

KISONIYAMINAW HERITAGE TRUST FUND

ANNUAL REPORT 2022





**Kisoniyaminaw anisko
kamakewin sooniyaw
kananahiht**



MESSAGE FROM THE CHAIR

It is my privilege to present this, the 17th Annual Report of the Kisoniyaminaw Heritage Trust Fund, on behalf of my colleagues on the Board of Trustees.

After a more than twenty-year legal effort, in 2005 the Chief and Elders of the Samson Cree Nation took the courageous step to remove their assets from the control of the Federal Government of Canada and establish the Kisoniyaminaw Heritage Trust Fund (KHTF) for the long-term benefit of the Nation. It has been my privilege to serve as a Trustee since the inception of KHTF. With decisions guided by long-term objectives to benefit current and future members of the Nation, KHTF has experienced some difficult times in its 17 years. 2022 was one of those difficult years as volatile investment markets around the world made finding successful investments very challenging.

In 2022, markets were thrown into turmoil as Russia chose to invade Ukraine, central banks around the world increased interest rates sharply, and China took steps to overtake the United States to become the world's leading economy. In concert with these and other events with negative economic impacts, most markets fell in 2022 and inflation rose to levels not seen since 1982.

As a result of the market challenges in 2022, the Fund posted a loss in value of \$34 million after payment of expenses and payments to the Nation, representing a negative rate of return of -5.3%. The results would have been worse were it not for the Fund's private market alternative investments which all generated positive returns.

The 2022 inflation rate of 6.3% resulted in a purchasing power deficit of \$57 million at year end. Achieving a positive purchasing power is one of the most important objectives of KHTF. The decline in another difficult year, 2008, led to a purchasing power deficit of more than \$70 million. However, just as the shortfall in 2008 was eventually erased, the current purchasing power deficit of \$57 million is anticipated to reverse as inflation recedes and market returns improve.

On a positive note, by March 31 2023, the Fund's purchasing power parity had improved by approximately \$6 million. It must be remembered that the purchasing power calculation compares the actual performance of KHTF to a notional fund that is invested to earn the rate of inflation, even after the distributions to the Nation are withdrawn from the Fund.

Thus far in 2023 inflation is showing signs of modest pullback and global markets are starting to improve. However, we are not out of the woods yet, as the war rages on in Ukraine and economies around the world are struggling to regain confidence. The political situation

in the United States as it starts the election process for 2024, as well as the chaos at its border, tends to worry the US stock market, which in turn can negatively impact KHTF's US market holdings.

I am pleased to report that despite the negative return in 2022 the payment to the Nation in 2023 will increase to \$23.8 million. Also, because the Advance made in 2018 was fully paid off in 2022, the Nation will receive the full amount.

As the COVID pandemic eased in 2022 the Trustees were able to return to in-person board meetings and some members of Council were also able to attend. I am always pleased to welcome members of the Council to our Trustee meetings. Their presence and thoughtful questions help us appreciate the importance of KHTF to the long-term security of the Nation's finances. The Trustees will continue to work to improve the returns on the Fund and to meet the long-term commitment to maintain its value for future generations.

I am grateful for the hard work of my fellow Trustees and I look forward to working with them in 2023.

Michael D. Mills
Chair



Board Members: (seated) Michael Mills (Chair), (left to right) Mark Campbell, J. Wilton Littlechild, Heather Gore-Hickman (Vice-Chair), Allan Markin

THE YEAR 2022 IN REVIEW

2022 reinforced the importance of having a long-term view of the markets. Financial markets slumped, with volatility, inflation and higher interest rates combining to deliver poor returns to investors, making 2022 a difficult year with an overall Fund return of -5.3%. Since 2006 the Fund has only experienced four calendar years of negative returns. The rate of inflation of +6.3% presented additional challenges and resulted in an erosion of the purchasing power of the Fund. Thus far in 2023, the markets have improved, giving a modest year-to-date rate of return of 4.0% to the end of March.

The Trustees are required to attempt to maintain the purchasing power of the Fund. Over the years it has fluctuated significantly but this year's purchasing power deficit was less than that experienced in 2008 and 2011. Back then, it took over ten years to get back to purchasing power parity, and that was during a period of much lower inflation than we are currently experiencing. As inflation gradually falls to the 2% to 4% range of recent decades, the purchasing power parity should improve. Experts are predicting a gradual reduction of inflation, and, by the end of March 2023, the real dollar Fund value had indeed improved.

During 2022 most fixed income markets and every equity market showed negative returns. The only positive returns were found in the alternative classes of assets: real estate, infrastructure, and private equity. The Fund achieved positive returns in all three of these categories, which mitigated some of the negative returns experienced in the publicly traded asset classes. This supports the importance of a well-diversified asset allocation of the Fund. The Trustees will continue to build the current 26.5% allocation to alternative asset classes until their total allocation is 35% of the Fund.

With COVID restrictions lifted in 2022, the Trustees were able to hold all four board meetings in person, in addition to conference call meetings, as necessary. The Trustees also made a presentation to Chief and Council in Maskwacis. The attendance of Councillors at Trustee meetings is appreciated as the questions they ask help to focus the Trustees' attention on our long-term responsibilities to the Nation. Often these questions are about the rates of return of KHTF compared to other funds. Mercer has confirmed the long-term (ten-year) return of KHTF places it above the median of a universe of Endowments and Foundations.

During the last few years, the distributions to the Nation have been frozen while an Advance of \$5 million made in 2018 was being repaid. In 2022 this Advance was paid off in full, therefore in 2023 the Nation will receive the full distribution. Despite the negative rates of return in 2022, this payment will increase over the 2022 payment to \$23.772 million. This is more than \$3 million above the frozen level of cash distributions that were made while the Advance was being repaid.

INVESTMENTS

The Trustees continue to review the Statement of Investment Policies and Procedures with a long-term perspective and careful consideration of the best interests of the Nation. By maintaining a well-diversified portfolio, the Trustees carefully balance the risks against the return expectations of the Fund while trying to preserve the capital for future generations. After careful analysis in 2022, the Trustees decided to exit Canadian and growth fixed income and invest instead in private debt which has a higher expected rate of return.

As at December 31, 2022 the asset mix of the Fund was as shown below:

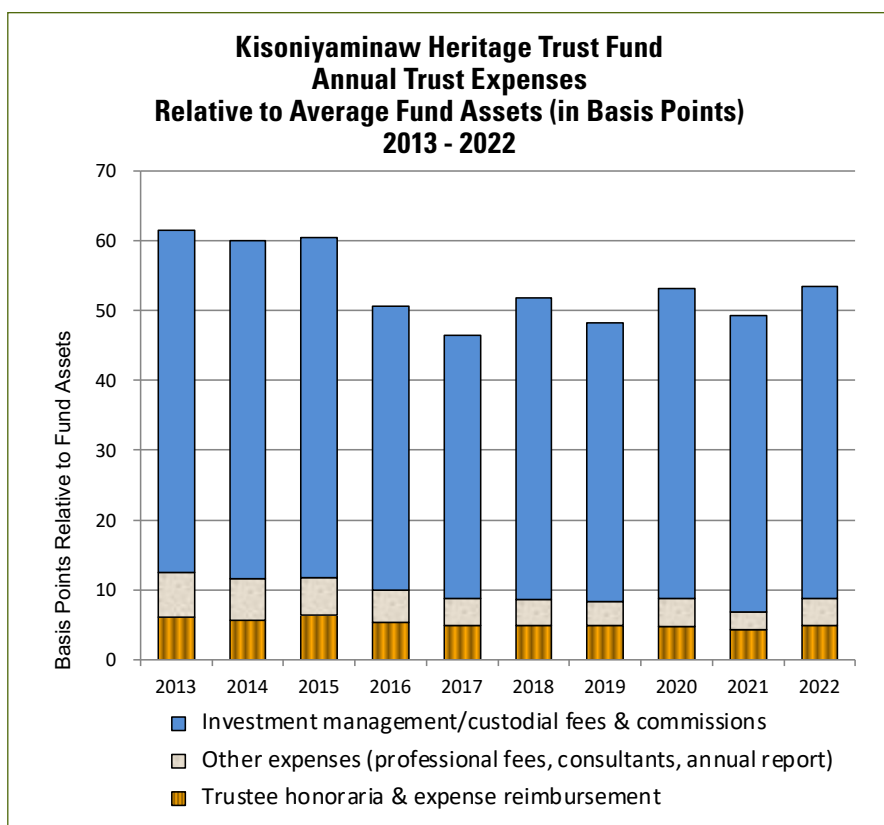
	Actual	Target	Range
Fixed Income			
Private Debt	0.0%	10.0%	5-15%
Canadian	3.4%	0.0%	0-7%
Growth	10.4%	0.0%	0-13%
Equities			
Canadian	9.8%	10.0%	6-14%
Global	14.5%	15.0%	10-20%
Global Low Volatility	15.6%	10.0%	7-20%
Global Small Cap	9.8%	10.0%	7-13%
Emerging Markets	10.0%	10.0%	7-13%
Private	10.8%	12.5%	7.5-17.5%
Alternative Real Assets			
Real Estate	10.5%	10.0%	6-14%
Infrastructure	5.2%	12.5%	7.5-17.5%

Since inception, Canadian Equities have been managed by Leith Wheeler, who have achieved a rate of return of 8.31% compared to the S&P/TSX index return of 6.12%, an excellent overall result, earning Leith Wheeler a 1st quartile ranking.

The real estate assets have been managed by BentallGreenOak since 2012, who have achieved a return of 7.34%. This return has been dampened by the impact of COVID on real estate, particularly in the office and retail sectors.

All other asset classes have been managed by Mercer Global Investments Canada since 2017. Each asset class consists of a pooled fund-of-funds with four or more underlying managers. Managers are selected and, from time to time, changed by Mercer depending on their view of the appropriate style of investing and manager performance.

An important role of the Trustees is to oversee Mercer’s selection of managers for each of the pooled funds. Mercer’s global resources ensure a much more timely response to changing market conditions than could be accomplished by the Trustees. The arrangement with Mercer also helps to keep the costs of managing the Fund to a reasonable level.



The overall performance for 2022 was -5.3%, with all asset classes except the three alternative classes posting negative returns. Fund returns were consistent with the overall market returns. Equity markets around the world had negative returns triggered by investors worried about inflation, the war in Ukraine, the deteriorating relationships with Russia and China, and uncertainty of supply chains. Although alternative asset classes had positive returns, they too were impacted by negative economic conditions.

Real estate was weakened by the downturn in office and retail sectors but still returned 10.57% to the Fund. Other sectors such as industrial and residential held up.

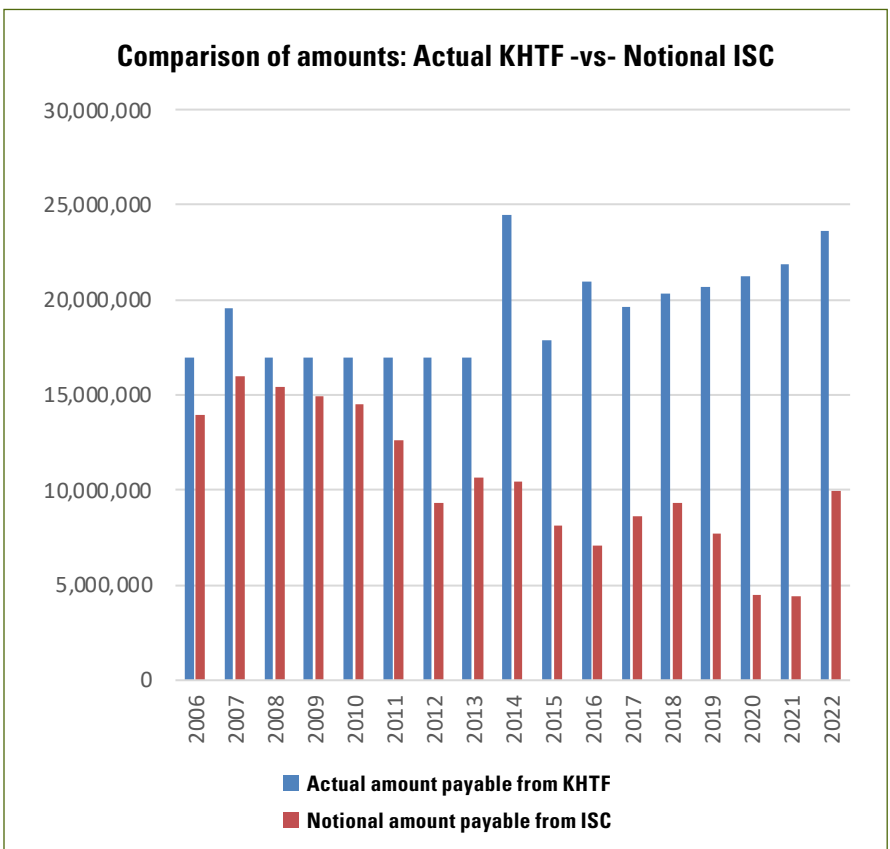
Overall, the infrastructure class did well except for those assets related to the travel industry, e.g. airports. Nevertheless, this asset class did well and gave the Fund a positive return of 6.3%.

The investment in private equity also had a good return of 12.1%.

PAYMENTS TO THE NATION

After the long, drawn-out court battle with the Federal Government the Trust Fund was established on November 25, 2005. The founding document prescribes precisely how much is to be paid to the Nation each year. One of the provisions is that a minimum of \$17 million must be paid annually. Since 2014 the Fund has paid more than the minimum, and 2022 was no exception. The overall payment due to the Nation was \$23,600,250, but of this \$3,147,963 was applied to fully discharge the balance of the Advance made to the Nation in 2018.

The chart below shows a comparison of the amounts payable to the Nation since the Fund's inception compared to what would have been paid had the funds been left with Indigenous Services Canada (ISC).



The table below compares the cumulative payments to the Nation to what would have been payable had the money been left with ISC. This clearly demonstrates that the Elders of Samson made a wise choice in choosing to pursue the long court battle with the Federal Government and establish KHTF.

	ISC (notional)	KHTF (actual)
Payments since inception	\$177,346,655	\$329,224,066
Fund balance at December 31, 2022	\$399,759,933	\$503,423,999

LOOKING FORWARD

The Trustees know that the uncertainties in the market are not over. Inflation remains well above traditional levels and the world is still full of wars and conflicts. The supply chains for industry are still uncertain, although countries are striving to shorten them and bring more industries home. In Canada the attempts to shut down the oil industry continue as our Federal Government pursues a “green” agenda.

As a result of the review of our asset mix strategy undertaken last year, the Trustees will continue to reduce exposure to traditional fixed income investments and transfer the proceeds to private debt investments in an effort to enhance the returns. At the time of writing, the process of changing our Canadian real estate assets to global real estate, to try to increase the returns, is well underway. A new manager has been selected and BentallGreenOak has been notified of the change. However, the process will not be completed until 2024.

Despite the poor return in 2022, the formula that must be used to determine the payments to the Nation results in a distribution for 2023 of \$23,772,566 an increase of \$172,316 over the amount payable in 2022.

**KISONIYAMINAW HERITAGE TRUST FUND
FINANCIAL STATEMENTS
DECEMBER 31, 2022**

INDEPENDENT AUDITOR'S REPORT

To the Trustees of Kisoniyaminaw Heritage Trust Fund

OPINION

We have audited the financial statements of Kisoniyaminaw Heritage Trust Fund (the “Trust”), which comprise the balance sheet as at December 31, 2022 and the statements of income (loss), changes in trust capital 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 operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

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.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the 2022 Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The 2022 Annual Report is expected to be made available to us after the date of this auditor's report. When we read the 2022 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for private enterprises, 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.

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.

RSM Canada LLP

Chartered Professional Accountants

June 7, 2023

Calgary, Alberta

KISONIYAMINAW HERITAGE TRUST FUND

BALANCE SHEET

DECEMBER 31, 2022

	2022	2021		
Assets				
Current assets				
Cash and cash equivalents (note 3)	\$ 626,290	\$ 658,211		
Accrued investment income	<u>72,309</u>	<u>107,264</u>		
	698,599	765,475		
Advances against future distributions payable to the Beneficiary (note 4)			-	2,955,834
Investments (note 5)	<u>503,679,608</u>	<u>560,884,038</u>		
	<u>\$ 504,378,207</u>	<u>\$ 564,605,347</u>		
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	\$ 954,208	\$ 1,464,267		
Trust Capital (note 6)	<u>503,423,999</u>	<u>563,141,080</u>		
	<u>\$ 504,378,207</u>	<u>\$ 564,605,347</u>		

See accompanying notes.

Approved by the Board,



_____, Chairman



_____, Vice-Chairman

KISONIYAMINAW HERITAGE TRUST FUND

STATEMENT OF INCOME (LOSS)

YEAR ENDED DECEMBER 31, 2022

	2022	2021
Revenue		
Investment income	\$ 14,056,819	\$ 12,394,719
Foreign exchange losses	(38,928)	(109,478)
Realized gains on investments	8,543,464	34,782,930
Unrealized gains (loss) on investments	(56,340,828)	22,340,356
	<u>(33,779,473)</u>	<u>69,408,527</u>
Expenses		
Mercer investment management fees (note 5)	1,594,530	1,647,235
Other investment management fees (note 5)	457,546	497,941
Trustee honoraria	240,802	240,578
Professional fees	147,901	89,013
Mercer analytics and services	133,739	159,749
Custodial services	86,034	83,012
Administration	51,008	51,334
Commission expense	20,972	7,210
Trustee expenses	6,195	-
Annual report	4,643	4,333
Interest and bank charges	504	487
	<u>2,743,874</u>	<u>2,780,892</u>
Net income (loss)	<u>\$ (36,523,347)</u>	<u>\$ 66,627,635</u>

See accompanying notes.

KISONIYAMINAW HERITAGE TRUST FUND

STATEMENT OF CHANGES IN TRUST CAPITAL

YEAR ENDED DECEMBER 31, 2022

	2022	2021
Trust capital, beginning of year	\$ 563,141,080	\$ 518,272,669
Net income (loss)	(36,523,347)	66,627,635
Distributions (note 6)	(23,600,250)	(21,887,679)
Trust capital received (note 6)	<u>406,516</u>	<u>128,455</u>
Trust capital, end of year	<u>\$ 503,423,999</u>	<u>\$ 563,141,080</u>

See accompanying notes.

KISONIYAMINAW HERITAGE TRUST FUND

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2022

	2022	2021
Cash provided by (used in):		
Operating activities		
Net income (loss)	\$ (36,523,347)	\$ 66,627,635
Unrealized (gains) losses on investments	56,340,828	(22,340,356)
Interest paid by reduction of distribution paid to the Beneficiary (note 4)	<u>(192,129)</u>	<u>(274,675)</u>
	<u>19,625,352</u>	<u>44,012,604</u>
Changes in non-cash working capital		
Accrued investment income	34,955	(9,090)
Other receivable	-	15,591
Accounts payable and accrued liabilities	<u>(510,059)</u>	<u>619,230</u>
	<u>(475,104)</u>	<u>625,731</u>
	<u>19,150,248</u>	<u>44,638,335</u>
Investing activity		
Disposal (purchase) of investments, net	<u>863,602</u>	<u>(24,440,478)</u>
Financing activities		
Distributions (note 6)	(20,452,287)	(20,343,086)
Trust capital received (note 6)	<u>406,516</u>	<u>128,455</u>
	<u>(20,045,771)</u>	<u>(20,214,631)</u>
Decrease in cash and cash equivalents	(31,921)	(16,774)
Cash and cash equivalents, beginning of year	<u>658,211</u>	<u>674,985</u>
Cash and cash equivalents, end of year (note 3)	<u>\$ 626,290</u>	<u>\$ 658,211</u>

See accompanying notes.

Non-cash transactions (note 4 and 6)

KISONIYAMINAW HERITAGE TRUST FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

1. Formation and Operations of the Trust

Kisoniyaminaw Heritage Trust Fund (the “Trust”), an irrevocable trust, was formed on November 25, 2005 pursuant to a Trust Deed for which Samson Cree Nation is the Settlor and Beneficiary. Under the terms of the Trust Deed, the Trust has received certain funds and expects to receive future funds on behalf of Samson Cree Nation. The Trust Deed directs the Trust to manage and invest these funds and to make periodic distributions to the Beneficiary in accordance with the provisions of the Trust Deed.

These financial statements reflect only those funds actually contributed to the Trust and not any funds which are being held by other parties, but which have not yet been contributed.

2. Significant accounting policies

These financial statements have been prepared by management in accordance with Part II of the Chartered Professional Accountants Canada Handbook - Accounting Standards for Private Enterprises, which sets out generally accepted accounting principles for non-publicly accountable enterprises in Canada and include the significant accounting policies summarized below.

(a) Cash and cash equivalents

Cash and cash equivalents consist of cash and money market fund investments. The money market fund units are cashable and due within six months of year-end.

(b) Financial instruments

The Trust initially measures its financial assets and liabilities at fair value.

The Trust subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments and fixed income securities that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income (loss).

Financial assets measured at amortized cost include cash and cash equivalents, accrued investment income, and advances against future distributions payable to the Beneficiary.

The Trust's financial assets measured at fair value include investments, which are comprised of investments in equity instruments and fixed income securities that are quoted in an active market. The Trust has also elected to measure its investments in hedge funds, a private equity fund and a private real estate fund at fair value.

Financial liabilities measured at amortized cost consist of accounts payable and accrued liabilities.

The Trust recognizes its transaction costs in net income (loss) in the period incurred for its equity investments and all other financial assets and liabilities subsequently measured at fair value. Financial instruments, that are subsequently measured at cost or amortized cost, are adjusted by the transaction costs and financing fees that are directly attributable to their origination, issuance or assumption.

(c) Revenue recognition

Interest and dividends are recognized as investment income when they are received or become receivable.

All realized gains and losses on disposition of investments, together with unrealized gains and losses arising from changes in the fair value of investments during the year, are reflected in the statement of income (loss).

(d) Translation of foreign currencies

Monetary items are translated at rates in effect at the balance sheet date. Exchange gains or losses arising on translation of transactions are included in the determination of net income (loss).

(e) Measurement uncertainty

The amounts reported for the fair values of the investments are based on estimates of the value of the investments at the reporting date. The fair value of the real estate fund is based on appraisals and financial information available from the fund at the reporting date. The fair value of private equity funds are based on appraisals and other financial information available from the fund companies at the reporting date.

The amounts reported for the distributions on the statement of changes in trust capital are based on calculations of net income (loss) as defined in the Trust Deed. The calculation also includes a discretionary deduction for a reserve to prevent deterioration in the purchasing power of the Trust (per paragraph 2.1(i)(iv) of Trust deed). This amount is based on a calculation of the sustainability of the purchasing power of the Trust, which involves estimates regarding expected future rates of return on investments.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

3. Cash and cash equivalents

Cash and cash equivalents include money market instruments totalling \$284,812 (2021 - \$339,457).

4. Advances against future distributions payable to the Beneficiary

On June 24, 2019, the Trust entered into an agreement with the Beneficiary to provide an advance of \$5,000,000. The advance is to be repaid over 5.5 years by way of reduction of the mandated quarterly distribution payable to the Beneficiary if the distribution exceeds \$20,343,086 on an annual basis. Any amount remaining after 5.5 years will be repaid in equal quarterly instalments so that the entire advance is repaid within 8 years of the advance date. The advance bears interest at 6.5% per annum.

	2022	2021
Balance, beginning of year	\$ 2,955,834	\$ 4,225,754
Interest accrued	192,129	274,675
Repayment of principal and interest via reduction of distribution payable to the Beneficiary (note 6)	<u>(3,147,963)</u>	<u>(1,544,595)</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 2,955,834</u>

5. Investments

Investments consist of the following:

	December 31, 2022		December 31, 2021	
	Fair Value	Percentage	Fair Value	Percentage
Canadian equities	\$ 48,153,496	10%	\$ 60,879,769	11%
Foreign equities	250,306,467	50%	310,544,974	55%
Fixed income	69,731,036	14%	74,972,531	13%
Hedge funds	-	0%	1,225,974	0%
Private equity funds	82,451,276	16%	54,300,920	10%
Real estate funds	<u>53,037,333</u>	<u>10%</u>	<u>58,959,870</u>	<u>11%</u>
	<u>\$ 503,679,608</u>	<u>100%</u>	<u>\$ 560,884,038</u>	<u>100%</u>

Investment management fees are payable quarterly at rates which have been negotiated with the professional fund managers who have been appointed by the Trustees to manage the Trust's investments.

6. Trust capital

(i) Distributions

Pursuant to the terms of the Trust Deed, the Trust is required to distribute each year an amount equal to the greater of the following:

- a) Net income (as defined in the Trust Deed), this amount is calculated as follows:

	2022	2021
Revenues for the period per financial statements	\$ (33,779,473)	\$ 69,408,527
Adjustments:		
Non-taxable portion of realized capital gains on investments	(4,271,732)	(17,391,465)
Non-taxable portion of realized foreign exchange losses	19,464	54,739
Unrealized loss (gain) on investments	56,340,828	(22,340,356)
Other adjustments	<u>(895,558)</u>	<u>3,260,422</u>
"Income" or "Trust Income" as defined in the Trust Deed	17,413,529	32,991,867
Adjustments:		
Expenses as per financial statements	(2,743,874)	(2,780,892)
Reserve to prevent deterioration in purchasing power (per paragraph 2.1(i)(iv) of Trust deed)	<u>-</u>	<u>(8,323,296)</u>
"Net Income" as defined in the Trust Deed	<u>\$ 14,669,655</u>	<u>\$ 21,887,679</u>

- b) 4.5% of the average fair market value of the Trust Fund at the end of the three prior fiscal years (for 2022 this amount is calculated to be \$23,600,250); and
- c) \$17,000,000.

In accordance with this requirement, the Trust has made total distributions to the Beneficiary of \$23,600,250 in 2022 (2021 - \$21,887,679) of which \$20,452,287 (2021 - \$20,343,086) was paid in cash and \$2,955,834 (2021 - \$1,269,920) was applied to the advances made against future distributions payable to the Beneficiary and \$192,129 (2021 - \$274,675) was applied to interest paid on advances made against future distributions payable to the Beneficiary (note 4).

(ii) Contributions

During the year, the Trust received capital contributions totalling \$406,516 (2021 - \$128,455) from Samson Cree Nation.

7. Financial instruments

The Trust is exposed to the following significant financial risks:

(a) 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 an obligation. The financial instruments that potentially subject the Trust to a significant concentration of credit risk consist primarily of cash and cash equivalents and fixed income investments. The Trust mitigates its exposure to credit loss by placing its cash and cash equivalents with major financial institutions and government issued securities. The Trust mitigates its exposure to credit loss with respect to its fixed income investments by an established investment policy which sets out minimum quality requirements, including minimum quality ratings from a recognized bond rating agency.

(b) 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 financial instruments that potentially subject the Trust to a significant concentration of interest rate risk consist primarily of investments in fixed income securities and cash equivalents which earn income at a fixed rate of interest.

(c) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Trust is exposed to currency risk with respect to holding foreign investments by purchasing and selling foreign securities and receiving investment income in foreign currencies.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The financial instruments that potentially subject the Trust to a significant concentration of market risk, being other price risk, consist primarily of publicly traded equities and fixed income securities where the value fluctuates with the quoted market price. The Trust mitigates this risk by establishing investment policies and procedures with quality and quantity restrictions and requiring each investment manager to sign and acknowledge annually a statement of the policies and procedures.



**The Kisoniyaminaw
Heritage Trust Fund
stands for the protection
and growth of Samson
assets for Samson
children, grandchildren
and children yet to be
born.**

