

## NIPISSING 2013 BOUNDARY CLAIM TRUST

### STATEMENT OF FINANCIAL POSITION For the 5 Months Ended May 31, 2021 (UNAUDITED)

#### ASSETS

Fair market value of investments managed by:

Barrantagh Investment Management	\$ 44,428,542
Mawer Investment Management	52,038,453
Nipissing Solar SPN Promissory Note	728,753
Community Development Loan 1	4,200,049
Community Development Loan 2	4,081,795
	\$ 105,477,593

#### LIABILITIES

Accounts payable	10,112
Peace Hills Trust (PCD/Minors Account)	86,000
	\$ 105,381,481

#### NET ASSETS

\$ 105,381,481

#### In this Issue

- May 31, 2021 Financials
- Understanding your audit
- Why investment performance is important
- Future PCD

## UNDERSTANDING YOUR AUDIT

I have received a number of calls in respect to this year's audit. In particular, how do we understand the balance sheet. This is a very good question because trust audits are completely different than our consolidated audits. First, the Fiscal Year end of the Trust is December 31, 2021 not March 31, 2021. Secondly, the assets statements shows you exactly what the trust investments and loans were worth at December 31 of each year. Thirdly, the liabilities are always the most confusing to understand and can make you think the current market value is much lower than it is because we have to show the paid, current and future debts of the trust. For example in this year's audit the value of your assets at December 31, 2020 was \$105,862,242. The liabilities that are current were the trust administration costs of \$100,238, the liabilities that had already been paid (cheques issue to the minors) of \$300,000, future payment we will owe to the minors of \$6,282,519 and the amount owed to Nipissing for 2020 year's income of \$3,127,540. If you still want more information on the audit please do not hesitate to call me at 780-428-7228. I thought for fun I would give you the marke value of your trusts since inception. **Since 2013, the Trust has grown by over \$20 million while \$25,713,227 has been paid out to Nipissing.**

2013	2014	2015	2016	2017	2018	2019	2020
\$85.5 M	\$85.80	\$87.7 M	\$87.7M	\$88.1 M	\$89.3 M	\$92.3 M	\$105.3 M
\$25,412	\$2,215,560	\$3,613,965	\$3,613,965	\$3,516,166	\$3,933,098	\$4,713,856	\$4,081,795

### Why investment performance is important

One of the most important things for the Trustees (and the Nation) is to monitor the performance of the Investment Managers who invest the money in the Trust. If the Managers are not doing a good job growing the money, inflation will slowly eat away at the purchasing power of the Trust. Put another way, there will not be enough money for future generations to enjoy the same level of programs and services as the current generation.

One of the objectives of the Trust is to have long term returns of 4% greater than inflation (this is called a real rate of return of 4%). If this objective is met, the money in the Trust will grow in real terms and future generations will be as well off (or even better off) as the current generation. Since the Trust was put in place, inflation has been 2% or less. The Trust has had a return of about 7.8% every year. This means the real rate of return of the Trust has been  $(7.8\% - 2\%) = 5.85\%$ , so the very important goal of a 4% real rate return has been met, and exceeded.

### Potential Future Per Capita Distributions

**Question:** What does the Trust say about potential future Per Capita Distributions ("PCD")?

**Response:** Please remember: the Trust is a separate legal entity from Nipissing and the Trustees must follow the Trust governance rules at all times. Peace Hills acts as a protector to ensure the rules are followed. The Trust states that a Per Capita Distribution (dipping into the capital of the Trust), cannot happen if a Per Capita Distribution has occurred in the last 10 calendar years. The first Per Capita Distribution payment occurred in November of 2013 so the next capital distribution cannot occur until **November 2023** at the earliest.

THEN

The Trust states that the capital distribution cannot take the Trust value below \$100,000,000. So between now and 2023, the Trust must remain above \$100,000,000 in order for a potential future PCD to be made. For example: if the Trust's market value was \$105,000,000 then what could potentially be distributed would be a maximum of \$5,000,000 dollars.

Therefore future Per Capita Distributions can only be made after 10 years from the previous one and only to a maximum amount that ensures \$100,000,000 "remains in" the trust. **This is to ensure that there will always be funds for future generations.**