



2022 ANNUAL REPORT

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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 still around in 2022, however the Trust did see an increase in the number of applications they received. The majority of the applications received were under the membership stream concerning health related requests.

The Trust is very pleased to be able to help the First Nation members, however this indicates to the Trust that Non Insured Health Benefits (INAC) is funding less and less of what First Nations people require in regards to assisting with their health needs.

Since the Trust started with the application streams until the end of 2022 the Trust approved \$196,276.00 under membership - dental. Additional requests regarding dental were sent to the Jordan's Principle program due to the age of the beneficiary.

The TD Wealth Revenue Portfolio and Capital Portfolio summaries are attached and are displayed on pages 5 and 6 for your review.

Lands

The Trust purchased three pieces of property in 2022. These purchases were directed by Chief and Council.

(Please see map on page 2)

First piece of property purchased is PIN (Property Identification Number) 31435-0394 described as Pt Sec 24 Thompson as in T431353, Huron Shores for \$100,000 and is approximately 160 acres. This property was purchased on December 15, 2022.

The second property which was purchased on December 15, 2022 is described in PIN #31431-003 described a Parcel 1821 Sec ACS; Pt Lot 12, Conc 2 Cobden as in A4516 Except LT23051, LT33308, LT 34166 and LT40324, Blind River. This property was purchased for \$100,000 and is approximately 48.39 acres.

The third property purchased was severed from the second purchased property. This was done in order to allow the Trust to purchase the property without going over the Trustees purchasing limitations. This property could only have been purchased if the property described in PIN #31431-03 was purchased. The property is described in PIN 31431-0078 which is approximately 180.29 acres. It is described as S 1/2 LT 12 Con 3, Cobden, Blind River. The purchase price was \$100,000 and was purchased on December 15, 2022.

The Trust anticipates that there will be more properties to purchase in the upcoming year.

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GENERATING RESULTS ADD

Trust Proposal Application Approvals

From January 1 to December 31, 2022, the Trust received eighty-six (86) inquiries under the application streams. This number is up from 69 the previous year. Four inquiries were received under the Community Project Stream and 1 was received under the Comprehensive Community Plan. Of the eighty-six (86) inquiries received 81 were under the membership stream; 57 inquiries were regarding health, 10 inquiries were regarding education, 8 inquiries were regarding small business. Of these inquiries 6 did not fall under any stream and 5 inquiries were directed to the Jordan's Principle program as they involved Band members under the age of eight-teen. Of the 6 that did not meet the criteria under the membership stream three applications were referred to ISEPT (Mamaweswen's Indigenous Skills and Employment Training.)

Fifty-Seven (57) applications were either sent out or downloaded. Fifty (50) applications were received. Thirty-eight applications were sent to the Trustees for their review. Thirty-three (33) applications were approved, 2 were not approved, and 2 were tentatively approved pending responses from other programs. One application required more information and was not received and the other application will be reviewed in 2023 as it was received after the December Trust meeting.

Of the two applications that were not approved; one applicant had outstanding funds owed to the Trust and the other applicant did not receive the endorsing BCR from Chief and Council.

Twenty-eight (28) First Nation members benefitted under the membership application stream totaling \$48,467.14; \$42,680.79 was approved under the membership health stream, and \$5,786.35 was approved under the membership education stream.

The two (2) applications received under the Community Project Stream were both approved totaling \$47,335.74. One of the community projects approved was for surveying equipment for the lands unit and the other was for fire prevention equipment for the homes on the First Nation.

Jake, Date Management Technician with the Lands Department, using the surveying equipment that the Land's unit was able to purchase with the assistance from the Trust through an approved application.



2024 REFERENDUM VOTE AND ELECTION OF TRUSTEES

A referendum vote will take place in 2024 on the Trust Agreement and on the application streams.

One of the changes to the Trust Agreement will be to request that the purchase limit of land be raised from \$100,000 to \$300,000 before having to go to the membership for a vote to approve the purchase. This change is required to reflect the value of real estate in today's market. The Trust Agreement was approved in 1994 and at that time \$100,000 was a fair value to purchase property.

Changes to the application stream will be made to correct problems we have encountered with the streams. Such as percentage of revenue to be used, what will be covered through the streams and changing the small business application into a 2-step process.

Once the changes have been finalized and consultation has taken place with Chief and Council and the membership a referendum vote will be held. It is anticipated that this will take place the same time as the election for Trustees.

The election of Trustees will take place in May 2024. Please be advised that the notice of nomination and election details will be sent out to all members whose address we have on file as well as being advertised on our website.

Article 8.6 of the Trust Agreement states: Four of the Trustees shall be Band Members. At least three of the Trustees shall reside on the Reserve. Each Trustee must be over the age of thirty at the time he or she becomes a Trustee.



Annual Evaluation Report January 1- December 31, 2022

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 2022:

- Eighty (86) inquiries were received
- Fifty-five (55) applications were sent out or downloaded
- Thirty (30) were just inquiries at this time
- Five (5) inquiries were directed to Jordan's Principle Program
- Three (3) inquiries were directed to ISSET Program
- Five (5) inquiries did not meet the criteria under the Membership stream
- One wanted immediate assistance which is not the Trust's protocol
- Fifty (50) applications were received; two (2) required more information that was not received; one (1) request was covered through Non-Insured Medical Services and (1) will be reviewed in January 2023
- Thirty-Eight (38) applications were reviewed by the Trustees;
- Thirty-Three (33) applications were approved
- Two (2) applications were tentatively approved (1 ended up being paid for by Jordan's Principle and the other did not provide the requested information)
- Two (2) were not approved (Both were under membership - small business; One did not receive the required BCR of support and the other had an outstanding balance owing to the Trust from a loan that was approved by the membership)
- One (1) required more information upon review by the Trustees
- The following is the percentage of funds spent per application stream:

Comprehensive Community Plan	0%	No Applications Received
Community Project	28.8%	2 Applications Received
Member	29.4%	33 Application Approved



Your Investment Account statement

December 1, 2022 to December 31, 2022

Your portfolio at a glance

You need to know

Please see **page 21** for important information about your portfolio.

Please see **page 23** 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, 2022)	Year to date (Jan 1 - Dec 31, 2022)	Last 12 months (Jan 1 - Dec 31, 2022)	Last 3 years (Jan 1, 2020 - Dec 31, 2022)	Since Jan 1, 2012 (Jan 1, 2012 - Dec 31, 2022)
Beginning portfolio balance	\$8,659,689.78	\$9,574,646.59	\$9,574,646.59	\$8,857,172.44	\$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	-\$341,228.28	-\$341,228.28	-\$341,228.28	-\$627,681.72	-\$4,518,692.03
Fees	-\$4,013.37	-\$48,786.44	-\$48,786.44	-\$151,086.36	-\$580,571.76
Investment income:					
Dividends	\$65,428.82	\$244,276.46	\$244,276.46	\$781,186.33	\$790,374.29
Interest	\$205.92	\$1,151.67	\$1,151.67	\$56,130.23	\$2,752,598.56
Realized capital distributions, gains and losses	-\$34,486.59	-\$114,236.02	-\$114,236.02	\$67,750.41	-\$205,329.57
Change in unrealized capital gains and losses	-\$207,106.96	-\$1,177,371.82	-\$1,177,371.82	-\$921,607.82	-\$1,390,209.82
Adjustments for the period	\$0.00	\$37.16	\$37.16	\$15,898.43	\$14,844.10
Unallocated distributions for the current year	\$0.00	\$0.00	\$0.00	N/A	N/A
Ending portfolio balance	\$8,138,489.32	\$8,138,489.32	\$8,138,489.32	\$8,138,489.32	\$8,138,489.32

On December 31, 2022, CAD 1.00 = USD 0.73880

Your personal rates of return as of Dec 31, 2022

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
-1.93%	-11.31%	-11.31%	-0.29%	1.04%	1.36%	1.45%

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, 2022 to December 31, 2022

Your portfolio at a glance

You need to know

Please see **page 9** for important information about your portfolio.

Please see **page 11** 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, 2022)	Year to date (Jan 1 - Dec 31, 2022)	Last 12 months (Jan 1 - Dec 31, 2022)	Last 3 years (Jan 1, 2020 - Dec 31, 2022)	Since Oct 7, 2014 (Oct 7, 2014 - Dec 31, 2022)
Beginning portfolio balance	\$1,082,420.54	\$1,356,836.30	\$1,356,836.30	\$1,651,510.89	\$0.00
Deposits & transfers-in of securities	\$0.00	\$0.00	\$0.00	\$105,845.48	\$3,218,061.49
Withdrawals & transfers-out of securities	-\$7,528.00	-\$141,753.48	-\$141,753.48	-\$636,057.81	-\$2,286,962.45
Fees	-\$520.22	-\$6,604.58	-\$6,604.58	-\$24,084.75	-\$74,525.92
Investment income:					
Dividends	\$1,324.66	\$21,355.22	\$21,355.22	\$54,982.91	\$54,982.91
Interest	\$372.66	\$4,757.68	\$4,757.68	\$23,640.88	\$296,045.21
Realized capital distributions, gains and losses	\$0.00	-\$39,808.11	-\$39,808.11	-\$26,840.70	-\$48,710.13
Change in unrealized capital gains and losses	-\$19,042.62	-\$143,212.38	-\$143,212.38	-\$150,409.63	-\$160,303.84
Adjustments for the period	\$3,723.16	\$9,179.53	\$9,179.53	\$41,758.14	\$41,758.14
Unallocated distributions for the current year	\$0.00	\$0.00	\$0.00	N/A	N/A
Ending portfolio balance	\$1,060,750.18	\$1,060,750.18	\$1,060,750.18	\$1,060,750.18	\$1,060,750.18

On December 31, 2022, CAD 1.00 = USD 0.73880

Your personal rates of return as of Dec 31, 2022

This period	Year to date	For the last 12 months	For the last 3 years	For the last 5 years	Since Oct 7, 2014
-1.15%	-11.81%	-11.81%	-1.42%	0.47%	1.03%

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.

Mississagi Trust
Financial Statements
For the year ended December 31, 2022

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Independent Auditor's Report

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, 2022, 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, 2022, 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.

Independent Auditor's Report (continued)

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 23, 2023

Independent Auditor's Report (continued)

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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Sault Ste. Marie, Ontario
May 23, 2023

Mississagi Trust
Statement of Operations and Changes in Fund Balances

For the year ended December 31	2022		2021	
	Revenue	Capital	Total	Total
Revenue				
Investment income (loss)	\$ 242,132	\$ (114,236)	\$ 127,896	\$ 283,211
Expenses				
Bad debts	-	-	-	73,000
Honorariums	24,000	-	24,000	24,400
Insurance	5,951	-	5,951	5,733
Management fees	55,391	-	55,391	59,848
Meeting and election costs	1,187	-	1,187	4,116
Office	6,685	-	6,685	5,454
Professional fees	16,159	-	16,159	6,121
Property taxes	12,465	-	12,465	11,918
Rental	3,107	-	3,107	2,853
Telephone and communications	1,497	-	1,497	1,430
Training	700	-	700	-
Travel	528	-	528	246
Wages and benefits	49,271	-	49,271	47,466
	176,941	-	176,941	242,585
Income from operations	65,191	(114,236)	(49,045)	40,626
Distribution to beneficiary	(65,191)	-	(65,191)	(66,188)
	-	(114,236)	(114,236)	(25,562)
Approved project applications under the ratified July 2018 Trust guidelines:				
Comprehensive community plan	-	-	-	27,826
Community projects	70,431	-	70,431	-
Band members	31,188	-	31,188	42,130
	101,619	-	101,619	69,956
Allocation from beneficiary	(101,619)	-	(101,619)	(69,956)
	-	-	-	-
Change in unrealized gain (loss) on market value of investments	(143,346)	(1,177,291)	(1,320,637)	(55,864)
Gain (loss) for the year	(143,346)	(1,291,527)	(1,434,873)	(81,426)
Fund balances, beginning of year	395	12,264,876	12,265,271	12,346,697
Fund balances, end of year	\$ (142,951)	\$ 10,973,349	\$ 10,830,398	\$ 12,265,271

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

Mississagi Trust
Statement of Cash Flows

For the year ended December 31	2022	2021
	Total	Total
Cash flows from operating activities		
Net loss	\$ (1,434,873)	\$ (81,426)
Add back: unrealized loss	1,313,137	-
Changes in non-cash working capital balances		
Property taxes and other receivables	(1,839)	72,657
Accounts payable and accrued liabilities	58,010	(85,180)
Due to beneficiary, Mississauga First Nation	(36,428)	(3,768)
	<u>(101,993)</u>	<u>(97,717)</u>
Cash flows from investing activities		
Purchase of property	(345,216)	(105,744)
Net sale (purchase) of investments	419,263	226,559
	<u>74,047</u>	<u>120,815</u>
Increase (decrease) in cash during the year	(27,946)	23,098
Cash, beginning of year	44,945	21,847
Cash, end of year	\$ 16,999	\$ 44,945

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

Mississagi Trust

Notes to Financial Statements

December 31, 2022

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, 2022

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>
Long term investments - Capital Fund		
Canadian fixed income, effective yield of 3.21% to 4.13%	\$ 4,203,384	\$ 5,038,893
U.S. fixed income, effective yield of 2.29%	282,051	321,906
Global fixed income, effective yield of 1.87% to 4.05%	1,622,521	1,883,798
Canadian equities	1,127,622	985,449
U.S. equities	429,175	330,664
International equities	269,670	258,082
Cash	204,067	204,067
	<u>\$ 8,138,490</u>	<u>\$ 9,022,859</u>
Long term investments - Revenue Fund		
Canadian fixed income, effective yield of 3.21% to 4.13%	\$ 789,416	\$ 909,652
U.S. fixed income, effective yield of 2.29%	21,157	23,981
Global fixed income, effective yield of 1.87% to 6.77%	147,461	169,221
Preferred shares, effective yield of 5.03%	84,741	100,222
Cash	17,841	17,841
	<u>1,060,616</u>	<u>1,220,917</u>
Total long term investments	<u>\$ 9,199,106</u>	<u>\$ 10,243,776</u>

Mississagi Trust

Notes to Financial Statements

December 31, 2022

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 \$771,464 represent 8.4% of total holdings which are exposed to foreign currency movements.

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.

Mississagi Trust
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