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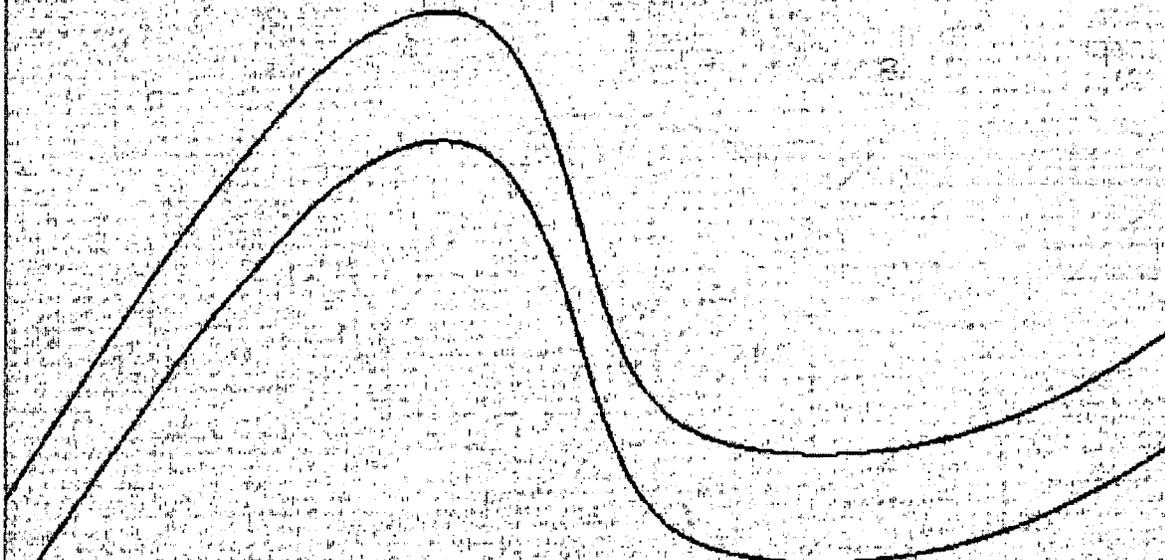
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ABSTRACT

The Aboriginal Healing Foundation (AHF) is a nonprofit organization established in 1998 with funding from the Canadian Government. Its mission is to support Aboriginal people in building sustainable healing processes that address the legacy of physical and sexual abuse in the residential school system, including intergenerational impacts. AHF provides funds for healing projects and promotes knowledge about the issues and the need for healing. To be funded, projects must show how they address the healing needs of Aboriginal people affected by physical and sexual abuse in residential schools; have support from other community services; show accountability to survivors of the residential school system, the community, and the target group; and be consistent with Canada's charter of rights and freedoms. As of May 2001, 463 projects had been approved, 161 had been conditionally approved, and over 300 were being processed. In fiscal year 2001-2002, 17 research studies will be completed. Research is planned in such areas as intergenerational impacts of residential schools, impacts of residential schools on Inuit and Metis peoples, sexual offenses and anger management, Aboriginal domestic violence, Aboriginal foster care and adoption, and best healing practices drawn from AHF-funded projects. Functions, objectives, and strategies are described for the board of directors, executive director, and the communications, finance, programs, and research departments. Board members are listed, and financial statements, a project funding map, and a schedule of project commitments and expenditures are presented. (TD)

Aboriginal Healing Foundation



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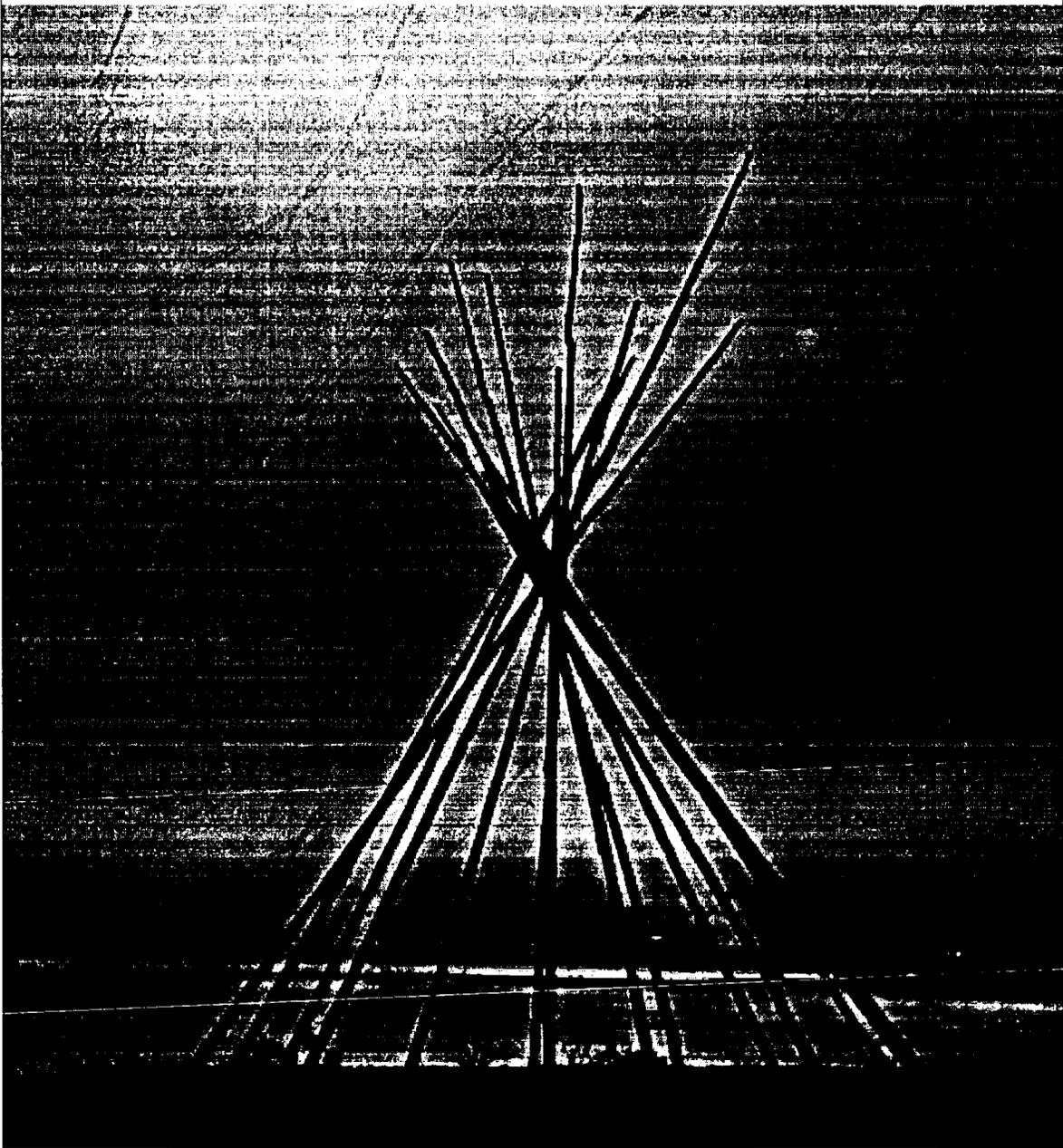
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Annual Report 2001

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Helping Aboriginal People Heal Themselves



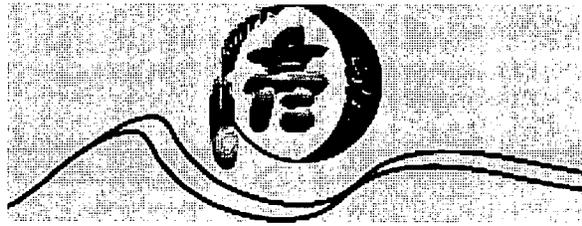
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Background



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 organization. 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

This Annual Report reflects the Aboriginal Healing Foundation's on-going commitment to improving both its performance and accountability.

Each year since the AHF's creation, the work of the Foundation has grown in scope and complexity. We have welcomed and surmounted the challenges with the knowledge that the healing work undertaken by Aboriginal communities in every corner of Canada is making an important difference.

The support for this work has been broad. Many Aboriginal individuals and organisations have called us on the phone, sent us e-mails and faxes, and visited our offices. Some came to our Regional Gatherings. Others spoke to us at conferences and annual general assemblies. They have shared with us their pain and suffering, and their anger, to bring messages that have inspired us and guided us to improve our work. We thank those who shared their views and stories. We have heard your words, and we have made changes to our administrative and funding process.

We have developed policy to help ensure we distribute healing funds fairly across the country.

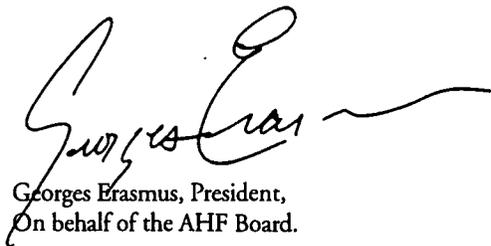
With our new Program Handbook, we are launching a new initiative to provide eligible recipients with the choice between single-year and multi-year funding (up to a maximum of three years). Ongoing disbursements to multi-year projects will depend on how well they meet the goal and objectives outlined in their workplans.

We have also launched an initiative to evaluate the role and impact of the projects we have funded. As part of the National Process Impact Evaluation Survey, funded projects will receive survey forms which must be completed and returned to the Foundation. Some communities will also be asked to participate in case studies.

We have now completed our second year of project funding. The healing needs of communities have led us into a discussion with Aboriginal organisations and the Canadian Government concerning the possibility of extending the Foundation's mandate, so that we may better address the scope of intergenerational impacts of the residential school system.

These are just a few highlights of changes and achievements for 2000-2001. The new format of this Annual Report 2001 offers a more comprehensive portrait of the Aboriginal Healing Foundation's performance. We will continue to listen, to learn and to improve, in the pursuit of our long-term goal and in response to the healing needs Aboriginal individuals, communities and groups express to us.

In the spirit of healing and peace,



Georges Erasmus, President,
On behalf of the AHF Board.

Enhanced Performance Reporting

Since the AHF's creation in 1998, Foundation operations and activities have grown considerably in scope and complexity, strengthening our commitment to results-based management. It has therefore become even more crucial for the AHF's governing and managing bodies to collect and use performance information to consolidate decision-making, to learn, and to improve programs and ensure accountability to all AHF stakeholders.

Pursuit of excellence has been a constant driving force at the Aboriginal Healing Foundation. In order to reflect accurately and clearly the full range of its performance, the AHF has developed a more comprehensive reporting approach, with higher quality performance information for its 2001 Annual Report.

The AHF Annual Report 2001 is based on five principles regarding Performance Reporting:

☞ CLEAR CONTEXT AND STRATEGIES

The report clearly describes the mission and mandate of the organization, 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 outcome-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

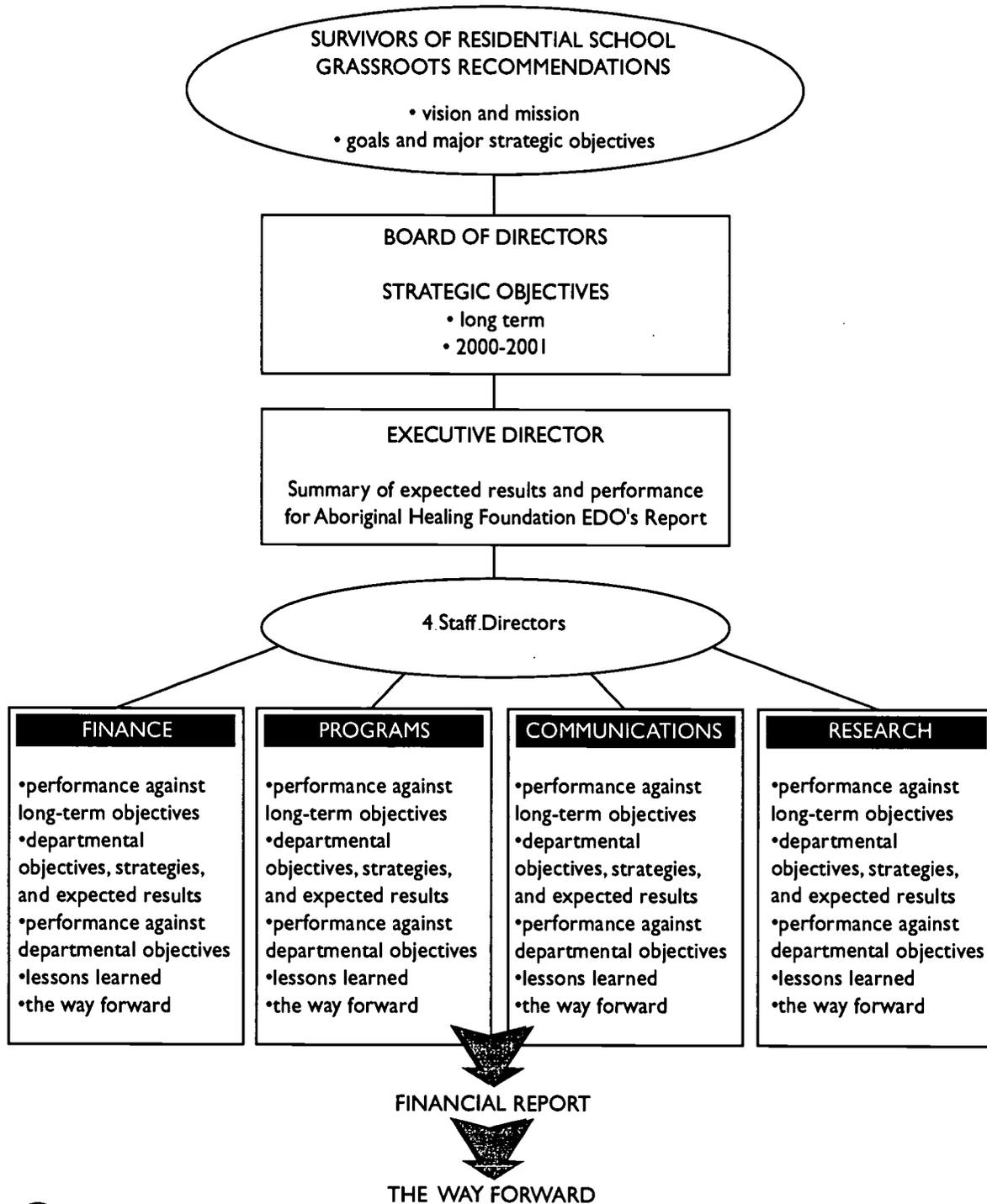
The performance information provides a measure of the ability of the program to learn from past performance and to modify its strategies in light of past performance, external context, and in anticipation of future changes and challenges.

☞ FAIR AND RELIABLE PERFORMANCE INFORMATION REPORTED

Performance information strives to be fair, valid, reliable and understandable.

The AHF Annual Report 2001 is one way we demonstrate our commitment to matching the evolving scope and complexity of our work with the accountability mandate given to us by the Government and by the Aboriginal peoples and communities we serve throughout Canada. We know the changes and challenges will continue over the Foundation's lifetime. This Annual Report 2001 is just another step moving us forward to other challenges, and other changes.

Roles and Responsibilities



Vision and Mission

OUR VISION

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.



OUR MISSION

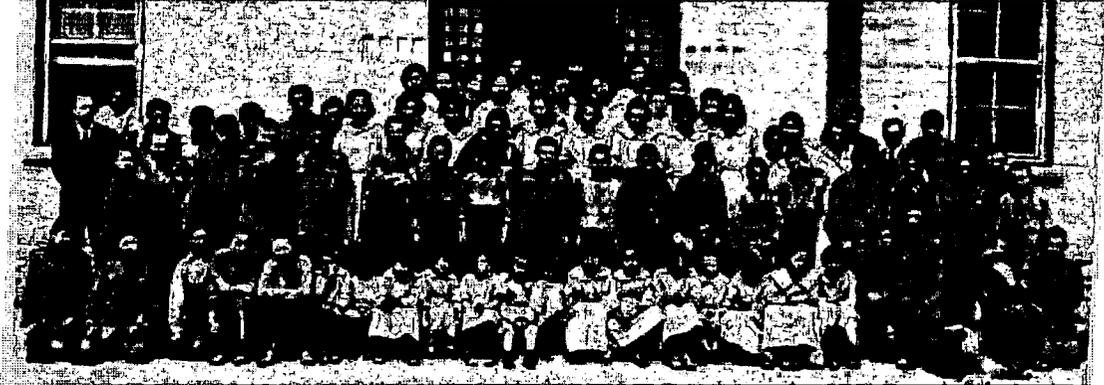
Our mission is to encourage and support Aboriginal people in building and reinforcing sustainable healing processes that address the legacy of Physical Abuse and Sexual Abuse in the Residential School System, including Intergenerational Impacts.

Strategic Objectives

Helping to create, reinforce and sustain conditions conducive to healing, reconciliation and self-determination



Residential School Highlights



Residential schools officially operated in Canada between 1892 and 1969 through arrangements between the Government of Canada and the Roman Catholic Church, the Anglican Church, the United Church, and the Presbyterian Church. Although the Government of Canada officially withdrew in 1969, a few of the schools continued operating throughout the 70s and 80s. During the time these schools operated, generations of Aboriginal children were subjected to the system's strict and damaging policy of assimilation.

The impacts of the residential schools have been felt in every segment of Aboriginal societies. Communities suffered social, economic and political disintegration. Languages were lost and continue to be threatened. Families were wrenched apart. The lives of individual students were devastated. Many of these students passed the abuse they suffered to their children, thereby perpetuating the cycle of abuse and dysfunction arising from the residential school system.

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.

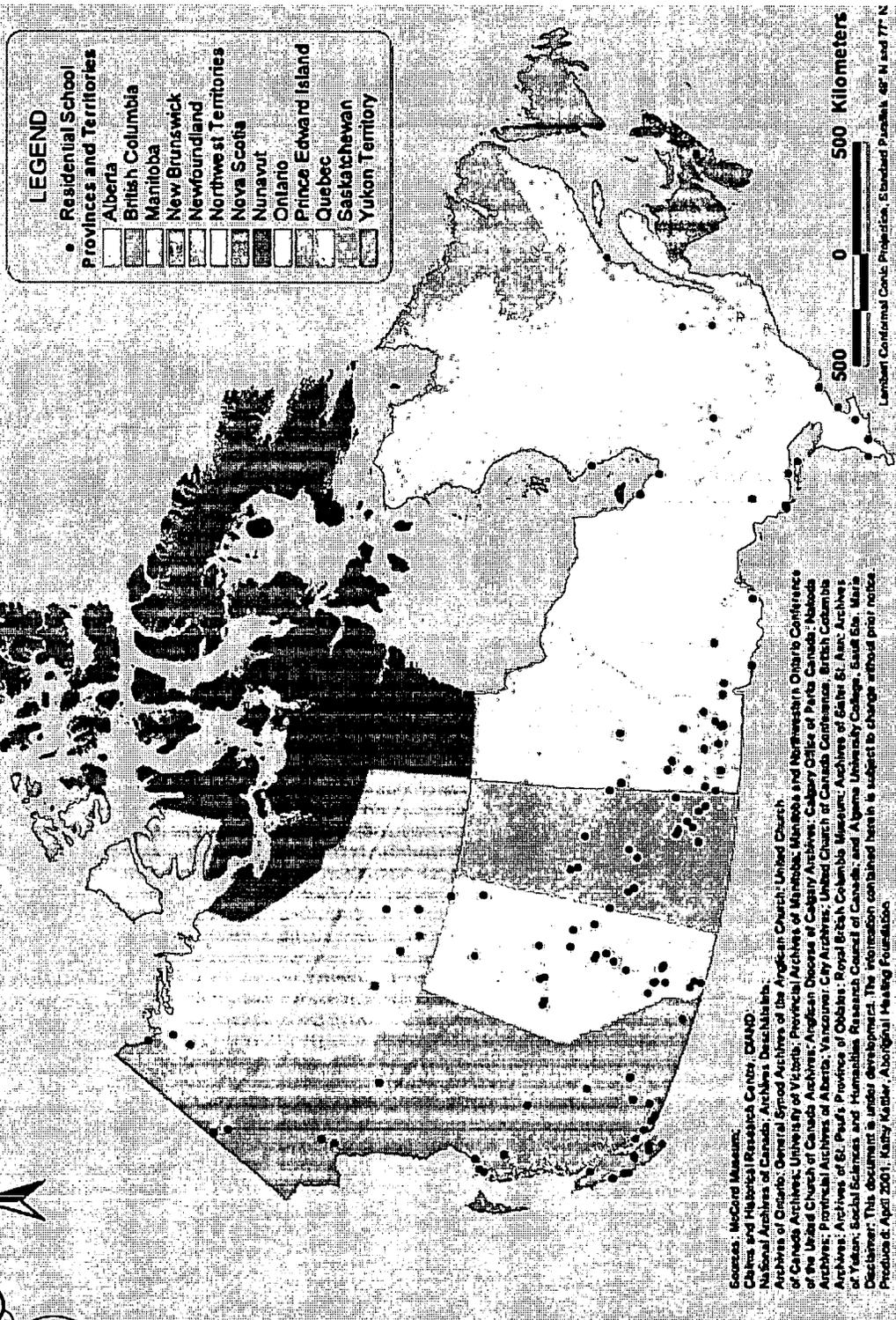
After years of resistance, protest, and activism on the part of Aboriginal people and others, the first major steps began. Churches issued statements of apologies and regret:

- The United Church in 1986
- The Oblate Missionaries of Mary Immaculate (Catholic Church) in 1991
- The Anglican Church in 1993
- The Presbyterian Church in 1994
- In 1997, the Canadian Conference of Catholic Bishops issued a statement expressing their regret for the pain and suffering many Aboriginal people experienced in residential schools.
- In 2000, Pope John Paul II expressed similar regrets.

Residential Schools

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Annual Report 2001



Creation of the Foundation

In 1992, the Royal Commission on Aboriginal Peoples (RCAP) began its first round of hearings on the situation of Aboriginal peoples in Canada.

In 1996, RCAP published its final report. The report included a section outlining research, findings, and recommendations specific to residential schools.

On January 7, 1998, the federal government announced *Gathering Strength—Canada's Aboriginal Action Plan*, a strategy to begin a process of reconciliation and renewal with Aboriginal Peoples.

A cornerstone of *Gathering Strength* was the Canadian government's commitment of \$350 million to support community-based healing initiatives for Aboriginal people who were affected by the Legacy of Physical and Sexual Abuse in Residential Schools and its Intergenerational Impacts.

On March 30, 1998, the Aboriginal Healing Foundation was created following discussions with Survivors, members of the healing community, the Assembly of First Nations, the Congress of Aboriginal Peoples, the Inuit Tapirisat of Canada, the Métis National Council, and the Native Women's Association of Canada.

A 17-member Board of Directors governs the Aboriginal Healing Foundation. The AHF Board reflects Canada's diverse Aboriginal population.

The Aboriginal Healing Foundation is an Aboriginal-run, not-for-profit corporation that is independent of Governments and the representative Aboriginal organizations.

The Foundation was established with a ten-year mandate which breaks down as follows:

- **One year**, beginning April 1, 1998, to get organized, hire staff and begin operations
- **Four years** (April 1, 1999 to March 31, 2003) to spend or commit the full \$350 million, plus any interest generated, and
- **Five years** (April 1, 2003 to March 31, 2008) to pay out multi-year commitments, do ongoing monitoring, and write a final report.



Above: *The First Program Handbook, 1999.*

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/documents.html>

☉ FUNDING AGREEMENT

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

Legal Obligations CONTINUED

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 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 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 preclude elements of projects involving locally based public inquiries for healing purposes relating to Residential

Schools; the cost related to a project that duplicates existing programs, activities or services provided by or with funding from any level of 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, two-spirited people, 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

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MANDATORY CRITERIA

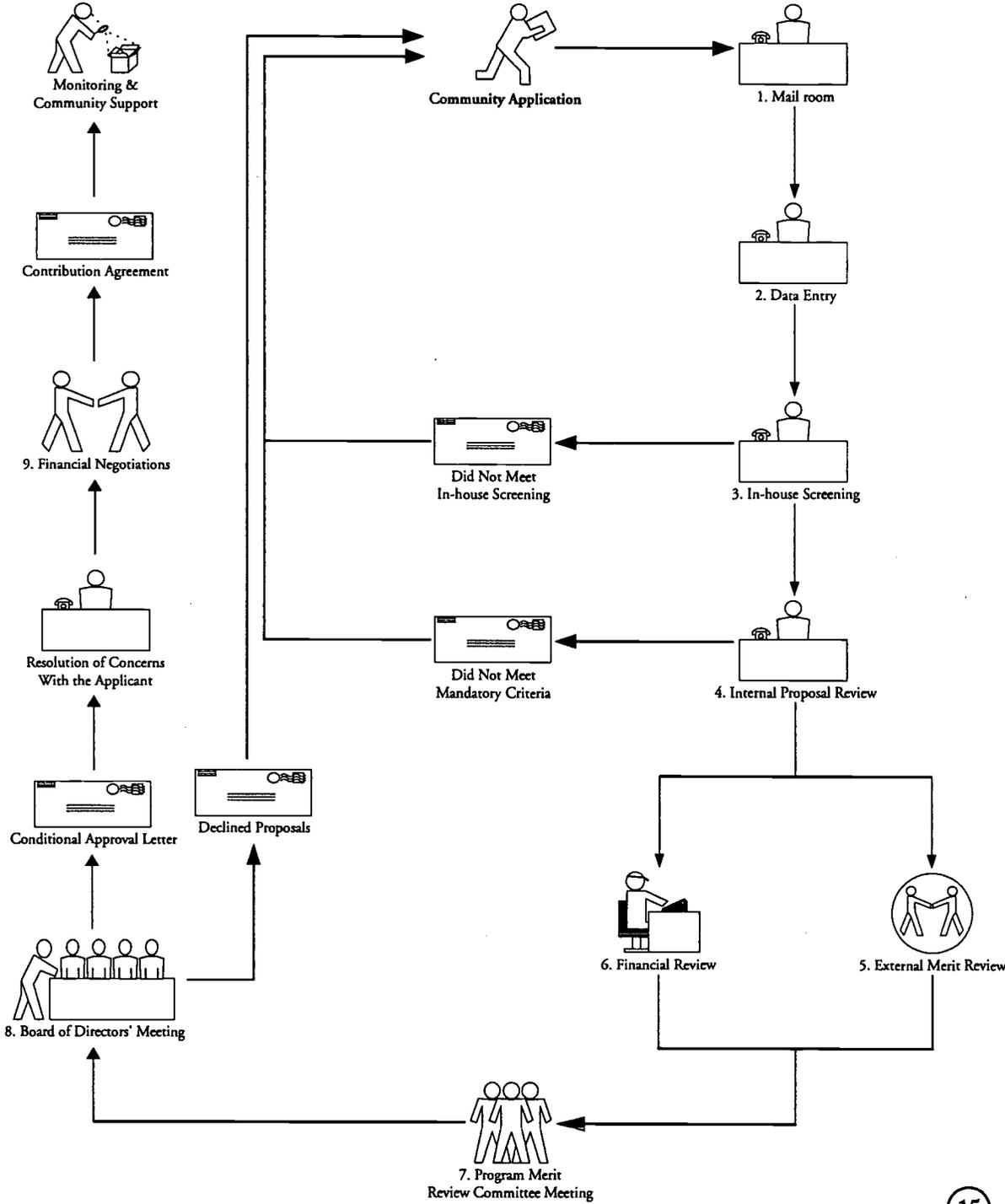
1. **Address the Legacy.** Each proposal shall address the healing needs of Aboriginal People affected by the Legacy of Physical and Sexual Abuse in Residential Schools, which could include the intergenerational impacts.
2. **Show support and links.** A project will have more impact when it is linked 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 in a manner that is consistent with Canada's Charter of Rights and Freedoms and Canadian human rights law. Each application received by the Aboriginal Healing Foundation is reviewed to make sure these laws are upheld.

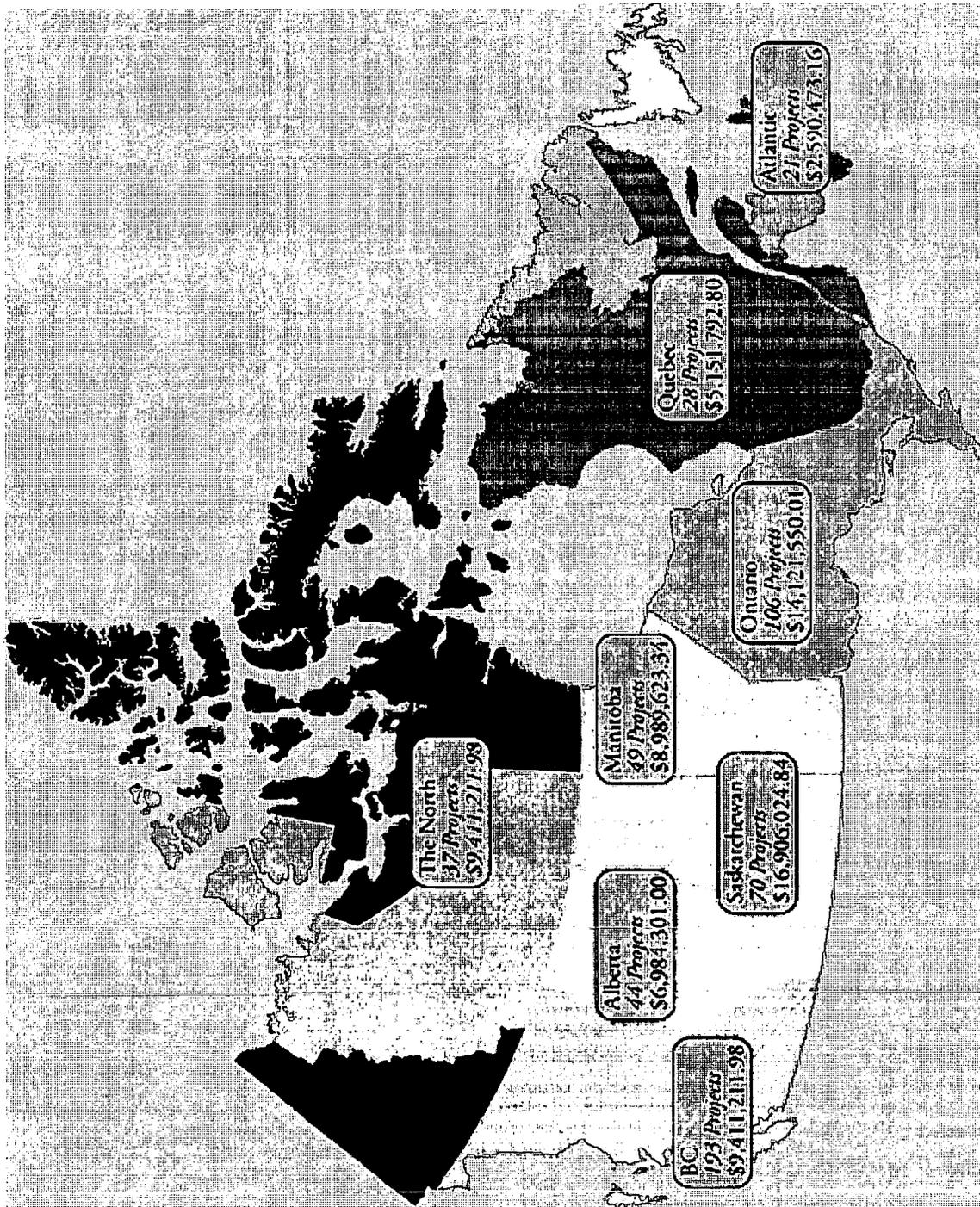
The following additional criteria have been developed and implemented: use of partnerships; meeting of a community need; the involvement of survivors, where possible and appropriate, or people who have suffered intergenerational impacts; use of safe healing processes; proposal of well-planned, strategic 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.



Proposal Review Process



**Project Funding Map
TO MARCH 31, 2001**





Board of Directors, 2000-2001

Arranged by alphabetical order

- Georges Erasmus
 - Garnet Angeconeb
 - Simona Arnatsiaq
 - Jerome Berthelette
 - Roy Bird
 - Rose-Marie Blair-Smith
 - Angus Cockney
 - Ken Courchene
 - Yvon Dumont
 - Susan Hare
 - Richard Kistabish
 - Carrielynn Lamouche
 - Teresa Nahanee
 - Viola Robinson
 - Grant Severight
 - Cindy Whiskeyjack
 - Charles Weaselhead
- Board Elder:**
- Dorris Peters

Board of Directors

Functions and Objectives for Fiscal Year (FY) 2000-2001

∞ FUNCTION

With a membership of 17 Aboriginal people (First Nation, Métis, and Inuit), the Board of Directors governs the Aboriginal Healing Foundation. It sets purpose for the organization, and provides fiscal, legal, and policy oversight. It is directly responsible for monitoring investments, relationships with political entities, and 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

STRATEGY:

- approving the AHF philosophy and reviewing management performance in adhering to it
- ensuring that the Board and its committees are adequately informed of the condition of the AHF and its operations, through the Executive Director
- establishing investment policies, standards and procedures in accordance with the terms and conditions of the Funding Agreement and approving major policies guiding the AHF, including appropriate compensation and benefits policies and practices

- reviewing and approving the AHF annual budget, and approving major actions such as expenditures over specified limits and major program changes

2. To review and approve projects

- reviewing and assessing selection criteria, objectives, and results relating to the healing initiatives of the organization
- approving the selection of eligible projects for funding, taking into account the principles of fairness, transparency, and accountability, and honouring geographic, demographic, and gender equity
- reviewing and approving proposals which proceed to financial negotiation

Programs Merit Review Committee (PMRC)

The PMRC is a committee of the Foundation's Board of Directors. Its purpose is to make recommendations to the Board on whether a project should be approved or declined. The Committee bases its recommendations on equity issues, merit scores, greatest management ability, the amount of funding you have requested and how many projects you already have.

3. To oversee the Executive Director's management of the AHF

Board of Directors

CONTINUED

STRATEGY:

- monitoring, appraising, advising, supporting, rewarding and if necessary replacing the Executive Director
- conducting the performance review of the Executive Director and establishing his compensation
- discussing with the Executive Director matters of concern
- delegating appropriate responsibility and authority to the Executive Director for the operations and financial management of the AHF, and requiring accountability to the Board
- ascertaining that the financial structure of the AHF is adequate for its current needs and its long-term strategy

4. To monitor the performance of AHF management

STRATEGY:

- reviewing the results achieved by management against the AHF mission, its strategy, its annual objectives, and policies and ensuring that the organization is committed to an inclusive process of decision-making and operating that respects Aboriginal traditions

5. To manage Board affairs in conformity with all legal and ethical requirements

STRATEGY:

- filling Board vacancies according to the Articles of Incorporation, bylaws, and the terms of the Funding Agreement and establishing standing committees or other committees as deemed necessary or advisable
- reviewing, on an annual basis, the performance of the Board, including its composition, organization, responsibilities, and accountability to stakeholders, and taking steps to improve its performance

6. To build public trust and communicating an effective public image of the AHF and its work

STRATEGY:

- promoting and supporting the AHF to its constituencies, including Aboriginal people, residential school survivors and their families, the Canadian public, and Indigenous people worldwide, and communicating the results of funding decisions

7. To maintain integrity, reliability and transparency of the AHF

- appointing independent auditors. Reviewing and approving their annual report
- reviewing compliance with relevant AHF bylaws, resolutions, policies, the Funding Agreement, and program funding criteria
- appointing legal counsel for AHF on the advice of the Executive Director

Communications

Functions and Objectives for Fiscal Year (FY) 2000-2001

☞ FUNCTION

Healing and reconciliation require the cultivation of a supportive public environment. 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. Communications bears lead responsibility for

- The Foundation Communications Strategy
- Publications
- Website
- Media liaison
- Regional Gatherings
- Public presentations
- Public education
- Advertisements
- Mailings and database
- Translation

At the outset of FY 2000-2001, we identified two objectives of primary importance: 1. improving the Foundation's outreach to the North and 2. raising awareness among Canadians of the abuses suffered by Aboriginal people as a result of the residential school system.

☞ OBJECTIVES

1. To generate public awareness of and encourage attendance at specific AHF events

STRATEGY: Communications has developed a detailed and we believe effective events outreach protocol to develop and maintain communications with Aboriginal people across Canada. For FY 2000-2001 Regional Gatherings, we contacted directly thousands of individuals and organisations by phone, fax, and email, and indirectly through media advertisement and live broadcasts to Aboriginal communities.

EXPECTED RESULT: We expect the current trend of increased outreach and event attendance to continue, as the public profile of the Foundation increases and the contact database grows.

2. To generate public awareness of the AHF's mission, funding criteria, and application deadlines

STRATEGY: In early 2001, a national television campaign was undertaken in collaboration with the Aboriginal Peoples Television Network. To minimise costs, advertisement production was conducted in-house by AHF staff. Our quarterly newsletter, *Healing Words*, is also produced in-house and now reaches a national audience of 23,000 individuals per issue. The Foundation website (www.ahf.ca) has over 60,000 vis-

Communications

CONTINUED

itors 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.

EXPECTED RESULT: Our media campaigns have increased the Foundation profile in targeted areas, such as the North, enhancing our ability to serve Aboriginal people across Canada.

3. To develop and maintain a central database and mailing list of all AHF contacts

STRATEGY: Over the past year, we have overhauled our database to meet the evolving needs of the Foundation.

EXPECTED RESULT: We expect our database refinements to yield a more efficient and powerful database and a greater outreach capacity. Accurate data will assist us in the critical work of promoting access to Foundation programs, functions, and services.

4. To provide centralised, interactive, and updated information about the AHF, internally and externally

STRATEGY: The AHF website (www.ahf.ca) has been identified as a resource of great potential. With the internet, it is now possible to maintain an inexpensive and up-to-date information clearing-house. All core Foundation documents and publications are avail-

able on-line. To support funded projects, prospective projects, media, and the public-at-large, we have developed a searchable database. Our website features information on each funded project in an easy-to-use format.

EXPECTED RESULT: The AHF website has emerged as a frontline global resource. It is the chosen point of entry to the Foundation and a useful source of information for a wide variety of individuals. We expect the website to become an even more powerful instrument for healing workers, researchers, journalists, and individuals with internet access in otherwise remote areas.

5. To refine our strategic communications approach and message

STRATEGY: The sensitive nature of residential school abuse and healing work requires attention to the needs of survivors, the experiences of those who have approached the Foundation for support, and the media's coverage of our work. During the FY 2000-2001, we took note of criticisms concerning our application process and the accessibility of the Foundation. Our media monitoring discerned a trend in some Canadian media outlets toward discrediting accounts of residential school abuse. The need to build and reinforce trust in the fairness of our funding process, and to redouble our public education initiatives, became apparent.

EXPECTED RESULT: Our Program Handbook – 3rd Edition is an opportunity to streamline further our funding process, thereby improving funding accessi-

Communications

CONTINUED

bility. We expect the refinements of our funding process to improve the confidence of survivors in our work. Complementary public education initiatives address impediments to healing and reconciliation in the public environment.

6. To promote skill and career development

STRATEGY: The Communications team has enabled us to meet the evolving communications needs of survivors and of funded projects with a small core staff of 6 (Director, Executive Assistant, Webmaster, and 3 Communications Officers). These 6 staff are responsible for the maintenance of the website, production of the Program Handbook and of other publications (annual reports, newsletters, project profiles, etc.), translation, events organisation (Regional Gatherings, etc.), responding to information requests, arranging media interviews, production of internal and external presentations and resources, media monitoring, advertising, correspondence, and day-to-day execution of the Foundation's Communications Strategy. We have kept administration costs to a minimum by developing the capacity of this core staff to meet these and emerging needs.

EXPECTED RESULT: We will continue to restrict costs by employing in-house resources whenever possible. We expect the quality of Foundation service, and improvement of our performance, to result from our efforts to develop Communications capacity.

PROSPECTS

For the FY 2001-2002 we see greater opportunities to promote healing by broadcasting the successes of our funded projects and by further educating Canadians about the residential school system. Communications will continue to take advantage of the high profile of residential school issues in Canadian media. We will continue to focus our efforts and resources upon education and awareness-raising. We will take advantage of the growing readership of our newsletter and website to counter misconceptions propagated in the mainstream media.

Executive Director

Functions and Objectives for Fiscal Year (FY) 2000-2001

∞ 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

∞ OBJECTIVES

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

STRATEGY:

•working on a regular basis with the Chairperson of the Board as the Board of Directors' 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 Chairperson 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

2. 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

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

Executive Director

CONTINUED

4. 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.

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

STRATEGY:

- ensuring that the AHF complies with relevant AHF bylaws, 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.

Functions and Objectives for Fiscal Year (FY) 2000-2001

☉ FUNCTION

Finance manages the implementation of the financial plans and policies of the Foundation. As stated on page 9 of this report, the financial strategic objective of the Foundation is to manage wisely the funds it has been entrusted with. Finance carries out this objective through cost effective management of the foundation's internal financial operations, efficient negotiations and monitoring of funded projects, and strategic management of the Foundation's investments.

With a personnel of 18, Finance attends to its responsibilities in three main areas:

1. Project funding

- Financial review of proposals
- Participation in PMRC
- Financial negotiations (Approved proposals)

2. Organisational finances and administration (Foundation's operations)

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

3. Monitoring

- Processing financial claims submitted by project
- Assessment of quarterly reports
- Analysis and measurement of project performance

☉ OBJECTIVES

For the fiscal year 2001, to fulfill its functions and discharge its responsibilities, Finance has identified several objectives and strategies:

1. 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 achieves 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
- 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

Finance

CONTINUED

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.

2. Ensuring that funding is used in accordance with the terms and conditions of the Contribution Agreements

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 projects activity and financial management to verify that projects activities and financial management are in conformity with their Contribution agreement and performance report

- writing a final Audit Report

3. To 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

Functions and Objectives for Fiscal Year (FY) 2000-2001

☞ FUNCTION

With a staff of 25, 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. In the course of doing this, Programs also ensures that the Mandate and Mandatory Criteria of the AHF are met while working to promote a safe and sustainable healing process for residential school survivors and their descendants.

These are accomplished through information dissemination via Information Services, Community Support, Data Entry, In-house Screening and Proposal Assessment units. Each unit plays its role in a process designed to facilitate the development, planning, implementation and successful running of healing projects in communities. The AHF is unique in that we provide the following programmatic services:

- work with communities to develop their proposals through Proposal Development Workshops and direct communication with Community Support Coordinators, Information Officers and Proposal Assessment Officers
- provide feedback through recommendations offered by Proposal Assessment, Infor-

mation Services, and Community Support, and

- maintain regular communication through, among others, Proposal Assessors and Community Support Coordinators

☞ OBJECTIVES

1. To provide resources for healing initiatives

- communicate to help communities develop proposals
- communicate to help applicants improve proposals
- develop linkages, partnerships and networks in Aboriginal communities
- provide on-going support to funded projects in Aboriginal communities, and

STRATEGY: To provide fair and equitable service to Aboriginal communities seeking funding for healing projects which address the Legacy of Physical and Sexual Abuse in the Residential School System, including Intergenerational Impacts:

- assessing all applications for funding to ensure that the Mandate and Mandatory Criteria of the AHF are met

Programs

CONTINUED

- recognising healing need by priority group and area as identified through AHF research and community input
- development of different funding categories to address the differing needs of Aboriginal communities (Under \$50K, General Application, Healing Centre)
- providing information to communities seeking to apply for funding by answering questions through a 1-800 line and Information Sessions, Networking Visits and Proposal Development Workshops
- providing information to communities to assist them with their applications, through an Assessment Summary and follow-up communication, a 1-800 line, and Proposal Development Workshops
- developing a database to share opportunities for linkages, partnerships and networks with communities
- developing the capacities of Aboriginal communities by ensuring that qualified Aboriginal persons, Elders and residential school survivors have direct input and participation in healing projects and providing information and support to communities seeking safe healing practices
- providing on-going support to funded projects by means of information and support visits, and
- sharing results arising from projects through Information Sessions and the development of networks between projects

EXPECTED RESULTS: A. To develop capacities in Aboriginal communities while addressing the healing needs of residential school survivors and their descendants.

•During the community's proposal planning and development phase, Community Support Coordinators—with Information Officer support—provide Information Sessions and Proposal Development Workshops, and answer requests for information.

•The Proposal Assessment Officers offer support in addition to that offered by the Community Support Coordinators and Information Officers. This follow-through support is an important tool in developing capacities and bringing communities closer to healing for residential school survivors and their descendants.

As of May 8, 2001

- 2008 applications have been received
- 463 are approved, funded projects with Signed Agreements
- 161 are Conditionally Approved, awaiting Signed Agreements, and

Over 300 more proposals are currently being processed.

B. To offer communities the best opportunity for healing, proposal summaries are provided to those who whose proposals have been declined. The proposal summaries list what information is missing and request that the community re-submit with the additional information provided:

•989 proposals were assessed (based on January, 2001 statistics and excluding draft submissions)

2. Promote Awareness of Healing Issues and Need in Aboriginal Communities

- assist projects to identify the healing needs of their communities, and
- provide communities the opportunity to exchange and share information on their healing needs and strategies

STRATEGY: To promote awareness of healing issues and need in Aboriginal communities through the sharing of information in a positive manner, including:

- ensuring that healing information is communicated through information sharing and Information Sessions, conferences and Proposal Development Workshops, and
- providing opportunities to exchange and share information on healing needs and strategies through the development of a shared network.

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 FY 2001-2002 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 implementation to completion of their projects to ensure that the needs of survivors and their descendants are met in the best possible manner. While doing so, we will strive to ensure that the mandate and mission of the AHF are adhered to in all applications approved for funding.

Research

Functions and Objectives for Fiscal Year (FY) 2000-2001

☉ FUNCTION

Consisting of three employees (Director, Executive Assistant, and Research Officer), Research is responsible for:

- supervising the AHF Evaluation
- maintaining the AHF Resource Centre
- undertaking research on AHF issues that inform Board decisions
- contracting research that supports healing initiatives

The research agenda of the Aboriginal Healing Foundation focuses on applied or strategic research that contributes to the implementation and/or effectiveness of community-level healing projects.

This agenda is challenging because almost no research has been conducted on the personal and social impacts of Residential Schools on Survivors or their families and communities, or on effective Aboriginal practices and programs for healing these impacts. In particular, there is little Aboriginal-specific data or literature on issues related to the Legacy of Residential Schools in relation to Inuit and Métis communities.

☉ OBJECTIVES

- 1. To contribute to effective program design/redesign, implementation and evaluation**
- 2. To promote holistic healing and identify "best healing practices" of community-based projects**
- 3. To provide information on substantive issues which supports healing practices and enhances capacity-building in Aboriginal communities**
- 4. To contribute to the national healing legacy of the Aboriginal Healing Foundation**
- 5. To encourage a more informed and supportive public environment**

STRATEGY: To assist Aboriginal communities, research will gather information on the extent and nature of regional problems related to residential school experiences, including

- the specific healing needs of Inuit and Métis
- what constitutes "intergenerational impacts" of residential schools
- Aboriginal "best practices" effective in healing the social concerns affecting many Aboriginal communities.

EXPECTED RESULT: Research produced by the Aboriginal Healing Foundation will be made available to Aboriginal communities and the general public through published reports, newsletters and the Foundation website. The majority of the studies currently being undertaken by the Research will be completed by January 1, 2002.

These studies include:

- (a) Hollow Water and Rama: Cost Benefit Analysis of Healing (undertaken in partnership with Aboriginal Corrections, Solicitor General)
- (b) Mapping the Healing Experiences of Canadian Aboriginal Communities (undertaken in partnership with Aboriginal Corrections, Solicitor General)
- (c) Aboriginal Sex Offending in Canada: A review of the Occurrence, Literature and Best Healing Practices
- (d) A Blended Aboriginal Sexual Offender/Violent Offender Healing Program for Inmates and Healing Lodge Residents
- (e) The History, Experience and Intergenerational Impacts of Inuit in the Residential Schools System
- (f) The History, Experience and Intergenerational Impacts of Metis in the Residential School System
- (g) Best Healing Practices that Emerge from Community-Based, Holistic Healing Projects funded by the Aboriginal Healing Foundation

(h) Intergenerational Impacts of Residential Schools: Definition, Review of the Literature and Prevention Models

(i) Aboriginal Suicide: A Review of the Occurrence, Literature and Models of Best Practice for Prevention and Intervention, and

(j) Fetal Alcohol Syndrome Among Canadian Aboriginal Peoples: Review and Analysis of Intergenerational Links to Residential Schools and Addressing the Impacts of FAS/FAE.

Studies that contribute to the national healing legacy of the Aboriginal Healing Foundation and encourage a more informed and supportive public environment:

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

(l) The History and Experience of Aboriginal Residential Schools Workers, and

(m) Research for an Exhibit on Residential Schools (in partnership with the National Archives of Canada). An Exhibit of original photographs and documents will open at the National Archives on National Aboriginal Day, June 21, 2002, and an exhibit of high-quality reproductions will travel to urban and remote communities over the following two years.

Research

CONTINUED

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

STRATEGY: Research supervises an external consultant contracted by the AHF to undertake a substantial four-year evaluation of the role and effectiveness of the Foundation's activities. An Evaluation team has surveyed 200 AHF-funded projects and has begun in-depth case studies on twelve different types of projects funded by the Foundation.

EXPECTED RESULTS: The in-depth case studies of twelve AHF-funded projects will be completed in December 2001. The Evaluation team will provide information on the activities and outcomes of holistic healing approaches that reflect different Aboriginal cultures, regions and needs. An "Interim Evaluation Report of Aboriginal Healing Foundation Program Activity" will be submitted to the Board of Directors in July 2001. Interim reports will follow in 2002 and 2003, and a final report on the nature, role and impact of AHF-funded healing activities will be submitted in June 2004.

7. 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 include:

(a) Co-Chair (with INAC) of the Residential School Network Group, an informal gathering of government researchers that meets monthly to discuss research projects related to residential school Survivors and their descendants

(b) Technical Advisor, Advisory Board of the Aboriginal Health Institute, Canadian Institutes of Health Research

(c) Participant with other national Aboriginal organisations in the working group for the "Sacred Lives" report on the sexual exploitation of Aboriginal children and youth, a project sponsored by Save the Children, and

(d) Co-Chair (with Marlene Brant Castellano, former Co-Director of Research, RCAP) of the Aboriginal Scholars research initiative sponsored by the Policy Research Secretariat.

We have provided questions related to residential schools for the 2001 Aboriginal Peoples Survey of Statistics Canada, the 2001 Study on the Impact of Family Disruption (co-sponsored by Corrections Canada and the Assembly of First Nations, and others), and the National Victimization Study (undertak-

en by Simon Fraser University on behalf of several government departments).

We have also attempted to expand the Foundation's research output by exploring partnerships for research grants from the Social Science and Humanities Research Council of Canada (SSHRC), the National Aboriginal Health Organization (NAHO), and the Aboriginal Canadian Health Institute (AHI).

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. We are also able, through our partnerships, to access the expertise and resources of outside agencies.

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

The AHF Incorporation Papers make 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 begun 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 Residential School Survivors, their descendants or other parties.

Research CONTINUED

PROSPECTS

In the FY 2001-2002 we will complete 17 studies, including research for the Exhibit and four curricula units. In addition to the next phase of the Evaluation of the Role and Impact of the AHF, research plans for January to June 2002 include the following:

- (a) Intergenerational Impacts of Residential School (Part 2), a follow-up study that will draw upon the review of the literature to investigate the relationship between residential schools and the social issues of concern to Aboriginal communities
- (b) Inuit and Residential School (Part 2), a follow-up study based on the review of the literature and preliminary investigation of Inuit experience and issues related to residential schools
- (c) Métis and Residential Schools (Part 2), a follow-up study based on the review of the literature and preliminary investigation of Métis experience and issues related to residential schools
- (d) Evaluation of the "In Search of Your Warrior" Sexual Offense and Anger Management Program (with Research Branch Corrections Canada)
- (e) Aboriginal Domestic Violence: A Review of the Occurrence, Literature and Models of Best Practice
- (f) Teachers' Manuals for the 4 Curricula Units on Residential schools
- (g) Selected Indicators of Aboriginal Healing Foundation Impact: Definitions and Review of the Literature on Aboriginal Suicide rates, Children in Care, Substance Abuse Related Mortality, Rates of Family Violence; Incarceration)
- (h) 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 Schools, and
- (i) Analysis of "best healing practices" drawn from community-based projects funded by the AHF.

On-site Monitoring

ON-SITE VISITS

Once the Aboriginal Healing Foundation receives a signed Contribution Agreement from a recipient, certain terms and conditions set out the need for a regular monitoring and evaluation process.

During the lifetime of an AHF-funded project, Monitoring will process claims submitted by the project to ensure that funding is used for the purposes agreed. Effective monitoring provides assurances that all requirements of a contribution are being complied with. As well, it provides a basis for refining the overall project as necessary. Using regular review of a project's progress and achievements also reduces risk, by helping to ensure that adequate resources continue to be available, ensuring the project continues as planned. At the project level, a key risk is the potential for changes to the status or competence of the recipient that could adversely affect their ability to carry out the project.

Analysis and measurement of a Project Performance Review reflects on the project's impact and methods using the project's initial proposal scores. The summary findings vary from project to project, but overall findings usually encompass the following:

- What is the strength of the project?
- What changes would improve this project the most?
- How likely is it that the project's activities and methods will produce their proposed results?
- Is the project making the best effort possible to keep all clients safe during the healing process?

- To what extent are Aboriginal communities or residential school survivors (of those suffering intergenerational impacts) involved in the project?
- How will this project link with other Aboriginal healing projects/programs?
- How solid are the budget and expenditures?
- Should any new conditions be set out in order for the project to continue throughout the remaining life of the project?

Using the same assessment for a proposal during the application process, a **project's impact** in addressing the Legacy of Physical and Sexual Abuse in residential schools including intergenerational impacts will be reviewed on the basis of

- benefits to the community
- transfer of knowledge and skills
- how well it fits with the AHF's mission
- accountability
- involvement of and benefit to residential school survivors

The **project's methodological merit** will be reviewed on the strength of the methods used by the project. This includes taking a look at

- the process
- organisation
- management
- time-line

On-site Monitoring CONTINUED

- budget
- evaluation and monitoring plans
- background of the project team

During a review of these reporting requirements, an assessment, based on the following, will determine if an on-site monitoring visit is required to gain a better perspective on what the project is reporting to the AHF:

1. the project's objectives and activities conform with its work plan as set out in the contribution agreement
2. the project's duration is in fact completed or progressing as planned

☞ HOW ON-SITE VISITS ARE CHOSEN

In the course of the project's term period, reporting requirements are to be met by the project to ensure they account for their grant. The reporting requirements are set as follows:

- For most projects with an approved grant over \$50,000, Project Performance Reviews and Financial Claims are due quarterly. The AHF considers 2nd and 4th quarterly reviews most important in regard to the amount of information projects are required to submit. A copy of an annual audited financial statement will conclude the project's reporting requirements.

There may be exceptions to quarterly reporting requirements for projects over \$50,000. This is in cases where the project is deemed to be shorter in term (i.e., six months or less for

activities such as summer camps, community needs assessments, etc.). If an exception is deemed necessary during negotiations, the project will be asked to comply to a 90:10 payment schedule and report upon the first half and the last half of the project only.

- Projects with funding under \$50,000 are paid on a 90:10 schedule and will be required to submit their Project Performance Review and Financial Claim within a certain time period following the end of their project.

An assessment performed on the report submitted by the project will result in a rating of **satisfactory** or **unsatisfactory**. The following program and key financial performance indicators apply when rating a project unsatisfactory:

- The report does not conform with the work plan that was originally submitted in the Recipient's application. (For example, a project builds an ice rink instead of hosting talking circles for the community.)
- The quarterly reporting period of the project is completed, and the Review does not conform with the prescribed form
- The quarterly reporting period is completed and the report does not conform with the prescribed form. If you have serious concerns with the budget variance, the subsequent payment can be amended to accommodate the budget variance. (For example, there are expenditures prior to the start date and these were not approved or even acknowledged by the AHF.)

On-site Monitoring

CONTINUED

- The recipient is a newly-created entity formed specifically to carry out the project and therefore does not have an established history or practical management/supervisory skill to oversee and carry out its activities
- The significance of the project, measured in the number of recipients identified in the statistical component of the report –that is, the qualitative analysis which determines who the project has affected and how it has benefitted the community
- Written information or complaints received from the community indicating concern over the use of funds and/or progress of the project
- Project activity reports indicating a high likelihood that the project's objectives and activities will not be achieved
- Projects where the executing agent's administrative and financial controls appear weak
- The project has a high staff turnover in key positions
- Significant variances between budgeted and actual expenditures that cannot be reasonably explained
- Consistent delays or inaccuracies in receiving required reports and/or information from the recipient
- The program delivery system is susceptible to fraud when it does not immediately implement a CPIC policy, a Project Monitoring and Evaluation policy or an accountability mechanism to the community
- Findings of past audits
- Possible non-compliance with the terms of the agreement or costs claimed that are not in accordance with the agreement
- Indications that cash flow or budget management appear weak
- Indications that advances requested appear in excess of project needs or the period covered

These key indicators and project performance reviews will assist in the selection and delivery of random On-Site Monitoring Visits.

Although it is recognised that "random" pre-supposes an impromptu audit schedule, it is logical to spot-check a project that has had time to set itself up and run. Therefore, the decision to perform an on-site visit or audit is normally made at the completion of the project's first 6-month term. The intent of a random on-site monitoring is to measure the success of a project as well as the likelihood that it will have problems.

In FY 2000-2001, the Finance conducted, with the assistance of Programs, 46 on-site monitoring visits.

**Financial Statements of
ABORIGINAL HEALING FOUNDATION
Year Ended March 31, 2001**



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Auditors' Report to the Directors

We have audited the statement of financial position of Aboriginal Healing Foundation as at March 31, 2001 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, 2001 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 18, 2001

Aboriginal Healing Foundation Statement of Financial Position

March 31, 2001, with comparative figures for 2000

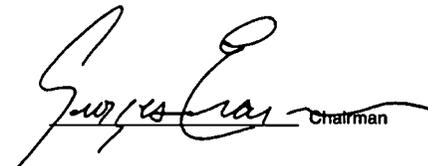
	2001	2000
Assets		
Current assets:		
Cash	\$ —	\$ 403,816
Amounts receivable	65,496	249,861
Interest receivable	1,885,443	2,145,740
Prepaid expenses	347,250	128,903
	<u>2,298,189</u>	<u>2,928,320</u>
Capital assets (note 3)	788,182	876,093
Investments (note 4)	322,325,718	345,023,092
	<u>\$ 325,412,089</u>	<u>\$ 348,827,505</u>

Liabilities and Deferred Contributions

Current liabilities:		
Bank indebtedness (note 5)	\$ 376,000	\$ —
Accounts payable and accrued liabilities	557,869	528,596
	<u>933,869</u>	<u>528,596</u>
Deferred contributions:		
Deferred capital contributions	788,182	876,093
Deferred grant	323,690,038	347,422,816
	<u>324,478,220</u>	<u>348,298,909</u>
Lease commitments (note 6)		
Project commitments (schedule)		
	<u>\$ 325,412,089</u>	<u>\$ 348,827,505</u>

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors:


 Chairman


 Treasurer

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Annual Report 2001

Aboriginal Healing Foundation Statement of Operations

Year ended March 31, 2001, with comparative figures for 2000

	2001	2000
Revenue:		
Grant	\$23,659,057	\$ 2,577,184
Investment	20,080,055	22,591,202
Amortization of deferred capital contributions	161,632	117,203
	43,900,744	25,285,589
Expenses:		
Project:		
Project funding (schedule)	36,642,788	15,241,690
Proposal development	10,000	2,603,712
	36,652,788	17,845,402
Administrative:		
General (note 7)	5,144,265	4,970,342
Governance	691,318	882,972
Merit review	49,450	465,409
Communication and promotion	267,266	314,562
Proposal development workshop	195,043	206,001
Regional meetings	193,190	200,645
Research	370,798	110,838
Amortization of capital assets	161,632	117,203
Youth Advisory Panel	66,892	—
Monitoring	108,102	—
Ethics Committee	—	170,303
Information sessions	—	1,912
	7,247,956	7,440,187
	43,900,744	25,285,589
Excess of revenue over expenses	\$ —	\$ —

See accompanying notes to financial statements.

Aboriginal Healing Foundation Statement of Changes in Deferred Contributions

Year ended March 31, 2001, with comparative figures for 2000

	Deferred investment income	Deferred capital contributions	Deferred grant	Total 2001	Total 2000
Balance, beginning of year	\$ —	\$ 876,093	\$347,422,816	\$348,298,909	\$357,957,085
Investment income (note 4(b))	20,080,055	—	—	20,080,055	15,627,413
Recognized as revenue	(20,080,055)	—	(23,659,057)	(43,739,112)	(25,168,386)
Capital asset additions	—	73,721	(73,721)	—	—
Amortization of deferred capital contributions	—	(161,632)	—	(161,632)	(117,203)
Balance, end of year	\$ —	\$ 788,182	\$323,690,038	\$324,478,220	\$348,298,909

See accompanying notes to financial statements.

Aboriginal Healing Foundation Statement of Cash Flows

Year ended March 31, 2001, with comparative figures for 2000

	2001	2000
Cash provided by (used for):		
Operations:		
Decrease (increase) in amounts receivable	\$ 184,365	\$ (159,881)
Decrease (increase) in interest receivable	260,297	(629,684)
Increase in prepaid expenses	(218,347)	(120,007)
Increase in accounts payable and accrued liabilities	29,273	96,936
Amortization of capital assets	161,632	117,203
	417,220	(695,433)
Investments:		
Purchase of investments	(551,059,155)	(471,585,924)
Sale of investments	579,388,172	491,699,624
Amortization of bond discounts/premiums	(5,631,643)	(7,789,874)
Capital asset additions	(73,721)	(502,978)
	22,623,653	11,820,848
Financing:		
Decrease in deferred investment income	—	(7,466,767)
Increase (decrease) in deferred capital contributions	(87,911)	385,775
Decrease in deferred grant	(23,732,778)	(2,577,184)
	(23,820,689)	(9,658,176)
Increase (decrease) in cash (bank indebtedness)	(779,816)	1,467,239
Cash (bank indebtedness), beginning of year	403,816	(1,063,423)
Cash (bank indebtedness), end of year	\$ (376,000)	\$ 403,816

See accompanying notes to financial statements.

Aboriginal Healing Foundation Notes to Financial Statements

Year ended March 31, 2001

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
Artwork	No amortization

(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, 2001

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 revenues and expenses during the period. Actual results could differ from those estimates.

3. Capital assets:

	Cost	Accumulated amortization	2001 Net book value	2000 Net book value
Furniture and equipment	\$ 503,482	\$ 98,504	\$ 404,978	\$ 413,417
Computer hardware	501,671	198,335	303,336	387,588
Computer software	82,775	20,954	61,821	57,041
Artwork	18,047	—	18,047	18,047
	<u>\$1,105,975</u>	<u>\$ 317,793</u>	<u>\$ 788,182</u>	<u>\$ 876,093</u>

Cost and accumulated amortization at March 31, 2000 amounted to \$1,032,254 and \$156,161 respectively.

Aboriginal Healing Foundation Notes to Financial Statements, page 3

Year ended March 31, 2001

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:

	2001 Cost	2001 Market value	2000 Cost	2000 Market value
Cash	\$ 1,376,808	\$ 1,376,808	\$ 231,685	\$ 231,685
Receivable from sale of investments	5,929,756	5,929,756	1,360,278	1,360,278
Payable on purchase of investments	(4,523,948)	(4,523,948)	—	—
Cash equivalents:				
Federal government	21,322,750	21,322,750	5,474,954	5,474,954
Corporate	24,430,703	24,430,703	29,851,200	29,851,200
Bonds, coupons and residuals:				
Federal government	170,525,983	174,243,119	210,436,072	213,641,658
Provincial government	62,547,219	64,717,575	61,504,322	58,654,143
Corporate	35,084,804	33,069,514	28,374,707	26,635,669
	316,694,075	320,566,277	337,233,218	335,849,587
Amortization of bond discounts/premiums	5,631,643	—	7,789,874	—
	\$322,325,718	\$ 320,566,277	\$ 345,023,092	\$ 335,849,587

(b) Investment income is comprised of:

	2001	2000
Interest	\$ 9,480,443	\$8,644,268
Gain (loss) on disposal	4,967,969	(806,729)
Amortization of bond discounts/premiums	5,631,643	7,789,874
	\$ 20,080,055	15,627,413

5. Bank indebtedness:

The Foundation's bank indebtedness balance consists of the following:

Cash in bank account at March 31, 2001	\$ 1,916,524
Less outstanding cheques at March 31, 2001	2,292,524
Bank indebtedness at March 31, 2001	\$ (376,000)

Aboriginal Healing Foundation Notes to Financial Statements, page 4

Year ended March 31, 2001

6. Lease commitments:

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

2002	\$	372,819
2003		363,520
2004		174,051
		\$ 910,390

7. General expenses:

	2001	2000
Salaries	\$3,680,378	\$3,414,286
Office	291,908	349,067
Investment fees	261,162	249,919
Professional fees	122,340	195,234
Computer maintenance	124,812	221,840
Rent	274,822	202,966
Travel	114,965	217,459
Insurance	29,231	23,071
Equipment lease	82,213	96,500
Translation	67,096	—
Training	95,338	—
		\$4,970,342

8. Related party transaction:

The Foundation is related to the Aboriginal Healing Charitable Association which was incorporated on July 17, 2000 under Part II of the Canada Corporations Act. The Association is a registered charity. The Foundation appoints the majority of the Board of Directors of the Association.

The Charity 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.

During the year, the Foundation provided the Association with office space and administrative services without charge. The Association had minimal activity in the year.

9. Comparative figures:

Certain 2000 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2001.

Aboriginal Healing Foundation Schedule of Project Commitments and Expenditures

Year ended March 31, 2001

Theme	Opening cumulative project commitments	Current year project commitments	Closing cumulative project commitments	Opening cumulative project expenditures	Current year project expenditures	Closing cumulative project expenditures	Remaining project commitments
Community Healing	\$11,194,330	\$ (755,112)	\$ 10,439,218	\$6,154,227	\$3,488,155	\$9,642,382	\$ 796,836
Developing and enhancing aboriginal capacities	6,405,329	(98,858)	6,306,471	4,105,583	1,848,141	5,953,724	352,747
Restoring balance	18,127,101	343,147	18,470,248	2,943,144	10,841,119	13,784,263	4,685,985
Honour and history	3,847,379	(155,375)	3,692,004	584,335	2,046,972	2,631,307	1,060,697
Healing centers	5,312,042	1,095,556	6,407,598	1,454,401	3,271,389	4,725,790	1,681,808
General	—	70,807,162	70,807,162	—	15,147,012	15,147,012	55,660,150
	\$44,886,181	\$71,236,520	\$116,122,701	\$15,241,690	\$36,642,788	\$51,884,478	\$64,238,223



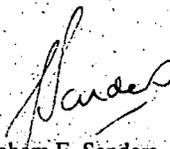
May 16, 2001

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,



Graham E. Sanders
President

12 Wanless Crescent Toronto Ontario Canada M4N 3B7
(416) 484-4001 giraf@wolfcrestcap.com

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Annual Report 2001

Aboriginal Healing Foundation

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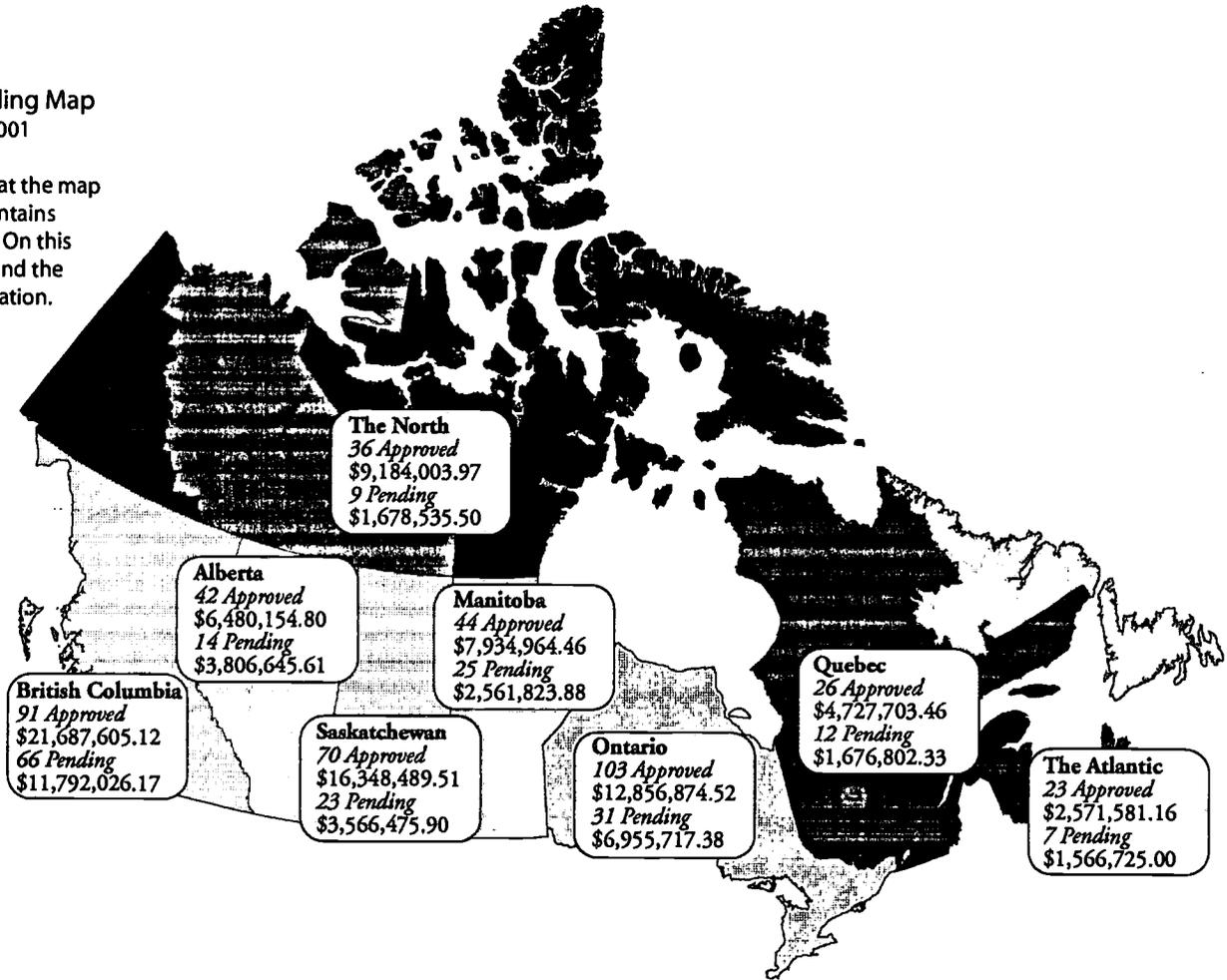
E-mail: programs@ahf.ca

Website: www.ahf.ca

erratum

**Project Funding Map
to March 31, 2001**

Please note that the map
on page 16 contains
incorrect data. On this
map you will find the
correct information.



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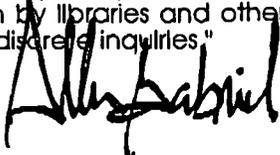
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Position:

Director of Communications

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Allen Gabriel

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