

Aboriginal Healing Foundation

ANNUAL REPORT · 2002



Helping Aboriginal People Heal Themselves

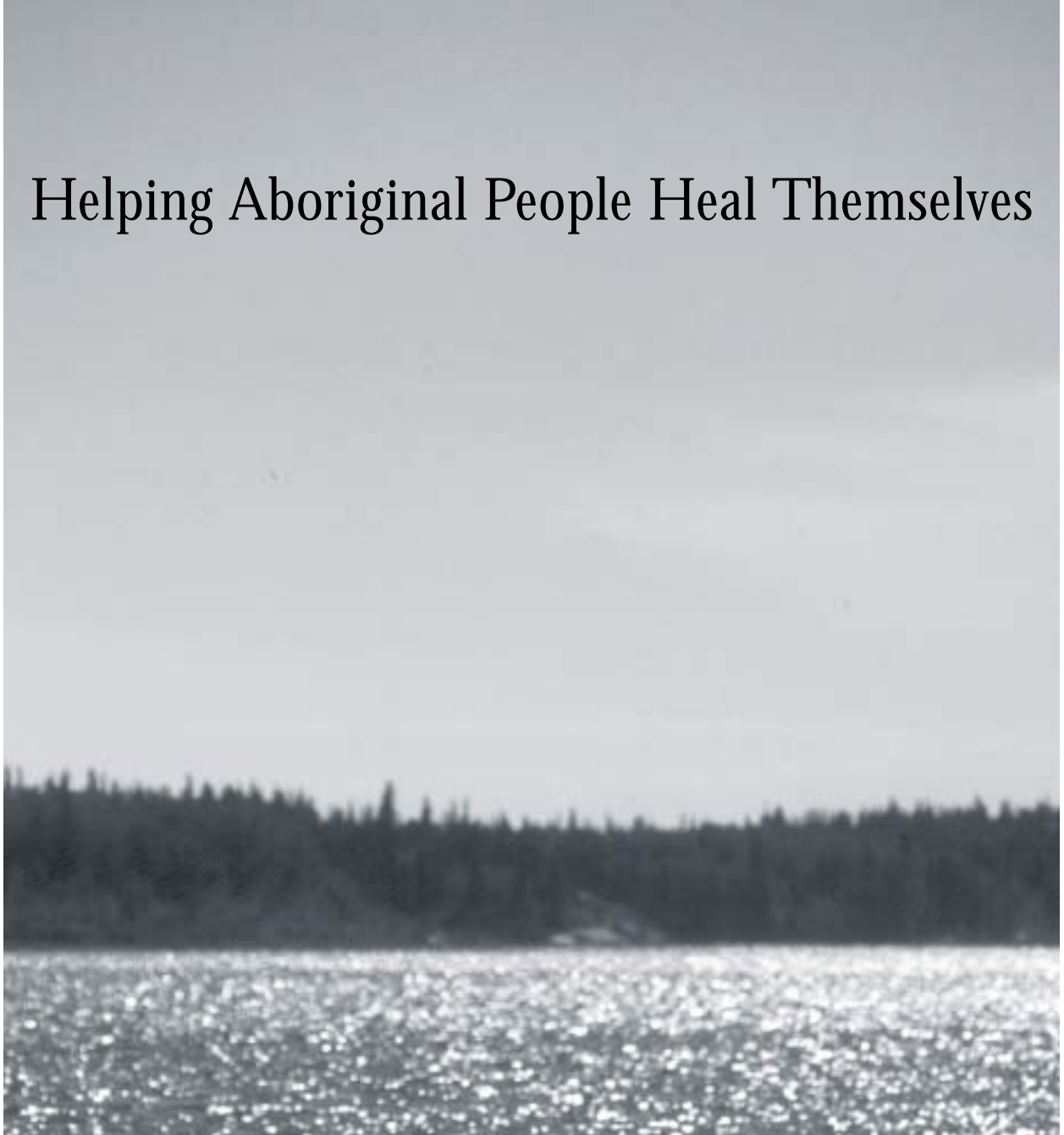


TABLE OF CONTENTS



BACKGROUND · 3	PROGRAMS · 30
MESSAGE FROM THE BOARD · 4	RESEARCH · 32
REPORTING PRINCIPLES · 5	FINANCIAL STATEMENTS · 37
THE RESIDENTIAL SCHOOL SYSTEM · 6	AUDITOR'S REPORT · 39
RESIDENTIAL SCHOOL MAP · 7	STATEMENT OF FINANCIAL POSITION · 40
AHF: CREATION AND TIMEFRAME · 8	STATEMENT OF OPERATIONS · 41
FUNDED PROJECTS OVERVIEW · 9	STATEMENT OF CHANGES IN DEFERRED CONTRIBUTIONS · 42
LEGAL OBLIGATIONS · 12	STATEMENT OF CASH FLOWS · 43
PROJECT FUNDING MAP · 15	NOTES TO FINANCIAL STATEMENTS · 44
BOARD OF DIRECTORS 2001-2002 · 19	SCHEDULE OF PROJECT COMMITMENTS AND EXPENDITURES · 48
BOARD OF DIRECTORS · 20	WOLFCREST CAPITAL ADVISORS · 50
COMMUNICATIONS · 21	
EXECUTIVE DIRECTOR · 24	
FINANCE · 26	



BACKGROUND

The Aboriginal Healing Foundation was set up in 1998 with funding from the Government of Canada. We received a one-time grant of \$350 million to provide project funding and to cover our expenses, for up to 10 years. The Foundation is an independent, not-for-profit organisation. It is not a government agency.

A 17-member Board of Directors runs the Foundation. Our Board reflects Canada's diverse Aboriginal population.

The Aboriginal Healing Foundation's goals are stated in the following Mission Statement:

"Our mission is to encourage and support Aboriginal people in building and reinforcing sustainable healing processes that address the Legacy of Physical and Sexual Abuse in the Residential School System, including Intergenerational Impacts."

As well, the Board of Directors has a Vision Statement which outlines its role in the healing process. The Vision Statement says that

"The Board's role is to help Aboriginal people help themselves by providing funds for healing projects, promoting knowledge about the issues and the need for healing, and gaining public support from Canadians."

The Board's approach to healing is holistic. The Board's objectives are to strengthen Aboriginal people, address their healing needs and prevent future abuse.

These objectives apply to Aboriginal people, their families and their communities. The Board believes three things are vital to building healthy communities in the future: prevention of future abuse, healing between those who caused the abuse and those who suffered abuse, and healing between Aboriginal people and Canadians.

The Board supports full participation of all Aboriginal people, including Métis, Inuit and First Nations (both on and off reserve, status and non-status, men and women) in healing from the legacy of sexual abuse and physical abuse in residential schools, including intergenerational impacts. The Board knows that healing may mean different things to different groups. The Board supports ways of healing that will meet the diverse needs of Aboriginal groups.

The Board wants to make sure that Aboriginal people will deal with their trauma in a meaningful way and that they will break the cycle of abuse and will heal at many levels, both now and in the future.

The Aboriginal Healing Foundation plays only a small role in a greater healing movement that is happening in Aboriginal communities today. The Foundation's \$350 million healing fund should not be seen as the only means of healing in Aboriginal communities.

MESSAGE FROM THE BOARD

Annual Reports are one way in which we demonstrate a commitment to high quality performance, as well as our accountability to Survivors of residential schools and their descendants, to Aboriginal communities, and to Canadians. This Report is informed by the method and principles adopted last year to ensure accountability and a clear and accurate picture of the Foundation's performance.

Four years into a ten-year mandate, we look back upon the progress made and the lessons learned. We believe that refinements of our funding process, made as a result of ongoing dialogue with Survivors and communities, have improved the work of the Foundation in all respects.

Our streamlined application process, simplified handbook, and introduction of an under-\$50,000 application form – combined with community proposal development support and pre-submission proposal review – have resulted in a record approval rate.

Much healing work has been accomplished in 2001-2002. More proposals than in any year previous have become active projects making a difference in communities. From the endeavors of Aboriginal people, much knowledge of community healing in the context of the residential school legacy has been gathered. This knowledge is available to those beginning their healing as well as to those working to help them.

Our Interim Evaluation Report, completed in June 2001, is a snapshot of 344 funded projects. This Report provides invaluable data concerning the impact of our funded projects. A second evaluation will take place in 2004.

The 2001-2002 fiscal year brought a new phase in the Foundation's mandate. Following exploratory discussions with Government of a revised and extended mandate, the Board decided during this time to begin a devolution process which will see the final acceptance of funding proposals on August 15, 2003, final funding commitments (including multi-year) by March 31, 2004, and the Foundation's closure on March 31, 2009.

Over the last three years many have taken steps toward healing, supported by grass-roots initiatives funded by the AHF. Individuals have seized every opportunity – whether Regional Gatherings, conferences, letters or phone calls – to remind us that healing requires a long-term commitment. We understand the consequences of diminishing resources at a time when a growing number of people are looking for our help.

Now that we are considering proposals for multi-year funding and Healing Centre Programs, we expect the remainder of the \$350 million healing fund to be quickly committed. Time is running out for those who seek our support in healing.

The long-term healing needs of Survivors, their descendants and communities, is the challenge we have always faced. Therefore the Aboriginal Healing Foundation will continue to encourage and support Aboriginal people in building and reinforcing sustainable healing processes that address the legacy of physical and sexual abuse in the residential school system, including intergenerational impacts.

In the spirit of healing and peace,
Board of Directors, Aboriginal Healing Foundation.

REPORTING PRINCIPLES

Guided by the recommendations of Survivors attending the Residential School Healing Strategy, held in Squamish Territory in July, 1998, and by its Code of Conduct, the Aboriginal Healing Foundation has since the beginning sought transparency in all its practices.

This Annual Report presents the contexts that gave rise to the creation and evolution of the Foundation. It describes AHF governance, and operations and structure and charts the accomplishments of each of its units against stated objectives.

AHF annual reporting follows five principles:

- › Clear context and strategies. The report clearly describes the mission and mandate of the organisation, the objectives of its programs and services, the major strategies being used to achieve these objectives, and the related external context.
- › Meaningful performance expectations. The performance information contains clear and concrete key performance expectations with a focus on results.
- › Performance accomplishments against expectations. The performance information reports key accomplishments (attributable to the activities undertaken) in relation to expectations.
- › Capacity to learn and adapt demonstrated. The performance information provides a measure of the ability to learn from past performance and to modify strategies in light of

past performance, external context, and anticipation of future changes and challenges.

- › Fair and reliable performance information reported. Performance information strives to be fair, valid, reliable and understandable.

Although many challenges have been met since 1998, the AHF is committed to surmounting the obstacles ahead with unwavering determination to remain transparent and accountable to the Government, Aboriginal communities and Survivors and their descendants.

"The Board must communicate to Survivors of residential schools in a truthful, honest and open manner."

- Squamish Conference, 1998

THE RESIDENTIAL SCHOOL SYSTEM

Residential schools officially operated in Canada between 1892 and 1969 through arrangements between the Government of Canada and the Roman Catholic Church, the Church of England (or Anglican Church), the Methodist (or United) Church, and the Presbyterian Church.

Although in 1969 the Government of Canada officially withdrew, a few of the schools continued operating throughout the 70s and 80s. Akaitcho Hall in Yellowknife, NWT did not close until the 1990s. During the time they operated, residential schools subjected generations of Aboriginal children to a strict and damaging policy of assimilation.

In enforcing the government's assimilation policy and the missionary agenda of the churches, the schools strove to alienate children from their families, communities, and cultures. In general, they applied a harsh set of rules, forced children to abandon their cultural and spiritual ways, forcibly imposed foreign religious practices, forbade students to speak their languages and, in many cases, provided only marginal training or education.

The impacts of the residential schools have been felt in every segment of Aboriginal societies. Communities suffered social, economic and political disintegration. Languages were attacked and continue to be threatened. Families were wrenched apart. The lives of individual students were devastated. Many of those who went through the schools were denied any opportunity to develop parenting skills and lost the ability to pass these skills to their own children. They struggled with the destruction of their identities as Aboriginal people, the loss of personal liberty and privacy, and memories of abuse, trauma, poverty, and neglect.

Thousands of former students have come forward to reveal that physical, emotional, and sexual abuse were rampant in the school system and that little was done to stop it, to punish the abusers, or to improve conditions. Many passed the abuse they suffered on to their children, thereby perpetuating the cycle of abuse and dysfunction arising from the residential school system. Subsequent generations of children were left with the consequences of what happened to their parents and grandparents. They grew up without the opportunity to learn their languages, to have traditional and cultural knowledge passed down to them, or to be part of a strong and healthy family and community.

After years of resistance, protest, and activism on the part of many Aboriginal people and others, the first major steps towards healing began. The churches involved in running the schools publicly apologized. The first to apologize was the United Church of Canada in 1986. Other apologies and statements followed – by the Oblate Missionaries of Mary Immaculate (Roman Catholic) in 1991, the Anglican Church in 1993, and the Presbyterian Church in 1994.

Around this same time, the Royal Commission on Aboriginal Peoples (RCAP) was examining the issue of residential schools as part of its larger mandate, and in November 1996 its final report was released. The report included a section outlining research and findings on residential schools and contained recommendations specific to residential schools.

In 1997, the Canadian Conference of Catholic Bishops issued a statement expressing their regret for the pain and suffering that many Aboriginal people experienced in the residential school system. Pope John Paul II expressed similar regrets in the year 2000.

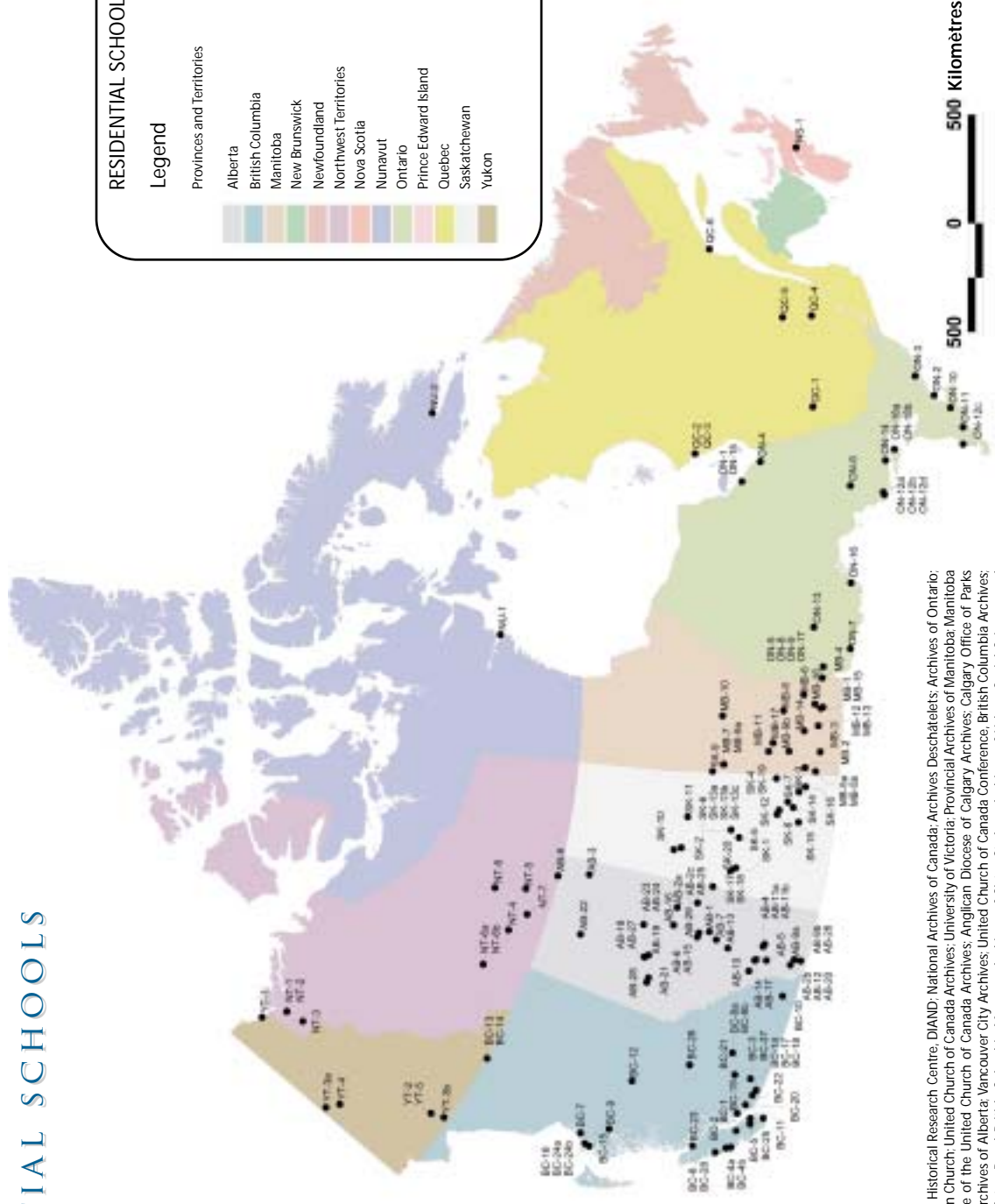
RESIDENTIAL SCHOOLS

RESIDENTIAL SCHOOLS

Legend

Provinces and Territories

- Alberta
- British Columbia
- Manitoba
- New Brunswick
- Newfoundland
- Northwest Territories
- Nova Scotia
- Nunavut
- Ontario
- Prince Edward Island
- Quebec
- Saskatchewan
- Yukon



Sources: McCord Museum; Claims and Historical Research Centre, DIAND; National Archives of Canada; Archives Deschâtelets; Archives of Ontario; General Synod Archives of the Anglican Church; United Church of Canada Archives; University of Victoria; Provincial Archives of Manitoba; Manitoba and Northwestern Ontario Conference of the United Church of Canada Archives; Anglican Diocese of Calgary Archives; Calgary Office of Parks Canada; Nakoda Archives; Provincial Archives of Alberta; Vancouver City Archives; United Church of Canada Conference; British Columbia Archives; Archives of St. Paul's Province of Oblates; Royal British Columbia Museum; Archives of Sister St. Ann; Archives of Yukon; Social Sciences and Humanities Research Council of Canada; and Algoma University College, Sault Ste. Marie.

Disclaimer: This document is under development. The information contained herein is subject to change without prior notice.
 Produced: April 2001, Kathy Kettler, Aboriginal Healing Foundation.

AHF: CREATION AND TIMEFRAME

In the wake of the Oka conflict, the Federal Government of Brian Mulroney appointed the Royal Commission on Aboriginal Peoples in August of 1991. One of the two Co-chairs of the Commission was Georges Erasmus, the former National Chief of the Assembly of First Nations. The Commission had a very broad mandate, drafted by Brian Dickson, the former Chief Justice of the Supreme Court of Canada. The Commission held hearings across the country and oversaw an extensive analysis of Aboriginal issues.

In November 1996, the Commission issued its final five-volume report featuring over 100 pages worth of detailed recommendations. Chapter 10, which addresses the issue of residential schools, revealed the full extent of the abuse suffered by Aboriginal children.

On January 7th, 1998, the Honourable Jane Stewart, Minister of Indian Affairs, announced *Gathering Strength – Canada’s Aboriginal Action Plan* at a public ceremony. The Minister issued a Statement of Reconciliation to all Aboriginal peoples for the abuses in residential schools and announced a \$350 million fund to address the healing needs of First Nations, Inuit and Métis individuals, families and communities who suffer the legacy of physical and sexual abuse at residential schools, including intergenerational impacts.

On March 30, 1998, after consultations with survivors and Aboriginal Organisations, a funding agency called the Aboriginal Healing Foundation was established as an Aboriginal-run, not-for-profit corporation, independent of the government and the representative Aboriginal organisations.

The Foundation was established with a 10-year mandate:

- › April 1, 1998-March 31, 1999: One year to set-up operations
- › April 1, 1999-March 31, 2003: Four years to commit project funds
- › April 1, 2003-March 31, 2009: Five years to monitor and evaluate funded projects and write a report.

In the Spring of 2000, the Aboriginal Healing Foundation initiated discussion with the Government of Canada concerning potential improvement of its performance, through an extension of its mandate and a revision of its investment restrictions.

Since that time, decisions have been made concerning our proposals and we’ve heard that the Government of Canada is entertaining the notion of granting us an additional three years, within the current 10-year mandate, and without loosening investment restrictions.

While an additional three years of commitment time could allow the AHF increased flexibility, the Board has decided to stay the course. Should the government provide an opportunity, they may however revisit this matter.

FUNDED PROJECTS OVERVIEW

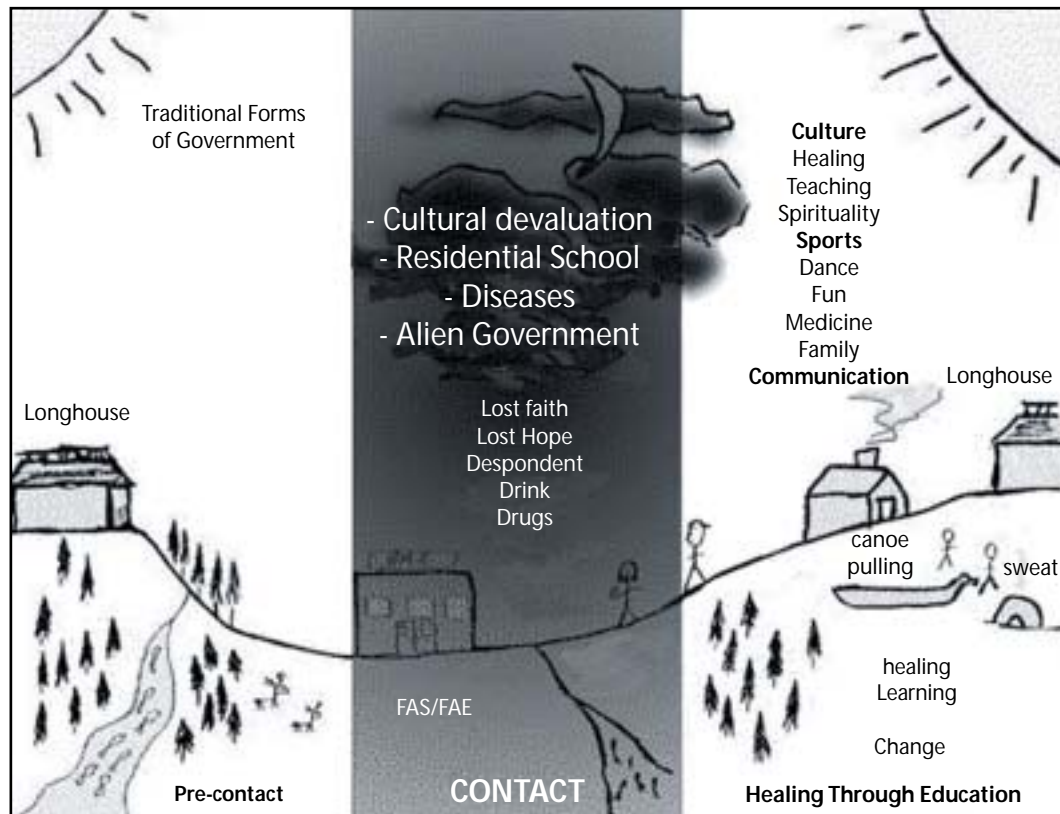
Our mission is to encourage and support Aboriginal people in building and reinforcing sustainable healing processes that address the legacy of physical abuse and sexual abuse in the residential school system, including intergenerational impacts.

Our vision is one where those affected by the legacy of physical abuse and sexual abuse experienced in residential school have addressed the effects of unresolved trauma in meaningful terms, have broken the cycle of abuse, and have enhanced their capacity as individuals, families, communities and nations to sustain their well being and that of future generations.

"As the first organisation of its kind, the Aboriginal Healing Foundation occupies a unique position – first in helping Métis, Inuit and First Nations communities to heal themselves, and second, in bridging the gap between Aboriginal and non-Aboriginal peoples."

- *The Healing Has Begun*, May 2002

An illustration of the cycle of healing many first nations communities face
<http://aboriginalcollections.ic.gc.ca/smsnecymuxw/lifed4.htm>

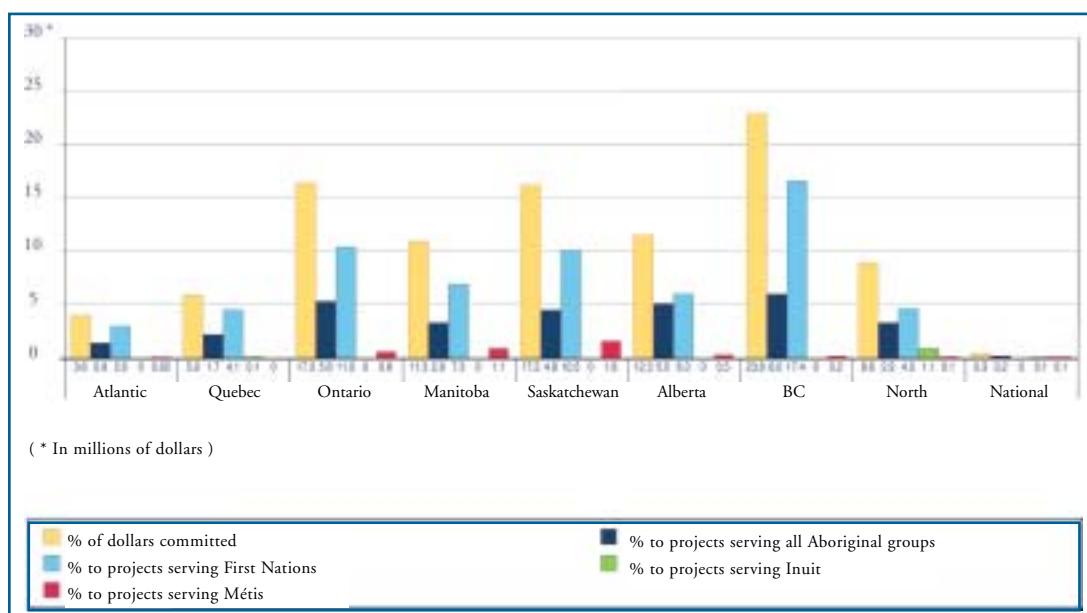


FUNDED PROJECTS OVERVIEW

TYPES OF PROJECTS FUNDED

- › Healing Services (healing circles, day treatment centres, sex offender programs) – 41% of Foundation funding is invested here
 - › Traditional Activities (e.g. wilderness retreats, on the land programs, Elder Support Networks)
 - › Training and Education (e.g. parenting skills, curriculum development)
 - › Conferences (e.g. gatherings of Survivors, workshops)
- The remainder has been committed to the following areas:
- › Community services and life skills (e.g. support networks, leadership training for healers)
 - › Prevention and Awareness (e.g. education and training materials, sexual abuse workshops)

DISTRIBUTION OF HEALING FUNDS, BY REGION AND ABORIGINAL AFFILIATION



FUNDED PROJECTS OVERVIEW

WHAT WE HAVE LEARNED AS A FUNDING AGENCY

- › Many people are still suffering from the legacy of trauma inflicted upon them at the residential school
- › Only those ready to begin their healing, or who have started to heal, can benefit from the Healing Fund
- › For most, healing requires a longer time-frame than our current mandate provides
- › There is great disparity in the level of expertise among communities to address effectively the legacy
- › The provision of multi-year funding
- › The establishment of a charity dedicated to sustaining project support beyond the life of the Aboriginal Healing Foundation
- › On-going gathering of AHF project data to assess and promote the long-term healing needs of Aboriginal people
- › Education of Aboriginal people and the Canadian public in matters concerning the intergenerational legacy of the residential school system and the work of healing and reconciliation

The Aboriginal Healing Foundation is today addressing the need for longer-term healing initiatives through the following:

LEGAL OBLIGATIONS

The funding initiatives of the Aboriginal Healing Foundation have been developed and administered in conformity with the Funding Agreement between the Foundation and the Government of Canada. Details of the AHF funding initiatives are described in the 3rd Edition of the AHF Program Handbook, available by mail or on-line: <http://www.ahf.ca/english/publications.shtml>

Funding Agreement: Aboriginal Healing Foundation and Her Majesty the Queen in Right of Canada, as represented by the Minister of Indian Affairs and Northern Development.

This agreement defines, for the purpose of funds allocation, the Eligible Recipients. In conformity with the Agreement's criteria regarding Eligible Recipients, Eligible Projects and Eligible Costs, AHF funds have been directed to the healing needs of Aboriginal Peoples residing in Canada who have been affected by the legacy of physical and sexual abuse in residential schools, including intergenerational impacts: First Nations, Inuit and Métis communities, organizations or groups in Canadian organizations (i.e. Aboriginal women's groups, Inuit youth, Friendship Centres or Survivors' groups), Individual Aboriginal people living in Canada who have survived the Canadian residential school system or who are descendants of survivors, and networks of Aboriginal communities.

The Foundation provides funding only to those whose projects answer the criteria set out for Eligible Projects and Eligible Costs.

ELIGIBLE PROJECTS

Healing projects which will be funded by the Foundation should address the mental, emotional,

physical and spiritual realms of life. The Foundation will support innovative approaches that reflect local differences, needs, geography and other realities relating to the healing process.

In order to be eligible, projects shall address the healing needs of Aboriginal people affected by the legacy of physical and sexual abuse in residential schools, which includes intergenerational impacts; shall establish complementary linkages, where possible in the opinion of the Board, to other health/social programs and services (federal/provincial/territorial/Aboriginal); and shall be designed and administered in a manner that is consistent with the Canadian Charter of Rights and Freedoms and applicable Human Rights legislation.

An eligible project may also, but does not need to, focus on prevention and early detection of the effects of the legacy of physical and sexual abuse in residential schools, including the intergenerational impacts on all generations; include elements of research (those related to developing the necessary knowledge base of effective program design/redesign, implementation and evaluation) and of capacity building for communities, including communities of interest, to address their long-term healing needs; include, where and when possible, and depending on local needs and circumstances, a holistic approach, including medical and traditional

LEGAL OBLIGATIONS

methodologies; address special needs of segments of the population, including those of the elderly, youth and women; and be based on a community healing approach designed to address needs of individuals, families and communities, which may include communities of interest.

All projects must have a positive impact on community healing, long-term benefits in the transfer of knowledge and skills, complete transfer to the community when Foundation funding ends. Projects that benefit individual(s) alone, without showing benefit to the larger community, will not be funded by the Foundation.

INELIGIBLE AND ELIGIBLE COSTS

The Foundation, in its funding agreement with the Government of Canada, cannot fund the following:

- › the cost of purchasing, directly or indirectly, real property or of repairing or maintaining real property owned directly or indirectly by the eligible recipient
- › the cost related to compensation, any litigation or any public inquiry related to Residential Schools (this does not however preclude projects involving locally-based public inquiries for healing purposes relating to Residential Schools)
- › the cost related to a project which duplicates programs, activities or services provided by or within funding from the federal, provincial or territorial government

- › research activities, except those related to developing the necessary knowledge base for effective program design/redesign, implementation and evaluation.

The Foundation can, however, fund a project that moves into an area where there is an emerging need which is not being addressed. In this way, it can collaborate with and enhance programs and services to make them more responsive to Aboriginal needs and priorities.

IMPLEMENTATION FRAMEWORK FOR AHF FUNDING

The Foundation wants to fund proposals to heal all members of the community – children, youth, Elders, women, men, the incarcerated, gay, lesbian and bi-sexual individuals, disabled people, and those people whose bodies, minds, hearts and spirits have been affected. We will keep talking to Aboriginal people, looking for the best way to use the Foundation's funds in the healing process.

With this in mind, the Foundation has reviewed the framework of its funding initiative and has decided that, to be funded, each project must meet 4 mandatory criteria (or basic conditions). These mandatory criteria come from the Aboriginal Healing Foundation's funding agreement with the Government of Canada, from the Foundation's Board of Directors and from consultation with residential school survivors.

All of the mandatory criteria must be met in order to qualify for funding.

LEGAL OBLIGATIONS

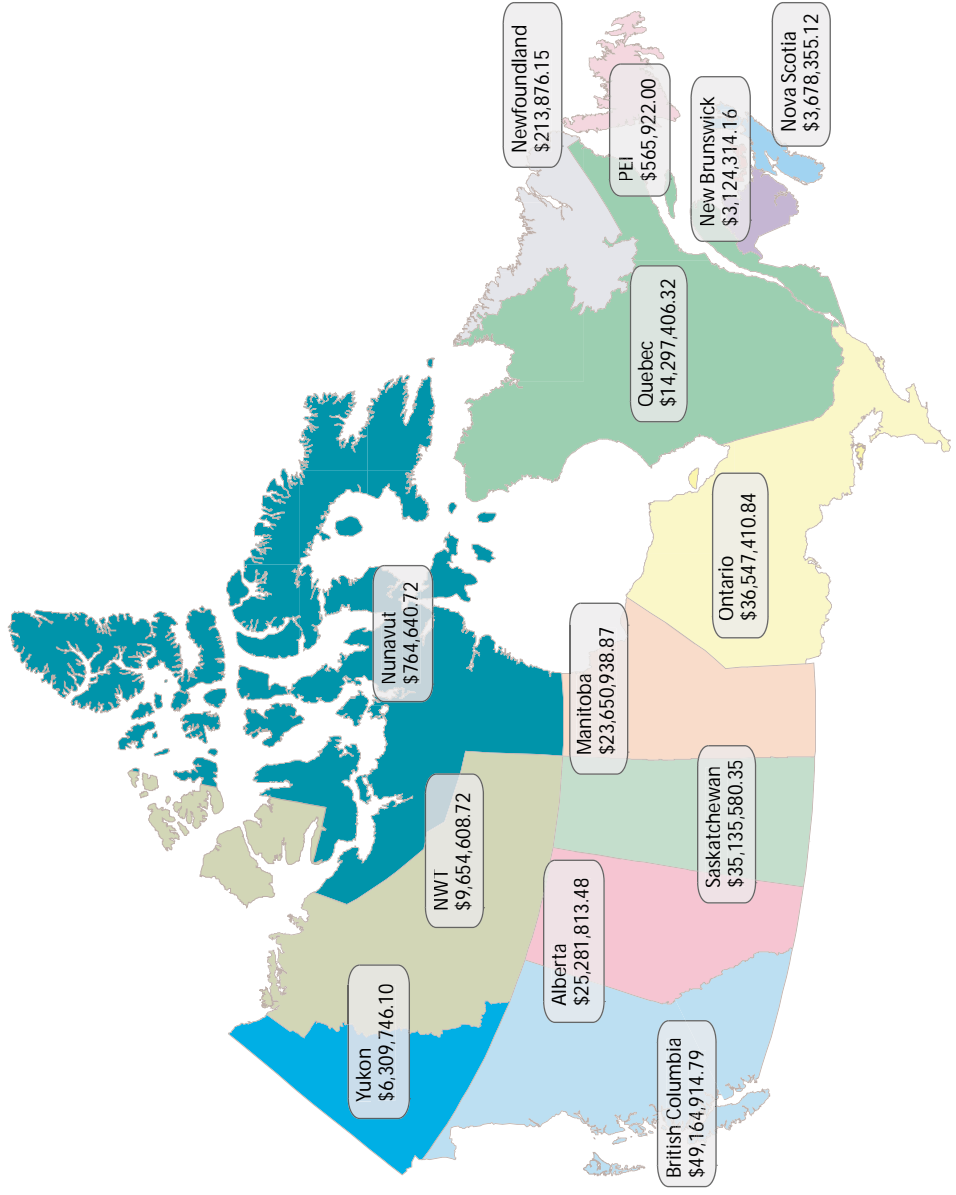
MANDATORY CRITERIA

- 1 Address the Legacy. Each proposal must address the Legacy of Sexual Abuse and Physical Abuse in Residential Schools, including Intergenerational Impacts.
- 2 Show support and links. A project will have more impact when it is linked with health, social services and other community programs. A project must have support in order to be funded.
- 3 Show how it will be accountable. The most important kinds of accountability you will need to show are accountability to people who have survived the residential school system, to the community where the project will take place, and to the target group who will benefit from the project.
- 4 Be consistent with Canada's Charter of Rights and Freedoms. Projects need to be designed and carried out so it is consistent with Canada's Charter of Rights and Freedoms and all other Canadian human rights laws.

The following additional criteria have been developed and implemented: use of partnerships; meeting of a community need; the involvement of survivors, where possible and appropriate, or people who have suffered intergenerational impacts; use of safe healing processes; proposal of well-planned, strategic methods and activities; evidence of background and experience of the management team; evidence of lasting benefit of the proposal to the healing of survivors; evidence of sustainability of the project beyond AHF funding contract; submission of a budget appropriate to the activities of the project.

PROJECT FUNDING MAP

as of March 31, 2002





BOARD OF DIRECTORS 2001-2002

Arranged by precedence and by alphabetical orders

BOARD ELDER

Dorris Peters

DIRECTORS

Georges Erasmus (Chairman and President)

Richard Kistabish (Vice-President)

Jerome Berthelette (Board Secretary)

Carrielynn Lamouche (Treasurer)

Garnet Angecone

Roy Bird

Rose-Marie Blair-Smith

Angus Cockney

Phil Fontaine

Susan M. Hare

Bill Lightbown

Elizebeth Hourie Palfrey

Viola Robinson

Grant Severight

Navalik (Helen) Tologanak

Charles Weaselhead

Cindy Whiskeyjack

BOARD OF DIRECTORS

FUNCTION

The Board of Directors, composed of 17 Aboriginal members (First Nation, Métis, and Inuit), governs the Aboriginal Healing Foundation. The Board is responsible for overall policy, monitoring investments, relationships with political entities, and it gives final approval to the funding of healing projects. It is legally accountable to the Government of Canada and morally accountable to Aboriginal people.

OBJECTIVES

- 1 To review and approve major organisational planning activities
- 2 To review and approve projects
- 3 To oversee the Executive Director's management of the AHF
- 4 To manage Board affairs in conformity with all legal and ethical requirements
- 5 To build public trust and communicate an effective public image of the AHF and its work
- 6 To maintain integrity, reliability and transparency of the AHF

COMMUNICATIONS

FUNCTION

Every aspect of the Foundation's work contains important strategic communications considerations. Communications' overall responsibility is to promote in a proactive manner the vision, mission and activities of the Foundation. It also is responsible for educating the Canadian public concerning the residential school system, healing, and reconciliation.

Communications bears lead responsibility for:

- Publications
- Website
- Media liaison
- Regional Gatherings
- Public presentations
- Advertisement
- Public education
- Mailing and Data Base
- Translation

Guided by the AHF Communications Strategy, the variegated work of Communications involves exchanges of information within the organisation, dialogue between the organisation, survivors, and their descendants, and communication of the organisation with the public-at-large. An important focus was to enhance the efficiency of our communications tools and to enlarge our reach both in Aboriginal communities and with the public-at-large.

External communication has revolved around our funding process – providing regular funding updates, showcasing quality projects and profiling

departments of current interest to our primary target audience of Aboriginal people, especially Survivors. We have done this mainly through our website, newsletters, Proposal Development Workshops and Regional Gatherings, as well as through direct contact by phone, fax, and e-mail.

At the onset of the fiscal year 2001-2002, two major challenges were identified for specific communication efforts.

- › Broadening and deepening the scope of public discourse.
- › Prepare Aboriginal communities for the devolution process leading to the closure of the AHF and the cessation of funding.

Refined objectives, informed by these two challenges, form the basis of the Communications report.

OBJECTIVE

Report on the Foundation's processes and activities to Survivors and their descendants and generate awareness of its mandate among Aboriginal Communities and Nations.

Strategy 1

Encourage attendance at specific AHF events designed to report on the Foundation's mandate and activities and to hear the concerns of survivors and communities.

COMMUNICATIONS

Result

In 2001, Communications contacted directly thousands of individuals and organisations by phone, fax, and email, and indirectly through media advertisement and live broadcasts. Over 1,000 Aboriginal and non-Aboriginal individuals and organisations attended our six Regional Gatherings.

Strategy 2

Maintain channels of communication with Aboriginal Survivors, communities, the Canadian public and media.

Result

In 2001-2002, Communications responded to several hundred telephone calls, faxes, e-mails and letters requesting specific information on the AHF mandate and activities, documents, updates and information related to residential schools and healing. Communications also maintains a Foundation website (<http://www.ahf.ca>) which receives over 60,000 visitors per month.

Through the use of careful, targeted advertising and Foundation-owned media, we have increased the public reach of our message while reducing our costs.

OBJECTIVE

Foster understanding and an appreciation of the nature and effect of Indian residential school abuses on victims, their families and their communities.

Strategy

Inform the public through thorough research, writing and publication of a variety of documents.

Result

In FY 2001-2002, in addition to the regular, in-house quarterly publications *Healing Words* (English) and *Le premier pas* (French), distributed to over 30,000 individuals per issue, Communications collaborated with the Aboriginal Healing Charitable Association and the National Archives, producing a photographic exhibition entitled *Where are the children? Healing the Legacy of the Residential School*.

In the early months of 2002, Communications produced a special report entitled *The Healing Has Begun: An Operational Update from the Aboriginal Healing Foundation*. Designed to inform and educate the public regarding issues related to Canada's Aboriginal residential school system, this publication was sent to over 923,000 people.

During 2001-2002, Communications oversaw publication of articles in Aboriginal, Canadian, and international media – including, in August 2001, articles by President Georges Erasmus and Executive Director Mike DeGagné, in *Le Devoir* and in Australia's *The Bulletin*, respectively. AHF Board and staff gave over 40 public presentations to diverse Canadian and international organisations. Communications bears primary responsibility for Board and staff support at such functions.

COMMUNICATIONS

Another Communications objective of 2001-2002 was support of the effort to obtain from Government a revision of the Foundation's mandate and investment policy. Throughout this process, Communications provided the Board with research and documentation which were presented to Federal Government officials.

EXECUTIVE DIRECTOR

FUNCTION

The Executive Director reports to the Board of Directors. In partnership with the Chairperson, he enables the Board of Directors to fulfill its governance role, and facilitates interaction between management, staff, and the Board of Directors. he provides the leadership required for the achievement of the AHF mission, strategy, and objectives, and exercises powers and duties as specified and delegated by the Board of Directors.

With a staff of three, the Executive Director's office attends to its responsibilities in the following areas:

Board of Directors
Management
Staff
Finances
Communication

OBJECTIVE

To assist the Board of Directors to fulfill its governance role.

Strategy

- › working on a regular basis with the President as the Foundation's representative, and with the Executive Committee as required, providing advice to the Board regarding the formulation, and ensuring the administration of all major policies.
- › ensuring that the President and the Board of Directors are fully informed of the condition

of the AHF and the important factors influencing it and providing management and operational support to ensure the AHF committee structure works effectively.

- › assisting in filling Board of Directors vacancies in accordance with the Articles of Incorporation, by-laws, and the terms of the Funding Agreement.
- › recommending the appointment of auditors and legal counsel for the AHF.

OBJECTIVE

To build and maintain the integrity of the AHF in the eyes of the public and enhance its public profile.

- › serving as a spokesperson for the AHF, except for Board matters and relations at the political level, and ensuring that the AHF is properly represented to its constituencies.
- › supporting Directors in their interaction and communication with the AHF constituencies.

OBJECTIVE

To implement the AHF mission and objectives.

Strategy

- › ensuring that the AHF philosophies and mission statement are practiced throughout the organization, and that the AHF is pro-

EXECUTIVE DIRECTOR

vided with advice regarding a long term strategy which achieves its mission, and towards which it makes constant progress.

OBJECTIVE

To ensure the efficient performance of Management.

Strategy

- › ensuring that there is an effective management team and assuming responsibility for all staff matters, including hiring and evaluation, and direct responsibility for senior staff.
- › developing and implementing training and development plans and programs providing the human resources necessary for the achievement of the AHF mission.
- › maintaining a climate which attracts, supports, and retains top quality people.

- › striving to ensure that the staff of the AHF is representative of its constituencies, and recognizing the value of all people, promotes the hiring of women, the disabled, visible minorities, and Aboriginal people.

OBJECTIVE

To ensure that all AHF activity complies with legal and ethical requirements.

Strategy

- › ensuring that the AHF complies with relevant AHF by-laws, resolutions, policies, the Funding Agreement, and program funding criteria and that the operations of the AHF comply with the law.
- › ensuring that the records of the organization are properly maintained, and assisting the Secretary of the Board in maintaining Board records.

FINANCE

FUNCTION

Finance bears primary responsibility for carrying out the financial policies and objectives of the Aboriginal Healing Foundation. The overall financial objective of the Foundation is to manage, in an effective and efficient manner, the \$350-million healing fund with which it has been entrusted. Finance meets this objective through cost-effective management of its internal operations, efficient negotiations, careful monitoring of funded projects, and strategic management of the Foundation's investments.

With a personnel of eighteen, Finance attends to its responsibilities in three main areas:

1. PROJECT FUNDING

- › Financial review of proposals
- › Participation in the Program Merit Review Committee (PMRC)
- › Financial negotiations (approved proposals)

2. ORGANISATIONAL FINANCES AND ADMINISTRATION (INTERNAL OPERATIONS)

- › Infrastructure (capital assets)
- › General expenses (salaries, insurance, translation, training, etc. ...)
- › Informatics system
- › Investments
- › Financial Reporting
- › Financial advice to the AHF Board

3. MONITORING

- › Assess quarterly finance reports
- › Analyse project financial performance
- › Issue payment, request further information, or undertake further actions as necessary (for examples, site visits or financial audit, depending upon results of assessment).

OBJECTIVE

Ensure the integrity, reliability, and transparency of all the financial operations of the Foundation.

Strategy

To establish budgeting control and reporting systems, applied both to the internal operations of the Foundation and to the financial operations of the Foundation's funded projects. Finance achieved this objective by:

- › assisting in the development of policies and budgets, and providing the necessary information and analysis required for the effective fulfillment of their responsibilities.
- › overseeing the operational budget of the Foundation approved on a yearly basis by the Board. This control and monitoring role covers every aspect of the Foundation's internal operations.

FINANCE

- › assisting Management in discharging its responsibilities for Financial Reporting.
- › implementing and maintaining the informatics system.
- › ensuring that Reporting and Auditing procedures are carried out.
- › administering the investment policies of the Foundation.

The financial statements of the Foundation are prepared in accordance with generally-accepted accounting principles, including the accounting recommendations for not-for-profit organisations in Canada. Financial information appearing throughout this Annual Report is consistent with the financial statements.

OBJECTIVE

Ensure that funding is used in accordance with the terms and conditions of the Contribution Agreement.

Strategy

To conduct a financial assessment of the progress of funded projects.

- › in conjunction with Programs, reviewing project performance. Progress is measured against project work-plans, goals and objectives.
- › determining a rating (satisfactory or unsatisfactory), based on a careful assessment of the quarterly reports submitted by projects.
- › determining if an on-site visit is required, based on key financial performance indicators and project performance review.
- › conducting on-site visits, when necessary.
- › auditing project activity and financial management to verify that project activities and financial management are in conformity with the Contribution Agreement and performance report.

OBJECTIVE

Ensure the integrity and reliability of data.

Strategy

Implementing and maintaining the informatics system.

Expected results

- › Ensuring that all requirements of a project's Contribution Agreement are being complied with.
- › Refining the overall project as necessary.
- › Reducing risk.
- › Helping to ensure that adequate resources continue to be available, thus ensuring the project continues as planned.

FINANCE

FINANCE PROSPECTS

Foundation management are entrusted with and are responsible for employing – with due regard for economy, efficiency and effectiveness – a \$350-million healing fund to deliver programs and services that address the legacy of the residential school system in Canada.

Since the AHF's beginning, the monitoring process has been designed to ensure that projects use funds as intended, to achieve both their own objectives and those of the Foundation. In 2001-2002, as part of its on-going development of monitoring tools and procedures, staff developed and presented to the Board a revised Risk Management framework which enhances the practices that should be followed to assess, monitor, and mitigate risk through the project lifecycle.

The refined Risk Management framework will provide the objectives and strategies to guide the monitoring work of the Finance department during the remaining funding life of the Foundation. Furthermore, it will enable measurement of progress in fiscal year 2003.

OBJECTIVES

- › Establishing a refined risk-managed environment that proactively considers risk in decision-making.
- › Identification and assessment of risk factors effecting the ability of recipients to meet their stated project objectives and to fulfil the AHF mandate.
- › Making funding decisions that are consistent with risk assessments.
- › Ensuring that a funded entity's ability to achieve its objectives is understood, and that financial risks are minimised and managed in a systematic, comprehensive, and cost-effective manner throughout the organisation.

Strategy

- › Support Foundation Board and staff decision-making and assist in the identification of areas requiring further management action.
- › Put in place processes to rank Foundation objectives.
- › Perform and update related risk assessments.
- › Clarify Project Officers' responsibilities related to risk management.
- › Identify necessary management actions through policies and procedures.
- › Put in place strong controls throughout the approval, payment, and project-monitoring processes.
- › Develop a risk-based site visit plan that identifies key risk factors, timing, scope, and site visit selection criteria.

FINANCE

Practice efficient allocation of resources and risk-mitigation measures.

PROSPECTS

Amalgamation of Finance and Programs Departments:

Effective April 1st, 2002 the Finance and Programs Departments will become one (1) department called "Assessment and Finance Operations."

This amalgamation will have a positive impact on the funding process, such as:

- › eliminating duplication.
- › providing quick responses to assessment and financial review process.
- › improving communication and information sharing between the two (2) departments.
- › improving efficient, effective and economical utilization of human resources.
- › developing and maintaining a co-ordinated approach to managing and planning for both departments.

PROGRAMS

Programs ensures that Aboriginal communities across Canada have equal and fair access to funding for healing projects which address the legacy of physical and sexual abuse in the residential school system, including intergenerational impacts. Programs also ensures that the mandate and mandatory criteria of the AHF – designed to promote safe and sustainable healing to residential school survivors and their descendants – are met.

Programs is composed of Information Services, Community Support, Data Entry, In-house Screening and Proposal Assessment and Monitoring. Each plays a role in a process designed to facilitate the development, realization and successful running of community healing projects.

FUNCTIONS

- › proposal assessment and monitoring.
- › maintain regular communication with projects, applicants and prospective applicants.

OBJECTIVES

- › provide fair and equitable service to Aboriginal communities seeking funds for healing.
- › assess all applications for funding to ensure that the Mandate and Mandatory Criteria of the AHF are met.
- › develop funding categories to address the diverse needs of Aboriginal communities (examples: Under \$50K, General

Application, Healing Centre Programs).

- › provide support to communities who seek funding by answering questions through a 1-800 line and Information Sessions, Networking Visits and Proposal Development Workshops.
- › provide information, assessment summaries, follow-up communication, a toll-free phone line, and Proposal Development Workshops to communities whose applications were declined due to low scores, thereby assisting them in further developing their applications.
- › develop a database to share opportunities for linkages, partnerships and networks with communities.
- › support the development of Aboriginal communities by ensuring that Elders, residential school survivors, and their descendants have direct input and participation in AHF-funded healing projects.
- › provide on-going support to funded projects by means of information and support visits.
- › share results arising from projects through information sessions and the development of community networks.

Expected results

- › enhanced capacity of Aboriginal communities to address the healing needs of residential school survivors and their descendants.

PROGRAMS

As of March 28, 2002 the following have resulted:

2516 applications have been received.

712 are approved, funded projects with Signed Agreements.

210 are Conditionally Approved, awaiting Signed Agreements.

259 are currently being assessed.

OBJECTIVE

To offer communities the best opportunity to access healing funds, proposal assessments are provided to those whose proposals did not meet the mandatory criteria. The proposal summaries list what information is missing or areas that need to be strengthened. Communities that did not meet mandatory criteria or submitted an incomplete application are allowed to resubmit once per deadline date.

1229 completed proposals have been reviewed by the Board.

OBJECTIVE

Promote Awareness of Healing Issues and Need in Aboriginal Communities.

Strategy

- › assist projects in identifying and documenting the healing needs of their communities.
- › provide communities the opportunity to

share information on their healing needs and strategies.

Expected results

- › enhanced capacity in proposal development and program delivery in Aboriginal communities, through provision of information and the development of networks.

PROSPECTS

For the fiscal year 2002-2003, we will continue to provide a unique service to communities and organisations which are seeking funding to address the legacy of residential schools. Programs continually strives to streamline a process based on understanding, compassion and fairness while ensuring that Aboriginal communities receive access to projects which offer real opportunities for healing. We will continue to offer information and support as applicants move from planning to realization and completion of their projects, addressing throughout a project's lifetime the needs of survivors and their descendants.

RESEARCH

FUNCTION

Consisting of three employees (Director, Executive Assistant, and Research Officer), Research bears primary responsibility for the following projects:

- Hollow Water and Rama: Cost Benefit Analysis of Healing (undertaken in partnership with Aboriginal Correction, Solicitor General).
- Mapping the Healing Experiences of Canadian Aboriginal Communities (undertaken in partnership with Aboriginal Corrections, Solicitor General).
- Aboriginal Sex Offending in Canada: A review of the Occurrence, Literature and Best Healing Practices.
- The History, Experience and Intergenerational Impacts of Inuit in the Residential School System (Part I).
- The History, Experience and Intergenerational Impacts of Métis in the Residential School System (Part I).
- Intergenerational Impacts of Residential Schools: Definition and Review of the Literature.
- Fetal Alcohol Syndrome Among Canadian Aboriginal Peoples: Review and Analysis of Intergenerational Links to Residential Schools and Addressing the Impacts of FAS/FAE.
- The History and Experience of Aboriginal Residential School Workers.

- Research for an Exhibit on Residential Schools (in partnership with the National Archives of Canada).

- Lifetime Healing Journey Aboriginal Sexual/Violent Offender Healing Program for Inmates, Healing Lodge Residents and Communities (under review).

- "No Place To Hold Your Heart" Residential School Abuse and Aboriginal Homelessness in Canada (under review).

- Residential School Curricula and Teacher's Manuals for Aboriginal and non-Aboriginal schools: Two Units for Grades 5 & 6; Two Units for Secondary 1 & 2; (under review).

THE FOLLOWING ARE RESEARCH PROJECTS IN-PROGRESS

Best Healing Practices that Emerge from Community-Based, Holistic Healing Projects funded by the Aboriginal Healing Foundation (research will continue until the final report is submitted in 2004).

Aboriginal Suicide: A Review of the Occurrence, Literature and Models of Best Practices for Prevention and Intervention.

Mental Health Outcomes Based on Residential Schools .

Aboriginal Domestic Violence: A Review of the Occurrence, Literature and Models of Best Practices.

RESEARCH

Aboriginal Children in Care: A review of the Occurrence, Literature and Relationship of Aboriginal Foster Care and Adoption to the Legacy of Abuse in Residential School.

A Narrative History of the Aboriginal Healing Foundation.

THE FOLLOWING NEW RESEARCH PROJECTS WILL BEGIN IN 2002-03

Definition and Overview of Institutional Trauma.

Blending Traditional and Western Healing Techniques.

Aboriginal Elder Abuse and Residential Schools.

Aboriginal Resiliency and the Healing of Residential School Physical and Sexual Abuse.

The History, Experience and Intergenerational Impacts of Métis in the Residential School System (Part 2).

The History, Experience and Intergenerational Impacts of Inuit in the Residential School System (Part 2).

OTHER RESEARCH OBJECTIVES ARE AS FOLLOWS

OBJECTIVE

To evaluate the role and effectiveness of the Foundation's activities.

Strategy

Research supervises an external consultant contracted by the Foundation to undertake a substantial four-year evaluation of the role and effectiveness of the Foundation's activities. As part of this Evaluation, a research team surveyed 344 projects (with a 74% return rate), reviewed 36 sample project files, and began in-depth case studies on thirteen different types of AHF funded projects.

Expected Results

A first "Interim Evaluation Report of Aboriginal Healing Foundation Program Activity" was completed in June 2001.

Based on the survey, 59,224 participants engaged in AHF-funded activities, including 48,286 participants in healing activities (less than one percent of whom had been involved in prior healing activities) and 10,938 participated in training projects funded by AHF.

At the time of the survey, 1,686 communities were being served by the Aboriginal Healing Foundation. 88% of all positions are occupied by Aboriginal people. Survivors occupy 50% of all positions.

In a typical month, over 13,000 volunteer service hours are contributed to AHF projects. If we assume that the value of this contribution could be remunerated at \$10/hour, then volunteer efforts represent an injection of \$130,000 dollars per month, or \$1,560,000 per year. When questioned how many more people could be served if the project had adequate time and resources, a total 56,857 resulted.

RESEARCH

A second Interim Evaluation Report of AHF Program Activity entitled "Journey and Balance: The Aboriginal Healing Foundation's Contribution" will be submitted to the Board of Directors in July 2002. This report will summarise ten of thirteen case studies. Four additional case studies will be completed by June 2002.

An interim report will follow in 2003, and a summary report on the nature, role and impact of AHF-funded healing activities will be submitted in July 2004.

OBJECTIVE

To maximise the Foundation's limited resources in the area of research

Strategy

Research has partnered with other organisations to fund research falling within the mandate of the Aboriginal Healing Foundation. We have collaborated with Aboriginal Corrections on two studies and with the National Archives of Canada on the development of a travelling exhibit on residential schools.

AHF Research has been an active participant in the network of Aboriginal and government organisations that are involved in research that is relevant to healing the Legacy of Physical and Sexual Abuse in the Residential School System. Some of these activities in 2001-02 include:

- Co-Chair (with INAC) of the Residential School Networking Group, an informal gathering of government researchers that meets monthly to discuss

research projects related to residential school Survivors and their descendants;

- Presentations at two conferences sponsored by the National Aboriginal Health Organisation and at annual meetings of Correctional Services Canada Healing Lodges, Aboriginal Corrections, Research Branch and the Aboriginal Nurses Association;

- Presentation on Issues of Urban Aboriginal Youth to the Standing Senate Committee on Aboriginal Affairs;

- Co-Chair (with Marlene Brant-Castellano, former Co-Director of Research, RCAP) of the Aboriginal Scholars research initiatives sponsored by the Policy Research Initiative; and

- In Partnership with the Aboriginal Mental Health Research Team of the Montreal Jewish General Hospital, the Aboriginal Healing Foundation has received a four-year, \$720,760 grant from Canadian Institutes of Health Research for an Aboriginal Mental Health Research Network and four research projects. The Network co-directors are AHF Research and Dr. Laurence Kirmayer of McGill University.

Expected Results

Networking increases our knowledge of the impacts of residential school experience and allows us to maximise the return of our investments in research and expand our research initiatives. We are also able, through our partnerships, to access the expertise and resources of outside agencies.

RESEARCH

OBJECTIVE

To incorporate a National Aboriginal Archives and Library to house records concerning residential schools.

The AHF Incorporation Papers makes reference to establishing and operating “A National Aboriginal Archive and Library to house records concerning residential schools.” This activity responds in part to the Report of the Royal Commission on Aboriginal Peoples, recommendation 1.10.3, which calls for the “establishment of a national repository of records and video collections related to residential schools...to facilitate access to documentation and electronic exchange of research on residential schools...”

Strategy

Research has continued to assemble books, articles, reports and videos on subjects related to the Legacy of Physical and Sexual Abuse in the Residential School System, including Intergenerational Impacts. This small collection includes documents donated by the Law Commission which were collected in the process of researching the Commission’s Child Abuse Report, issued in 2000.

Expected Results

In addition to external research material, the

Resource Centre will house research on “best healing practices” drawn from projects funded by AHF, and any archival documents received by the Foundation, including personal memoirs, journals, photographs or other items consigned by the Residential School Survivors, their descendants or other parties. The AHF Resource Centre currently contains 1,065 documents.

PROSPECTS FOR 2002-03

In 2001-02, the AHF completed 17 research studies, of which eight are curricula units and teacher’s manuals. Five research studies will be completed in 2002-03.

“Journey and Balance: The Aboriginal Healing Foundation’s Contribution to Healing” will be submitted in July 2002. A third interim evaluation report will be submitted in July 2003.

Research plans for 2002–03 include six new research studies noted above. In addition, research will continue on “best healing practices” drawn from community-based projects funded by the AHF. A Narrative History of the Aboriginal Healing Foundation will be completed. Through a CIHR grant to AHF and the Aboriginal Mental Health Research Team, research will begin on the first of six in-depth case studies of AHF-funded healing projects.

Financial Statements of

ABORIGINAL HEALING FOUNDATION

Year ended March 31, 2002



KPMG LLP
Chartered Accountants
Suite 1000
45 O'Connor St.
Ottawa, ON K1P 1A4
Canada

Telephone (613) 560-0011
Telefax (613) 560-2896
www.kpmg.ca

AUDITORS' REPORT TO THE DIRECTORS

We have audited the statement of financial position of Aboriginal Healing Foundation as at March 31, 2002 and the statements of operations, changes in deferred contributions and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Chartered Accountants

Ottawa, Canada

May 10, 2002

ABORIGINAL HEALING FOUNDATION

Statement of Financial Position

March 31, 2002, with comparative figures for 2001

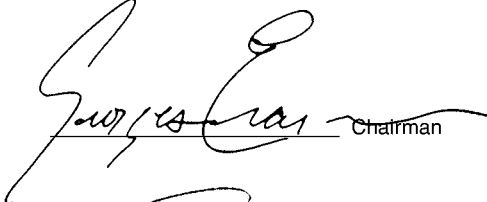
	2002	2001
Assets		
Current assets:		
Cash	\$ 299,423	\$ -
Amounts receivable	224,771	65,496
Interest receivable	1,855,804	1,885,443
Prepaid expenses	130,021	347,250
	<u>2,510,019</u>	<u>2,298,189</u>
Capital assets (note 3)	860,605	788,182
Investments (note 4)	276,920,450	322,325,718
	<u>\$ 280,291,074</u>	<u>\$ 325,412,089</u>


Liabilities and Deferred Contributions

Current liabilities:		
Bank indebtedness	\$ -	\$ 376,000
Accounts payable and accrued liabilities	1,263,394	557,869
	<u>1,263,394</u>	<u>933,869</u>
Deferred contributions:		
Deferred capital contributions	860,605	788,182
Deferred grant	278,167,075	323,690,038
	<u>279,027,680</u>	<u>324,478,220</u>
Lease commitments (note 5)		
Project commitments (schedule)		
	<u>\$ 280,291,074</u>	<u>\$ 325,412,089</u>

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors:


 _____ Chairman


 _____ Treasurer

ABORIGINAL HEALING FOUNDATION

Statement of Operations

Year ended March 31, 2002, with comparative figures for 2001

	2002	2001
Revenue:		
Grant	\$ 45,274,824	\$ 23,659,057
Investment	14,212,133	20,080,055
Amortization of deferred capital contributions	175,716	161,632
	<u>59,662,673</u>	<u>43,900,744</u>
Expenses:		
Project:		
Project funding (schedule)	51,880,069	36,642,788
Proposal development	(18,933)	10,000
	<u>51,861,136</u>	<u>36,652,788</u>
Administrative:		
General (note 6)	5,177,163	5,144,265
Governance	690,871	691,318
Research	654,297	370,798
Communication and promotion	561,389	267,266
Community support services	354,790	195,043
Amortization of capital assets	175,716	161,632
Monitoring	79,747	108,102
Regional meetings	72,442	193,190
Merit review	35,483	49,450
Youth Advisory Panel	(361)	66,892
	<u>7,801,537</u>	<u>7,247,956</u>
	<u>59,662,673</u>	<u>43,900,744</u>
Excess of revenue over expenses	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

ABORIGINAL HEALING FOUNDATION

Statement of Changes in Deferred Contributions

Year ended March 31, 2002, with comparative figures for 2001

	Deferred investment income	Deferred capital contributions	Deferred grant	Total 2002	Total 2001
Balance, beginning of year	\$ —	\$ 788,182	\$ 323,690,038	\$ 324,478,220	\$ 348,298,909
Investment income (note 4(b))	14,212,133	—	—	14,212,133	20,080,055
Recognized as revenue	(14,212,133)	—	(45,274,824)	(59,486,957)	(43,739,112)
Capital asset additions	—	248,139	(248,139)	—	—
Amortization of deferred capital contributions	—	(175,716)	—	(175,716)	(161,632)
Balance, end of year	\$ —	\$ 860,605	\$ 278,167,075	\$ 279,027,680	\$ 324,478,220

See accompanying notes to financial statements.

ABORIGINAL HEALING FOUNDATION

Statement of Cash Flows

Year ended March 31, 2002, with comparative figures for 2001

	2002	2001
Cash provided by (used for):		
Operations:		
Decrease (increase) in amounts receivable	\$ (159,275)	\$ 184,365
Decrease in interest receivable	29,639	260,297
Decrease (increase) in prepaid expenses	217,229	(218,347)
Increase in accounts payable and accrued liabilities	705,525	29,273
Amortization of capital assets	175,716	161,632
	<u>968,834</u>	<u>417,220</u>
Investments:		
Purchase of investments	(297,938,910)	(551,059,155)
Sale of investments	348,886,139	579,388,172
Amortization of bond discounts/premiums	(5,541,961)	(5,631,643)
Capital asset additions	(248,139)	(73,721)
	<u>45,157,129</u>	<u>22,623,653</u>
Financing:		
Increase (decrease) in deferred capital contributions	72,423	(87,911)
Decrease in deferred grant	(45,522,963)	(23,732,778)
	<u>(45,450,540)</u>	<u>(23,820,689)</u>
Increase (decrease) in cash (bank indebtedness)	675,423	(779,816)
Cash (bank indebtedness), beginning of year	(376,000)	403,816
Cash (bank indebtedness), end of year	<u>\$ 299,423</u>	<u>\$ (376,000)</u>

See accompanying notes to financial statements.

ABORIGINAL HEALING FOUNDATION

Notes to Financial Statements

Year ended March 31, 2002

1. Description:

Aboriginal Healing Foundation (the "Foundation") was incorporated without share capital on March 30, 1998 under Part II of the Canada Corporation Act. The Foundation is a not-for-profit organization and therefore is, under Section 149 of the Income Tax Act, exempt from income tax.

The Foundation was established for the purpose of funding projects which address the healing needs of Aboriginal People affected by the Legacy of Physical and Sexual Abuse in Residential Schools, including intergenerational impacts. In 1998, The Foundation entered into a funding agreement with the Department of Indian Affairs and Northern Development, under which the Foundation received a one-time grant of \$350,000,000. The Foundation is required to hold, invest, administer and disburse the grant, plus any investment income earned on it, in accordance with the funding agreement. The decisions with respect to grant approval are to be made by April 1, 2003 and the actual disbursements can be made over a ten-year-period ending March 31, 2008.

2. Significant accounting policies:

(a) Revenue recognition:

Grant revenue is recorded using the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable. Externally-restricted contributions are deferred and recognized as revenue in the period in which the related expenses are recognized.

Restricted investment income is recognized as revenue in the year that the related expenses are incurred.

(b) Capital assets:

Capital assets are recorded at cost. Amortization is provided on a straight-line basis using the following annual rates:

Asset	Useful life
Furniture and equipment	10 years
Computer hardware	5 years
Computer software	5 years
Leasehold improvements	5 years

(c) Investments:

Investments are recorded at cost plus or minus amortization of bond discounts or premiums. Interest on the investments is accrued as earned. Gains or losses on the sale of investments are recognized in the year of disposal. Amortization of bond discounts or premiums are accrued over the term of the investment. Investment income earned in the year is recorded as an increase in deferred investment income.

ABORIGINAL HEALING FOUNDATION

Notes to Financial Statements, page 2

Year ended March 31, 2002

2. Significant accounting policies (continued):

(d) Deferred capital contributions:

Contributions received for capital assets are deferred and amortized over the same term and on the same basis as the related capital asset.

(e) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary they are recorded in the financial statements in the period in which they become known.

3. Capital assets:

	Cost	Accumulated amortization	2002 Net book value	2001 Net book value
Furniture and equipment	\$ 506,647	\$ 149,365	\$ 357,282	\$ 404,978
Computer hardware	693,714	299,538	394,176	303,336
Computer software	136,806	42,911	93,895	61,821
Artwork	—	—	—	18,047
Leasehold improvements	16,947	1,695	15,252	—
	<u>\$ 1,354,114</u>	<u>\$ 493,509</u>	<u>\$ 860,605</u>	<u>\$ 788,182</u>

Cost and accumulated amortization at March 31, 2001 amounted to \$1,105,975 and \$317,793 respectively.

ABORIGINAL HEALING FOUNDATION

Notes to Financial Statements, page 3

Year ended March 31, 2002

4. Investments:

(a) Investments held by the Foundation are to be used for project funding during the ten-year period ending March 2008. The cost and market values of the investments are as follows:

	2002 Cost	2002 Market value	2001 Cost	2001 Market value
Cash	\$ 6,293,694	\$ 6,294,694	\$ 1,376,808	\$ 1,376,808
Cash equivalents:				
Federal government	25,731,904	25,731,904	21,322,750	21,322,750
Corporate	7,976,400	7,976,400	24,430,703	24,430,703
Bonds, coupons and residuals:				
Federal government	148,491,637	153,938,015	170,525,983	174,243,119
Provincial government	50,641,975	50,655,973	62,547,219	64,717,575
Corporate	32,242,879	32,125,735	35,084,804	33,069,514
Receivable from sale of investments	–	–	5,929,756	5,929,756
Payable on purchase of investments	–	–	(4,523,948)	(4,523,948)
	271,378,489	276,722,721	316,694,075	320,566,277
Amortization of bond discounts/premiums	5,541,961	–	5,631,643	–
	\$ 276,920,450	\$ 276,722,721	\$ 322,325,718	\$ 320,566,277

(b) Investment revenue is comprised of:

	2002	2001
Interest	\$ 7,448,226	\$ 9,480,443
Gain on disposal	1,221,946	4,967,969
Amortization of bond discounts/premiums	5,541,961	5,631,643
	\$ 14,212,133	\$ 20,080,055

ABORIGINAL HEALING FOUNDATION

Notes to Financial Statements, page 4

Year ended March 31, 2002

5. Lease commitments:

The Foundation has committed to make the following future minimum payments under various equipment operating and premises rental leases:

2003	\$	363,520
2004		174,051
		<hr/>
		\$ 537,571

6. General expenses:

	2002	2001
Salaries	\$ 3,574,982	\$ 3,680,378
Rent	364,652	274,822
Investment fees	273,439	261,162
Office	301,760	291,908
Computer maintenance	138,574	124,812
Training	122,872	95,338
Travel	104,233	114,965
Translation	102,808	67,096
Equipment lease	70,741	82,213
Professional fees	69,262	122,340
Insurance	35,792	29,231
Fundraising	18,048	—
<hr/>		<hr/>
		\$ 5,177,163
		\$ 5,144,265

7. Related party transaction:

The Foundation is related to the Aboriginal Healing Charitable Association (the "Association"), which is a registered charity. The Foundation appoints the majority of the Board of Directors of the Association.

The Association's mission is to encourage and support Aboriginal communities in building the capacity to sustain healing processes that address the broader Intergenerational Legacy of the Residential School System.

ABORIGINAL HEALING FOUNDATION

Notes to Financial Statements, page 5

Year ended March 31, 2002

7. Related party transaction (continued):

The Foundation subleases office space to the Association at \$12,000 per year which includes operating costs. The Association's assets, liabilities, revenue and expenses are as follows for the years ended March 31:

	2002	2001
Assets	\$ 153,401	\$ 11,806
Liabilities and Net Assets		
Liabilities:		
Due to Aboriginal Healing Foundation	\$ 47,999	\$ –
Other liabilities	88,604	4,030
	136,603	4,030
Net assets	16,798	7,776
	\$ 153,401	\$ 11,806
Revenue	\$ 131,578	\$ 12,479
Expenses	122,554	4,703
Net earnings	\$ 9,024	\$ 7,776

Subsequent to year end, the Foundation received \$39,796 from the Association related to the due to amount above.

ABORIGINAL HEALING FOUNDATION

Schedule of Project Commitments and Expenditures

Year ended March 31, 2002

Theme	Opening cumulative project commitments	Current year project commitments (decommitments)	Closing cumulative project commitments	Opening cumulative project expenditures	Current year project expenditures	Closing cumulative project expenditures	Remaining project commitments
General Projects	\$109,715,103	\$ 92,387,805	\$202,102,908	\$ 47,158,688	\$ 50,728,426	\$ 97,887,114	\$104,215,794
Healing Centres	6,407,598	(120,978)	6,286,620	4,725,790	1,151,643	5,877,433	409,187
Total	\$116,122,701	\$ 92,266,827	\$208,389,528	\$ 51,884,478	\$ 51,880,069	\$103,764,547	\$104,624,981



June 11, 2002

Aboriginal Healing Foundation,
75, Albert Street,
Suite 801,
Ottawa,
Ontario K1P 5E7

Ladies and Gentlemen,

I am writing to confirm that the investments of the Foundation continue to be managed in accordance with the Guidelines laid out in the Funding Agreement with the Federal Government. These guidelines cover the credit quality, diversification and maturity structure of eligible investments and have been met since the inception of the fund in 1998.

Yours sincerely,

A handwritten signature in black ink, appearing to read "G. Sanders", is written over a light gray rectangular background.

Graham E. Sanders
President

Aboriginal Healing Foundation
75 Albert Street, Suite 801, Ottawa, Ontario K1P 5E7
Telephone: (613) 237-4441
Toll-free: (888) 725-8886
Fax: (613) 237-4442
Email: programs@ahf.ca
Website: www.ahf.ca

