

Audited Financial Statements of

**The Ontario NFWA Trust**

December 31, 2011

# INDEPENDENT AUDITORS' REPORT

To the Trustee of  
**The Ontario NFWA Trust**

## Report on the Financial Statements

We have audited the accompanying financial statements of **The Ontario NFWA Trust** (the "Trust"), which comprise the statements of net assets as at December 31, 2011, and the statements of operations and comprehensive income and statements of changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Trustee of the Trust's Responsibility for the Financial Statements

Trustee of the Trust is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as Trustee of the Trust determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the net assets of the Trust as at December 31, 2011, and the results of its operations and changes in its net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Canada  
March 2, 2012

*Ernst & Young LLP*

Chartered Accountants  
Licensed Public Accountants

# The Ontario NFWA Trust

(thousands of dollars)

## STATEMENTS OF NET ASSETS

As at December 31

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
<b>Investments (Note 3)</b>		
Cash	1,322	14
Short-term investments	294,678	206,893
Fixed income investments	1,398,473	1,048,326
Pooled funds	591,543	687,517
Derivative contracts (Note 8)	-	72
	<u>2,286,016</u>	<u>1,942,822</u>
<b>Other</b>		
Investment income receivable (Note 4)	12,271	6,682
	<u>12,271</u>	<u>6,682</u>
<b>Total assets</b>	<u>2,298,287</u>	<u>1,949,504</u>
<b>Liabilities</b>		
Accounts payable and accruals (Note 5)	616	575
Payable for investment transactions (Note 9)	1,830	-
	<u>2,446</u>	<u>575</u>
<b>Net assets</b>	<u>2,295,841</u>	<u>1,948,929</u>

See accompanying notes to the financial statements

**The Ontario NFWA Trust**  
*(thousands of dollars)*

**STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**

Years Ended December 31

	<u>2011</u>	<u>2010</u>
<b>Investment income</b> <i>(Note 6)</i>		
Interest	85,021	75,577
Net realized gains	<u>46,225</u>	<u>21,098</u>
	<u>131,246</u>	<u>96,675</u>
<b>Expenses</b>		
Administration fees <i>(Note 10)</i>	<u>2,684</u>	<u>2,352</u>
<b>Net investment income</b>	<b>128,562</b>	94,323
Net unrealized gains <i>(Note 6)</i>	<u>79,404</u>	<u>24,893</u>
<b>Net income and comprehensive income</b>	<u><b>207,966</b></u>	<u>119,216</u>

*See accompanying notes to the financial statements*

**The Ontario NFWA Trust**  
*(thousands of dollars)*

**STATEMENTS OF CHANGES IN NET ASSETS**

Years Ended December 31

	<b>2011</b>	<b>2010</b>
<b>Net assets, beginning of year</b>	<b>1,948,929</b>	1,693,414
Net income and comprehensive income	<b>207,966</b>	119,216
Contributions <i>(Note 7)</i>	<b>138,946</b>	136,299
<b>Net assets, end of year</b>	<b>2,295,841</b>	1,948,929

*See accompanying notes to the financial statements*

# **The Ontario NFWA Trust**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED DECEMBER 31, 2011**

*(thousands of dollars, unless otherwise stated)*

#### **1. DESCRIPTION OF THE ONTARIO NFWA TRUST**

Bill C-27, *the Nuclear Fuel Waste Act* (“NFWA”), received royal assent on June 13, 2002 and was proclaimed into force on November 15, 2002. Bill C-27 is a key component of the Government of Canada’s 1996 Policy Framework for Radioactive Waste. Under this policy, the Federal Government, through effective oversight, will ensure that the long-term management of radioactive waste is carried out in a comprehensive, integrated and economically sound manner.

As required under the NFWA, owners of nuclear fuel waste established, by incorporation, the Nuclear Waste Management Organization (“NWMO”), whose purpose is to propose to the Government of Canada approaches for the management of nuclear fuel waste, and to implement the approach that is selected by the Federal Government. In accordance with the NFWA, the NWMO submitted its recommendations for a long-term nuclear used fuel waste management strategy to the Federal Government in November 2005. In June 2007, the Federal Government selected the NWMO’s recommended option titled Adaptive Phased Management.

Upon the NFWA coming into force in November 2002, the owners of nuclear fuel waste were required to establish trust funds and to make annual payments into those trust funds to finance the long-term management of nuclear fuel waste. Accordingly, Ontario Power Generation Inc. (“OPG”) established The Ontario NFWA Trust (the “Trust”), and made an initial deposit of \$500 million into the Trust fund on November 25, 2002. Under the NFWA, OPG is required to make a contribution to the Trust each year, within 30 days of the submission of the NWMO’s Annual Report to the federal Minister of Natural Resources. The annual contribution amount to the Trust was \$100 million up to 2007. Since 2008, the annual contribution amount is based on the funding formula approved by the federal Minister of Natural Resources.

The funds in the Trust will be used for the purposes of managing nuclear used fuel waste. These financial statements do not portray the funding requirements of the long-term management of nuclear fuel waste obligations.

OPG and the Ontario Financing Authority (“OFA”), an agency of the Province of Ontario (the “Province”), jointly make decisions on the Trust’s asset mix and investment manager selection and retention. There is a risk that OPG and the OFA may have differing priorities respecting these matters that could impact asset mix and investment decisions.

The Trustee of the Trust is CIBC Mellon Trust Company. CIBC Mellon Global Securities Services Company is an independent custodian of the Trust’s assets under the custody agreement dated September 20, 2010. The Province and OPG are the beneficiaries of the Trust. The Trust is part of the Used Fuel Segregated Fund set up by OPG pursuant to the Ontario Nuclear Funds Agreement.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of Presentation**

The financial statements of the Trust have been prepared by management in accordance with Canadian generally accepted accounting principles (“GAAP”). The preparation of financial statements in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

Other than OPG and the Province, there are no related parties to the Trust.

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**Cash and Short-term Investments**

Cash includes cash on deposit. Money market and fixed income securities with a remaining term to maturity that is less than one year from the financial statement date are recorded as short-term investments. Interest earned on cash and short-term investments is recognized as interest income.

**Valuation of Investments**

Financial assets are classified as loans and receivables or held-for-trading, and financial liabilities are classified as held-for-trading or other than held-for-trading. Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in income. Loans and receivables and financial liabilities other than those held-for-trading are measured at amortized cost. Financial assets purchased and sold, where the contract requires the asset to be delivered within an established time frame, are recognized on a trade-date basis. All derivatives, including embedded derivatives that must be separately accounted for, generally must be classified as held-for-trading and recorded at fair value in the statements of net assets. Transaction costs are expensed as incurred for financial instruments classified or designated as held-for-trading.

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where a quoted bid price in an active market is available, the fair value is based on the quoted bid price at the end of the reporting period. In the absence of a quoted price in an active market, the Trust determines fair value using a valuation technique that makes maximum use of observable market inputs.

Investments are presented in the financial statements at fair value with the changes between fair value and average cost recorded as unrealized gains or losses on the value of the investments.

The carrying value of the cash and short-term investments approximates their fair value due to their immediate or short-term maturity.

The market values of foreign investments are translated into Canadian dollars at the exchange rates prevailing at the close of each business day. Purchases and sales of foreign securities and income and expenses are translated into Canadian dollars at the exchange rates prevailing on the transaction dates. The gains and losses on foreign exchange are recorded in the statements of operations and comprehensive income.

Securities traded on a national securities exchange are valued at the bid price on the last business day of the period. Listed securities for which no trades are recorded on the last business day of the period are valued at the last reported traded price on the last business day on which the security traded. Pooled funds are valued based on the unit value of the pooled fund as reported by the investment manager and are presented as a separate category on the statements of net assets. Securities transactions are recorded on the trade date. Dividends are accrued as of the ex-dividend date. Stock dividends are recorded in income based on the market value of the security. The realized gains and losses on the sale of securities are calculated with reference to the average cost of the securities and included in net realized gains or losses on the statements of operations and comprehensive income. The Trust follows the accrual method of recording investment income.

For certain other investments that do not have an established fair value, the fair value is estimated based on comparable securities of issuers with similar credit ratings or net realizable value using available information.

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**Forward Foreign Exchange Contracts**

The Trust may enter into forward foreign exchange contracts for risk management purposes where such activity is consistent with its investment objectives.

The changes in the year-end value of forward foreign exchange contracts receivable have been included in the investments on the statements of net assets, with the net unrealized gain or loss included as part of the net unrealized gains or losses on the statements of operations and comprehensive income.

The gain or loss arising from the difference between the value of the original forward foreign exchange contract and the contract at close or delivery is realized and recorded in net realized gains or losses on the statements of operations and comprehensive income.

**Taxation**

On October 4, 2011, the federal government introduced Bill C-13 to add a new paragraph 149(1)(z.2) to the *Income Tax Act* (Canada). Under the provision of this paragraph, the Trust is exempt from income tax as it was created and maintained solely to meet the obligations of the NFWA. The bill received Royal Assent on December 15, 2011. Accordingly, the Trust has made no provision for income taxes in these financial statements.

**Future Accounting Changes**

In February 2008, the Canadian Accounting Standards Board (“AcSB”) confirmed January 1, 2011 as the changeover date for Canadian publicly accountable enterprises to start reporting under International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). OPG previously intended to adopt IFRS as of January 1, 2012 and the Fund assessed the option to defer the adoption of IFRS effective January 1, 2012 to be consistent with OPG’s adoption timeline.

Subsequent to the issuance by the IASB of certain amended Standards, OPG undertook a detailed review of the implication of conversion to United States generally accepted accounting principles (“US GAAP”). Under US GAAP, OPG’s financial reporting will be more relevant and comparable with the current Canadian GAAP results than it would have been under IFRS.

As a result of this analysis, it is determined that OPG will adopt US GAAP as its primary basis of financial reporting commencing March 31, 2012. The Fund will also adopt US GAAP to be consistent with OPG.

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**3. INVESTMENTS**

The fair values and historical costs of the investments at December 31, 2011 and 2010 are summarized as follows:

	<b>2011 Fair Value</b>	<b>2011 Historical Cost</b>	<b>2010 Fair Value</b>	<b>2010 Historical Cost</b>
Cash	1,322	1,322	14	14
Short-term investments	294,678	294,133	206,893	207,330
Fixed income investments				
Domestic	1,398,059	1,284,448	1,043,619	1,004,136
Other	414	359	4,707	4,719
	<b>1,398,473</b>	<b>1,284,807</b>	1,048,326	1,008,855
Pooled funds				
Fixed income	591,164	576,718	687,146	676,995
Short-term investments	379	598	371	594
	<b>591,543</b>	<b>577,316</b>	687,517	677,589
Forward foreign exchange contracts receivable	-	-	72	-
	-	-	72	-
<b>Total investments</b>	<b>2,286,016</b>	<b>2,157,578</b>	1,942,822	1,893,788

The term to maturity for the forward foreign exchange contracts was under three months at December 31, 2010.

**4. INVESTMENT INCOME RECEIVABLE**

Investment income receivable of \$12.3 million (2010 – \$6.7 million) as mainly comprised of interest receivable from cash, short-term investments and fixed income investments.

**5. ACCOUNTS PAYABLE AND ACCRUALS**

Accounts payable and accruals consist of the following as at December 31, 2011 and 2010:

	<b>2011</b>	<b>2010</b>
Investment management fees	600	560
Audit fees	12	12
Trustee fees	4	3
	<b>616</b>	575

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**6. INVESTMENT INCOME, REALIZED AND UNREALIZED GAINS AND LOSSES**

Investment income, and realized and unrealized gains for the years ended December 31, 2011 and 2010 consist of the following:

	<b>2011</b>	<b>2010</b>
<b>Investment income</b>		
Interest income on cash, short-term investments, and bonds and debentures	<b>85,021</b>	75,577
	<b>85,021</b>	75,577
<b>Net realized gains</b>		
Realized gains	<b>46,173</b>	21,703
Realized foreign exchange gains (losses)	<b>52</b>	(605)
	<b>46,225</b>	21,098
<b>Net unrealized gains</b>		
Unrealized gains	<b>79,409</b>	24,269
Unrealized foreign exchange (losses) gains	<b>(5)</b>	624
	<b>79,404</b>	24,893

**7. CONTRIBUTIONS**

Cash contributions to the Trust during the year were \$138.9 million (2010 – \$136.3 million).

**8. FINANCIAL INSTRUMENTS**

The primary objective of the Trust is to meet the payment obligations associated with the disposal costs associated with high level used nuclear fuel. In order to meet these liability payments, the long-term return objective of the Used Fuel Segregated Fund, of which the Trust is a part, is to achieve a total annual real return of 3.25 percent which equals the rate of change in the Ontario Consumer Price Index plus 3.25 percent compounded annually. In 2011, the actual rate of return of the Trust was 10.1 percent (2010 – 6.8 percent).

A Statement of Investment Policies and Procedures (“SIPP”) was established for the Trust which sets out the investment framework of the Trust, including the investment assumptions, permitted investments and various investment constraints. Further, the SIPP provides the long-term target asset mix of the Trust, considered in the context of the Used Fuel Segregated Fund, which considers its funded status and investment objectives in relation to its projected long-term liability profile and cash flows, historical experience of investment vehicles, the appropriate level of diversification to optimize risk and return, and

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the risk preferences of OPG and the Province. The management of OPG and the Province monitor investment compliance quarterly with the SIPP.

The SIPP is reviewed and approved annually by the Deputy Minister of Finance, on behalf of the Province.

**Risks Associated with Financial Instruments**

*Credit Risk*

Credit risk is the risk that the counterparty to a financial instrument might fail to meet its obligation under the terms of a financial instrument, thereby resulting in a financial loss for the other party to the transaction. The Trust is primarily exposed to credit risk through its fixed income allocation, which is invested in federal, provincial and corporate debt. Credit risk is governed by the SIPP, which requires fixed income investments to comply with various investment constraints that ensure prudent diversification and minimum credit rating quality. Investment compliance with the SIPP is monitored quarterly by an external third-party vendor and reported quarterly to management of OPG and the OFA.

The table below summarizes the Trust's exposure to debt instruments with the following credit ratings at December 31, 2011 and 2010:

<b>Rating</b>	<b>2011</b>	<b>2010</b>
AAA	<b>33.6%</b>	33.6%
AA	<b>33.1%</b>	36.1%
A	<b>25.5%</b>	22.4%
BBB	<b>7.7%</b>	7.4%
Less than BBB or not rated	<b>0.1%</b>	0.5%
	<b>100.0%</b>	100.0%

Credit ratings are obtained from Standard & Poor's, Moody's and/or the Dominion Bond Rating Services. In the case where more than one rating is obtained for a security, the lowest rating has been used.

*Liquidity Risk*

Liquidity risk is the risk that the Trust is unable to meet its financial obligations, due at any point in time. The approach to managing liquidity is to ensure that the Trust has sufficient liquidity to meet its financial obligations when due without incurring unacceptable losses.

*Market Risk*

Market risk is defined as the risk that an investment's value decreases due to changes in underlying market factors including, but not limited to, interest rate risk and currency risk.

Market risk is managed by the Trust through its diversified asset mix, which in accordance with the SIPP, is expected to be reviewed at least every five years to coincide with the preparation and approval of reference plans which provide detailed cost estimates for high level used fuel disposal. The target asset mix of the Trust, including tolerance ranges around the target allocation to various asset classes, is governed by the SIPP. Compliance with the target asset mix ranges is monitored monthly internally and

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on a quarterly basis by an external third-party vendor and reported quarterly to management of OPG and the OFA.

*Concentration Risk*

Concentration risk is the risk of investment loss due to lack of diversification in the portfolio. The Trust's exposure to concentration risk is governed by the SIPP. For equities, no holding shall represent more than 10 percent of the total market value of each investment manager's equity portfolio. For fixed income investments, no more than 10 percent of each investment manager's portfolio may be invested in the bonds of a single issuer and its related companies, except for Canadian federal and provincial bonds and bonds of their agencies. Investment compliance with the SIPP is monitored quarterly by an external third-party vendor and reported to management of OPG and the OFA.

*Currency Risk*

Currency risk is the risk that the value of a financial instrument decreases due to changes in foreign exchange rates. The Trust is exposed to foreign currency through the purchase of fixed income instruments denominated in foreign currencies.

The net foreign currency exposure of the Trust at December 31, 2011 was nil (2010 – \$30), adjusting for currency hedges. Since the net foreign currency exposure is insignificant, the Trust's exposure to changes in foreign currencies is immaterial and not presented.

*Interest Rate Risk*

Interest rate risk, which includes credit spread risk, is the risk of investment loss due to changes in interest rates and changes in the market price of credit. The Trust is exposed to interest rate risk through its target asset mix, which includes a significant allocation to fixed income securities. Cash and short-term investments with maturity dates of less than one year from the financial statement date have minimal exposure to interest rate fluctuations. The Trust's exposure to interest rate risk is governed by the SIPP, which ensures that the Trust's fixed income exposure is prudently diversified. Investment compliance with the SIPP is monitored quarterly by an external third-party vendor and reported quarterly to management of OPG and the OFA.

The table below provides a summary of the Trust's fixed income exposures by maturity at December 31, 2011 and 2010:

	<b>2011</b>	<b>2010</b>
<b>Fixed income investments</b>		
1 to 5 years	<b>388,504</b>	304,376
5 to 10 years	<b>202,694</b>	389,850
Over 10 years	<b>807,275</b>	354,100
	<b>1,398,473</b>	1,048,326
<b>Average yield</b>	<b>3.02%</b>	3.52%

Modified duration is a measure of the sensitivity of the price of a fixed income instrument to a change in interest rates. Given the Trust's modified duration of 8.0 years at December 31, 2011 (2010 – 6.4 years), a parallel shift in the yield curve of +/- 0.5 percent would result in an impact on the net assets of the Trust

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of \$55,939 (2010 – \$33,546), with all other variables held constant. Actual results may differ materially from this sensitivity analysis.

**Derivatives**

The Trust may enter into derivative contracts, such as forward foreign exchange contracts, for risk management purposes where such activity is consistent with its investment objectives. Forward foreign exchange contracts expose the Trust to counterparty credit risk should the Trust's counterparty to any such transaction default on its contractual obligations. There were no currency forward contracts outstanding at December 31, 2011.

Forward foreign exchange receivable contracts that were outstanding at December 31, 2011 was nil (2010 - \$72).

The Trust may also enter into other derivative contracts, such as futures contracts, to replicate direct investments in underlying securities. As at December 31, 2011 and 2010, the Trust did not hold any futures contracts.

**Additional Information on Fair Value**

The Trust adopted the amendments to Section 3862 effective from January 1, 2009. These amendments require the Trust to present certain information about financial instruments measured at fair value in the statements of net assets.

The table below presents financial assets measured at fair value in the statements of net assets in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: Unadjusted quoted prices in an active market for identical assets or liabilities
- Level 2: Inputs other than quoted prices under Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Inputs based on unobservable market data

The level within which the financial asset or liability is classified is determined based on the lowest level of significance input to the fair value measurement.

The following tables provide summaries of the financial assets measured at fair value in the statements of net assets grouped into the fair value hierarchy as at December 31, 2011 and 2010:

<b>2011</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Short-term investments	-	<b>294,678</b>	-	<b>294,678</b>
Fixed income investments	-	<b>1,398,421</b>	<b>52</b>	<b>1,398,473</b>
Pooled funds	-	<b>591,543</b>	-	<b>591,543</b>
	-	<b>2,284,642</b>	<b>52</b>	<b>2,284,694</b>

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<b>2010</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Short-term investments	-	206,893	-	206,893
Fixed income investments	-	1,048,271	55	1,048,326
Pooled funds	-	687,517	-	687,517
	-	1,942,681	55	1,942,736

There have been no transfers between Levels 1 and 2 in the reporting period.

The categories of financial instruments whose fair values are classified in Level 3 of \$52 (2010 – \$55) consist of non-bank-sponsored asset-backed commercial paper.

*Changes in the fair value of financial instruments classified in Level 3*

The following tables summarize the changes in the fair value of financial instruments classified in Level 3 for the year ended December 31, 2011 and 2010. The Trust classifies financial instruments in this level when the valuation technique is based on at least one significant input that is not observable in the markets or due to a lack of liquidity in certain markets. The valuation technique may also be based, in part, on observable market inputs. The gains and losses presented hereafter may therefore include changes in fair value based on observable and unobservable inputs.

<b>2011</b>	<b>Fixed Income Investments</b>	<b>Total</b>
Fair value as at January 1, 2010	<b>55</b>	<b>55</b>
Unrealized losses	<b>(3)</b>	<b>(3)</b>
Purchases, sales, settlements and other <sup>1</sup>	-	-
Fair value as at December 31, 2010	<b>52</b>	<b>52</b>

<sup>1</sup> Includes transfers into Level 3

<b>2010</b>	<b>Fixed Income Investments</b>	<b>Total</b>
Fair value as at January 1, 2010	55	55
Purchases, sales, settlements and other <sup>1</sup>	-	-
Fair value as at December 31, 2010	55	55

<sup>1</sup> Includes transfers into Level 3

The Trust performs sensitivity analyses for fair value measurements classified in Level 3, substituting the unobservable inputs with one or more reasonably possible alternative assumptions. These sensitivity analyses result in negligible change in the fair value of financial instruments classified in Level 3 as at December 31, 2011 and 2010.

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**9. PAYABLE FOR INVESTMENT TRANSACTIONS**

Investments that were purchased at the end of the year but had not settled as at December 31, 2011 of \$1,830 (2010 – nil) have been presented as a payable.

**10. ADMINISTRATION FEES**

Administration fees for the years ended December 31, 2011 and 2010 were as follows:

	<b>2011</b>	<b>2010</b>
Investment management fees	<b>2,643</b>	2,300
Audit fees	<b>12</b>	12
Trustee fees	<b>29</b>	40
	<b>2,684</b>	2,352

**11. PAYMENTS OR WITHDRAWALS**

There were no payments or withdrawals made from the Trust relating to the disposal of long-term nuclear fuel waste as permitted under the NFWA.

**12. CAPITAL MANAGEMENT**

The Trust's capital is managed in accordance with the NFWA and its stated investment objectives. New cash contributions to the Trust are determined in accordance with the NFWA. Payments are made from the Trust for administration fees (Note 10) as provided for in the NFWA and the Trust's Agreement between OPG, the Province and the Trustee. Liquidity is managed in order to be able to meet the Trust's expenses. The statements of changes in net assets identify changes in the Trust's capital during the period.