 31, 2014 and results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

June 16, 2014

Chartered Accountants LLP



NEW RELATIONSHIP TRUST
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2014 AND 2013

ASSETS					
	Contribution Fund	Strategic Fund	Operating Fund	2014 Total	2013 Total
CURRENT ASSETS:					
Restricted cash and cash equivalents (Note 3)	\$ -	\$ 663,402	\$ -	\$ 663,402	\$ 344,845
Investments (Note 4)	-	7,000,000	-	7,000,000	7,000,000
Accounts receivable	-	-	27,661	27,661	24,269
Government agencies receivable	-	-	10,040	10,040	47,051
Due from NRT Foundation	-	-	-	-	60,743
Prepaid expenses	-	-	29,273	29,273	18,921
Total current assets	-	7,663,402	66,974	7,730,376	7,495,829
INVESTMENTS (Note 4)	78,560,594	525,556	-	79,086,150	70,063,126
OTHER INVESTMENTS (Note 5)					
EQUIPMENT (Note 6)	-	-	67,865	67,865	69,955
DUE FROM (TO) OTHER FUNDS					
	8,167,925	(8,247,182)	79,257	-	-
	\$ 86,728,519	\$ 1,646,184	\$ 214,096	\$ 88,588,799	\$ 79,320,852
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES:					
Accounts payable and accrued liabilities	\$ 124,102	\$ 236,184	\$ 57,317	\$ 417,603	\$ 500,397
Promissory note (Notes 5 and 7)	-	1,410,000	-	1,410,000	1,410,000
Due to NRT Foundation (Note 8)	-	-	88,914	88,914	-
Total current liabilities	124,102	1,646,184	146,231	1,916,517	1,910,397
NET ASSETS:					
Invested in equipment	-	-	67,865	67,865	69,955
Externally restricted funds	86,604,417	-	-	86,604,417	77,340,500
Total net assets	86,604,417	-	67,865	86,672,282	77,410,455
	\$ 86,728,519	\$ 1,646,184	\$ 214,096	\$ 88,588,799	\$ 79,320,852

APPROVED BY:

Hugh Braker, Chair, NRT

Terry Kuzma, Vice-Chair, NRT
Chair of Finance Committee

The accompanying Notes are an integral part of this statement.



NEW RELATIONSHIP TRUST
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

	Contribution Fund	Strategic Fund	Operating Fund	2014 Total	2013 Total
(Note 13)					
REVENUES:					
Investment income (Note 4)	\$ 4,044,779	\$ 100,858	\$ -	\$ 4,145,637	\$ 3,057,899
Other funding/revenue	-	145,797	-	145,797	157,422
	4,044,779	246,655	-	4,291,434	3,215,321
STRATEGIC EXPENSES (Note 10):					
Economic development	-	717,192	-	717,192	714,631
Education	-	1,024,084	-	1,024,084	1,184,964
Elders and youth	-	457,700	-	457,700	474,359
Governance capacity	-	2,034,260	-	2,034,260	2,192,221
Language and culture	-	750,000	-	750,000	750,000
Special projects	-	224,673	-	224,673	123,246
	-	5,207,909	-	5,207,909	5,439,421
OPERATING EXPENSES:					
Advertising	-	-	34,128	34,128	20,569
Amortization	-	-	23,640	23,640	22,283
Communication	-	-	47,357	47,357	58,883
Consulting fees	-	-	5,400	5,400	3,000
Governance	-	-	68,366	68,366	75,737
Insurance	-	-	10,389	10,389	10,502
Investment management	439,517	22,243	-	461,760	393,248
Occupancy	-	-	57,204	57,204	53,712
Office	-	-	22,127	22,127	24,215
Professional development	-	-	20,137	20,137	5,440
Professional fees	-	-	57,646	57,646	47,640
Salaries and benefits	-	-	520,232	520,232	528,328
Telephone	-	-	8,313	8,313	10,933
Travel	-	-	51,521	51,521	44,896
	439,517	22,243	926,460	1,388,220	1,299,386
Excess (deficiency) of revenues over expenses before unrealized gains (losses)	3,605,262	(4,983,497)	(926,460)	(2,304,695)	(3,523,486)
UNREALIZED GAINS (LOSSES)					
ON INVESTMENTS (Notes 1(j) and 4)	11,629,569	(63,047)	-	11,566,522	3,660,920
Excess (deficiency) of revenues over expenses	15,234,831	(5,046,544)	(926,460)	9,261,827	137,434
APPROPRIATIONS					
	(5,970,914)	5,046,544	924,370	-	-
BALANCE, BEGINNING OF YEAR	77,340,500	-	69,955	77,410,455	77,273,021
BALANCE, END OF YEAR	\$ 86,604,417	\$ NIL	\$ 67,865	\$ 86,672,282	\$ 77,410,455

The accompanying Notes are an integral part of this statement.



NEW RELATIONSHIP TRUST
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

	2014	2013
CASH WAS PROVIDED FROM (USED IN):		
Operating Activities:		
Excess of revenues over expenses	\$ 9,261,827	\$ 137,434
Items not involving cash and cash equivalents -		
Amortization	23,640	22,283
Equity pickup, investment in Partnership	(12,465)	(12,465)
Unrealized gain on investments	(11,566,522)	(3,660,920)
	(2,293,520)	(3,513,668)
Changes in non-cash working capital:		
Decrease (increase) in accounts receivable	(3,392)	385
Decrease (increase) in government agencies receivable	37,011	(13,239)
Decrease (increase) in prepaid expenses	(10,352)	4,268
Decrease in accounts payable and accrued liabilities	(82,796)	(114,843)
Net changes	(59,529)	(123,429)
	(2,353,049)	(3,637,097)
Investing Activities:		
Purchase of equipment	(21,550)	(30,564)
Proceeds from sale of investments, net of purchases	2,543,499	3,426,307
	2,521,949	3,395,743
Financing Activity:		
Loan from NRT Foundation	149,657	3,434
Increase (decrease) in cash and cash equivalents	318,557	(237,920)
RESTRICTED CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	344,845	582,765
RESTRICTED CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 663,402	\$ 344,845

The accompanying Notes are an integral part of this statement.



NEW RELATIONSHIP TRUST
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

DESCRIPTION OF THE NEW RELATIONSHIP TRUST

The New Relationship Trust ("NRT") was established as a not-for-profit corporation by the Province of British Columbia (the "Province") on March 23, 2006 through enactment of the New Relationship Act, Bill 11 – 2006.

The Province subsequently provided a \$100 million grant to NRT to assist First Nations to build their own capacity to participate in the processes and activities envisioned by, and that evolve out of, the new relationship between the Province and First Nations by enhancing First Nation governance, leadership and institutional and human resources capacity to address social, cultural and economic needs and priorities.

Canada Revenue Agency issued an advance tax ruling on May 10, 2007 which exempts NRT from income tax otherwise payable under Part I of the Income Tax Act.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Fund Accounting

NRT follows the restricted fund method of accounting for contributions. All of NRT's funds are externally restricted by the Province of British Columbia to specific purposes in accordance with the New Relationship Trust Act. The Strategic and Operating Funds are also subject to internal restrictions. The financial statements have been segregated into funds whose purposes are as follows:

(i) Contribution Fund

The Contribution Fund reports the original \$100 million contributed by the Province along with the related investment income earned on this contribution less investment management fees and amounts appropriated to other funds.

(ii) Strategic Fund

The Strategic Fund reports on NRT's strategic initiatives and activities and includes funds transferred from the Contribution Fund to finance such activities.

(iii) Operating Fund

The Operating Fund reports on NRT's operations, administration and governance activities and includes equipment to perform such activities; it also includes amounts transferred from the Strategic Fund to finance such activities.



NEW RELATIONSHIP TRUST
NOTES TO FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) 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 revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

(d) Cash and Cash Equivalents

NRT's policy is to disclose bank accounts and term deposits with a maturity period of 90 days or less from the date of acquisition as cash and cash equivalents. Restricted cash and cash equivalents are those pledged for security and/or have other restrictions (Note 3).

(e) Investments Subject to Significant Influence

Investments for which significant influence exists are recorded using the equity method. Under the equity method, the investment is initially recorded at cost and is increased by NRT's share of the net earnings since acquisition. The carrying value is reduced by any draws received from a partnership, dividends received from a corporation and/or NRT's share of net losses.

(f) Amortization

Equipment is recorded at cost and amortized over its estimated useful life using the declining balance method at the following rates:

Computer equipment and software	30%
Office equipment	30%
Furniture	20%

Leasehold improvements are amortized over five years using the straight line method.

In the year of acquisition, the above rates are reduced by one-half.

(g) Revenue Recognition

Restricted contributions are recognized as revenue of the Contribution Fund.

Restricted net investment income is recognized as revenue of the Contribution Fund and Strategic Fund based on the appropriations approved by the Board.

Unrestricted contributions are recognized as revenue in the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.



NEW RELATIONSHIP TRUST
NOTES TO FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Expenses

Expenses are recorded on an accrual basis.

Strategic expenses relate to initiatives and activities which are undertaken in accordance with the NRT's strategic plan. The strategic plan is reviewed and revised annually on the basis of stakeholder feedback, and is approved by the Board of Directors.

Operating expenses relate to initiatives and activities which are undertaken to support the governance of the NRT and implementation of its strategic plan.

(i) Allocation of Expenses

NRT uses fund accounting, however expenses are allocated to individual accounts. The individual expense accounts are presented on the financial statements based on the category type for grouping purposes, except for investment management expenses, which are allocated based on the total value of investments held in the Contribution and Strategic Funds.

(j) Impairment of Long-lived Assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

(k) Financial Instruments

(i) Measurement

NRT initially measures its financial assets and liabilities at fair value. Financial assets and financial liabilities are subsequently measured at amortized cost except for investments in equities quoted in an active market which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable. Financial assets measured at fair value include investments quoted in an active market.

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

(ii) 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 net income. The previously recognized impairment loss may be reversed to the extent of the improvement provided that the resulting carrying value does not exceed the amount that would have been reported had the impairment not been recognized. The amount of the reversal is recognized in net earnings.



1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Financial Instruments (Continued)

(iii) Transaction Costs

NRT recognizes its transaction costs in net earnings 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.

2. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that NRT is not exposed to significant interest, currency or credit risks arising from the financial instruments disclosed on the balance sheet. The carrying values of these financial instruments approximate their fair values.

(a) Credit Risk

Credit risk relates to the possibility that a loss may occur from the failure of another party to comply with the terms of a contract. The investment policy established by NRT limits credit risk by limiting the maximum exposure to any one single security issuer and by investing only in securities from counterparties with a minimum rating of at least "BBB" as defined by Moody's, Standard & Poors or Dominion Bond Rating Service.

(b) Interest Rate Risk

Interest rate risk relates to the possibility that fixed income investments will change in value due to future fluctuations in market interest rates. NRT has hired three financial managers to manage its cash and investments based on its cash flow needs and to optimize its investment income. The total value of investments exposed to interest rate risk amounts to \$23,226,562 (Note 4). NRT does not use derivative instruments to reduce its exposure to interest rate risk.

(c) Market Risk

Market risk relates to the possibility that the equity investments will change in value due to future fluctuations in market prices. As the equity investments are held at cost, those investments are exposed to market risk to the extent that a decrease in market value is not considered temporary. The investment policy established by NRT limits market risk by limiting the maximum exposure to any single security to holdings of less than 10% of the total portfolio. It also limits equity holdings to less than 10% of the total voting shares or available public float. The total value of investments exposed to market risk amounts to \$62,859,588 (Note 4). NRT does not use derivative instruments to reduce its exposure to market risk.

(d) Liquidity Risk

Liquidity risk is the risk of being unable to meet a demand for cash or fund obligations as they come due. NRT manages liquidity risk by holding assets that can be readily converted into cash.



3. RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash and cash equivalents is comprised of operating accounts and is recorded at cost, which approximates fair market value. Restricted cash and cash equivalents consists of the following:

Investment	Rate	Maturity	Contribution Fund	Strategic Fund	2014 Total	2013 Total
Operating accounts			\$ -	\$ 663,402	\$ 663,402	\$ 321,174
Term deposit	1.3%	Nov. 23, 2013	-	-	-	23,671
Total			\$ -	\$ 663,402	\$ 663,402	\$ 344,845



4. INVESTMENTS

NRT's investments are analyzed as follows:

	Fair Value	Cost Base	2014 Cumulative Unrealized Gain (Loss)	2013 Cumulative Unrealized Gain (Loss)
Contribution Fund				
Fixed Income	\$ 15,701,006	\$ 16,226,571	\$ (525,565)	\$ 1,898,770
Canadian Equity	28,585,415	25,628,489	2,956,926	(786,633)
Global Equity	34,274,173	28,758,828	5,515,345	(4,795,000)
	78,560,594	70,613,888	7,946,706	(3,682,863)
Strategic Fund				
Money Market	2,491,770	2,491,770	-	-
Fixed Income	5,033,786	5,047,454	(13,668)	49,379
	7,525,556	7,539,224	(13,668)	49,379
Total Investments	\$ 86,086,150	\$ 78,153,112	\$ 7,933,038	\$ (3,633,484)
Current	\$ 7,000,000	\$ 7,000,000	\$ -	\$ -
Long-term	79,086,150	71,153,112	7,933,038	(3,633,484)
Total Investments	\$ 86,086,150	\$ 78,153,112	\$ 7,933,038	\$ (3,633,484)

Investments are held by a custodian and are comprised of institutional pooled funds managed by professional investment managers. Investment activities are governed by the Board-approved NRT "Statement of Investment Policy and Procedures".

Investments are recorded at fair value. Fair value is based on the quoted market price as at March 31, 2014.

Investment income earned during the year is comprised as follows:

	Contribution Fund	Strategic Fund	2014	2013
Interest and dividend income	\$ 1,761,166	\$ 100,858	\$ 1,862,024	\$ 2,141,387
Capital gains, net	2,283,613	-	2,283,613	916,512
	\$ 4,044,779	\$ 100,858	\$ 4,145,637	\$ 3,057,899



5. OTHER INVESTMENTS

NRT entered into a limited partnership for the purpose of establishing a capital fund to assist B.C. First Nation individuals, businesses and communities to pursue sustainable economic development opportunities in B.C. NRT's equity contribution consisted of a promissory note in the amount of \$1,666,667 of which \$256,667 has been advanced as at March 31, 2014 with total amount being payable to the partnership of \$1,410,000 (Note 7). At March 31, 2014, NRT was allocated \$9,000 of earnings from the partnership, which has been recorded as an increase in the investment.

NRT purchased 100 shares of B.C. First Nations Equity Fund Inc. ("BCFNEFI") for \$100. BCFNEFI is the general partner in the B.C. First Nations Equity Fund Limited Partnership. At March 31, 2014, BCFNEFI had immaterial income and therefore no adjustment had been recorded in the financial statements for NRT's interest in BCFNEFI.

Other investments are comprised as follows:

	Ownership	2014	2013
B.C. First Nations Equity Fund Limited Partnership	33%	\$ 1,704,308	\$ 1,691,842
B.C. First Nations Equity Fund Inc.	33%	100	100
Total investments		\$ 1,704,408	\$ 1,691,942

6. EQUIPMENT

NRT's equipment is analyzed as follows:

	Cost	Accumulated Amortization	2014 Net Book Value	2013 Net Book Value
Computer equipment and software	\$ 160,242	\$ 99,111	\$ 61,131	\$ 61,161
Office equipment	10,930	9,393	1,537	2,196
Furniture	21,023	16,563	4,460	5,576
Leasehold improvements	1,426	689	737	1,022
	\$ 193,621	\$ 125,756	\$ 67,865	\$ 69,955



NEW RELATIONSHIP TRUST
NOTES TO FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

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7. PROMISSORY NOTE

The promissory note payable to B.C. First Nations Equity Fund Limited Partnership is non-interest bearing, unsecured and due on demand (Note 5).

8. DUE TO NRT FOUNDATION

The amounts due to NRT Foundation, an organization with common directors, are non-interest bearing and due on demand.

9. COMMITMENTS

(a) Operating Fund

NRT has entered into an operating lease for its premises ending in October 2016. Future minimum lease obligations are as follows:

2015	\$ 58,796
2016	59,965
2017	<u>35,122</u>
	<u>\$ 153,883</u>

NRT has authorized a letter of credit from the bank for \$ 23,671 in favour of the lessor.

(b) Strategic Fund

NRT is committed to fulfilling certain contractual obligations in relation to its Strategic initiatives. The obligations and the initiatives to which they relate are summarized as follows:

Direct Support	\$ 181,370
Policy Development Initiatives	119,100
Other Initiatives	50,000
Elder's & Youth Grants	<u>5,200</u>
	<u>\$ 355,670</u>



NEW RELATIONSHIP TRUST
NOTES TO FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

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10. STRATEGIC EXPENSES

NRT's strategic expenses are analyzed as follows:

	2014	2013
	(Note 13)	
ECONOMIC DEVELOPMENT:		
BC Aboriginal Business Awards	\$ 50,000	\$ 50,000
Entrepreneurs Equity Matching Initiative	499,530	455,000
Other Initiatives	167,662	209,631
	<u>717,192</u>	<u>714,631</u>
EDUCATION:		
Scholarships and Bursaries	510,000	690,903
K-12 Education Initiative	500,000	500,000
Other Initiatives	14,084	(5,939)
	<u>1,024,084</u>	<u>1,184,964</u>
ELDERS AND YOUTH:		
Elders Gathering	50,000	50,000
Elders Grants	207,700	199,600
Youth Grants	200,000	224,759
	<u>457,700</u>	<u>474,359</u>
GOVERNANCE CAPACITY:		
Direct Support for Governance Capacity Building	1,415,908	1,451,515
Policy Development	461,352	475,621
Capacity Tools and Resources	157,000	168,600
Other Initiatives	-	96,485
	<u>2,034,260</u>	<u>2,192,221</u>
LANGUAGE AND CULTURE:		
First Voices	200,000	200,000
B.C. Language Initiative	200,000	200,000
Language and Culture Camps	-	150,000
Master Apprentice	100,000	100,000
Language Authorities	100,000	100,000
Arts Administrator and Cultural Manager Internships	150,000	-
	<u>750,000</u>	<u>750,000</u>
SPECIAL PROJECTS:		
Young Entrepreneurs Symposium	209,673	123,246
Golf Fundraiser	15,000	-
	<u>224,673</u>	<u>123,246</u>
TOTAL STRATEGIC EXPENSES	\$ 5,207,909	\$ 5,439,421



NEW RELATIONSHIP TRUST
NOTES TO FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

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11. CONTROLLED ENTITY THAT IS NOT CONSOLIDATED

NRT controls New Relationship Trust Foundation ("Foundation") because the Board of Directors of NRT is responsible for appointing the board members of the Foundation.

The Foundation represents First Nations and is responsible for advancing education by providing scholarships, bursaries and awards for First Nations students pursuing post-secondary education. The Foundation also provides financial assistance for books, equipment and other educational supplies. The Foundation is a non-profit charitable organization registered under the Income Tax Act of Canada and as such, is exempt from income taxes.

The financial information of the Foundation has not been consolidated into NRT financial statements. As summarized below is the 2014 financial position, operations and cash flow for the Foundation:

NEW RELATIONSHIP TRUST FOUNDATION

Balance Sheet

	March 31, 2014
Total assets (Note A)	\$ 1,142,346
Total liabilities	\$ 173,111
Total net assets	969,235
	<u>\$ 1,142,346</u>

Revenues and Expenses

Total revenues (Note B)	\$ 1,863,084
Total expenses	1,010,754
Excess of revenues over expenses	<u>\$ 852,330</u>

Cash Flows

Cash provided by operations	\$ 618,514
Cash used in financing and investing activities	(149,657)
Increase in cash	<u>\$ 468,857</u>

Note A - Included in total assets is an amount due from NRT of \$88,914. The amount due is non-interest bearing and due on demand as described in Note 8.

Note B - Included in revenues is revenue of \$1,471,304 (2013 - \$336,204) from NRT. This revenue has been recognized in the education expenses relating to scholarships and K-12 education initiatives. These transactions are in the normal course of operations and are recorded at the exchange amount.



NEW RELATIONSHIP TRUST
NOTES TO FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

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12. RELATED PARTY TRANSACTIONS

During the year, the NRT paid strategic expenses in the amount of \$1,120,00 (2013 - \$729,903) to New Relationship Trust Foundation, an organization with common directors. This transaction is in the normal course of operations and is recorded at the exchange amount.

13. COMPARATIVE FIGURES

Certain balances of the preceding year have been reclassified to conform with the current year's financial statement presentation.





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