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# 2021 ANNUAL REPORT

## Mississagi Trust

“Mississagi and the Trustees acknowledge and agree that the Trust Property is intended to be held and shall be held as a long-term asset for the use and benefit of Mississagi, as beneficiary, to be administered by the Trustees upon the trusts set out in this Trust Agreement.”

“The Trust Account is to be managed, used and invested prudently and wisely for the benefit of the present and future generations of the Mississagi people.” (Trust Agreement April 27, 1994)

## Year In Review

COVID was once again very present in 2021, with most employees working from home at different periods of times throughout the year.

It has once again affected the number of membership applications the Trust received as most students were working from home, and some dental/health procedures were put on hold. However, the Trust did see a small improvement in the number of applications received from 2020.

Portfolio Management Summary: 2020 TD Wealth Revenue Portfolio and Capital Portfolio (Attached).



## Lands

The Trust purchased four pieces of property in 2021 as directed by Chief and Council.

(Please see map on page 2)

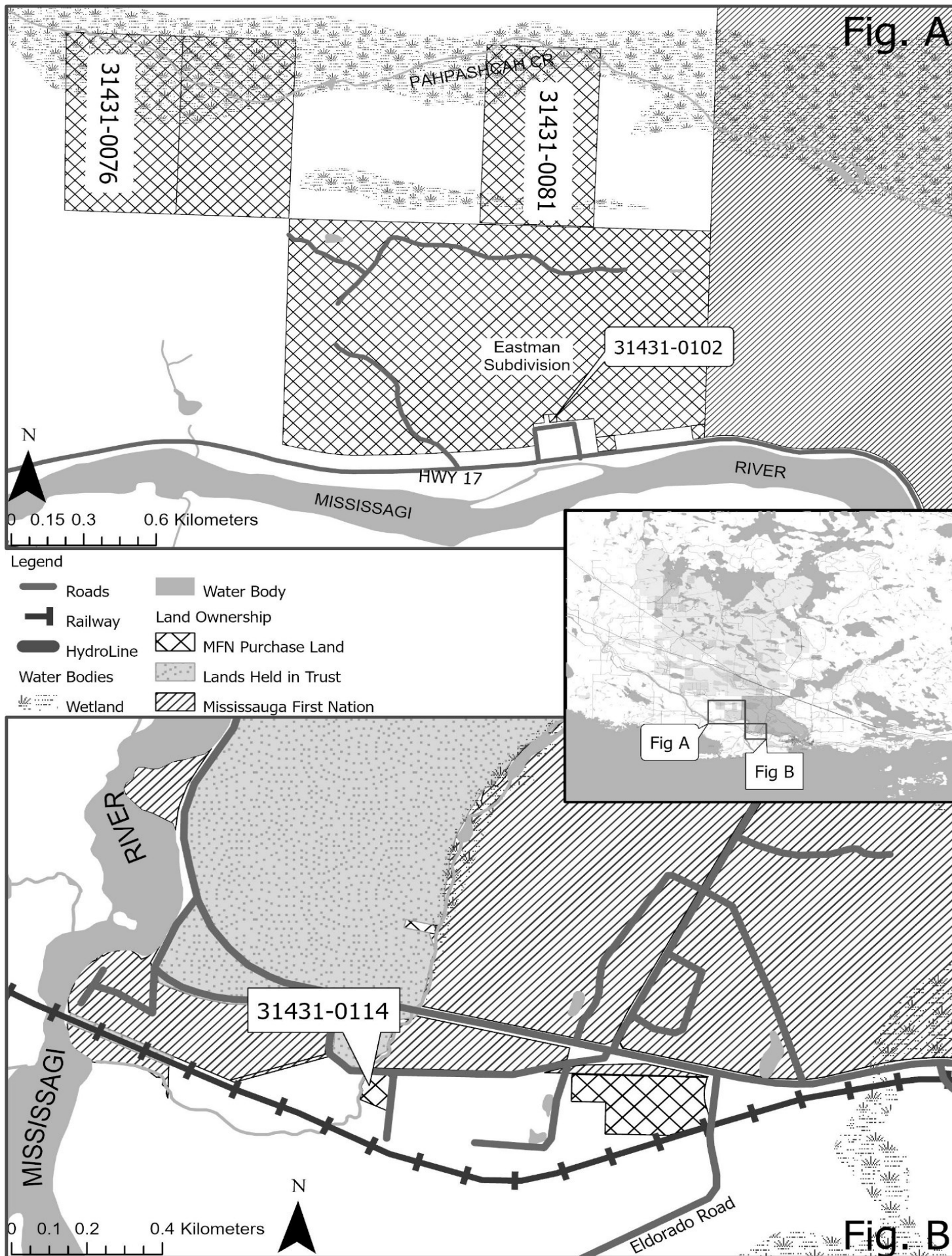
The first piece of property purchased is PIN (Property Identification Number) 31431-0076 described as N1/2 Lot 12, Con 3 Cobden except T45820, Town of Blind River. This property was purchased for \$30,000 and is approximately 334 acres. This property was purchased on March 1, 2021.

The second piece of property which was purchased on May 14, 2021 is described in PIN #31431-0114, Part Lot 1, Range A, Cobden Township, Bind River. The civic address is 3 Shingwauk. This property was purchased for \$16,000 and is approximately 1.6 acres.

The third piece of property purchased is PIN 31431-0102 which is approximately 0.5 acre. It is described as Part Lot 10, Con 2, Town of Blind River. It is approximately 0.5 acres. The asking price was \$23,500 and was purchased for \$13,500 on May 31, 2021.

The Trust also purchased property described in PIN #31431-0081 as West 1/2 of N1/2 Lot 10, Conc. 3, Cobden, Town of Blind River. This property is approximately 93 acres and the asking price was \$35,000—\$40,000. The Trust entered negotiations with the owner and was able to purchase the property for \$33,500 on September 28, 2021.

Since the inception of the Trust the total amount spent by the Trust on purchasing properties is \$3,135,820. Of this amount \$2,659,350 was “for must buy” properties as outlined in the Trust Agreement. The amount spent to purchase other properties abutting the First Nation’s boundaries or in our area totaled \$476,479.



## GENERATING RESULTS ADD

### Trust Proposal Application Approvals

From January 1 to December 31, 2021 the Trust received sixty-nine (69) inquiries regarding the proposal applications for Comprehensive Community Plan, Community Project Membership applications. The Trust received 65 inquiries under the membership stream. Three of the inquiries were under the Community Project Stream and one under the Comprehensive Community Plan. Of the sixty-five (65) inquiries under the membership stream 48 inquiries were regarding health, 7 inquiries were regarding education and 10 inquiries were regarding small business. Of these inquiries ten (10) did not fall under any stream and four inquiries were directed to the Jordan's Principle program as they involved Band members under the age of eight-teen.

Forty-seven (47) applications were either sent out or downloaded. Thirty-six (36) applications were received. Thirty-five applications were reviewed by the Trustees with thirty (30) applications being approved.

Four applications were not approved; one application would have been a reimbursement for monies already spent which is considered a debt and does not meet the criteria under the membership stream. Of the other three applications that were not approved, one had an on-going annual cost that was quite high and the other two applications involved expenses that were also quite high and the Trust felt that they could not meet the financial obligations that would be involved if other Band members submitted an application for the same. The Trustees felt that they could not just fund one Band member when there are so many that need the same assistance. One application required more information which was not received.

Three applications were received under the Community Project Stream of which two were approved. The application that was not approved, once again, included funding for a large amount that the Trustees could not justify as there was insufficient funds to provide everyone with this much needed service.

One application received under the "Comprehensive Community Plan" was approved.

Twenty-four (24) First Nation members benefitted from the membership application stream totaling \$53,156;

\$52,058 was approved under the membership health stream, and \$1,098 was approved under the membership education stream.

## APPLICATION STREAMS

Last year's annual report stated that the application stream funding was voted on and approved for three years in 2018, however the length of the approval at that time was for six years. The next vote regarding the application streams are scheduled to take place in 2024; however, a vote may take place prior to the next scheduled vote.

Under the membership stream please be aware that the Trust is the last place to come to for funding after all other funding sources have been exhausted.

An application regarding a member under the age of 18 should first be submitted to the Jordan's Principles Program. On Mississauga First Nation the contact person for this program is also responsible for the Grammas and Aunties Program and can be contacted at 705-356-1621 ex 2247.

The Trust was able to fund a community project that involved installing exercise equipment and the Pow-Wow grounds. Each piece of equipment has the instructions on how to use the equipment properly.



The Trust was also able to assist in the building of the 2nd duplex through the community project stream.



## **Annual Evaluation Report January 1- December 31, 2021**

The purpose of this report is to review the activity in the past year to determine the effectiveness of the program. Here are the statistics for the third full year of operations:

- Sixty-Nine (69) inquiries were received
- Forty-Five (45) applications were sent out or downloaded
- Four (4) inquiries were directed to Jordan's Principle Program
- Ten (10) inquiries did not meet the criteria under the Membership stream
- One of the individuals involved were not Band members
- Thirty-Six (36) applications were received; one (1) required more information that was not received
- Thirty-Five (35) applications were reviewed by the Trustees;
- Thirty (30) applications were approved
- Four (4) were not approved
- One (1) required more information and was never received
- The following is the percentage of funds spent per application stream:

• Comprehensive Community Plan	54%
• Community Project	94%
• Member	32%





## Your Investment Account statement

December 1, 2021 to December 31, 2021

### Your portfolio at a glance

#### You need to know

Please see **page 18** for important information about your portfolio.

Please see **page 20** for further information about Your portfolio at a glance section.

MISSISSAGI TRUST  
Portfolio number: NS4411  
Portfolio type: Investment Account

	This period (Dec 1 - Dec 31, 2021)	Year to date (Jan 1 - Dec 31, 2021)	Last 12 months (Jan 1 - Dec 31, 2021)	Last 3 years (Jan 1, 2019 - Dec 31, 2021)	Since Jan 1, 2012 (Jan 1, 2012 - Dec 31, 2021)
Beginning portfolio balance	\$9,402,361.62	\$9,485,442.09	\$9,485,442.09	\$8,612,531.46	\$11,089,811.21
Deposits & transfers-in of securities	\$0.00	\$0.00	\$0.00	\$5.92	\$124,886.83
Withdrawals & transfers-out of securities	\$0.00	-\$109,238.53	-\$109,238.53	-\$493,320.62	-\$4,177,463.75
Fees	-\$4,457.27	-\$51,772.05	-\$51,772.05	-\$151,476.75	-\$531,785.32
Investment income:					
Dividends	\$74,936.08	\$280,121.72	\$280,121.72	\$545,061.11	\$546,122.09
Interest	\$6.51	\$69.88	\$69.88	\$293,583.24	\$2,751,446.89
Realized capital distributions, gains and losses	-\$1,634.30	-\$25,561.62	-\$25,561.62	\$146,208.12	-\$91,111.35
Change in unrealized capital gains and losses	\$103,458.22	-\$19,847.31	-\$19,847.31	\$546,253.22	-\$213,060.90
Adjustments for the period	\$0.00	\$15,456.68	\$15,456.68	\$15,047.65	\$15,047.65
Unallocated distributions for the current year	\$0.00	\$0.00	\$0.00	N/A	N/A
<b>Ending portfolio balance</b>	<b>\$9,574,670.86</b>	<b>\$9,574,670.86</b>	<b>\$9,574,670.86</b>	<b>\$9,574,670.86</b>	<b>\$9,574,670.86</b>

On December 31, 2021, CAD 1.00 = USD 0.78990

### Your personal rates of return as of Dec 31, 2021

This period	Year to date	For the last 12 months	For the last 3 years	For the last 5 years	For the last 10 years	Since Jan 1, 2012
<b>1.84%</b>	<b>2.09%</b>	<b>2.09%</b>	<b>5.52%</b>	<b>3.49%</b>	<b>2.59%</b>	<b>2.59%</b>

Personal rate of return reflects the total percentage return earned on the investments held in your account. Total percentage return means the cumulative realized and unrealized capital gains and losses of an investment, plus income from the investment, over a specified period of time, expressed as a percentage.

Personal rate of return is calculated using a money-weighted methodology. Unlike alternative rate of return methodologies, it takes into account any deposits or withdrawals you have made, and the performance outcomes of your investments over a specified time period, net of fees and charges paid. Rates of return are provided on an annualized basis except for any returns reflective of a period of less than one year.

This historical data offers you a longer term perspective about your account's performance and progress towards your goals.



## Your Investment Account statement

December 1, 2021 to December 31, 2021

### Your portfolio at a glance

#### You need to know

Please see **page 10** for important information about your portfolio.

Please see **page 12** for further information about your portfolio at a glance section.

MISSISSAGI TRUST  
Portfolio number: MP1832  
Portfolio type: Investment Account

	This period (Dec 1 - Dec 31, 2021)	Year to date (Jan 1 - Dec 31, 2021)	Last 12 months (Jan 1 - Dec 31, 2021)	Last 3 years (Jan 1, 2019 - Dec 31, 2021)	Since Oct 7, 2014 (Oct 7, 2014 - Dec 31, 2021)
Beginning portfolio balance	\$1,356,168.18	\$1,672,617.45	\$1,672,617.45	\$1,551,581.44	\$0.00
Deposits & transfers-in of securities	\$0.00	\$0.00	\$0.00	\$301,243.00	\$3,218,061.49
Withdrawals & transfers-out of securities	-\$12,827.29	-\$284,644.42	-\$284,644.42	-\$665,853.24	-\$2,145,208.97
Fees	-\$634.72	-\$8,076.30	-\$8,076.30	-\$26,455.79	-\$67,921.34
Investment income:					
Dividends	\$1,049.71	\$22,413.76	\$22,413.76	\$33,627.69	\$33,627.69
Interest	\$445.80	\$5,829.07	\$5,829.07	\$66,969.71	\$291,287.53
Realized capital distributions, gains and losses	-\$1,384.44	-\$13,383.71	-\$13,383.71	\$9,144.72	-\$8,904.65
Change in unrealized capital gains and losses	\$8,683.41	-\$54,008.90	-\$54,008.90	\$33,575.49	-\$17,108.73
Adjustments for the period	\$5,335.65	\$16,089.35	\$16,089.35	\$32,598.51	\$32,598.51
Unallocated distributions for the current year	\$0.00	\$0.00	\$0.00	N/A	N/A
<b>Ending portfolio balance</b>	<b>\$1,356,836.30</b>	<b>\$1,356,836.30</b>	<b>\$1,356,836.30</b>	<b>\$1,356,836.30</b>	<b>\$1,356,836.30</b>

On December 31, 2021, CAD 1.00 = USD 0.78990

### Your personal rates of return as of Dec 31, 2021

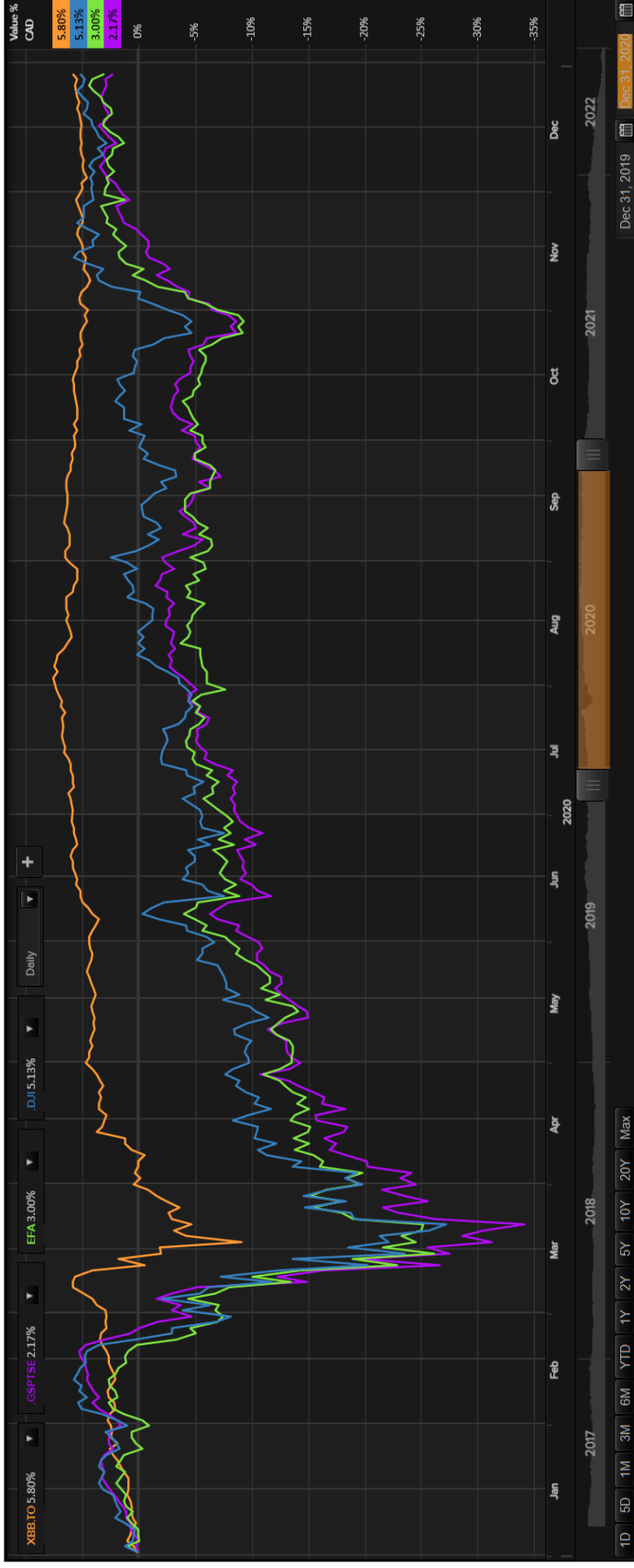
This period	Year to date	For the last 12 months	For the last 3 years	For the last 5 years	Since Oct 7, 2014
<b>0.99%</b>	<b>-2.11%</b>	<b>-2.11%</b>	<b>3.70%</b>	<b>2.42%</b>	<b>2.33%</b>

Personal rate of return reflects the total percentage return earned on the investments held in your account. Total percentage return means the cumulative realized and unrealized capital gains and losses of an investment, plus income from the investment, over a specified period of time, expressed as a percentage.

Personal rate of return is calculated using a money-weighted methodology. Unlike alternative rate of return methodologies, it takes into account any deposits or withdrawals you have made, and the performance outcomes of your investments over a specified time period, net of fees and charges paid. Rates of return are provided on an annualized basis except for any returns reflective of a period of less than one year.

This historical data offers you a longer term perspective about your account's performance and progress towards your goals.

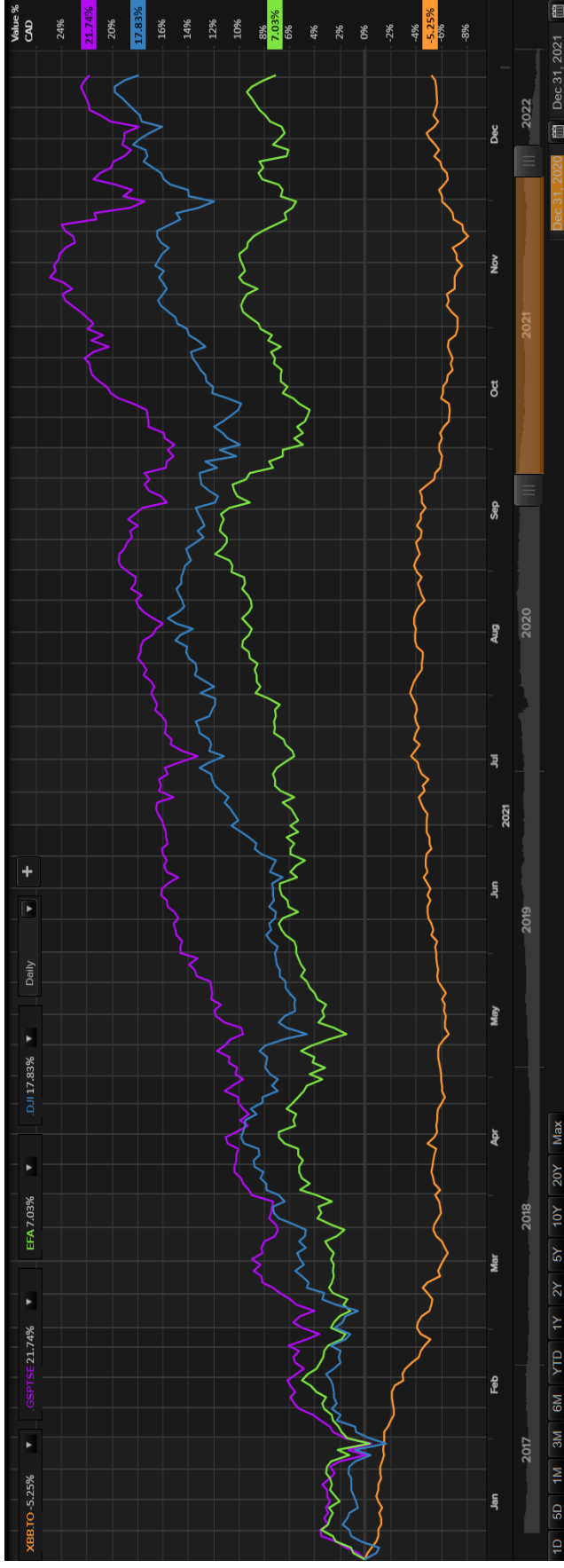
# Market Returns - 2020



## Canada Bonds, Canada Stocks, US Stocks, International Stocks

- Very difficult decline in March 2020 but all markets recovered
- Bonds were best performer (+5.80%)
- Stocks jumped after Vaccine announcements and US Election
- Major Stock Markets were positive by the end of 2020

# Market Returns - 2021



## Canada Bonds, Canada Stocks, US Stocks, International Stocks

- Stocks performed well in 2021
- Bonds declined significantly due to increasing interest rates (-5.25%)
- Portfolios with more Stock holdings outperformed significantly



# Portfolio Comparison *(Dec 31, 2021)*



## Capital Account

- Stocks/Equity
  - Started at 6%
  - Presently around 18.2%
- 2019 Return = 5.31%
- 2020 Return = **9.22%**
- 2021 Return = **2.09%**
- 4.92% Annualized Return (July 10/19 to Dec 31/21)

## Income Account

- 100% Fixed Income
- 2019 Return = 4.89%
- 2020 Return = **7.62%**
- 2021 Return = **-2.11%**
- 2.76% Annualized Return (July 10/19 to Dec 31/21)

■ **2.16%** = Annualized Return difference (4.92%-2.76%)

■ **Total Excess Return is \$205,200 per year**

(based on portfolio value of \$9,500,000)

## Summary Review



- Stock Market had a historic drop from February 20 to March 23, 2020 ... down 35%+
- Capital portfolio dropped around net \$17,000 from January to March 2020
- Capital portfolio is outpacing the Income portfolio from July 10, 2019 (the date Stocks were added) by 2.16% per year
- Additional annual income is \$205,200 based on \$9,500,000 portfolio
- This excess income is based on the gradual increase in Stocks from July 10, 2019. Presently holding 18.2% in the Capital portfolio
- Additional Stock in the portfolio could increase the benefit
- Adding Stock to the portfolio has ADDED VALUE

**Mississagi Trust**  
**Financial Statements**  
For the year ended December 31, 2021

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## Independent Auditor's Report

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To the beneficiary of Mississagi Trust:

### Opinion

We have audited the financial statements of Mississagi Trust (the Trust), which comprise the statement of financial position as at December 31, 2021, and the statements of operations and changes in fund balances and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2021, and its results of its operations, change in fund balances and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



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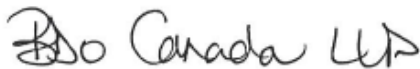
## Independent Auditor's Report (continued)

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As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants, Licensed Public Accountants

Sault Ste. Marie, Ontario  
May 26, 2022

**Mississagi Trust**  
**Statement of Financial Position**

December 31	2021		2020	
	Revenue	Capital	Total	Total
<b>Assets</b>				
<b>Current</b>				
Cash	\$ 40,791	\$ 4,154	\$ 44,945	\$ 21,847
Property taxes and other receivables	3,928	-	3,928	76,585
Inter-fund balances	538,339	(538,339)	-	-
	<u>583,058</u>	<u>(534,185)</u>	<u>48,873</u>	<u>98,432</u>
<b>Investments</b>				
Long term investments (Note 2)	1,356,836	9,574,671	10,931,507	11,158,067
Property	-	3,224,390	3,224,390	3,118,646
	<u>1,356,836</u>	<u>12,799,061</u>	<u>14,155,897</u>	<u>14,276,713</u>
	<u>\$ 1,939,894</u>	<u>\$ 12,264,876</u>	<u>\$ 14,204,770</u>	<u>\$ 14,375,145</u>

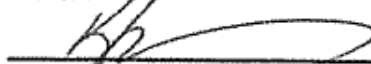
**Liabilities and Fund Balances**

<b>Current</b>				
Accounts payable and accrued liabilities	\$ 7,630	\$ -	\$ 7,630	\$ 92,811
Due to beneficiary, Mississauga First Nation	1,931,869	-	1,931,869	1,935,637
	<u>1,939,499</u>	<u>-</u>	<u>1,939,499</u>	<u>2,028,448</u>
<b>Fund Balances</b>				
Unrealized gains (losses)	(17,106)	292,742	275,636	349,411
Fund balances	17,501	11,972,134	11,989,635	11,997,286
	<u>395</u>	<u>12,264,876</u>	<u>12,265,271</u>	<u>12,346,697</u>
	<u>\$ 1,939,894</u>	<u>\$ 12,264,876</u>	<u>\$ 14,204,770</u>	<u>\$ 14,375,145</u>

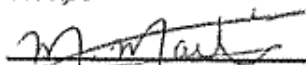
Approved on behalf of the Trust



Trustee



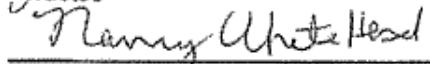
Trustee



Trustee



Trustee



Trustee

The accompanying notes are an integral part of these financial statements.

**Mississagi Trust**  
**Statement of Operations and Changes in Fund Balances**

For the year ended December 31			2021	2020
	Revenue	Capital	Total	Total
<b>Revenue</b>				
Investment income (loss)	\$ 308,773	\$ (25,562)	\$ 283,211	\$ 670,153
<b>Expenses</b>				
Bad debts	73,000	-	73,000	-
Honorariums	24,400	-	24,400	24,000
Insurance	5,733	-	5,733	5,897
Management fees	59,848	-	59,848	59,932
Meeting and election costs	4,116	-	4,116	632
Office	5,454	-	5,454	3,994
Professional fees	6,121	-	6,121	8,963
Property taxes	11,918	-	11,918	9,321
Rental	2,853	-	2,853	3,319
Telephone and communications	1,430	-	1,430	1,413
Travel	246	-	246	121
Wages and benefits	47,466	-	47,466	45,055
	242,585	-	242,585	162,647
<b>Income from operations</b>	66,188	(25,562)	40,626	507,506
<b>Distribution to beneficiary</b>	(66,188)	-	(66,188)	(507,506)
	-	(25,562)	(25,562)	-
<b>Approved project applications under the ratified July 2018 Trust guidelines:</b>				
Comprehensive community plan	27,826	-	27,826	131,109
Community projects	-	-	-	12,780
Band members	42,130	-	42,130	63,005
	69,956	-	69,956	206,894
<b>Allocation from beneficiary</b>	(69,956)	-	(69,956)	(206,894)
	-	-	-	-
<b>Change in unrealized gain (loss) on market value of investments</b>	(36,098)	(19,766)	(55,864)	320,667
<b>Gain (loss) for the year</b>	(36,098)	(45,328)	(81,426)	320,667
<b>Fund balances, beginning of year</b>	36,493	12,310,204	12,346,697	12,026,030
<b>Fund balances, end of year</b>	\$ 395	\$ 12,264,876	\$ 12,265,271	\$ 12,346,697

The accompanying notes are an integral part of these financial statements.

**Mississagi Trust**  
**Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2021</b>	<b>2020</b>
	<b>Total</b>	<b>Total</b>
<b>Cash flows from operating activities</b>		
Net gain (loss)	\$ (81,426)	\$ 320,667
Changes in non-cash working capital balances		
Property taxes and other receivables	72,657	(3,085)
Accounts payable and accrued liabilities	(85,180)	88,845
Due to beneficiary, Mississauga First Nation	(3,768)	300,612
	<u>(97,717)</u>	<u>707,039</u>
<b>Investing activities</b>		
Purchase of property	(105,744)	(72,024)
Net sale (purchase) of investments	226,559	(646,775)
	<u>120,815</u>	<u>(718,799)</u>
<b>Increase (decrease) in cash during the year</b>	<b>23,098</b>	<b>(11,760)</b>
<b>Cash, beginning of year</b>	<u><b>21,847</b></u>	<u><b>33,607</b></u>
<b>Cash, end of year</b>	<b>\$ 44,945</b>	<b>\$ 21,847</b>

The accompanying notes are an integral part of these financial statements.



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## Mississagi Trust

### Notes to Financial Statements

December 31, 2021

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#### 1. Summary of significant accounting policies

##### ***Nature and purpose of organization***

The Mississagi Trust was established in 1994 from the Land Claim Settlement Agreement under the laws of Ontario. The main purpose of the trust is to maintain assets for the use and benefit of Mississauga First Nation as beneficiary, as governed by the provisions of the trust agreement.

##### ***Basis of accounting***

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

##### ***Fund accounting***

The Capital Fund reports the original amounts received from the boundary claim settlement. In general, capital amounts may only be invested in authorized investments, distributed or loaned for specified purposes and disbursed for authorized expenses.

The Revenue Fund is maintained to account for the trust's earnings on investments and administrative expenses.

##### ***Revenue recognition***

The trust follows the restricted fund method of accounting for revenue. Amounts received from the settlement are recognized as revenue in the Capital Fund. Investment income is recognized as revenue in the Revenue Fund in the period in which it is earned.

Other revenue is recognized when the amounts to be received can be reasonably estimated and ultimate collection is reasonably assured.

##### ***Tangible capital assets***

Capital assets are not recorded on the statement of financial position. Purchases of capital assets in the year are recorded as expenses and disclosed in the statement of operations and changes in fund balances.

##### ***Investments***

Consisting of a variety of fixed, mutual and equity investments are initially recognized and subsequently measured at fair value. Changes in fair value are recognized in income in the period.

##### ***Property***

Consisting of a variety of land purchases made under the terms of the Land Claim Settlement which dictates the Trust purchase certain lands within or bordering the Mississagi Reserve.

##### ***Financial instruments***

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments traded in an active market are reported at fair value, with any unrealized gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date.

##### ***Use of estimates***

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

**Mississagi Trust**  
**Notes to Financial Statements**

**December 31, 2021**

**1. Summary of significant accounting policies (continued)**

***Cash and equivalents***

Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

***Distributions to beneficiary***

Distributions from the trust may only be made pursuant to the terms of the trust agreement which are generally as follows:

Capital fund distributions are authorized for permitted investments.

Revenue fund amounts equal to annual income as calculated for tax purposes are to be distributed to the beneficiary. Distributions are authorized for projects that would promote the economic, social, and cultural well-being of its members, as well as payments for the trust's operating expenditures.

**2. Long term investments**

	<u>Market value</u>	<u>Book value</u>
<b>Long term investments - Capital Fund</b>		
Canadian fixed income, effective yield of 2.64% to 3.12%	\$ 5,181,461	\$ 5,266,441
U.S. fixed income, effective yield of 1.54%	340,505	341,654
Global fixed income, effective yield of 3.22% to 3.47%	2,067,745	2,125,117
Canadian equities	852,224	665,151
U.S. equities	509,494	339,632
International equities	382,241	302,933
Cash	241,001	241,001
	<u>9,574,671</u>	<u>9,281,929</u>
<b>Long term investments - Revenue Fund</b>		
Canadian fixed income, interest rates from 1.5% to 3.5% and, effective yield of 0.42% to 3.12%, maturing between June 2022 - September 2031	1,116,241	1,129,873
U.S. fixed income, effective yield of 1.54%	29,454	29,525
Global fixed income, effective yield of 3.22% to 5.91%	200,861	204,254
Cash	10,280	10,280
	<u>1,356,836</u>	<u>1,373,942</u>
<b>Total long term investments</b>	<u>\$ 10,931,507</u>	<u>\$ 10,655,871</u>

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**Mississagi Trust**  
**Notes to Financial Statements**

**December 31, 2021**

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**3. Financial instrument risk**

***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The trust is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of its fixed income denominated investments.

***Price risk***

Price risk arises from the trust's investments. Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Trust is exposed to the price risk associated with the fair market value of its marketable securities which fluctuate in value in the financial markets in which they are traded. Management manages the market risk by implementing an investment policy that governs the mix of the investment portfolio to ensure the diversification of the type of assets held and the type of industries the underlying assets are drawn from.

***Credit risk***

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge a financial obligation. The Trust's main credit risks relates to its cash, cash equivalents, and investments.

Credit risk associated with cash and cash equivalents, and investments is minimized by ensuring these financial assets are placed with a reputable financial institution with a high credit rating. The portfolio mix for investments spreads the credit risk over different market sectors, limiting the exposure to concentrated credit risk.

***Liquidity risk***

Liquidity risk is the risk that the trust encounters difficulties in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the trust will not have sufficient funds to settle a transactions on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and due to beneficiary, Mississauga First Nation.

***Foreign currency risk***

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency exposure arises from the Trust's holdings of non-Canadian denominated investments. These investments totalling \$926,007 represent 8.5% of total holdings which are exposed to foreign currency movements.

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**4. Contingent liability**

The Trust is in the midst of a legal suit with a former investment portfolio manager for a loss of fair value in the investments under his management. In return, this former portfolio manager has commenced a counter-suit claiming amongst other things, libel and breach of contract. At this time, it is not possible to determine whether there will be any gain or loss from this legal situation. Therefore, no amounts have been reflected in the financial statements.

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**5. Commitments**

The Trust is committed to future payments of \$42,576 for other approved project applications. This amount has not been reflected in these financial statements.

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