

**KIVALLIQ INUIT ASSOCIATION
LEGACY FUND ANNUAL REPORT
MARCH 31, 2023**

October 10, 2023

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History and Background

Resolved as an extraordinary resolution by the Kivalliq Inuit Association (KIA) Board of Directors on October 29, 2019, and by the Members on October 30, 2019, the KIA Legacy Fund By-Law was officially registered as By-Law #2 on February 7, 2020.

The purpose of the Legacy Fund is to effectively and transparently manage designated revenues to achieve economic self-sufficiency of Kivalliq Inuit through time, in a manner consistent with Inuit societal and cultural needs and aspirations.

The Legacy Fund includes a long-term savings objective that invests designated revenues and generates consistent positive investment returns. The Legacy Fund will support Inuit social and cultural needs and aspirations through a spending objective that delivers consistent, predictable, and positive benefits to Kivallirmiut year over year by recognizing, prioritizing, and addressing community needs and education-related barriers to long-term prosperity.

Since the registration of By-Law #2, KIA has periodically received designated revenues which are displayed in its financial statements for the fiscal year ended March 31, 2023. KIA Management and Directors worked in partnership with professional subject matter experts through the last fiscal year to achieve this milestone and we look forward to continue moving towards full compliance with By-Law #2 for the betterment of Kivalliq Inuit, both today and in the future. As well, the Finance Committee was authorized by the Board of Directors to lead a review of By-Law #2 and has worked tirelessly on its implementation for the benefit of Inuit in the Kivalliq region.

KIA is pleased to share this first iteration of the Legacy Fund Annual Report with its Members for the fiscal year ended March 31, 2023. As a required reporting component of By-Law #2 it is the commitment of KIA to continue releasing this document annually and to improve and refine the report structure over time.

KIA 2022-23 Non-Consolidated Financial Statements and Auditors' Report

Please reference Appendix A for the non-consolidated financial statements of the Kivalliq Inuit Association and accompanying Auditors' Report from Lester Landau Accounting Professional Corp. for the fiscal year end March 31, 2023 (2022-23).

Assets Received by Fund

Please reference Schedule 1 of the 2022-23 non-consolidated KIA financial statements found in Appendix A for a list of monies received by the Legacy Fund in fiscal year 2022-23.

Investment Statements

In fiscal year 2022-23, Legacy Fund investments were held by CIBC Asset Management and Winestock Childerhouse Wealth of RBC Dominion Securities. Legacy Fund monies not yet invested were held in cash by KIA in CIBC bank accounts.

Please see Appendix B for CIBC Asset Management investment statements at March 31, 2023, and Appendix C for Winestock Childerhouse Wealth of RBC Dominion Securities investment statements at March 31, 2023. Uninvested Legacy Fund monies held in cash are recorded on the Non-Consolidated Statement of Financial Position as at March 31, 2023 found in Appendix A.

Investment Activity

In fiscal year 2022-23 there were no changes to KIA investment portfolios, no purchases of new investments, nor any divestitures; status-quo versus the prior fiscal year.

Towards the end of 2022-23, however, KIA opened several new CIBC bank accounts to segregate Legacy Fund monies then held in its day-to-day operating bank account.. Three new bank accounts were created:

1. By-Law #2 Clearing Account
2. By-Law #2 Community Initiatives Fund Account
3. By-Law #2 Education Fund Account

As well, KIA re-profiled two existing CIBC bank accounts to accept Legacy Fund monies:

1. By-Law #2 Legacy Fund Account
2. By-Law #2 Income Stabilization Fund Account

The following transactions made in the fiscal year were performed to segregate Legacy Fund monies from the operating account of KIA. These transactions do not constitute the spending of Legacy Fund monies:

Date	From	To	Amount
31-Mar-23	Operating Account	Legacy Fund Account	\$ 62,693,299.19
31-Mar-23	Operating Account	Legacy Fund Account	11,226,155.06
31-Mar-23	Operating Account	Legacy Fund Account	3,309,307.71
31-Mar-23	Operating Account	Income Stabilization Fund	4,986,629.52

Disbursements by Fund

Please reference Schedule 1 of the 2022-23 non-consolidated KIA financial statements found in Appendix A for a statement of expenditures from the Income Stabilization Fund.

These disbursements represent startup costs for the Legacy Fund; legal fees, professional services, etc. As per item 8.3 of By-Law #2, “All costs of the administration, management and operation of the Funds pursuant to this By-Law and the Guidelines shall be paid from the Income Stabilization Fund”.

Investment Manager Report

The report of the Investment Manager is meant to focus primarily on the performance, goals, and any recommendations with respect to the Investment Policy of KIA. By default, the Chief Financial Officer (CFO) of KIA is designated as the Investment Manager. Unfortunately, in 2022-23 an Investment Policy as defined by By-Law #2 did not exist.

Happily, however, Mercer Canada Limited (Mercer) was retained within the fiscal year and worked with both Management and Directors to begin drafting an Investment Policy document which reflects the goals, unique circumstances, and investment philosophies of KIA with respect to By-Law #2.

Subsequent to year-end, a draft Investment Policy document was received by and reviewed to the satisfaction of the Investment Manager and KIA Finance Committee. The Finance Committee in turn recommended the approval of the draft Investment Policy to the KIA Board of Directors, as well as an investment asset allocation mix that aligns with the Investment Policy. On October 5, 2023, the Board of Directors accepted these recommendations and will be available on the KIA website following translation.

In fiscal year 2023-24, the Investment Manager, Finance Committee, and Mercer will work to fully adopt the Investment Policy, position existing funds to align with the chosen asset allocation mix, and continue moving towards fuller compliance with By-Law #2. As well, it is the intention of the Finance Committee to continue work from fiscal year 2022-23 which release Ukkusiksalik Park IIBA Funds from the Legacy Fund By-Law, as well as Agnico Eagle Mines (AEM) Inuit employment target penalty monies so that they may be utilized as per the AEM IIBA's.

Executive Committee Statement on Guidelines

As of the date of this report, no Guidelines have been approved by the Executive Committee with respect to the Legacy Fund, Education Fund, Community Initiatives Fund, or Income Stabilization Fund.

Investment Advisor Report

In March of 2023, KIA assigned Mercer Canada Limited (Mercer) as its Investment Advisor as defined in By-Law #2. Mercer continues to work on developing an Investment Policy document which will guide the future investment activity of KIA with respect to Legacy Fund monies.

APPENDIX A

KIA 2022-23 Non-Consolidated Financial Statements and Auditors' Report – Please find enclosed.

APPENDIX B

CIBC Asset Management Investment Statements – Please find enclosed.

APPENDIX C

Winestock Childerhouse Wealth of RBC Dominion Securities Investment Statements – Please find enclosed.