

QIKIQTANI

INUIT ASSOCIATION

2017-2018 BENEFITS FUND REPORT

Protecting and Promoting Inuit Rights and Values



QIKIQTANI

INUIT ASSOCIATION

BENEFITS FUND REPORT

The Qikiqtani Inuit Association (QIA) is a not-for-profit society which represents approximately 14,000 Inuit in the Qikiqtani (Baffin) Region of Nunavut, including 13 communities from Grise Fiord in the High Arctic to Sanikiluaq (Belcher Islands) in the southeast of Hudson Bay.



2017-2018



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CREATING THE BENEFITS FUND

In October 2016, the Qikiqtani Inuit Association (QIA) established a new Revenue Policy as a way to invest and to distribute benefits to Qikiqtani Inuit. This new Policy established the Benefits Fund. The Benefits Fund directs how QIA will spend money on social and cultural programs that benefit Qikiqtani Inuit and protects long-term benefits for Inuit.

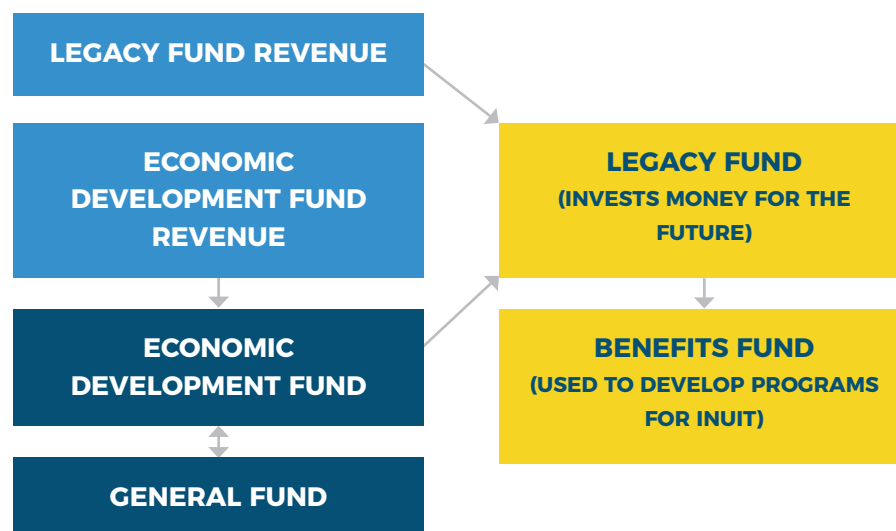
REVENUE POLICY

The Qikiqtani Inuit Association Revenue Policy was established to ensure a clear and transparent financial plan that benefits Qikiqtani Inuit of today and in the future. The Policy was approved at the October 2016 Annual General Meeting. The Policy addresses three key areas: operations, long-term savings, and programs and benefits for Inuit.

QIA operates from a combination of the General Fund and the Economic Development Fund. The Revenue Policy provides QIA annual revenue for work and programs, for long-term savings, and for social programs.

Over time, the Policy will result in an internal pool of revenue for benefits and programs which will help reduce Inuit's reliance on outside funding. The Revenue Policy created two new funds:

- The **Legacy Fund**, which invests money for the future.
- The **Benefits Fund**, which delivers programs to Inuit.



Legacy Fund

QIA never uses revenues that go in the Legacy Fund to operate. The Legacy Fund will stabilize investment money for Qikiqtani Inuit by ensuring there is investment money even during times of lower revenues. The Legacy Fund revenues come from a number of sources including:

- Inuit Impact Benefits and Agreement payments from major projects
- Money received from Nunavut Tunngavik Inc. from the mining of Inuit Owned Minerals
- Money received from sand and gravel projects on Inuit Owned Land
- Dividends from the Qikiqtaaluk Corporation and the Nunasi Corporation
- Money received from any investments of the Legacy Fund
- Surplus revenues from the Economic Development Fund



Benefits Fund

The Benefits Fund receives annual payments from the Legacy Fund with an annual target amount of 4 percent, which is calculated and adjusted after releasing the audited financial statements. As the Legacy Fund grows, the Benefits Fund grows. This way, QIA can ensure a stable base of funding to run programs today while looking to expand the programs in the future as the invested money grows.

For fiscal year 2017-18, the Benefits Fund Target was \$1,000,000. In May 2018, the QIA Executive Committee increased the budget to \$1,095,000.



THE BENEFITS FUND POLICY

Consistent with the purpose of the QIA Revenue Policy, the Benefits Fund Policy supports the following QIA strategic initiatives:

- promoting the cultural, economic, social and political interests of its members
- preserving and strengthening Inuit language, traditions and beliefs
- promoting community diversity among the Inuit of the Qikiqtani Region while fostering Inuit unity
- promoting community endeavours in the Qikiqtani Region

The Benefits Fund consists of three types of Programs and Funds:

- **Delivered Programs:** these are either supportive and augment a current service or program, or they may be a program QIA designed and delivered.
- **Application-based Programs:** an individual or company outside of QIA run these, and they apply for funding from the Benefits Fund. The Benefits Fund Committee reviews application-based programs before approving them.
- **Opportunities Fund:** 10 percent of the Benefits Fund Target goes to the Opportunities Fund. This fund allows QIA to deliver benefits to Enrolled Members which is consistent with QIA's strategic initiatives (listed above) without needing to align with any of the Key Themes (information below).

Benefits Fund Programs must accomplish at least one of the following objectives:

- benefit as many Qikiqtani Inuit as possible
- equally and fairly distribute benefits within and between communities and across generations
- support economic self-sufficiency of Qikiqtani Inuit
- reach eventual self-sufficiency so that Qikiqtani Inuit no longer need financial support from the Benefits Fund
- contribute significantly and measurably to a Qikiqtani community



ESTABLISHING THE BENEFITS FUND PROGRAMS

The Benefits Fund Policy outlines a six-step process to determine the Key Themes and Benefits Fund Programs.

1. Community Engagement
2. Performance Evaluation
3. Key Themes Report
4. Key Themes Selection
5. Benefits Fund Programs Report
6. Benefits Fund Programs Selection

QIA approves projects and allocates funds based on a two-year time period.

COMMUNITY ENGAGEMENT

Throughout February, March, and April 2017, QIA's communications and social policy teams joined the Community Directors and Community Liaison Officers to consult all 13 Qikiqtani communities. The purpose was to ask what types of programs Qikiqtani Inuit think they need most and how the new Benefits Fund could benefit Inuit growth and development.

QIA spoke with over 676 Qikiqtani community members including children, youth, teachers, community leaders, elders, and families. The consultation formats included written responses, verbal feedback, and an interactive photo booth.

QIA gained valuable insights on the programs, resources, and services each community desired and on the groups and individuals eager to carry out these projects.

Benefits Fund Policy Section:

7.1 The purpose of Community Engagement is to provide the opportunity to Enrolled Members to advise on the Key Theme(s) and suitable Benefits Fund Programs.

PERFORMANCE EVALUATION

To inform the first round of Benefits Fund programs, QIA comprehensively reviewed and evaluated how benefits are shared among Qikiqtani Inuit in six existing QIA programs. QIA also reviewed all QIA program-related commitments to represent the rights and benefits of Inuit.

Benefits Fund Policy Section:

8.1 The purpose of the Performance Evaluation is to verify whether and to what degree Benefits Fund Programs are performing adequately to fulfill the purposes of this Policy.

KEY THEMES REPORT

To inform the first round of Benefits Fund programs, QIA comprehensively reviewed and evaluated how benefits are shared among Qikiqtani Inuit in six existing QIA programs. QIA also reviewed all QIA program-related commitments to represent the rights and benefits of Inuit.

A Key Themes Report was prepared in April 2017. It was informed by the community consultation tour and by evaluating the programs and related commitments described above. The Key Themes Report is publicly available on the QIA website (www.qia.ca).

The report presented five recommended themes. In order of priority, these are:

1. Cultural Activities (high recommendation)
2. Daycare and Early Childhood Learning (high recommendation)
3. Inuit Wellness and Healing (moderate recommendation)
4. Essential Learning (low recommendation)
5. Equipment, Repair and Maintenance (low recommendation)

Benefits Fund Policy Section:

9.1 The Key Themes are the area(s) identified by QIA to focus spending under the Benefits Policy.

9.2 The Key Theme Report shall include summaries of the Community Engagement and Performance Evaluations to inform the QIA Board on selecting a Key Theme. The Key Theme Report will also present recommended Key Themes for the consideration of the QIA Board. Recommendations may be informed by Community Engagement and Performance Evaluations.

KEY THEMES SELECTION

The QIA Board selected the key themes for the new Benefits Fund in May 2017. It then selected the top two priority themes— cultural activities and daycare and early childhood learning.

During the community tour, Qikiqtani Inuit said they wanted cultural programs that focus on hunting, the land, and sewing programs.

Benefits Fund Policy Section:

9.6 There must always be at least one approved Key Theme but no more than two (2) at any one time.

9.8 Once selected, the Key Theme will be fixed for two (2) years unless otherwise directed by the QIA Board.

“The feedback from our community consultations were loud and clear. Qikiqtani Inuit want more programs for children and youth such as daycares and more programs related to cultural activities to strengthen knowledge of our traditional skills and language.”

- QIA president P.J. Akeegok.

BENEFITS FUND PROGRAMS REPORT

In August 2017, the Interim Benefits Funding Working Group (Working Group) recommended program options for the cultural activities and for daycare and early childhood learning programs. These recommendations were to help the QIA Board decide how to invest the Benefits Fund over fiscal years 2017-18 and 2018-19. The recommended program options were presented in the Benefits Fund Report.

Benefits Fund Policy Section:

10.7 The Benefits Fund Committee will draft the Benefits Fund Programs Report for the QIA Board Meeting proceeding the QIA Annual General Meeting.

10.8 The Benefits Fund Programs Report shall include

- *The recommended Benefits Fund Programs that best deliver upon the Key Theme;*
- *The recommended division of funds for Delivered Programs and Application Based Programs;*
- *Known opportunities to leverage the Benefits Fund within the Key Theme to increase overall program spending on Enrolled Members;*
- *Anticipated budget for the recommended Benefits Fund Programs for the next two (2) years; and,*
- *Context and scope for the Application Based Programs, if applicable.*

| Summary of the Interim Benefits Fund Working Group Recommended Program Options | Cultural Activities Program Option | Daycare and Early Childhood Learning Program Option |
|--|---|--|
| <p>Primary concerns raised by communities that need to be addressed by the Program</p> | <ul style="list-style-type: none"> • loss of cultural identity | <ul style="list-style-type: none"> • lack of culturally relevant childcare and early learning capacity • lack of support for Qikiqtani Inuit who are in the work force but struggling financially and who are impacted by the economic burden of childcare |
| <p>Working Group-recommended program focus</p> | <ul style="list-style-type: none"> • focus on land programs and/or sewing programs | <ul style="list-style-type: none"> • focus on improving access to Inuit-specific early learning and childcare opportunities |
| <p>Working Group-recommended program approach</p> | <ul style="list-style-type: none"> • fund cultural activities through an application-based program • directly provide cultural programs in communities that cannot successfully access and administer funding to run cultural activities programs | <ul style="list-style-type: none"> • improve access to daycare for Qikiqtani Inuit by enhancing the existing parental subsidy administered through Kakivak Association • develop and disseminate Inuit-specific early learning resources to all daycare facilities in the region to assist service providers with Inuit cultural programming |
| <p>Working Group-suggested annual budget</p> | <p>\$430,000</p> | <p>\$470,000</p> |



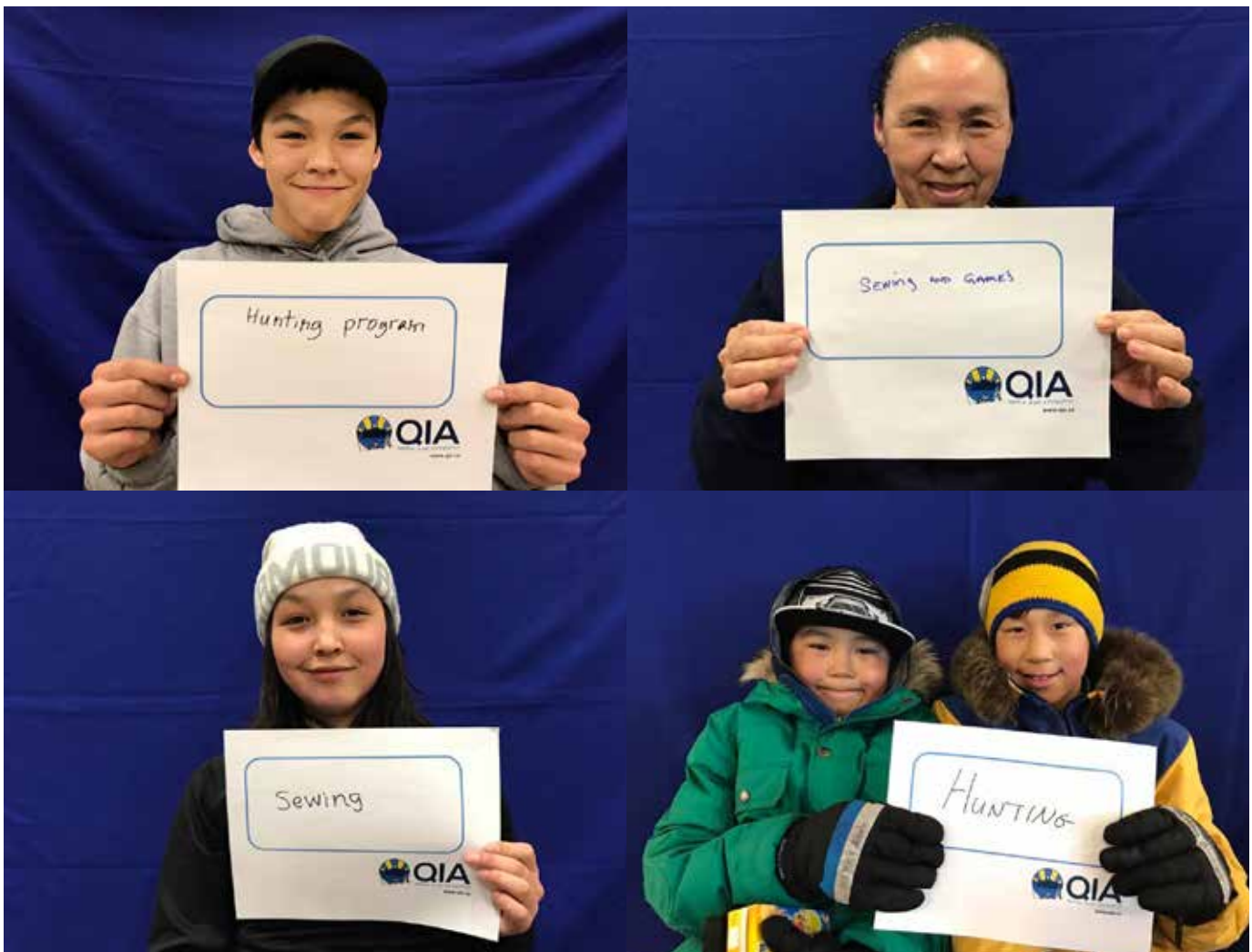
BENEFITS FUND PROGRAMS SELECTION

In October 2017, QIA announced the launch of two Benefit Fund programs:

1. **Daycare and Early Childhood Learning Program.** This program includes two projects: new resources for daycares and parental subsidy for daycare.
2. **Qikiqtani Cultural Activities Program (QCAP).** This program is an application-based project that helps foster traditional skills and strengthen Inuit identity.

Benefits Fund Policy Section:

10.9 The QIA Board may approve the Benefits Fund Programs in the Benefits Fund Programs Report to be funded for the next two (2) years.



BENEFITS FUND PROGRAMS UPDATE

DAYCARE AND EARLY CHILDHOOD LEARNING PROGRAM

Daycare Subsidy Project

In the fall of 2017, QIA announced the \$5 per day daycare subsidy for Qikiqtani parents with children in licensed daycare facilities. The Kakivak Association administers the subsidy which is a top-up to the Kakivak Association's existing parental daycare subsidy program. The top-up subsidy is a pilot program that will run until March 31, 2020.

In May 2018, the QIA Executive passed a resolution to increase the top-up subsidy to \$10 per day. Inuit parents who are currently receiving the Kakivak Association parental daycare subsidy may now receive a combined Kakivak and QIA subsidy of up to \$29 per day. The increased subsidy is retroactive to April 1, 2018.

With this increased daycare subsidy, QIA provides assistance for approximately 200 childcare spaces. Eligible parents in the Qikiqtani region receive up to \$2,500 per child per year. This represents a nearly \$500,000 per year investment in daycare access.



Daycare Resources Project

In mid-2018, QIA began working with Inhabit Media to create daycare resources. The final design and production of the new resources will be done in the fall and winter of 2018.

QIA will launch the new resources at the daycare conference planned as part of the QIA Ipitiki Program in March 2019. The resources will be distributed to all Qikiqtani daycare centres after the conference.

Some of the resources are:

- Arctic animal hand puppets, including a polar bear, Arctic fox, caribou, muskoxen, and Arctic hare
- a storybook that features the five Arctic animal hand puppets
- high contrast books to develop infants' vision, featuring Inuit clothing, shapes, and patterns
- interactive books for young learners to build vocabulary through reader participation, including an I-spy book and baby sign language book
- sequence books, which do not have text but use pictures to tell a story from beginning to end. They teach young children to enjoy books and to hold them properly and flip the pages.
- an Early Childhood Education Inuktitut Phonics Program, designed to help young children learn the initial sounds of Inuktitut, syllabics, and Inuktitut vocabulary
- tray puzzles illustrated by renowned Inuit artist Germaine Arnaktauyok and featuring the following scenes:
 - a winter camp with an iglu and a dog team
 - a summer camp with a tent, boat, and pitti-making rack
 - berry picking with people fishing in a river in the background
 - a large floor puzzle featuring a boat and seal



QIKIQTANI CULTURAL ACTIVITIES PROGRAM

In March 2018, QIA issued the first call for applications under QCAP. Each community could access up to \$33,000 to run cultural programs. The Benefits Fund Committee approved 31. These included land trips, dog sledding learning experiences, sewing programs, and throat singing lessons. A total of \$385,308 in grants was approved.

To date, eight projects have been completed and the reports show positive feedback from the project coordinators and applicants. Applicants were excited to be able to pass on traditional knowledge and skills to young and old alike. They also said they look forward to providing more opportunities to people in their communities in the coming years.

In May 2018, the QIA Executive increased the QCAP budget for each community from \$33,000 to \$53,000. This brought the total funds available in fiscal year 2017-18 to \$637,500.

With this increase in funding, QIA released a second call for proposals on July 30, 2018 and reviewed them in early September 2018. QIA looks forward to more community-led programs this winter.



| Community | Project Title | Approved Amount | Season |
|-------------|--|-----------------|-------------------------|
| Arctic Bay | Ipiutaq Fishing Derby and Community Feast | \$5,553.30 | Spring |
| | Qimuksiugiqatarniq - dogsledding trips, learning how to handle dog teams | \$8,140.00 | Spring |
| Cape Dorset | Throat Singing Workshop | \$13,949.00 | Spring/Summer |
| Clyde River | Historic Camp Site Tours | \$20,411.90 | Spring |
| | Land Program | \$14,999.00 | Spring |
| | Berry Picking/Seal Hunting Project | \$14,982.00 | Fall |
| Grise Fiord | Art Lessons | \$15,000.00 | Spring/Summer/Fall |
| | Youth Hunting Trips (Seal) | \$4,500.00 | Spring |
| Hall Beach | Taking Youth Out on the Land | \$18,880.00 | Fall/Winter |
| | Women's Group - sewing | \$24,080.00 | Spring/Summer |
| | Caribou Skin Kamik Making | \$8,919.58 | Spring/Summer |
| Igloolik | Restore Ammituq Original Kayak Frame | \$8,290.00 | Fall |
| | Traditions of Igloolik | \$10,000.00 | Fall/Winter/Spring 2019 |
| | Aqqiaruq Outfitting – land trips | \$19,800.00 | Spring |
| Iqaluit | Uakallanga Episodes 4, 5, 6 | \$6,930.00 | Summer/Fall/Winter |
| | Land Trip | \$6,270.00 | Spring 2019 |
| | Country Food Voucher Pilot Project | \$15,000.00 | Fall/Winter/Spring 2019 |
| | Traditional Sewing Group | \$5,000.00 | Winter/Spring 2019 |
| | Women's Sewing Group | \$10,000.00 | Winter/Spring 2019 |
| | Qajaqtuaq Project | \$14,950.00 | Fall/Winter/Spring 2019 |
| | Walrus Harvesting | \$15,000.00 | Fall |
| | Sealskin Preparation and Parka Making Project | \$5,000.00 | Spring |
| | Sealskin Preparation and Kamik Makng | \$15,000.00 | Fall/Winter |
| | Land Trip, Tradition Sewing Group | \$10,000.00 | Spring |
| | Traditional Sewing Qimaavik Women's Shelter | \$5,000.00 | Spring |
| | Anana's Warmth – sewing | \$9,680.00 | Spring |
| | Arnait Makigiarningit - sewing | \$10,000.00 | Spring |
| Kimmirut | Oakuqtajaaq | \$10,000.00 | Fall |

| Community | Project Title | Approved Amount | Season |
|--------------|--|---------------------|-------------------------|
| Kimmirut | Land Program | \$10,000.00 | Fall |
| | Land Outing Program | \$15,000.00 | Spring |
| | Multi-Generational Traditional Camping and Day Trips | \$18,000.00 | Summer/Fall/Winter |
| Pangnirtung | Visit to Joanasie Qaapik Traditional Homeland/Birth Place | \$15,000.00 | Summer/Fall |
| | Surviving in Winter how to hunt seal and fishing | \$8,200.00 | Winter/Spring 2019 |
| | Sewing | \$6,000.00 | Fall/Winter |
| | Spring Outdoor on the Land Trips | \$15,000.00 | Spring |
| | Traditional Tool Making | \$10,000.00 | Summer/Fall/Winter |
| | Sealskin Preparation & Sewing Project | \$10,000.00 | Summer/Fall/Winter |
| Pond Inlet | Sewing and Skin Preparation | \$10,000.00 | Fall/Winter/Spring 2019 |
| | Students at Risk | \$10,000.00 | Fall/Winter/Spring 2019 |
| | Elders/Youth on the Land Skills Transfer and Mentorship Program | \$29,260.00 | Spring/Summer |
| | Place Names and How to Seal Hunt in the Winter | \$3,740.00 | Spring/Winter |
| Qikiqtarjuaq | Mittens Project | \$5,000.00 | Fall |
| | Out on the Land Program | \$13,200.00 | Fall |
| | Caribou, Narwhal Hunting | \$9,000.00 | Fall |
| | Hunting on the Land | \$6,528.00 | Fall |
| | Sewing Seal Skin Parka | \$3,850.00 | Fall |
| | Traditional Navigation Language and Skills Project | \$11,670.00 | Spring |
| | Pisuktiit, Part II - skiing trips, day trips, on the land skills | \$8,000.00 | Spring/Winter |
| | Fishing Skills | \$6,830.00 | Summer |
| | Traditional Inuit Games | \$4,500.00 | Summer |
| | Land Skills | \$10,000.00 | Spring |
| Resolute Bay | Seal Hunt to Seal Clothing | \$30,775.00 | Spring/Summer/Winter |
| Sanikiluaq | Kamik Making | \$10,000.00 | Fall/Winter |
| | Community Hunting/Sewing Program | \$10,000.00 | Fall/Winter/Spring 2019 |
| | Elders Gathering | \$7,500.00 | Summer |
| Total | | \$622,387.78 | |

OPPORTUNITIES FUND

The Opportunities Fund allows QIA to fund opportunities outside of the Key Themes. These may be proposals from people or organizations outside of QIA, or they could be an approved opportunity that QIA proposes. The fund was established under Article 12 of the QIA Benefits Fund Policy.

OPERATIONS OF THE FUND

The Opportunities Fund follows a unique process at QIA. Each year, up to 10 percent of the money available in the Benefits Fund is set aside for the Opportunities Fund. Any money earmarked for the Opportunities Fund that is not spent is deposited back to the Benefits Fund. The Opportunities Fund shall never equal greater than 10 percent of the Benefits Fund.

The Opportunities Fund Process is not started unless an Opportunity Fund Proposal is submitted to or initiated by QIA. The Opportunities Fund is always accepting proposals or looking for opportunities to fund.

The Benefits Fund Operations Manual sets out the steps to evaluate a proposal. The QIA Programs Manager analyses it before the Benefits Fund Committee reviews it. The committee then decides whether to forward it for the Executive Committee to approve or reject.

2018-2019 OPPORTUNITIES FUND BUDGET

The target for the QIA Benefits Fund Program for 2018-2019 is \$1,000,000. Of that money, and as per the Benefits Fund Policy, 10 percent was earmarked for the Opportunities Fund.

OPPORTUNITIES FUND 2018: UQUUTAQ SOCIETY

In February 2018, representatives from Uquutaq Society and the City of Iqaluit made a presentation to QIA Board of Directors. They requested \$1M from the Opportunities Fund to help purchase two buildings in Iqaluit. QIA asked for more information, and it received a business case from the society that detailed the Men's Transitional Housing Project.

In May 2018, the Executive Committee passed a resolution at a meeting pledging \$100,000 to the Uquutaq Society for capital acquisition for new shelter. The pledge is conditional upon Uquutaq meeting four conditions:

- securing long-term access to a suitable facility
- providing a reasonable business plan for the project
- securing capital financing for more than 50 percent of the proposed requirement
- securing ongoing operational funding commitments for at least three years of the project

Approval

The Benefits Fund Committee reviewed the Uquutaq proposal at their meeting in July 2018 and recommended that QIA approve it. The Programs Manager worked with Uquutaq representatives to obtain the information necessary to satisfy the conditions. Once satisfied, QIA and Uquutaq Society signed a Contribution Agreement and QIA gave a cheque for \$100,000 to the City of Iqaluit to be held in trust for Uquutaq until the purchase of buildings 1077 and 1079 is complete.





2017-18 FINANCIAL REPORT

CIBC Wood Gundy, Rouleau Investment Group prepared the 2017-18 QIA Legacy Fund Financial Report. The Financial Report presents the QIA Legacy Fund investments as of March 31, 2018 and was prepared according to QIA's Legacy Fund Operational Procedures dated May 16, 2017.

The following presents information from the QIA Legacy Fund Financial Report as it was prepared by CIBC Wood Grundy.

Note: Rouleau Investment Group's investment advisory relationship began with QIA Legacy Fund on 10/17/2017 upon receipt of its initial deposit.

OBJECTIVES FOR QIA LEGACY FUND

The qualitative objectives of the Legacy Fund for QIA are to:

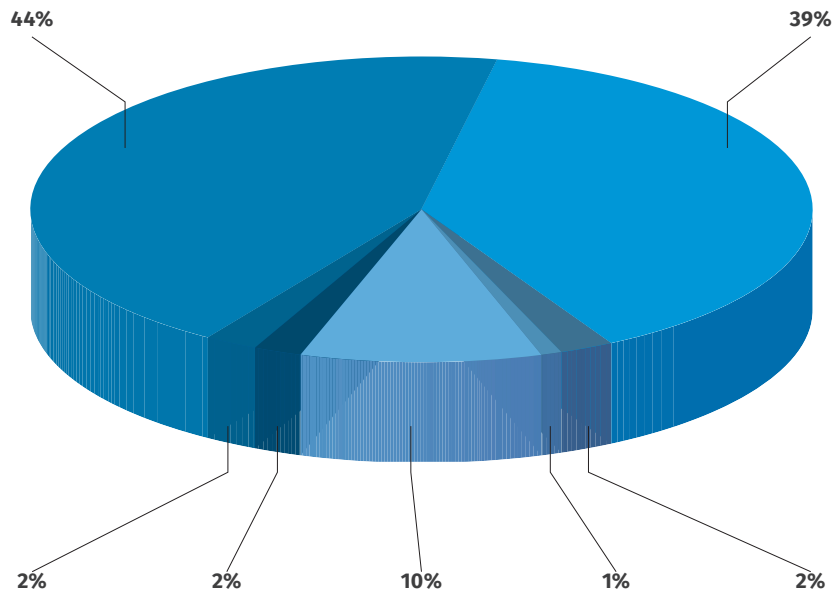
- Preserve the capital of the Legacy Fund for QIA with care taken to uphold the distinct social and ethical principles of Inuit people.
- Attain the Legacy Capital Objective as defined in the QIA Revenue Policy.
- Cover the annual operating costs of the Legacy Fund for QIA.

The return objective of the Legacy Fund is to obtain an annualized total return (yield plus capital appreciation) of 4 percent to meet the Benefits Target as described in Article 15 of the QIA Revenue Policy.

Asset Allocation for QIA Legacy Fund at March 31, 2018

QIA's tactical asset allocation at March 31, 2018 complies fully with the Investment Policy Statement. The portfolio's asset mix at year-end was:

| Description | Percentage Weighting |
|---|----------------------|
| Cash and Short-Term Investments - Canada and U.S. | 44% |
| Fixed Income - Canada/ U.S./ Developed International | 39% |
| Fixed Income - Emerging Markets | 2% |
| Fixed Income - High Yield or Convertible Bonds and Debentures | 1% |
| Equities - Canada | 10% |
| Equities - United States | 2% |
| Equities- Developed International | 2% |
| Other Assets | 0% |
| | 100% |



Realized Income for QIA Legacy Fund at March 31, 2018

| Realized Income | |
|-----------------------|---------------------|
| Total Interest Income | \$110,221.72 |
| Total Dividend Income | \$235,769.94 |
| Total Income | \$345,991.66 |

Note: QIA Legacy Fund's investment strategy with Rouleau Investment Group began on 10/17/2017. Realized income only accounts for approximately five months following the initial deposit

Portfolio Value as of March 31, 2018

| | |
|--|-----------------|
| Initial Deposit on 10/17/2017 | \$34,990,824.00 |
| Value of QIA Legacy Fund on 03/31/2018 | \$34,818,257.00 |

Wealth Manager's Commentary for Year Ending March 31, 2018

We confirm that as of March 31, 2018, the Legacy Fund portfolio was 100 percent compliant with the terms of the Investment Policy Statement and in line with our ongoing Investment Strategy. We maintain our long-term conservative focus with a targeted goal of generating an average annual return of 4 percent.

Disclaimer: Rouleau Investment Group is an advisory team with CIBC Wood Gundy in Edmonton, Alberta. The views of Rouleau Investment Group do not necessarily reflect those of CIBC World Markets Inc.



CONTACT

Qikiqtani Inuit Association
Igluvut Building, 2nd Floor
PO Box 1340
Iqaluit, NU
X0A 0H0
867-975-8400
1-800-667-2742
info@qia.ca
www.qia.ca



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