



**TAHLTAN
HERITAGE
TRUST**

**2021 AGA
REPORT TO TAHLTAN
MEMBERSHIP**

JULY 3, 2021

AGENDA

- Trust Overview
- Financial Update
- Distributions
- Foundation Update



ABOUT THE TRUST



- Established in January 2007 with funds from the Novagold Participation Agreement
- Expanded to include other sources (AltaGas, BC Hydro, Province of BC, Red Chris, Silvertip, Brucejack, Seabridge)
- Invests funds to ensure long-term stable revenues for the Tahltan Nation
 - Currently invested with BMO-Nesbitt Burns and Northwest Hydro Project (Manulife-Axium)

ABOUT THE TRUST

- **Beneficiaries:**

- Beneficiaries of the current Trust are the Iskut Band, Tahltan Band and Tahltan Central Government

- **Parameters:**

- No per capita distribution
- Funds managed by Trustees
- Spending power of the investment capital must be preserved
- Prudent long-term investment rules
- Distributions for education, training, capacity development, housing, health, education and economic development

RATIONALE FOR TRUST CREATION



We estimate \$200 million is needed to become self sufficient
($\$200,000,000 \times 5\% \text{ Net ROI}^* = \$10,000,000$)

**Return on Investment*

TRUSTEES

Trustees:

- Bill Adsit – Chair
- Garry Merkel – Vice Chair
- Rob McPhee – Secretary/Treasurer
- Seeking qualified Tahltan Trustees

Trustee Duties:

- Engage an Investment Manager
- Develop / follow trust agreement and investment policies
- Approve annual income distributions
- Monitor financial performance & conduct annual audit
- Prepare Annual Report, including financial statements
- Annual reporting to Tahltan Membership
- Hold regular Trustee meetings
- Implement Policy and Operations Manual

Trustees are not responsible for program delivery from income

INCOME STATEMENT 2020

INCOME STATEMENT YEAR ENDED DECEMBER 31

INCOME	2020 \$	2019 \$
Investment	365,246	486,608
Coast Mountain Hydro	2,238,313	20,124,400
Galore Creek Mining	309,535	310,219
Newcrest Red Chris Mining	423,969	1,112,500
Seabridge Gold	<u>-</u>	<u>802,995</u>
TOTAL INCOME	<u>3,336,862</u>	<u>22,836,722</u>
EXPENSES		
Advisor fees/bank charges	32,647	32,594
Contribution to TCG Education program	200,000	-
Professional services/travel	<u>317,336</u>	<u>166,099</u>
TOTAL EXPENSES	<u>517,336</u>	<u>198,683</u>
NET INCOME	<u>2,819,526</u>	<u>22,638,029</u>

BALANCE SHEET 2020

BALANCE SHEET DECEMBER 31 ASSETS

CURRENT	2020 \$	2019\$
Cash	6,237,817	2,920,304
Marketable securities	23,745,596	7,378,464
Accounts receivable	<u>1,499,899</u>	<u>1,257,797</u>
	<u>31,483,312</u>	<u>11,556,565</u>
OTHER		
Northwest Hydro investment*	<u>25,386,047</u>	<u>26,191,768</u>
TOTAL ASSETS	<u>56,869,359</u>	<u>37,748,333</u>

*Fair market value of \$35,982,227

BALANCE SHEET 2020

BALANCE SHEET DECEMBER 31 LIABILITIES AND EQUITY

CURRENT	2020 \$	2019 \$
Accounts payable and accruals	<u>16,006,500</u>	<u>5,000</u>
EQUITY		
Opening balance	37,743,333	15,405,304
Net Income	2,819,526	22,638,029
Distribution	<u>300,000</u>	<u>-300,000</u>
Closing balance	<u>40,862,859</u>	<u>37,743,333</u>
TOTAL LIABILITIES & EQUITIES	<u>56,869,359</u>	<u>37,748,333</u>

FINANCIAL STATEMENT HIGHLIGHTS

2020 INCOME:

- Capital Contribution:

Coast Mountain	\$ 2,238,112
Galore Creek Mining	\$ 309,535
Newcrest Red Chris Mining	\$ 423,969
Seabridge Gold	\$ 423,969
TOTAL CAPITAL CONTRIBUTION	\$ 2,971,616

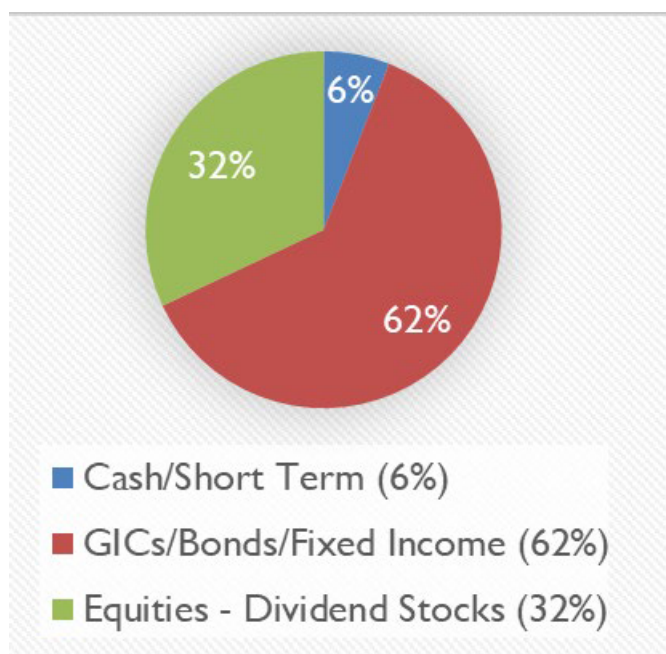
- Investment Income: \$ 365,246
- Power Project Income: \$ 215,073

2020 EXPENSES:

- Advisor & Professional Services: \$ 317,336
- TCG Education Program: \$ 200,000

ASSET MIX – TRANSITION SINCE 2018

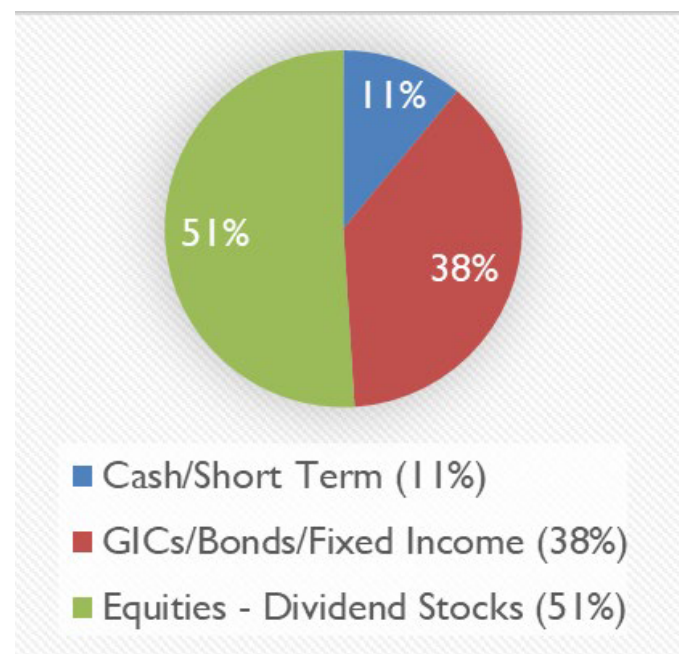
June 2018



Investment Objective:

Moderate Balanced Account. Increase equities to approximately 1/3. Dividend stocks such as CIBC, Royal Bank, Telus, Microsoft and McDonalds. Slightly more risk but increased rate of income (dividends) and potential capital gains.

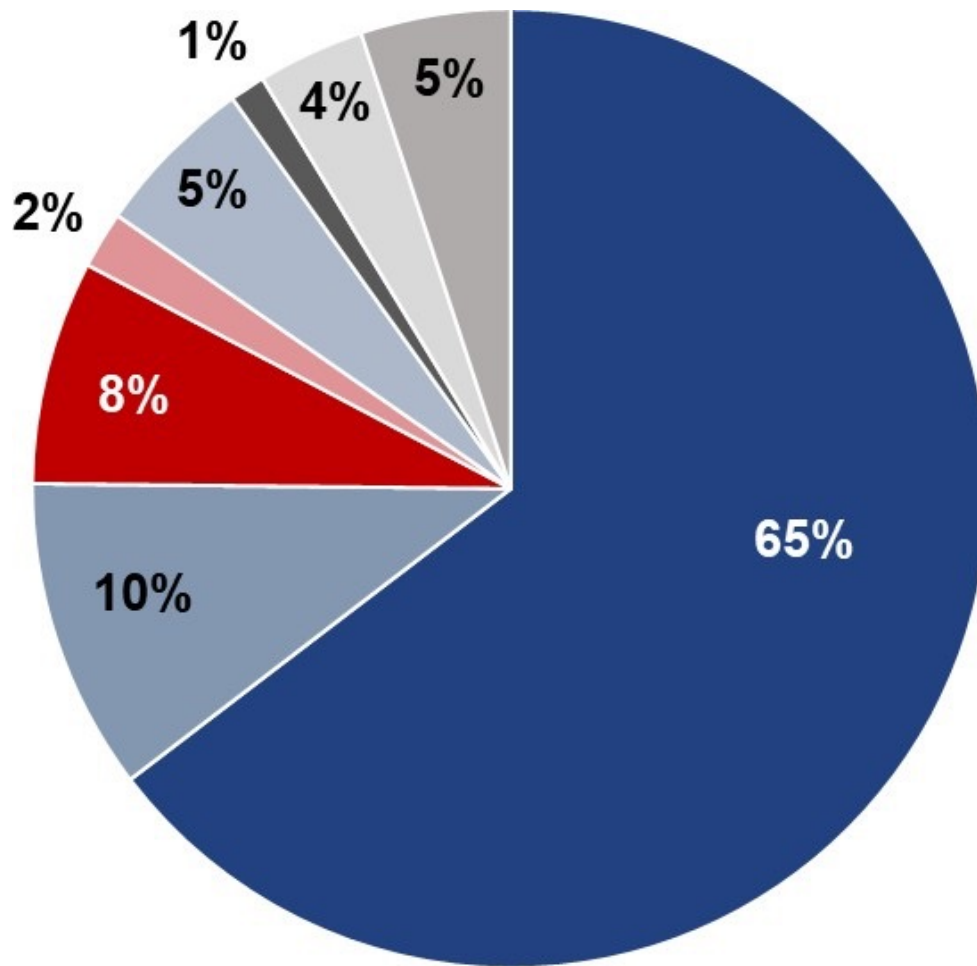
May 2021



Investment Objective:

Moderate Balanced Account. Increase equities to 50% and reduce Fixed Income/GICs/Bonds to 38% and Cash/Less-than-1- Year-GICs to 12%. Half in equities for growth and half in Fixed Income/Cash for safety.

SOURCES OF INCOME

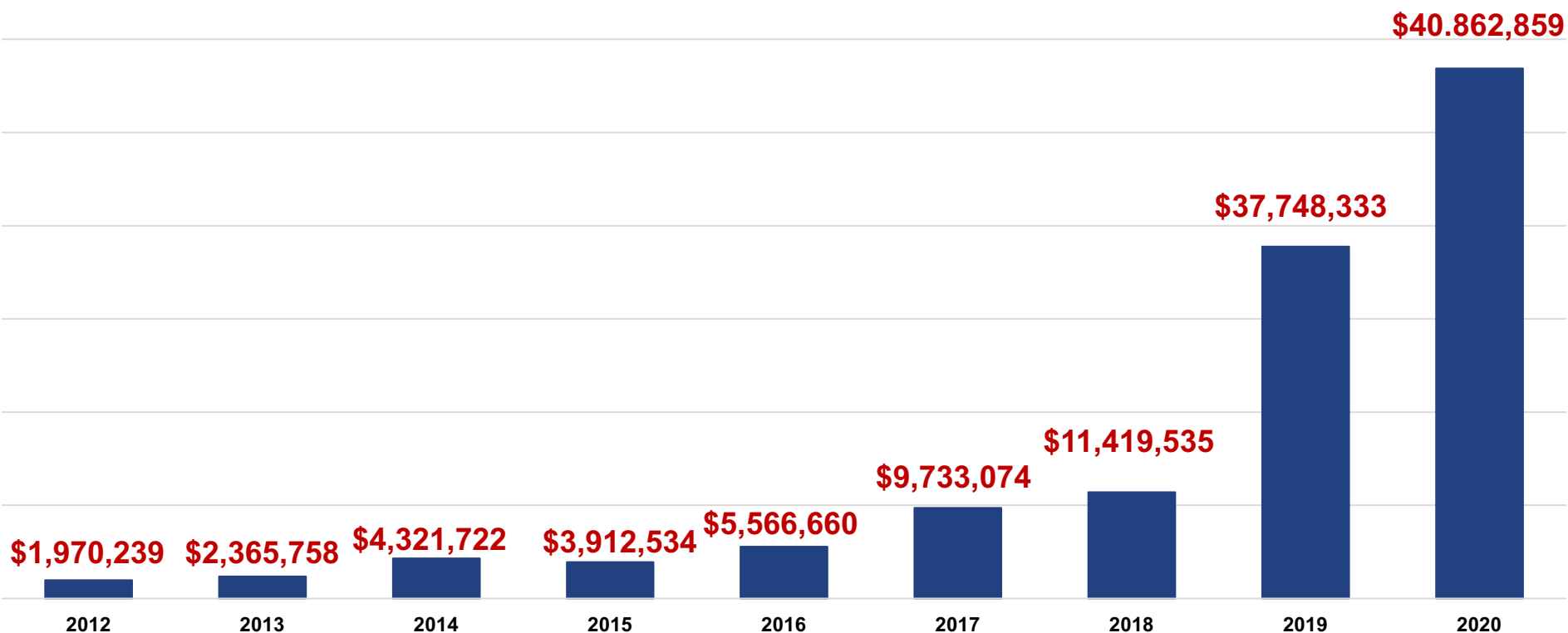


TOTAL INCOME: \$41,764,223

■ Altagas/Coast Mountain	-- 26.9 M
■ BC Hydro	-- 4.4 M
■ Nova Gold/Galore Creek	-- 3.1 M
■ Seabridge Gold	-- 803 K
■ Newcrest Red Chris	-- 2.2 M
■ Province of BC	-- 500 K
■ Teck Resources	-- 1.5 M
■ Investments	-- 2.1 M

PORTFOLIO PERFORMANCE REPORT

Portfolio Value Growth



DISTRIBUTION HISTORY

- Limited distributions during the first 11 years to foster growth
- Distributions of \$100,000 in 2018 and 2019 for the Education Fund
- Decision on amount for 2020 and 2021 is being finalized and will be delivered through the Tahltan Community Foundation

DISTRIBUTION POLICY (FORMULA)



The formula for Funds Available for Distribution (FAD) in any given year is:

Income earned from previous year*

Minus Fees and Expenses

(Minus Inflation Index)

= Funds Available for Distribution

*Income earned from various sources, including interest

**The principle and its spending power
will be protected to ensure
equal or greater value for future generations**

2020 DISTRIBUTION

2020 FUNDS AVAILABLE FOR DISTRIBUTION (FAFD)

Power Project Income	\$ 215,073
Investment Income	\$ 365,246
<hr/>	
Total Income	\$ 580,319

Less Inflation (2%)	\$ (11,606)
Less Expenses	\$ (117,336)
Less Education Fund Contribution	\$ (200,000)
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FAFD	<u>\$ 251,377</u>

FOUNDATION UPDATE

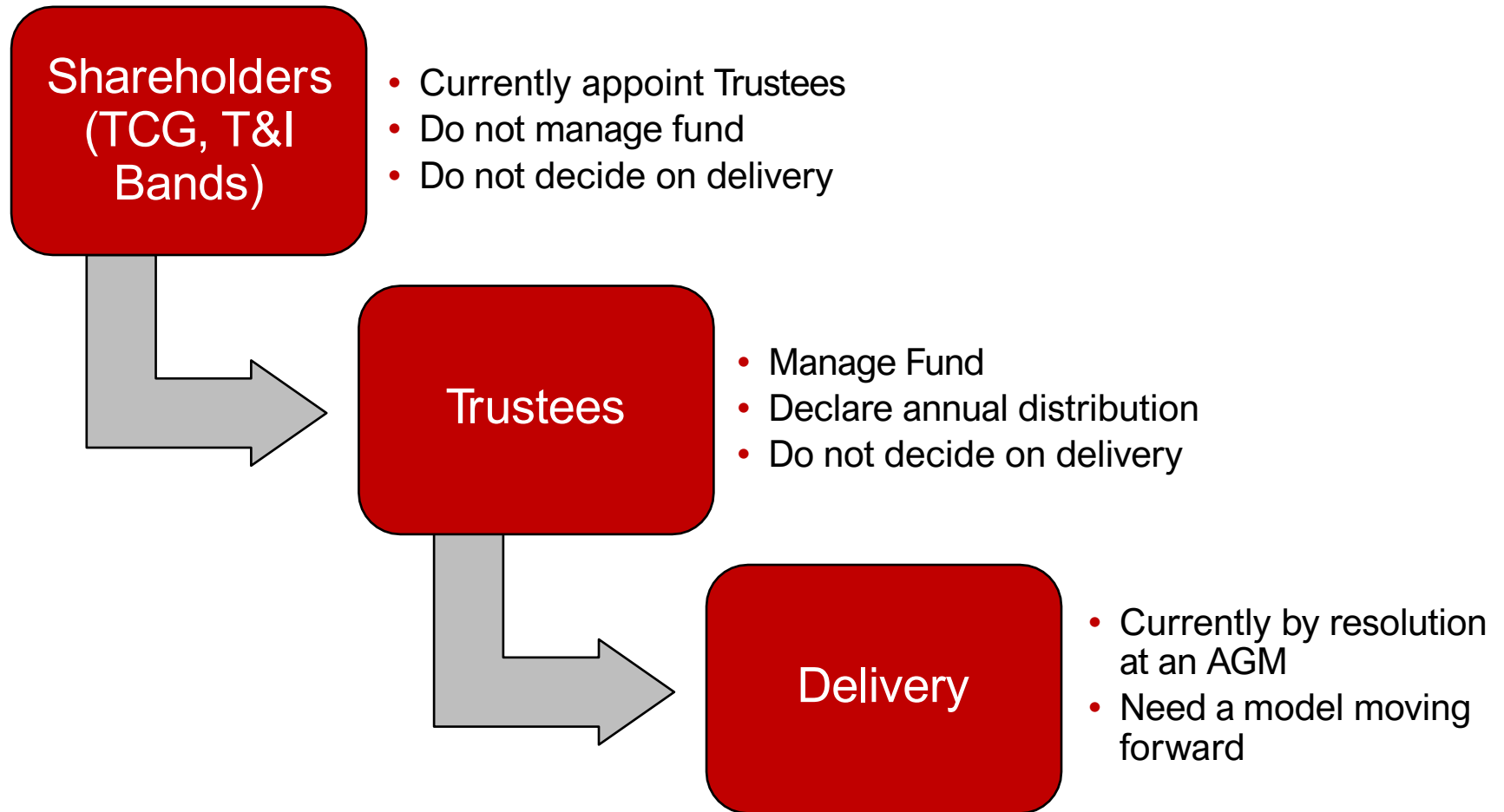


PRINCIPLES

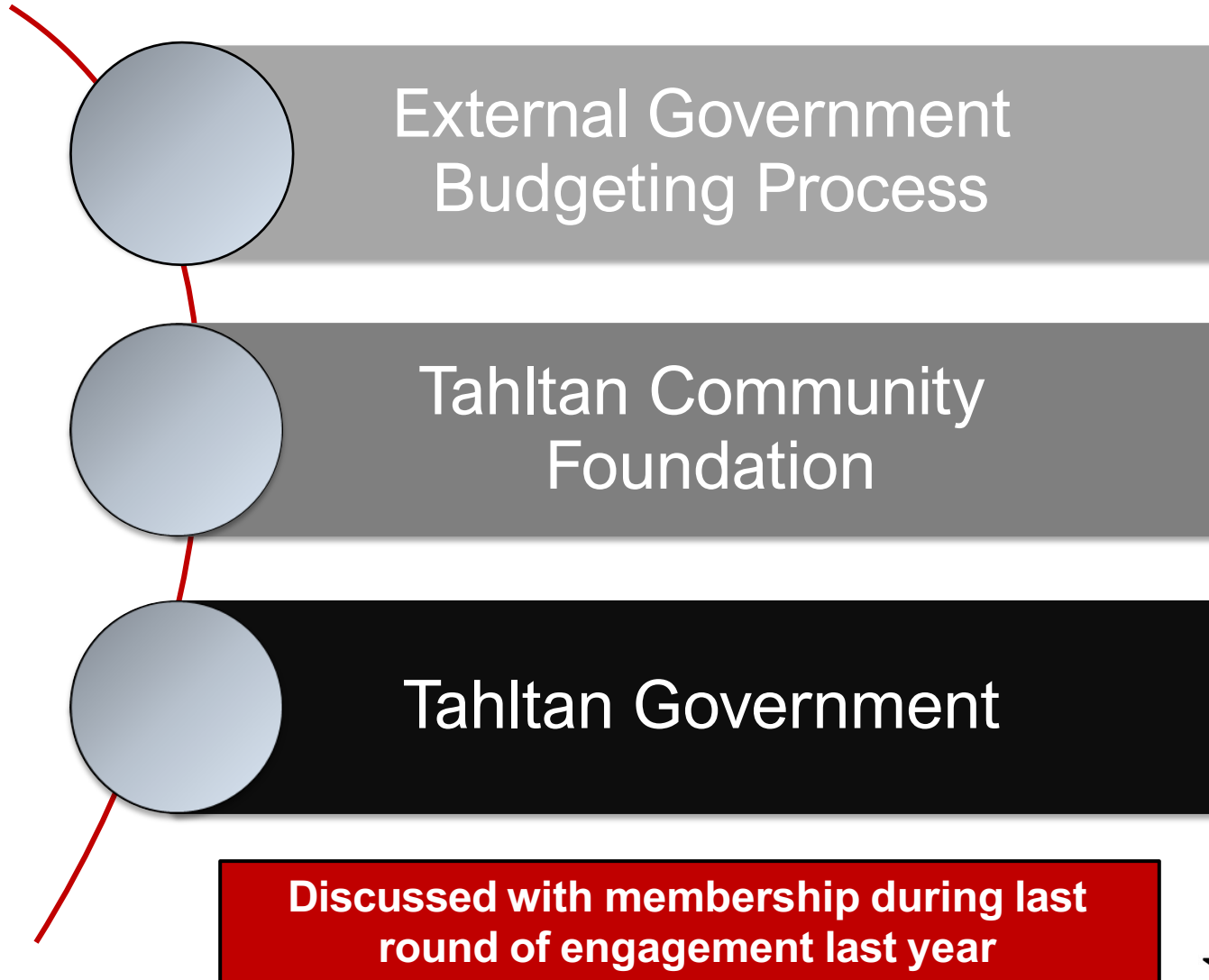


1. Citizen driven
 - Consultation process every 3 to 5 years to reset priorities
2. Professionalism
 - Become “experts” in community programming
3. Accountability
 - Clear reporting on benefits
4. Keep administrative overhead low

THE ISSUE...



POTENTIAL DELIVERY MODELS



TAHLTAN COMMUNITY FOUNDATION (THE COMMUNITY'S CHOICE)

- Separates the functions where the Trust makes money, and the Foundation spends money
- Foundation governed by a board with staff that specialize in program design and delivery
- Programs and services are delivered by the Foundation itself or through outside delivery agents who specialize in specific areas (e.g., health, education, language, land management, etc.)
- Multi-year priorities are set in a strategic plan prepared through engagement with Tahltan membership
- Annual priorities are approved by the foundation board

STATUS

- Founding 3-member board Call for Expressions of Interest ends on July 7, 2021
 - Chosen by consensus of Tahltan leadership
- Main priorities
 1. Finalize the corporate structure
 2. Add additional board members (based on discussions with membership on the selection process)
 3. Develop an initial strategic plan (based on membership input)
 - Build off community process from 6 or 7 years ago
 4. Establish interim programs and delivery partners
 - May include continuing with current education program plus others

A photograph of three people standing in front of a modern building with many windows. On the left is a man with short dark hair, wearing a light blue shirt and a dark grey blazer. In the center is a man wearing a black baseball cap, a black plaid shirt over a black t-shirt, and blue jeans; he has a blue identification badge hanging from his neck. On the right is a woman with long brown hair, wearing a tan coat over a black turtleneck. A large, stylized graphic of a red and black lightning bolt is on the left side of the image.

QUESTIONS?

*Photos provided courtesy of
Tahltan Central Government*