



Tahltan
HERITAGE TRUST

**TAHLTAN
HERITAGE
TRUST**

**2023 TAHLTAN AGA
REPORT TO TAHLTAN
MEMBERSHIP**

JULY 4, 2023

AGENDA

- Rationale for Trust
- Trust Overview
- Trustee Duties
- Financials
- Investments
- Distribution of Benefits
- New Trust
- Trust Concerns
- Open Discussion



RATIONALE FOR TRUST CREATION



We estimate \$200 million is needed to become self sufficient
(\$200,000,000 x 5% Net ROI* = \$10,000,000)

**Return on Investment*

TRUST OVERVIEW

- Established in 2007 with initial funds from the Novagold IBA
- Expanded to include AltaGas, BC Hydro, Province of BC, Red Chris, Brucejack, Silvertip & others
- Funds invested with Nesbitt Burns & Coast Mountain Hydro, to ensure long-term stable revenues
- Trust established as a separate legal entity to ensure no political influence
- Part 6 of the Agreement states no beneficiary shall have any right to call for a distribution or division of any Trust property, because it belongs to the Tahltan members

ABOUT THE TRUST

- **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

TRUSTEE DUTIES

Current Trustees:

- Bill Adsit
- Garry Merkel
- Currently seeking qualified Tahltan Trustees

Trustee Duties:

- Develop / follow trust agreement
- Prudently invests funds in accordance with investment policy
- Approve annual income distributions at AGAs
- Prepare Annual Report & financial statements for AGA
- Hold regular Trustee meetings
- Implement Policy and Operations Manual

FINANCIALS



INCOME STATEMENT 2022

INCOME STATEMENT YEAR ENDED DECEMBER 31

INCOME	2022 \$	2021 \$
Investment	412,840	1,045,232
Gain (Loss) on sale of investments	-407,643	-
Coast Mountain Hydro ⁴	2,582,930	2,750,339
Galore Creek Mining	341,697	320,027
Newcrest Red Chris Mining	4,120,977	3,057,620
Skeena Resources Limited	<u>1,547,225</u>	<u>-</u>
TOTAL INCOME	<u>8,598,026</u>	<u>7,173,218</u>
EXPENSES		
Advisor fees and bank charges	159,274	81,614
Contribution to TCG Education program	-	510,000
Professional and management services	<u>126,602</u>	<u>115,126</u>
TOTAL EXPENSES	<u>285,876</u>	<u>706,740</u>
NET INCOME	<u>8,312,150</u>	<u>6,466,478</u>

BALANCE SHEET 2022

BALANCE SHEET DECEMBER 31 ASSETS

CURRENT	2022 \$	2021 \$
Cash	1,559,269	2,066,909
Marketable securities ¹	22,755,671	18,057,903
Accounts receivable	<u>5,847,539</u>	<u>1,496,500</u>
	<u>30,162,479</u>	<u>21,621,312</u>
OTHER		
Northwest Hydro LP Investment ^{1 & 2}	<u>25,486,008</u>	<u>25,715,025</u>
TOTAL ASSETS	<u>55,648,487</u>	<u>47,336,337</u>

¹Fair market value of the securities at year end was of \$22,054,102

²Fair value of the investment has been determined to be \$44,565,658 (2021 \$39,832,872)

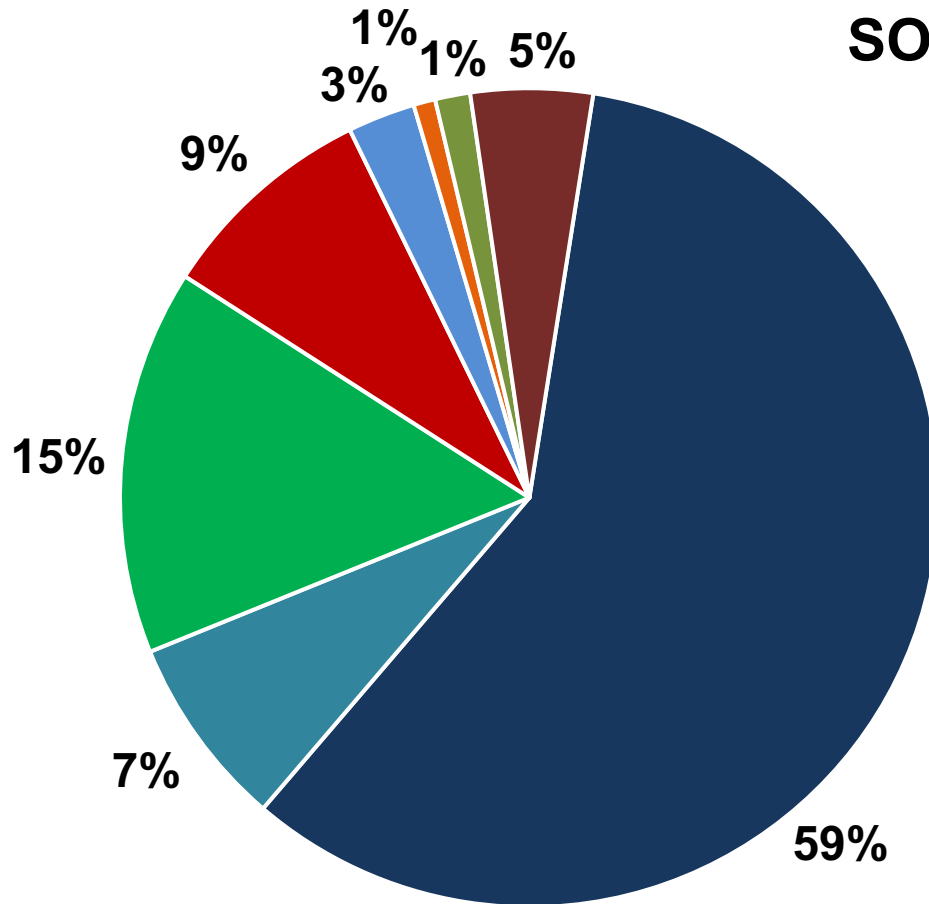
BALANCE SHEET 2022

BALANCE SHEET DECEMBER 31 LIABILITIES AND EQUITY

CURRENT	2022 \$	2021 \$
Accounts payable and accruals	<u>7,000</u>	<u>7,000</u>
EQUITY		
Opening balance	47,329,337	40,862,859
Net Income	<u>8,312,150</u>	<u>6,466,478</u>
Closing balance	<u>55,641,847</u>	<u>47,329,337</u>
TOTAL LIABILITIES & EQUITIES	<u>55,648,487</u>	<u>47,336,337</u>

2022 SOURCES OF CAPITAL & INCOME

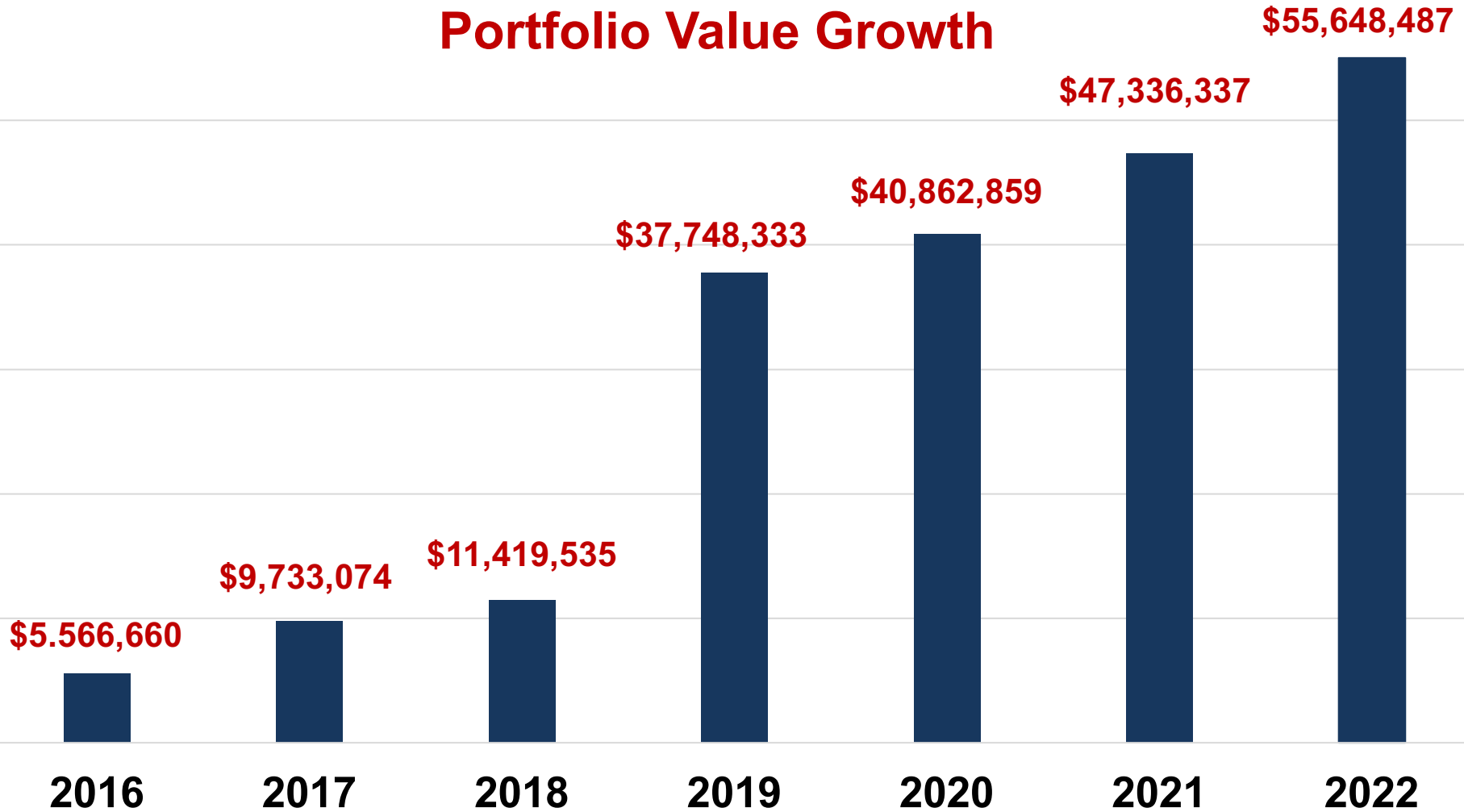
SOURCES OF INCOME: \$58,015,690



■ Coast Mtn Hydro	--	\$33.1 M
■ BC Hydro	--	\$4.4 M
■ Newcrest Red Chris	--	\$8.8 M
■ Galore Creek Mining	--	\$5.0 M
■ Skeena Resources	--	\$1.5 M
■ Province of BC	--	\$500 K
■ Seabridge Gold	--	\$800 K
■ Investments	--	\$2.8 M

PORTFOLIO VALUE GROWTH 2016-2022

Portfolio Value Growth



INVESTMENT PORFOLIO PERFORMANCE



INVESTMENT STRATEGY

Investment Goal Initial 10+ years:	Investment Goal Going Forward
Do not lose principle	Outperform Inflation while striking a balance between growth and safety of principle (Balanced Portfolio).

Portfolio has over \$3 million of investment profits since inception so there can be renewed focus on long-term investment objective of 5% rate of return over 5-year investment cycles.

INCREASE IN VALUE OF PORTFOLIO

Year	Deposits / Withdrawals	Net Profit (Gain/Loss)	Total Account Value At Year End
2012			\$1,970,239
2013	\$300,000	\$95,518	\$2,365,757
2014	\$1,800,000	\$155,964	\$4,321,721
2015	(\$500,000)	\$90,812	\$3,912,533
2016	\$1,500,000	\$154,126	\$5,566,659
2017	\$4,000,000	\$166,414	\$9,733,073
2018	\$2,400,000	(\$713,539)	\$11,419,534
2019	(\$2,926,505)	\$1,311,354	\$9,804,383
2020	\$3,400,000	\$1,584,977	\$14,789,360
2021	\$4,800,000	\$758,992	\$20,348,352
2022	\$2,098,626	(\$1,637,075)	\$20,810,084
YTD 2023 (Apr 30)	\$500,000	\$1,039,852	\$22,350,185

DISTRIBUTION OF BENEFITS



ANNUAL DISTRIBUTION ESTIMATE (FORMULA)

THE FORMULA FOR FUNDS AVAILABLE FOR DISTRIBUTION:



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FUNDS AVAILABLE
FOR DISTRIBUTION

INCOME EARNED IN
PREVIOUS YEAR*

EXPENSES IN
PREVIOUS YEARS

INFLATION INDEX
(2% OF TRUST FUND)

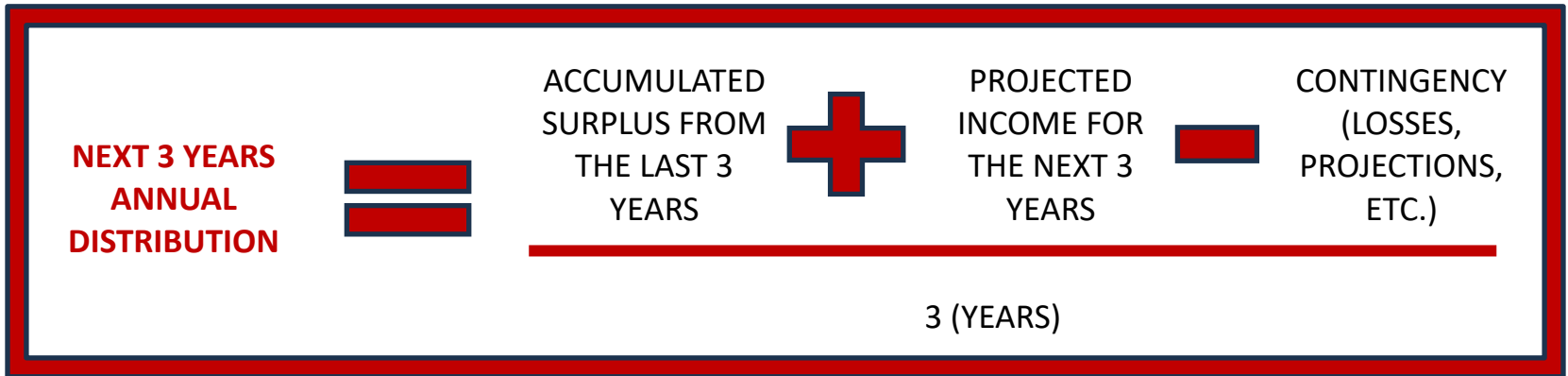
* INCOME EARNED FROM VARIOUS SOURCES, INCLUDING INTEREST AND RETURNS ON INVESTMENTS

THE PRINCIPLE AND ITS SPENDING POWER WILL BE PROTECTED TO ENSURE
EQUAL OR GREATER VALUE FOR FUTURE GENERATIONS.

2023 FUNDS AVAILABLE FOR DISTRIBUTION

Investment Income	\$ 412,840
Coast Mountain Hydro Investment Earnings	\$ 65,086
Volcano Creek Investment Earnings	\$ 593,836
Total Income	\$ 1,071,762
Less Inflation (2%)	\$ (437,564)
Less Expenses	\$ (285,876)
Total Deductions	<u>\$ 723,440</u>
Funds Available for Distribution:	<u>\$ 348,322</u>

THREE YEAR DISTRIBUTION



- Current funding model has problems
 - Highly variable each year (may even be nothing)
 - Delivery providers cannot plan ahead
- The Trustees have adopted a more stable model that fixes distributions for the next 3 years

2024-2026 ANNUAL FUNDS FOR DISTRIBUTION = \$700,000

PRIORITIES & DELIVERY – THE QUESTION

Shareholders (TCG, T&I Bands)

- Appoint Trustees
- Do not manage fund
- Do not decide on delivery

Trustees

- Manage Fund
- Declare annual distribution
- Do not decide on delivery

Delivery

- Currently by resolution at an AGM
- Need a model moving forward

GOVERNMENT LEAD PRIORITY & DELIVERY (POSSIBLE PROCESS)

1. Priorities

- Tahltan government lead an engagement process to get the Tahltan community's priorities for the next 3 to 5 years
- Tahltan Governments approve Tahltan priorities for the next 3 to 5 years

2. Budget Submissions

- Delivery agents (Tahltan government, Tahltan organizations, other governments) make submissions (delivery plans & budgets) to address an approved Tahltan priority
- Tahltan Governments (likely a committee) approve delivery agents and budgets in line with approved Tahltan priorities

3. Reporting & Accountability

- Tahltan governments enforce reporting and accountability measures to ensure that each delivery agent addresses their Tahltan priority as promised
- Tahltan governments report on finances and meeting Tahltan priorities to membership and the Trust

TO DATE TRUST DISTRIBUTIONS

- Distributions 2018-2021 to TCG education totalling **\$810,000:**
 - \$100,000 in 2018
 - \$200,000 for 2020
 - \$510,000 for 2021
- Distributions for 2023 to TCG education totalling **\$1,800,000:**
 - 2023 Distribution -- \$348,322
 - Additional (from accumulated FAD) -- \$1,451,678
- Next 3 years distribution (2024-2026)
 - Will continue with education as the default
 - May include additional priorities once Tahltan governments conduct an outreach process

NEW TRUST



TRUST AMENDMENTS

Recommended Changes

- Revised purpose
- New Trustees recommended by Current Trustees & approved by TCG, TB, IFN
- Trustees manage for growth & new entity for giving
- Legacy corporation dissolved for tax purposes
- Trustees maintain distribution discretion based on approved formula
- Unanimous approval by TCG, TB, IFN on major changes
- Uncooperative Trustee can be removed through a process
- Trustee qualifications remain unchanged
- Trustees can no longer add or remove beneficiaries

LOOKING AHEAD



TRUST CONCERNS

- New Trustees are needed
- Agreement on setting priorities process with Tahltan governments
- Redirection of \$5.8 million of Trust Funds
- Approval of New Agreement
- Audited Financial Statements

TAHLTAN HERITAGE TRUST WEBSITE



ABOUT ▾ ASSETS ▾ FOUNDATION ▾ ENGAGEMENT ▾ NEWS RESOURCES ▾ FINANCIALS

HISTORICAL
PRESENTATIONS
FAQS
CONTACT US

A wide-angle landscape photograph of a river valley. The river is in the foreground, surrounded by lush green forested hills. In the distance, there are rolling hills and mountains under a blue sky with scattered clouds. A vibrant rainbow arches across the sky, starting from the left side of the frame and ending on the right. The overall scene is bright and scenic.

**INVESTING FOR
FUTURE GENERATIONS**

www.tahltanheritagetrust.com



TAHLTAN HERITAGE TRUST WEBSITE

- Source of news and resources for Tahltans about the Trust
- Overview of the Trust, History, Trustees, Assets and Distributions, the Tahltan Community Foundation, News and Tahltan Engagement
- Resources include historical documents, presentations, frequently asked questions, and financials
- Financials are password protected: TahltanStrong
- Questions: info@tahltanheritagetrust.com

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NATOA CONFERENCE KEY TAKEAWAYS

- **Trust rationale:** echoed why First Nations Trusts are necessary
- **Involvement of Youth:** education & training of youth is extremely important
- **Evenhandedness:** funds must be available to the 7th generation
- **Trust Administrators:** provides daily administration, record keeping and fosters knowledge sharing and succession planning
- **Standard management guidelines:** Expenses 1%; Distribution 3%; Inflation 2%; Growth 6%



TAHLTAN
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**OPEN DISCUSSION/
RESOLUTION**

www.tahlitanheritagetrust.com

Photos courtesy of Kathy Merkel