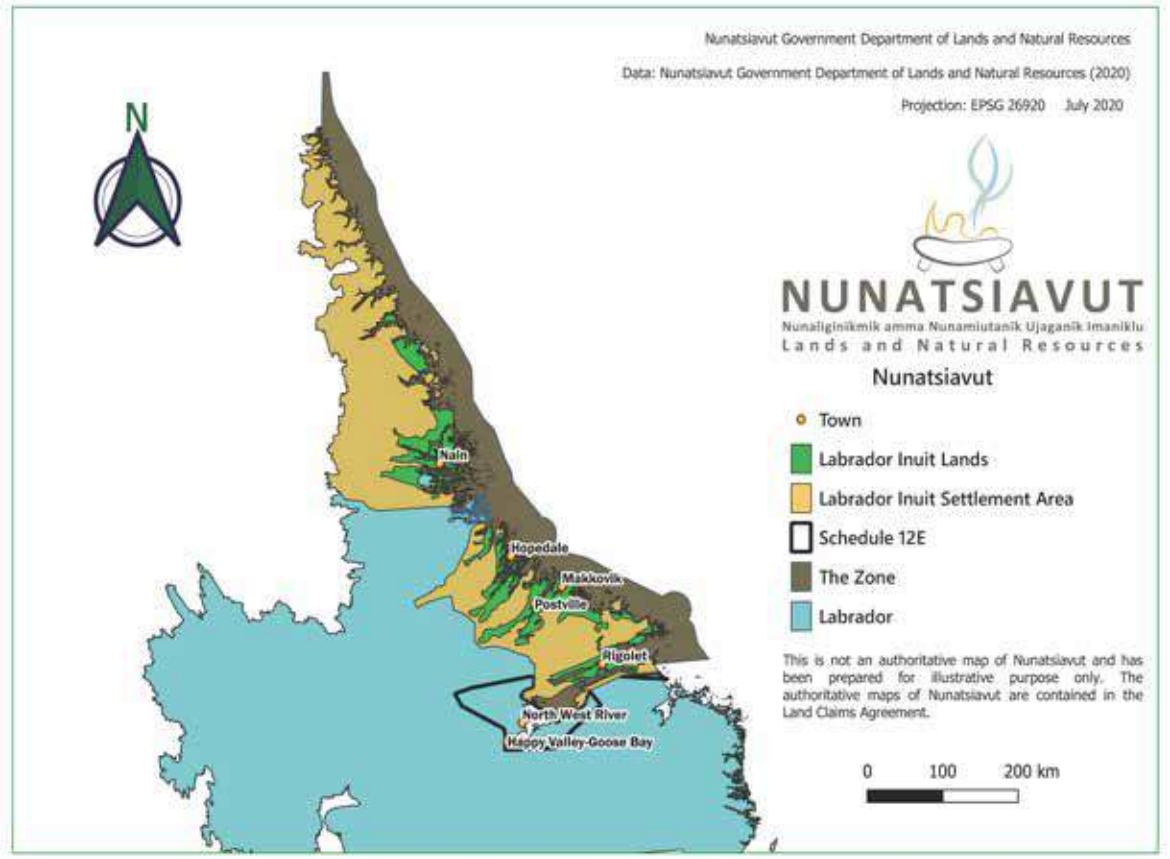
2020

Labrador Inuit Capital Strategy Trust
ANNUAL REPORT

Nunatsiavut
Group of Companies



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2020

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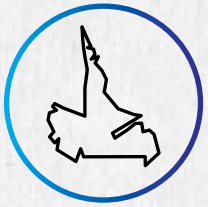
NGC TIMELINE

1973

Labrador Inuit Association (LIA) formed

The LIA was formed in 1973 to promote and protect the Inuit culture, language, and traditional lands and to assist with land claims negotiations.



1982

Labrador Inuit Development Corporation (LIDC) established

LIDC was the business and economic development arm of the Labrador Inuit Association (LIA). LIDC invested in areas such as mining, forestry, and quarry operations to generate employment and business opportunities for Inuit.

2005

Labrador Inuit Land Claims Agreement (LILCA) signed

The governments of Canada and Newfoundland and Labrador conclude an agreement with the Inuit of Labrador to establish Inuit self-government. The LILCA also established Inuit rights with respect to their traditional lands and areas that they currently occupied and used.

2006

Labrador Inuit Capital Strategy Trust (LICST) established

LICST was formed to support the Nunatsiavut Government in its mission to create employment and business opportunities for Beneficiaries.

2011

Nunatsiavut Group of Companies (NGC) formed

NGC was created as a for-profit business, replacing the LIDC. NGC's goals were to be sustainable, operate at arms-length from the Nunatsiavut Government, and create wealth for Beneficiaries.

2016

NGC adopts 5-Year Strategic Plan

The 5-year plan guides NGC's strategic direction until 2021. The direction is to be Inuit-led; employer of choice for Beneficiaries; partner of choice for business; be open and transparent; and to reflect Inuit culture and values.

2017

Vale Partnerships formed

With the announcement that Vale would begin planning for underground mine expansion at Voisey's Bay, NGC sought out leading national and international mine development and engineering firms in order to form partnerships. By early 2021, seven partnerships were operational. These developments built on the already successful partnership of Torngait Services Inc. (51% NGC and 49% ATCO Structures and Logistics), which has held the site services contract at Voisey's Bay since 2005.

2021

NGC moves forward with Strategic Plan for 2021-2026

As NGC continues to grow, it focuses on increasing efficiency and productivity, while implementing strong environmental measures and enhancing employees' health and safety. The next five-year plan will continue to advance modernization of company processes in areas such as human resources and finance, and in the promotion of Beneficiary opportunities.

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STATEMENT ON COVID-19 AND POTENTIAL IMPACT ON 2021 OPERATIONS

At the end of 2020, there was great optimism that vaccines would shortly be offered to counter the impact of the COVID-19 pandemic. It was also stated, however, that it would be many months into 2021 before the entire Canadian population would be vaccinated.

This set of circumstances poses some uncertainty for business. In that respect, we advise as we did in the 2019 report, that any forecasted or forward-looking statements for 2021 be read with caution.

(Air Borealis photo)

Integrated Nunatsiavut Logistics signed a 2-year contract in 2020 to provide barge lifting services to support the transport of machinery and material to Vale for its underground mine at Voisey's Bay. (Integrated Nunatsiavut Logistics photo)

ANNUAL REPORT HIGHLIGHTS

Nunatsiavut Group of Companies operate across a wide range of industries, including marine and air transportation, fishing, construction, mining, and real estate management. NGC is a major employer in Nunatsiavut and central Labrador. With more than 500 employees and a payroll exceeding $14 million in 2020, our economic impact is substantial.

The harvest of northern shrimp is a vital part of Nuluak Fisheries. The sale of shrimp and other fish species contributes substantially to LICST's bottom line. (Ocean Prawns Canada photo)

2020 FINANCIAL HIGHLIGHTS

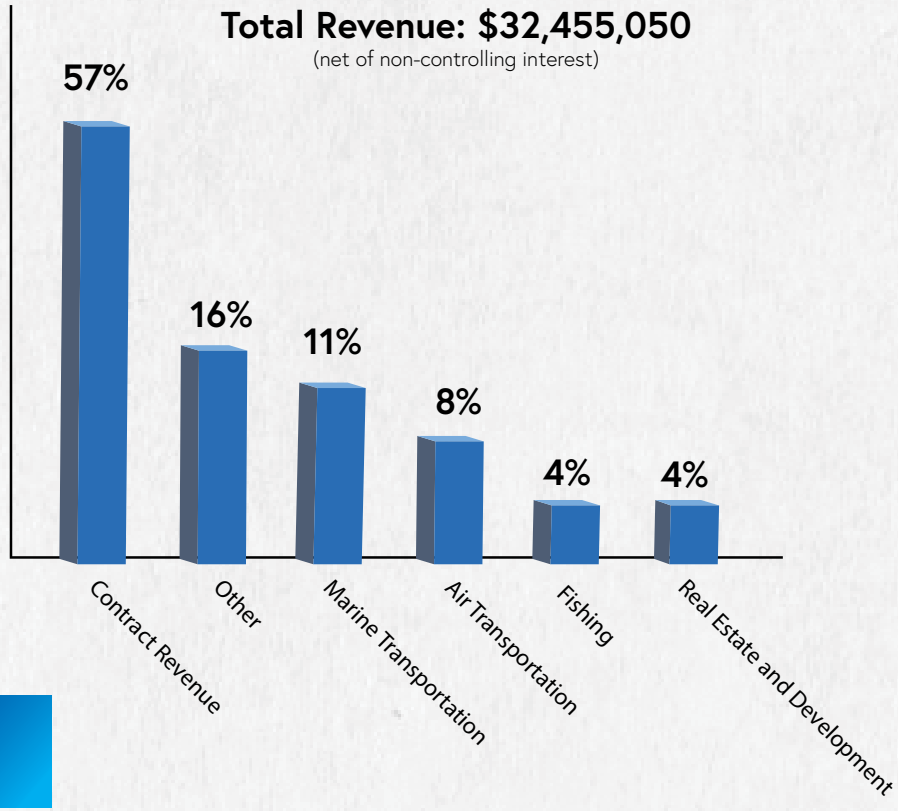
The Nunatsiavut Group of Companies is comprised of wholly owned, majority owned, equally owned companies, and partnerships that operate primarily on the Vale mine project at Voisey's Bay.

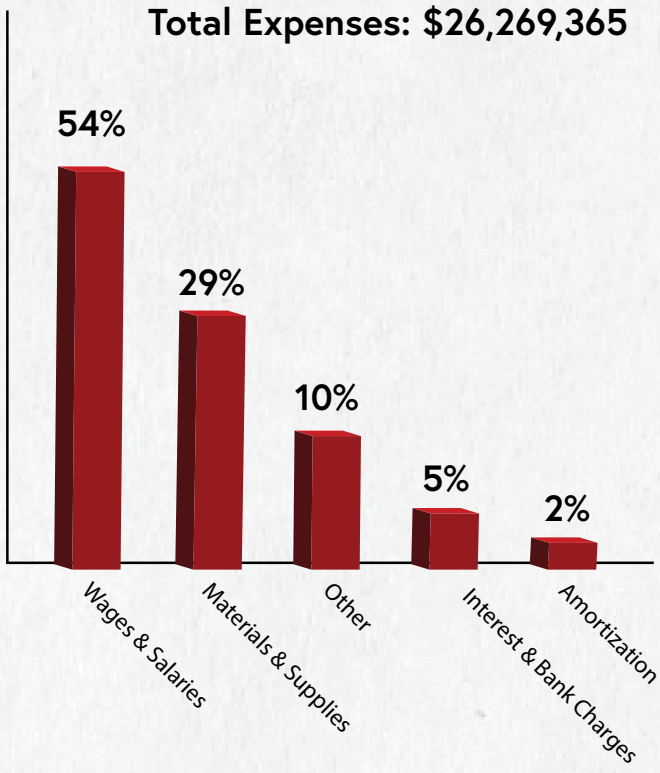
11 Companies

6 Vale Partnerships

500+ Employees

250 Nunatsiavut Beneficiaries



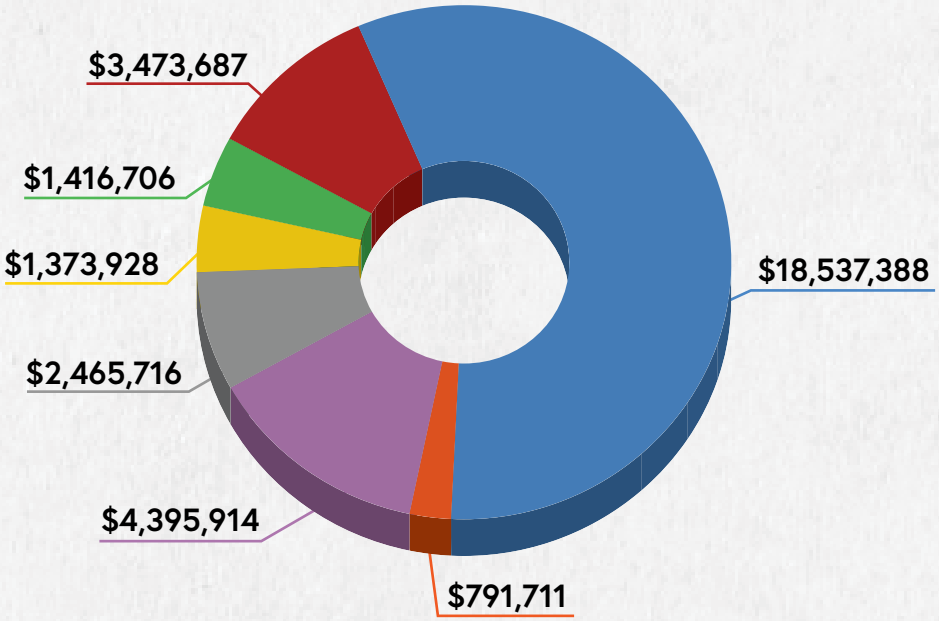


LICST Consolidated

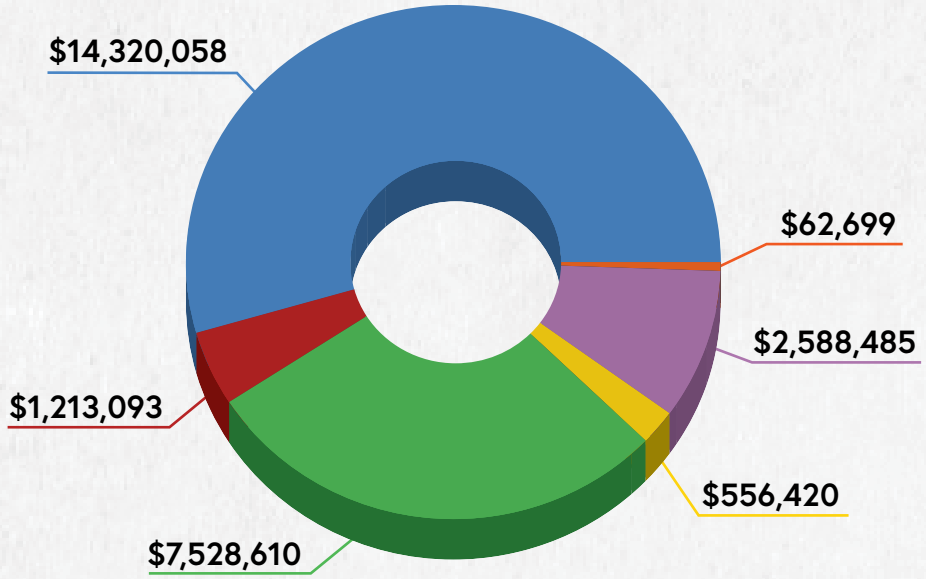
FINANCIAL PERFORMANCE 2020

Total Revenue: $32,455,050

(net of non-controlling interest)



Total Expenses: $26,269,365



LICST Consolidated

MESSAGE FROM THE CHAIR

Garry Best

Despite the challenges posed by carrying out business in a year dominated by COVID-related public health restrictions, the Labrador Inuit Capital Strategy Trust had a successful 2020. NGC is in the best financial position in its history and is poised to build on those gains in 2021 and beyond.

THE PATH TO HERE

NGC evolved from a social enterprise to a for-profit organization a decade ago. But making a profit is not the only marker that determines our success as a business leader for Nunatsiavut Beneficiaries. NGC must also stay true and remain aware of its social responsibilities.

Our companies are building capacity in and for Nunatsiavut. We are creating physical infrastructure and providing the services that our communities need. But that is not all. We are also building opportunity. Beneficiaries in our organizations are being offered training and development and this is leading to new career opportunities.

Businesses thrive when they pursue continuous improvement. That approach drives our discussions about NGC's day-to-day operations and as we develop future strategy. We continue to pursue partnerships that leverage the strengths of our organization with the expertise of leaders in fields such as mining and mine engineering and construction. We have seen this come to fruition with several successful partnerships on the Vale mining project. Another example is Nunatsiavut Construction's partnership with subcontractors to successfully bid on and carry out a project for the Department of National Defence in Gander.

THE LABRADOR INUIT CAPITAL STRATEGY TRUST (LICST)

NGC is supported in its work by the LICST. The Trust is made up of five Nunatsiavut Beneficiaries who provide oversight and strategic guidance to NGC's executive and leadership team. I am proud to say that Beneficiaries make up the majority of NGC's management team.

NGC is well respected in the business community, and that is a reflection of the talent and depth of our exceptional management team and the dedication of our employees. We are true to our mission to create sustainable, profitable businesses and to be Inuit-led.

The Trust is ultimately responsible for the investments made by the Nunatsiavut Group of Companies and through the partnerships that we choose to pursue. That sometimes requires tough decisions as we exercise due diligence in the management of challenging risks. It can

mean closing business lines that aren't financially feasible or operationally sound. We faced one such decision in 2020 when we terminated our support for Universal Helicopters.

CONTRIBUTING TO OUR COMMUNITIES

NGC's transition to a for-profit operation in 2011 was accompanied by the development of a Corporate Social Responsibility (CSR) strategy. It recognizes our responsibility to employee health and safety, to the environment, and to Beneficiaries and our communities. In fulfilling this mandate, NGC and its partners make significant contributions. We provide scholarships, travel assistance, and contributions such as the $54,500 donation that NGC made to community freezers and food banks in December. A complete list of our 2020 activities can be found in this report's section on Corporate Social Responsibility.

THE FUTURE

NGC and its partnerships are well-placed to deal with today's challenges and to seek out tomorrow's opportunities. We are finalizing plans to develop a new five-year strategic plan that will guide NGC's business strategy until 2026.

Vital to continuing our success as an organization is to ensure effective communication with the Nunatsiavut Government and Beneficiaries. We are committed to full transparency. In 2021, we will continue to report on our operations through quarterly newsletters, our annual report, community visits, board meetings in Nunatsiavut, and appearances before the Assembly.

Our commitment is to Nunatsiavut and Beneficiaries. Our team is equipped and qualified to meet whatever challenges we face and to create new opportunities.

MESSAGE FROM THE PRESIDENT AND CEO

Chris Webb

The Nunatsiavut Group of Companies (NGC) returned to profit in 2020, a remarkable achievement in a year that brought many challenges. COVID-19 became a defining issue. It upended our personal lives, played havoc with business, and created a worldwide feeling of uncertainty.

In spite of the impact of COVID-19, our resilience as people was the defining moment in 2020.

You need only look at our companies and see how they responded to this unprecedented challenge. In the pages of this report, we have outlined in some detail how our companies first pivoted to make their workplaces safe, and then, how they turned their attention to resuming business operations. As President and CEO, I am immensely proud of how our businesses and partnerships surmounted the challenges of operating during a worldwide pandemic.

Restrictions on travel meant that we couldn't operate Base Camp at the Torngat Mountains National Park. Yet, Air Borealis and NGC Solutions Inc., operators of Base Camp, collaborated with our partners and looked toward the future. They used the downtime to improve the experience for the time when guests can return, by making infrastructure improvements and cleaning up the environment around Base Camp.

Public health restrictions impacted our plans for the Café Illusuak and gift shop at Nunatsiavut's cultural showcase, the Illusuak Cultural Centre. Our leaders developed plans so that they could operate safely when restrictions eased.

Transportation is an essential service, and this was proven to be especially so during the pandemic. The Air Borealis team kept their planes in the air, delivering essential food and cargo to Nunatsiavut, even when public health restrictions prevented people from traveling. Nunatsiavut Marine Inc. loaded and unloaded more than 14,000 tons of cargo for the North Coast marine service and helped more than 3,000 people plan trips and reach their destination safely.

Nunatsiavut Construction Inc. figured out quickly how to continue vital infrastructure work on the North Coast, and at the same time, grow their business in the Upper Lake Melville area and on the Island.

Torngait Services Inc. provided essential services to keep the Vale site operating even as the site went into care and maintenance mode in March. When the time came in late June to begin allowing people back onsite, their work paved the way for the project to ramp up quickly. Our Vale partners were also ready to jump back into action. Their vital contribution to this project lays the foundation for Beneficiaries to have careers at the mine and for communities to benefit for decades.

NGC's head office staff coordinated our companies' response to COVID-19. We ensured that everyone was operating safely and that when the time came to return to the jobsite, our people were ready.

COVID-19 is a virus that affects the body. But its impact reaches far beyond the physical. NGC and our partners placed mental health at the centre of our response to COVID-19. Employees were offered free and confidential counselling, and companies such as TSI, promoted their employee assistance plans.

LOOKING TO THE FUTURE

There is much to look forward to in 2021 and beyond. Important decisions were made in 2020 to make new capital investments in NCI and NMI. This will improve their efficiency and their productivity. We have put the finishing touches on a new Vale partnership. Innu-Inuit Foraco LP is one of the country's foremost diamond drillers and we are proud to be part of this group.

TSI continues to train Beneficiaries so that they will have new opportunities as the Vale mine goes underground. Air Borealis is now part of the helicopter services market in Labrador without the financial burden of owning aircraft and the related infrastructure. NGC is investigating opportunities to capitalize on the harp seal resource which is so intricately connected to Inuit culture and tradition.

As we explore new opportunities, we will work at ways of doing better. All our companies are focused on working efficiently, productively, and profitably.

The future for NGC and our partners is tomorrow and the many tomorrows that come after that. It's why NGC and our partners take such pride in our scholarship programs and other initiatives to encourage young Beneficiaries to consider our companies as part of their future. If they make other choices, our companies are proud to have had a role in their education and development.

FIVE-YEAR PLAN

In late 2020, NGC finalized the process around the development of a strategic plan for the next five years. We will work with our consultants to develop this plan which will guide our business decisions and our direction as an organization.

ONWARD FROM 2020

2020 proved what NGC and its partners are made of. We are resilient. Hard-working. Resourceful. Our employees faced a year filled with much uncertainty. They built homes for people. They got people to medical appointments. They shipped food and necessary supplies to communities. They renovated offices. They planned for the day when people can resume their normal lives.

None of that could have happened without our leaders, our dedicated employees, and the Trustees who oversee our operations. They all had one goal in mind. Get the job done, get it done well, and safely. While always remembering that we are in business for Nunatsiavut.

NGC NUNATSIAVUT CONSTRUCTION INC.

NGC Nunatsiavut Construction Inc. (NCI) provides critical construction and infrastructure support services in Nunatsiavut. Like most companies, NCI was impacted by the COVID-19 pandemic. COVID-19 presented particular challenges in construction, where employees must often work in close proximity to each other. Safety of our employees, our clients and the communities in which we work is paramount. Through robust strategic planning and the development of protocols to allow staff to work safely in physically-distanced settings, the company improved its performance and operated safely in 2020.

EXPANDING THE COMPANY'S FOOTPRINT

NCI has been primarily a six-month-a-year operation with activities focused on Nunatsiavut and centred on a relatively short construction season. However, competitive bidding for a finite number of projects in the region can produce big swings in activity from one year to the next. In order to profitably sustain its Nunatsiavut operation, NCI must seek further opportunities that will expand its operations. A major achievement in the 2020 season was the company's success in obtaining work outside Nunatsiavut, both in Upper Lake Melville and in Newfoundland.

By the fourth quarter of 2020, the strategy to expand NCI's footprint had proven successful, with nearly $1 million in new revenue. Upper Lake Melville projects accounted for approximately $300,000 and in late October 2020, NCI was awarded a $600,000 tender in Newfoundland to construct a warehouse at 9 Wing, CFB Gander. These projects, and their successful conclusion, are vital components of NCI's strategy to become a profitable year-round entity.

EMPLOYMENT IN 2020

NCI's employment levels in 2020 were lower than previous years, owing to the reduced amount of work available in a year dominated by the pandemic. However, the company maintained nearly 45 percent Beneficiary employment, with an increasing number of Beneficiaries holding supervisory, skilled trades, and skilled labour positions. Of 46 NCI employees in 2020, 26 were Beneficiaries.

NCI is committed to increasing Beneficiary employment levels and addressing gaps in Beneficiary skill sets, including in the trades and supervisory roles. Already, training and strong mentorship have led to gains in productivity and efficiency. With renewed emphasis on training and skills development, NCI employees are undertaking more complex work, such as interpreting blueprints with supervision, installation of complex low slope roofing jobs, and complex exterior building systems installations. Additional training is planned for the winter of 2021 to further prepare NCI employees for work on projects with larger clients such as Nalcor.

As part of the company's shift in focus, and with additional training for staff, NCI has re-entered the general contracting field. This will broaden the company's scope for new business and support continued growth both in Nunatsiavut and outside the region.

NEW CAPITAL INVESTMENT FOR 2021

A critical part of NCI's future growth and sustainability is fleet rejuvenation and new capital investment. Much of the company's existing equipment is at end of life, leading to expensive repair and maintenance costs. In 2020, the company continued to dispose of older equipment either through sales, or transport from the coast to scrap dealers.

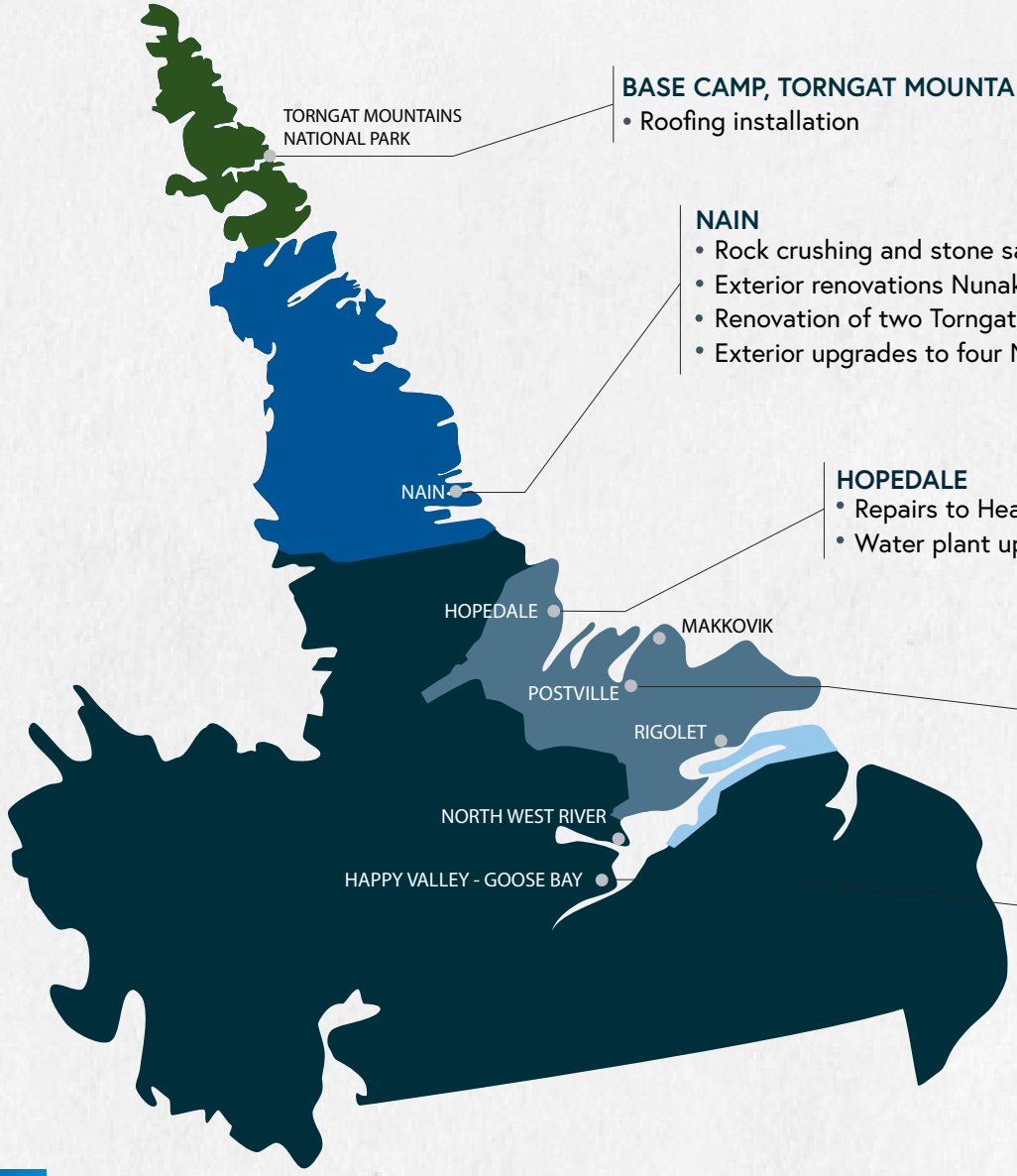
A major development was approval for NCI to purchase $800,000 in new equipment assets for 2021. NCI will acquire a new tracked cone crusher and double decked screener for its quarry operations. This will increase production by 200% and reduce operational costs. NCI will also purchase additional new equipment – a dump truck, a float to transport tracked equipment, and a trailer to move materials and equipment more easily between its operations. Along with increasing productivity and efficiency, these capital asset improvements will provide safer and reliable equipment for the operation.

CONFIRMED WORK FOR 2021

By the end of December, NCI had secured work for 2021, including several new home builds in Nunatsiavut, conclusion of the Gander DND project, and significant stone sales from the quarry in Nain. As well, the company had outstanding bids on several tenders.

NCI installed a new roof at the Base Camp and Research Station at Torngat Mountains National Park. The company plans to pursue certification in commercial roofing installation. (Tom Lyall photo)

NGC NUNATSIAVUT CONSTRUCTION INC. PROJECTS – 2020



BASE CAMP, TORNGAT MOUNTAINS NATIONAL PARK
- Roofing installation

NAIN
- Rock crushing and stone sales
- Exterior renovations Nunak properties (Morhardt and Sandbanks Buildings)
- Renovation of two Torngat Regional Housing Association homes
- Exterior upgrades to four Nunatsiavut Government staffhouses

HOPEDALE
- Repairs to Healing Lodge
- Water plant upgrades

POSTVILLE
- Completion and handover of Interpretation Centre

HAPPY VALLEY-GOOSE BAY
- Renovation and construction at marine terminal
- Spring Gulch driveway
- Key Assets' facilities maintenance

GANDER
- Construction of warehouse for Department of National Defence, 9 Wing

NCI's quarry operations in Nain. New capital investments in 2021 will improve productivity and efficiency. (Tom Lyall photo)

NUNATSIAVUT MARINE INC.
INTEGRATED NUNATSIAVUT LOGISTICS

Despite the impact of the COVID-19 pandemic, 2020 represented a year of steady performance for Nunatsiavut Marine Inc. (NMI). The company successfully pivoted to provide a safe environment for its employees, as well as for shippers and passengers utilizing the Labrador coastal marine service. As shoreside provider of services for the operator, Labrador Marine Inc., NMI is responsible for reservations and ticketing, as well as receiving, handling, loading, and unloading freight. While passenger numbers were down in 2020 because of COVID-19 travel restrictions, all freight was delivered to coastal communities by season's end.

SAFETY MEASURES IMPLEMENTED

NMI put several measures in place to enhance safety and to comply with COVID-19 public health measures. Several improvements were made to the terminal in the Port of Goose Bay to provide for physical distancing. Seats were removed from the passenger seating area, plexiglass barriers installed at the service desk, and a special check-in office was constructed for shippers. These changes, combined with robust cleaning and sanitizing, allowed the company to operate safely during the 2020 season.

INFRASTRUCTURE IMPROVEMENTS

The coastal marine service is a vital link for Nunatsiavut communities. Thousands of tons of food are shipped to supply local stores and to ensure sufficient inventory for winter storage. Contractors transport equipment to carry out needed infrastructure work and people use the service to travel between communities as well as connect to the highway at Happy Valley-Goose Bay.

Infrastructure improvements were made at the Goose Bay terminal in 2020 to improve the storage, delivery, and transportation of freight. Prior to the season, contractors installed insulation and extended heat to the entire building, eliminating the possibility of goods becoming frozen as fall approached. A set of loading bays was installed to improve the unloading of tractor trailers. This allowed freight to be unloaded directly into the warehouse without being exposed to the elements.

New electric forklifts were purchased for the Goose Bay facility, which also contributed to the success of 2020 freight operations. A vertical, multi-level steel racking system was installed, which allowed for the stacking of freight, thereby increasing capacity in the warehouse.

OUTLOOK FOR 2021

NMI will make additional capital investments in 2021 to improve service. A steel shed will be erected near the terminal in Goose Bay to allow NMI to repair, service, and maintain equipment in a weather-protected environment. The company also plans to purchase additional equipment to facilitate the moving of freight and other cargo.

Due to public health regulations around COVID-19, NMI's on-line reservations system could not be utilized in 2020 and passengers were required to book by phone. By late season, an improved phone reservations system was in place. Depending on whether COVID-19 travel restrictions continue, it may be necessary to again use a phone reservations system in 2021.

INTEGRATED NUNATSIAVUT LOGISTICS

Integrated Nunatsiavut Logistics (INL) is a 51-49 partnership between Nunatsiavut Marine Inc. and Integrated Logistics and reports to the LICST through NMI.

In 2020, the company successfully won a two-year contract to provide barge lifting services to the Vale underground mine project. INL completed eight lifts in 2020 and anticipates an identical volume in 2021. INL also provided some stevedoring services in support of the Vale project.

INL continues to pursue opportunities that will enhance and grow the partnership.

NMI handles all loading and unloading of the Kamutik W. .
The vessel is pictured here during a stop in Makkovik. (Dwayne Canning photo)

NULUAK FISHERIES

Nuluak Fisheries oversees all fishing licenses and quotas that are owned by the Labrador Inuit Capital Strategy Trust. Nuluak does not own capital assets such as fishing vessels or processing plants. Rather, it pursues fishing activity through partnerships which undertake harvesting themselves or through arrangements with third parties.

In spite of some minor decreases in quota in 2020, Nuluak and its partners, PiKalujak Fisheries and Dominion Trading Limited, were successful in harvesting their quotas of shrimp, Atlantic halibut, and Greenland halibut. Nuluak collected royalties from its interest in northern shrimp and a percentage of the proceeds from fish sales, such as Atlantic and Greenland halibut. As in 2019, sales of Atlantic and Greenland halibut were sold through competitive bids on the open market. In 2020, Nuluak's revenue was approximately $1.3 million, less than the amount in 2019.

EXPERIMENTAL FISHERY

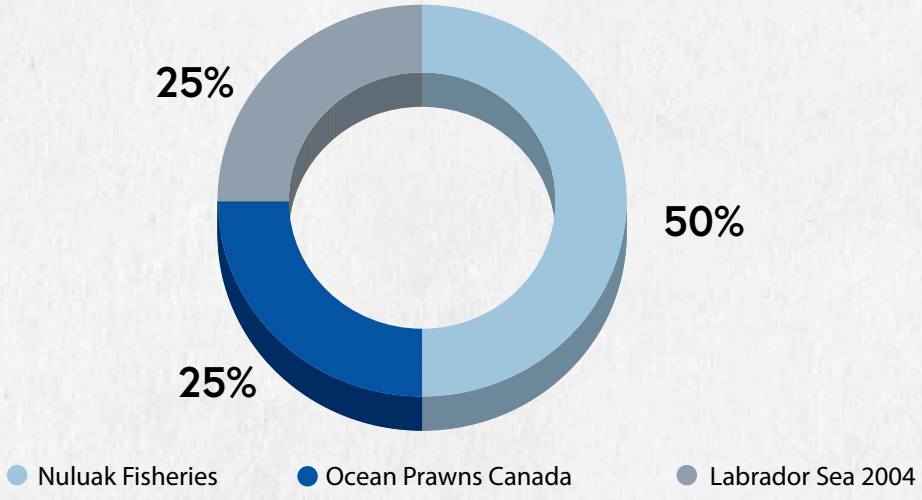
In 2019, Nuluak and its partners, Nunatsiavut Government and Torngat Fish Producers Cooperative carried out an experimental fishery that proved the commercial viability of resuming scallop harvesting near Nain. There were plans in 2020 to test the viability of a whelk fishery in Nunatsiavut. However, this effort was put on hold because of the COVID-19 pandemic. It is hoped the project can be resumed in 2021.

Nuluak Fisheries

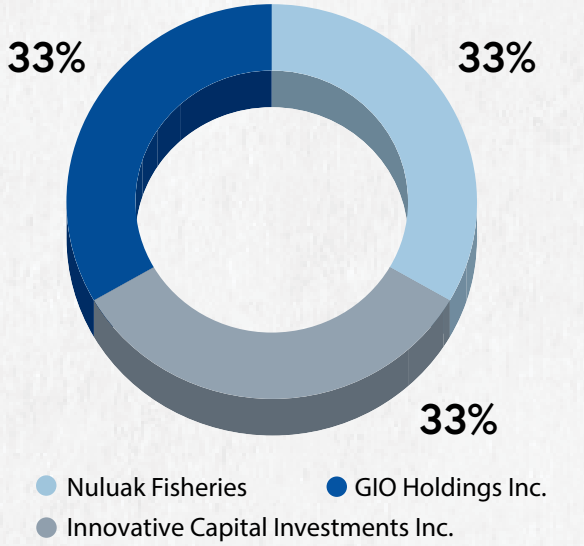
Nuluak Fisheries' quota of northern shrimp is harvested by PiKalujak Fisheries, a partnership with Ocean Prawns Canada and Labrador Sea. (Ocean Prawns Canada photo)

OWNERSHIP STRUCTURE
AND QUOTA SHARES OF NULUAK FISHERIES INTERESTS

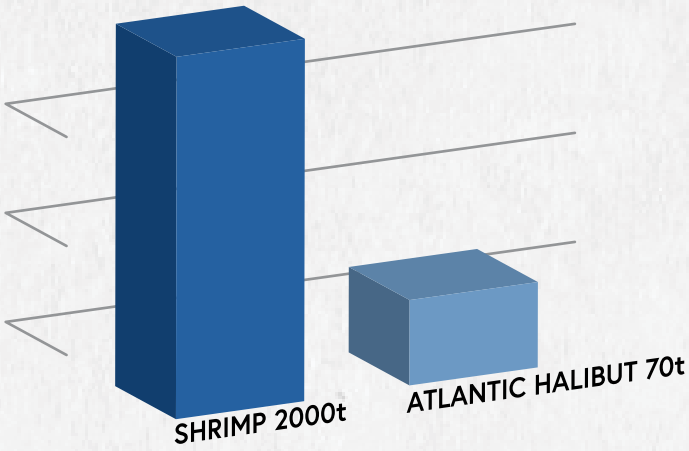
PiKalujak Fisheries Ownership



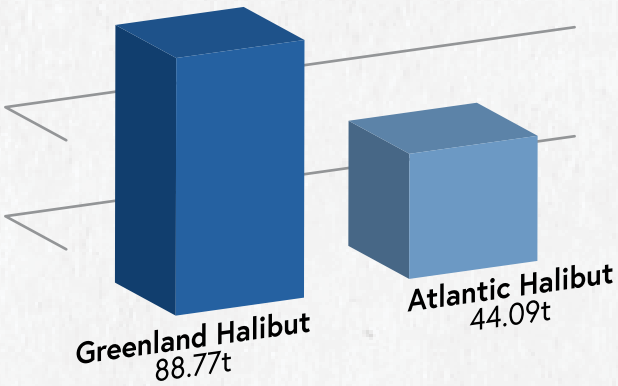
Dominion Trading Limited Ownership



PiKalujak Quotas



Dominion Trading Limited Quotas



EXPLORING A NEW OPPORTUNITY IN SUSTAINABLE SEALING

As part of its mission to own profitable, sustainable businesses for the benefit of Nunatsiavut Beneficiaries, Nunatsiavut Group of Companies investigates economic opportunities in various fields. Since 1992, through its predecessor the Labrador Inuit Development Corporation (LIDC), the organization has looked toward marine resources as a source of employment and revenue. Consequently, NGC's fishing enterprise, Nuluak Fisheries, has significant interests in shrimp, Atlantic halibut, and Greenland halibut (turbot).

In 2020, Nuluak began exploring the potential associated with the harp seal resource. The Department of Fisheries and Oceans estimates the harp seal population at 7.6 million animals, and to be increasing annually. Other fish resources like shrimp, crab, char, and salmon, which are vital to coastal communities and to offshore fishing interests, are significantly challenged and impacted by seal predation. Nunatsiavut is in an ideal position geographically to utilize the abundant seal resources off the Northern Labrador coast. The large size of the seal population represents untapped potential for Nuluak Fisheries.

Seal is an important part of Inuit culture, having been harvested for centuries for food, to provide clothing, and for use in the crafting of tools. In recent decades, researchers have confirmed important properties of seal oil that can be used in nutrition, health, and vitality products.

MOVING FORWARD

More research will be necessary to assess the need for processing technology, marketing, business feasibility, and the structure to support investment and commercial development to fully utilize the seal resource.

Nuluak's vision contemplates having high quality seal meat, which is rich in protein, iron, and other minerals, available throughout Nunatsiavut and communities across the country. Nutrition, health, and other products could be manufactured from the Omega-3 oil found in seal fat. Similar products could be made from seal skin, which is rich in collagen and gelatine. As part of a sustainable development plan, Nuluak's research and analysis will also examine the use of raw materials in traditional crafts and clothing.

Through continued collaboration with industry, governments, and resource managers, the development of opportunities to fully utilize seal resources will be an important activity for Nuluak Fisheries and Nunatsiavut.

1. DFO estimates the harp seal population at 7.6 million animals and that it is in a growth cycle.
2. Nuluak is exploring opportunities associated with full use of the seal as part of a sustainable development plan, including the sale of seal meat, which is rich in protein, iron, and other minerals. The sale of seal meat is also an important part of ensuring food security in Nunatsiavut and other northern areas.
3. Seal fat and sealskin are rich in Omega-3 oil, collagen, and gelatine, important components in various nutrition, health, and other products.
4. Nunatsiavut is ideally located to participate in a sustainable harp seal harvest.

Photos next page by Bob Hardy

ARCTIC OMEGA
Harp Seal Oil-1000
Omega-3

NGC SOLUTIONS INC.

NGC Solutions Inc. (NSI) supports NGC divisions and companies with logistical and procurement services. NSI's primary activities in 2020 were focused in three areas: maintenance and support for the Torngat Mountains Base Camp operation, operation of the Café Illusuak and gift shop, and transition support for the Rigolet gas station.

BASE CAMP

NSI, in collaboration with Air Borealis, operates Torngat Mountains Base Camp and Research Station under a five-year contract with the Nunatsiavut Government and Parks Canada. While the COVID-19 pandemic prevented Base Camp from operating in 2020, the operating partners, along with Nunatsiavut Government, Parks Canada, and Oceans North, made improvements to the site.

The various teams repaired and re-built platforms and steps for meeting tents and other facilities on site. They also took part in a massive cleanup of about 600 empty fuel drums, barrels of waste oil, and an assortment of other materials that had accumulated over several years, including metals, plastics, and propane cylinders. With the installation of large permanent fuel storage tanks in 2019 to support the park and its operations, it will no longer be necessary to store fuel in small containers. .

ILLUSUAK CAFÉ AND GIFT SHOP

NSI's operation of the Café Illusuak and gift shop at the Illusuak Cultural Centre in Nain was impacted by restrictions that were implemented to stop the spread of COVID-19. Both operations were suspended from mid-March until June when the Nunatsiavut Government closed the Ilusuak Centre. The café and gift shop reopened during the summer under public health restrictions. As the year progressed, the café transitioned from take-out service only, to dine-in services. The gift shop remains focused on procuring and stocking Inuit art and crafts.

RIGOLET GAS STATION

NSI discontinued its operation of the Rigolet gas station in September 2020, after 15 months of running the facility as a temporary measure. NSI had signed an agreement in June 2019 with the Rigolet Inuit Community Government with the intent to operate the community gas station until November 30, 2019. It was felt that would be an adequate period to find a new operator. However, when a new operator didn't come forward by the agreed deadline, NSI agreed to continue the arrangement until September 30, 2020. NSI provided information and other assistance to facilitate the reopening of the operation under new management.

1. NSI operates the Cafe Illusuak at the Illusuak Cultural Centre in Nain. (Sarah Leo photos)
2. NSI procures and stocks Inuit art and crafts for the gift shop at the Illusuak Cultural Centre. (Nancy Winters photos)
3. In the summer of 2020, NSI joined the team effort to repair foundations for accommodations and service buildings at the Base Camp and Research Station at Torngat Mountains National Park. (Sarah Leo photos)

GOOSE BAY CAPITAL CORPORATION

Goose Bay Capital Corporation (GBCC) is a 100% NGC-owned company, with a 310-acre residential and commercial development in Happy Valley-Goose Bay. The development is commonly referred to as the Town Centre. When fully complete, access to the development will be provided by five intersections connected to major town roads.

In late 2019 and early 2020, promising discussions took place with developers interested in establishing operations at the Town Centre. Those discussions were put on hold due to the uncertain business climate created by the COVID-19 pandemic. However, the development continues to be viewed favourably by potential clients. In fall 2020, fruitful preliminary discussions began with a new client about a large piece of property on the site. GBCC intends to continue marketing the Town Centre property as an attractive, modern, and centrally located destination.

GBCC operates under Nunak Land Corporation, and was established in 2012 to achieve its vision for a mixed-use community. GBCC is pursuing a phased approach to development. As each phase is taken up by clients, work will proceed to the next phase.

Town Centre
HAPPY VALLEY • GOOSE BAY

NUNAK LAND CORPORATION

As NGC's land-holding and commercial real estate company, Nunak Land Corporation (Nunak) has properties in Nain, Hopedale, Makkovik, and Upper Lake Melville. Nearly half of Nunak's office space is leased to the Nunatsiavut Government, with the remainder occupied by federal and provincial agencies, as well as private and public business services, such as banking, legal, dental care, environmental, construction services, and learning and research institutions.

INVESTMENTS IN PROPERTY IMPROVEMENT

In 2020, Nunak made investments to enhance and refresh two of its properties in Nain. New siding, windows, and stairways were added to the Morhardt Building. Accessibility to the Sandbanks Building was improved with new stairs, wheelchair ramps, fire exit lights, and exterior lighting. NGC Nunatsiavut Construction Inc., which leases the Corte Real Building in Happy Valley-Goose Bay from Nunak, carried out significant renovations to its warehouse and constructed new office space.

Nunak also removed an abandoned military-era building from its property at 10 Toronto Avenue in Happy Valley-Goose Bay. The site will be used to store equipment until a new use can be found for the property.

Nunak also controls Goose Bay Capital Realty (GBCR) through its ownership of Goose Bay Capital Corporation. GBCR owns eight housing units in two quadplexes in Happy Valley-Goose Bay. The two-and-three-bedroom units are rented to the Labrador Friendship Centre for supported and assisted living. Nunak made improvements in 2020 by replacing windows and painting the interior of all units.

Morhardt Building in Nain after exterior renovations were completed by NCI. (Tom Lyall photo)

TORNGAIT SERVICES INC.

Torngait Services Inc. (TSI) weathered the disruption caused by the COVID-19 pandemic and emerged from the year with increased employment numbers and additional contracts.

At the start of the pandemic, TSI employed 178 people under its site services contract with Vale. That number dropped to under 50 when Vale entered care and maintenance mode in March. However, as the project got back on track in July, TSI's employment levels increased and eventually surpassed pre-pandemic levels. TSI's employment numbers reached a high of 250 during the fall of 2020 before settling back to 212 at year's end, a 20-percent increase over pre-pandemic levels.

ADDITIONAL WORK AWARDED

The increase in employment numbers was the result of TSI acquiring additional contracts at the Vale site. Late in 2020, Vale extended the term of two contracts – TSI's crushing operations contract was lengthened to April 2021 and the clearing and grubbing contract to remove all vegetation from Discovery Hill was continued to June 2021, with new positions added. TSI was also asked to provide additional truck drivers to support the increased activity at the site as Vale prepares for the underground operation.

TRAINING OPPORTUNITIES CONTINUE

TSI continued to place significant importance on training for Beneficiaries at the Vale site in 2020. The goal is to have Beneficiaries gain the necessary skills to move into higher skilled jobs in site services, or to establish careers at the underground mine, which is anticipated to be complete by 2022. TSI has two equipment trainers on site who provide both classroom training and seat time on the various pieces of equipment.

The pandemic and its impact on operations at the site made it necessary to delay implementation of the Job Readiness Training Program (JRTP) until 2021. JRTP is intended to expose successful Beneficiary applicants to the Mill, Mine, Site Services, and Maintenance departments for a nine-month period. The program is designed to get applicants accustomed to working at an industrial site and to the lifestyle of a work camp, including the two-week-on and two-week-off cycle. Although there will be no guarantee of employment after participating in the program, the trainee will be qualified for an entry level position.

25th ANNIVERSARY OF TSI

Torngait Services Inc. has been a successful partnership between NGC (51%) and ATCO Structures and Logistics (49%) for the past 25 years. In that time, TSI has played a key role in several major Labrador projects:

- exploratory diamond drilling support to the Voisey's Bay project in 2000 and the subsequent site services contract that began in 2005;
- support for the PCB Remediation Project at Saglek in 2002;
- catering camp support for the Muskrat Falls hydro project in 2014.

2020 marked the partnership's 25th year in business. Events to mark the anniversary were impacted by measures put in place to prevent the spread of COVID-19 and by the need to refocus after returning in full force to the Vale worksite in July 2020. However, TSI plans to hold several physically-distanced events in 2021 to commemorate the 25th anniversary of the successful partnership.

TSI crews unload mining equipment and other supplies for the Vale underground mine. Integrated Nunatsiavut Logistics carried out eight barge lifts for the project in 2020. (TSI photo)

Photos left:

1. TSI crews unload materials for use at the Vale project. (TSI photo)
2. Sunset at Voisey's Bay. (TSI photo)
3. TSI's training program prepares Beneficiaries to gain skills that will assist in career advancement on the Vale project. (TSI photo)

Torngait Services Inc.

TIMMIAK CONSTRUCTION LIMITED

Timmiak Construction Limited is a joint venture heavy construction company that is 51% owned by NGC and 49% by Bird Heavy Civil Ltd. Bird merged with Stuart Olson in 2020, creating Bird Olson, one of Canada's largest construction companies.

In announcing the merger, the company reinforced its commitment to the relationship with Timmiak. It stated that the new company presents many new opportunities for the Timmiak partnership, and that by combining the best that Bird and Olson have to offer, they can offer additional services with a strengthened team.

Timmiak, and its predecessor, Nillik Construction Ltd., have successfully carried out several contracts and subcontracts for the Vale project. The most recent work was a subcontract to complete concrete works for five Raised Bore Collars, which are access tunnels to the underground mine. Two of the tunnels will bring fresh air into the mine, two will remove stale air, and the fifth will be an emergency escape route. Timmiak successfully completed the project in July 2020.

During peak construction in 2020, 44% of Timmiak's craft employees – people who support construction trades – were Indigenous and Labradorian.

TIMMIAK
construction limited

At right, one of five Raise Bore Collars under construction by Timmiak at the Vale site. At left, the surface view of the project. (Timmiak Construction Limited photo)

AIR BOREALIS

The Air Borealis partnership (one-third shares for each of Labrador Inuit Capital Strategy Trust, Innu Development Limited Partnership, and PAL Airlines) weathered the challenges posed by COVID-19, returning to full-scale operation by the end of the year. The airline made new investments to outfit additional aircraft for medevac services and entered an arrangement to fill a gap in the Labrador helicopter services market.

COVID-19 IMPACT

The worldwide pandemic had an immediate negative impact on the nearly trillion-dollar worldwide aviation industry. Flights were grounded as travel restrictions took hold and most passenger traffic was halted.

Air Borealis acted quickly as provincial public health measures were introduced. Passenger capacity was reduced, masks became mandatory for passengers and crew, additional cleaning and sanitization measures were introduced at airports and related workplaces, and daily deep cleaning and defogging of aircraft was instituted. As a result of a reduction in passenger movement in the spring and early summer, staffing levels were reduced.

Business rebounded in the summer with the relaxation of public health restrictions. As demand increased, Air Borealis increased passenger capacity and resumed charter operations, including flights to Labrador fishing camps. The airline recommenced its flights for the Department of Fisheries and Oceans to monitor compliance with the right whale preservation and recovery strategy in the Gulf of St. Lawrence and off Nova Scotia. By December, nearly all staff had been recalled, passenger reservations were back to normal, and freight and cargo volumes were high.

INVESTMENT IN MEDEVAC CAPACITY

Air Borealis made additional investments to increase its medevac capacity in 2020. As the contracted provider of air ambulance service for Labrador-Grenfell Health, the airline operates both a dedicated medevac aircraft as well as regular flights to transport coastal residents to medical appointments. The company outfitted two additional aircraft for medevac services in 2020, bringing the number of aircraft capable of operating as medevac flights to four.

Air Borealis added medevac capacity to two additional aircraft in 2020. Four of the company's fleet are now outfitted to fly medevac missions. (Air Borealis photos)

HELICOPTER SERVICE INTRODUCED

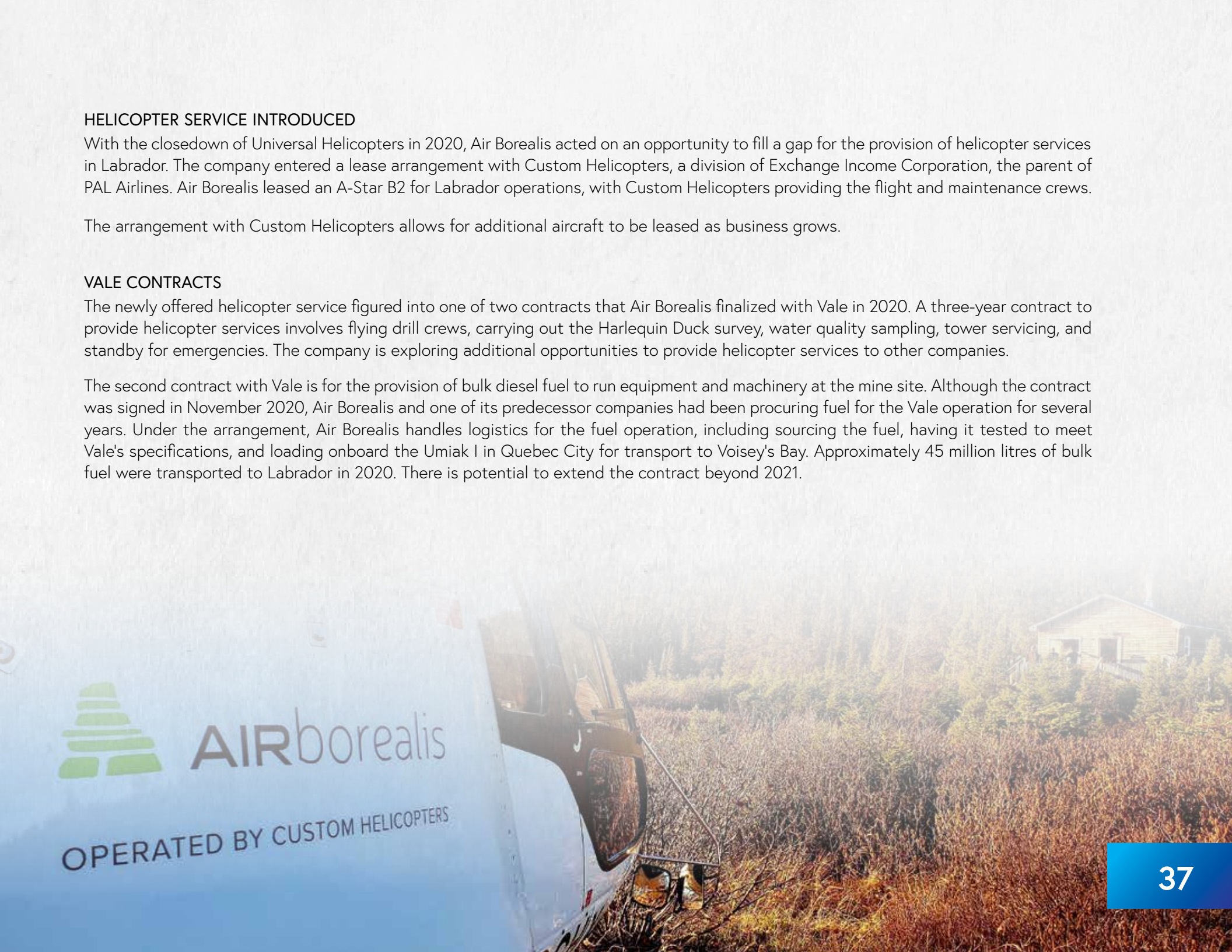
With the closedown of Universal Helicopters in 2020, Air Borealis acted on an opportunity to fill a gap for the provision of helicopter services in Labrador. The company entered a lease arrangement with Custom Helicopters, a division of Exchange Income Corporation, the parent of PAL Airlines. Air Borealis leased an A-Star B2 for Labrador operations, with Custom Helicopters providing the flight and maintenance crews.

The arrangement with Custom Helicopters allows for additional aircraft to be leased as business grows.

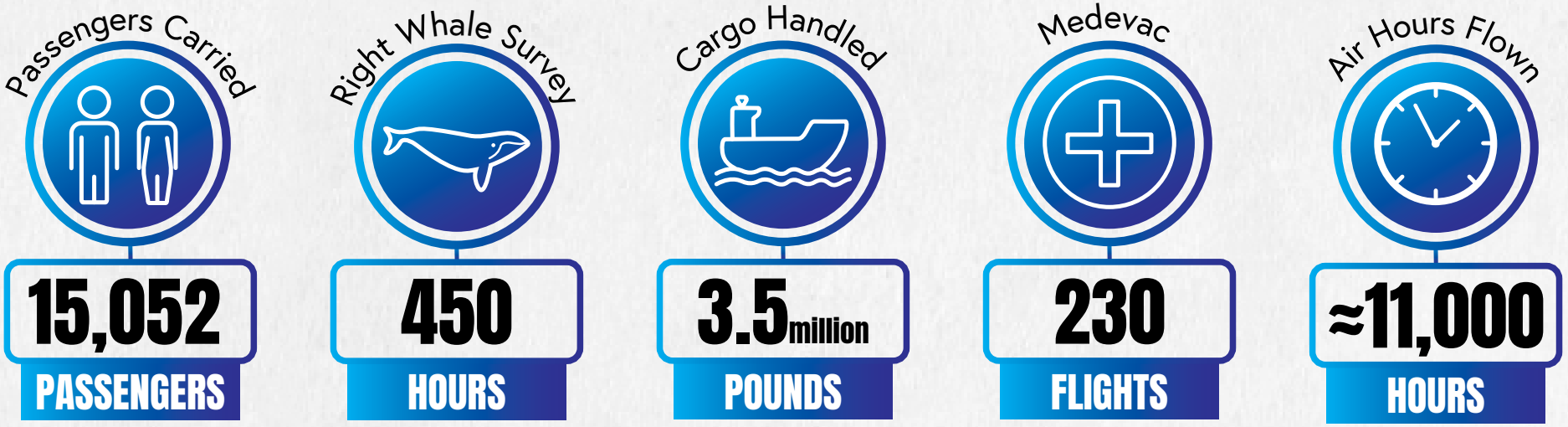
VALE CONTRACTS

The newly offered helicopter service figured into one of two contracts that Air Borealis finalized with Vale in 2020. A three-year contract to provide helicopter services involves flying drill crews, carrying out the Harlequin Duck survey, water quality sampling, tower servicing, and standby for emergencies. The company is exploring additional opportunities to provide helicopter services to other companies.

The second contract with Vale is for the provision of bulk diesel fuel to run equipment and machinery at the mine site. Although the contract was signed in November 2020, Air Borealis and one of its predecessor companies had been procuring fuel for the Vale operation for several years. Under the arrangement, Air Borealis handles logistics for the fuel operation, including sourcing the fuel, having it tested to meet Vale's specifications, and loading onboard the Umiak I in Quebec City for transport to Voisey's Bay. Approximately 45 million litres of bulk fuel were transported to Labrador in 2020. There is potential to extend the contract beyond 2021.



AIRborealis



9
Twin Otter
Aircraft
1
A-Star B2
Helicopter
(leased)
130
Employees

PAN ARCTIC INUIT LOGISTICS CORPORATION (PAIL)

Pan Arctic Inuit Logistics Corporation (PAIL) was formed in 1994 and has evolved to include six Inuit economic development groups with equal shares, including the Nunatsiavut Group of Companies. The groups are members of the Inuit Development Corporation Association, which was formed in 2018 to provide Inuit with a national voice to influence decisions around innovation, trade, and commerce.

PAIL and ATCO Frontec own equal shares of Nasittuq Corporation, which currently provides site support and management services for the Ellesmere Island Commercial Support Contract in Alert, Nunavut.

In 2020, Nasittuq Corporation announced that it would pursue the next Government of Canada contract to operate and maintain the North Warning System (NWS), a joint Canada-United States string of 47 radar sites that stretch from Cartwright, Labrador across the Arctic to the Alaska border. Nasittuq previously held the contract for the NWS, including three locations in Ontario, from 2001 to 2014. Should Nasittuq Corporation be successful in acquiring the NWS contract, PAIL and ATCO Frontec have agreed that PAIL would become majority owner of the jointly-held corporation.

Separately, PAIL's partners have discussed other business opportunities that would benefit Inuit across the north. These include producing renewable energy in order to reduce reliance on diesel for power generation and becoming partners in delivering high-speed internet to people across the Arctic.

PAN ARCTIC INUIT
LOGISTICS CORPORATION
Creating Opportunities for Inuit

NGC, through its joint venture with other Inuit economic development corporations and ATCO Frontec, provides site support and management services to the Canadian military at Canadian Forces Station Alert. (ATCO Frontec photos)

Torngait Services Inc. (TSI) has provided site services at the Vale mine since 2005. NGC is part of several partnerships that provide mining and engineering expertise to Vale in the development of the underground mine. (ATCO Logistics photos)

VALE PARTNERSHIPS

The Nunatsiavut Group of Companies believes that partnerships are an essential tool for unlocking opportunity. Prior to the commencement of the Vale underground project, NGC formed partnerships with Innu Development Limited Partnership and national and international mine development and engineering firms to bid on work at the site. The Innu-Inuit partnerships with national and international firms are on a one-third ownership basis. NGC is also involved in three other partnerships that have either completed work or continue to be involved in the Vale project: Torngait Services Inc. (51% ownership); Timmiak Construction Limited (51%); Integrated Nunatsiavut Logistics (51%).

The partnerships and the work in which they are engaged are tangible signs of the benefits contemplated in the Inuit Impact Benefits Agreement (IBA). The IBA committed Vale to provide significant benefits and fair compensation, including education and training to maximize employment opportunities for Nunatsiavut Beneficiaries.

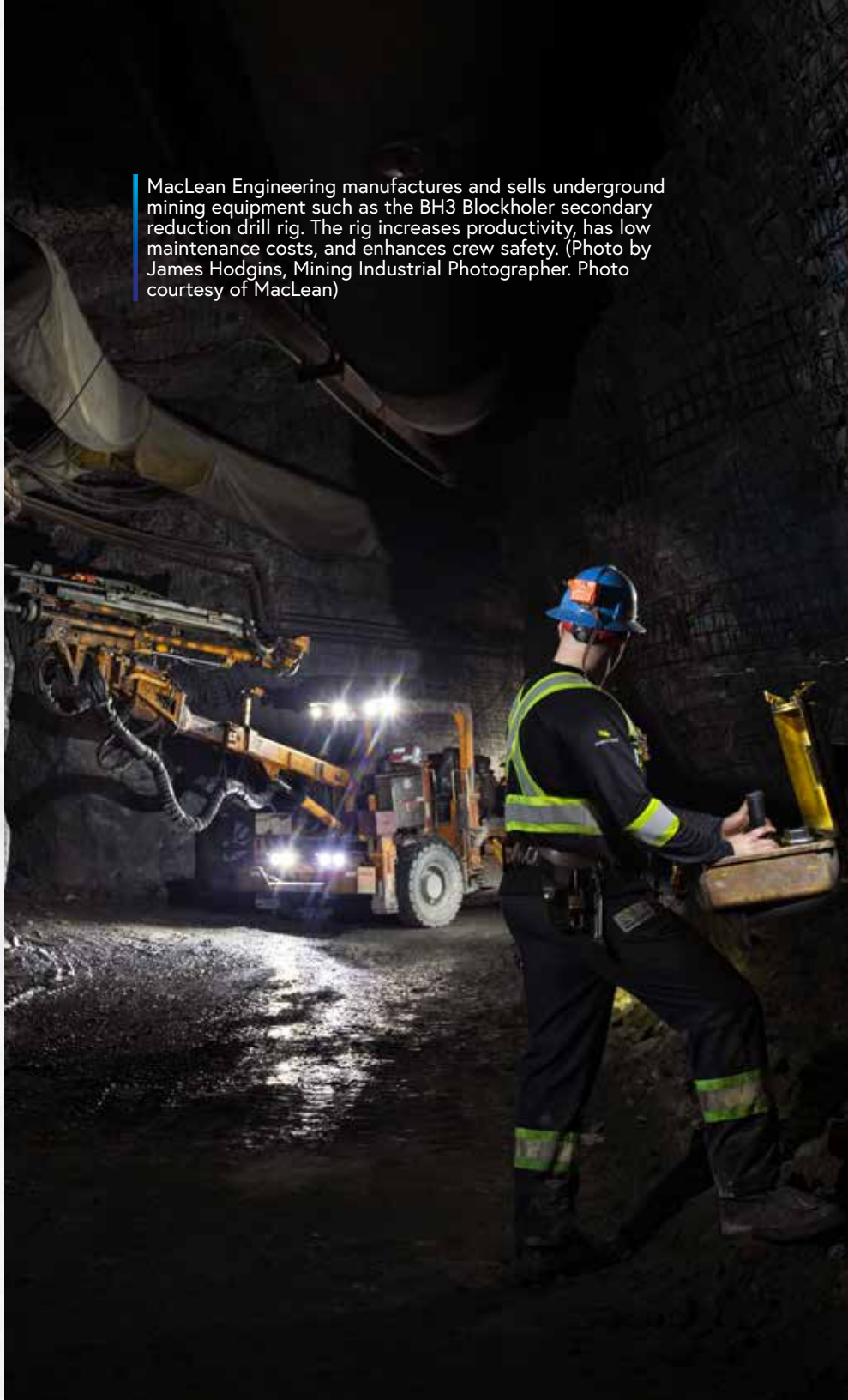
ONE-THIRD PARTNERSHIPS

Innu-Inuit MacLean LP

The Innu-Inuit MacLean Limited Partnership is focused on selling mobile mining equipment to the Voisey's Bay project. A fleet of MacLean mining vehicles is currently working at the site. The vehicles were purchased by the contractor, Redpath, which was hired by Vale for the construction phase of the underground portion of the mine. It is hoped that additional MacLean units will be purchased by Vale to support operations across the life of the underground mine.

The Innu-Inuit MacLean partnership is also focused on future skills development and training opportunities for people in local communities. Locally available skilled trades would be an asset for MacLean as the fleet grows and the partnership continues to provide service and support to the Vale project.

MacLean
Performance. Reliability. Innovation.



MacLean Engineering manufactures and sells underground mining equipment such as the BH3 Blockholer secondary reduction drill rig. The rig increases productivity, has low maintenance costs, and enhances crew safety. (Photo by James Hodgins, Mining Industrial Photographer. Photo courtesy of MacLean)

Innu-Inuit Kiewit Construction (IIKC)

The Innu-Inuit Kiewit partnership combines the expertise of one of North America's largest construction and engineering firms with local Indigenous partners. IIKC is geared toward mine expansion activities that involve heavy civil and industrial construction work.

ACI Labrador LP

ACI Labrador's first Vale contract was awarded in 2018 for the design and supply of surface exhaust air and fresh air supply systems to support safe underground operations. ACI is also supplying the electrical infrastructure that is required to manage the ventilation system. The system was designed by ACI to be repurposed from its use during construction to permanent installation at the mine. ACI is minimizing the carbon footprint at the site by utilizing waste energy from diesel generators to reduce the need for utilizing mine air heaters.

ACI Labrador LP installed the main mine ventilation system for the underground mine, as well as underground auxiliary ventilation. (ACI Labrador photo)

Innu-Inuit Redpath LP (IIR LP)

The Innu-Inuit Redpath partnership began in 2018 with a contract to drive four portals into two mines, allowing access for trucks and other mining equipment. The contract also involved the setup of surface mine heaters and temporary infrastructure to allow mining to commence. The original contract called for 8300 metres of underground ramp development. However, the value of the work has more than doubled because of development extensions that necessitated contract changes. By late 2020, IIR had completed more than 10,000 metres of tunnel excavations. Drill and blast operations are scheduled to continue until fall 2021.

The partnership is developing this mine with approximately 225 workers, 50 of whom are Beneficiaries, including some Vale trainees. The training and integration plan will provide lifelong industry skills that will continue to contribute to the economy of Nunatsiavut and other parts of Labrador.

IIR has adopted the Redpath Canada Safety Slogan of "Safety, First, Last, and Always!" Safety performance on the project has achieved the 'top of industry' safety statistics and no lost time injuries in the 28 months that the company has been on site.

INNU INUIT REDPATH
Limited Partnership

Innu-Inuit Redpath LP has excavated more than 10,000 metres of tunnel that will provide access for trucks and other mining equipment. Nunatsiavut Beneficiaries are gaining valuable mining experience as part of the Innu-Inuit Redpath team. (Redpath photos)

An installed high pressure steel sectional mining ventilation door system, identical to the doors that Innu-Inuit PDI has supplied to the Vale underground project. (PDI photo)

Innu-Inuit PDI GP INC.

Innu-Inuit PDI GP Inc. was established in February 2017 between Innu Development Limited Partnership, Nunatsiavut Group of Companies, and PDI Group International Inc. PDI is a leading supplier of mining ventilation doors and systems, steel fabrication services, and ground control products.

Innu-Inuit PDI has been instrumental in the supply of all mining ventilation door systems for the Voisey's Bay Underground Project. The project is ongoing and PDI will continue to supply parts as well as further installation and services for the underground mine.

PDi INNU INUIT PDI GP INC.

MAJORITY-OWNED PARTNERSHIPS

Torngait Services Inc. (TSI)

Torngait Services Inc. is a partnership between NGC (51%) and ATCO Structures and Logistics (49%). As site services contractor at the Vale mine since 2005, TSI supports the operation by providing a suite of services, including road maintenance and snow clearing, loading and offloading aircraft and vessels, ore and fuel haulage, freight delivery, and managing water and sewer services. (See fuller description of TSI's activities on page 32.)

Torngait Services Inc.

TSI duties include unloading the Umiak I of fuel and other supplies and loading ore for the vessel's return journey out of Edward's Cove, Voisey's Bay. (Wayne Younge photo)

Timmiak Construction Limited

Timmiak Construction Limited is majority-owned by NGC (51%) in partnership with Bird Heavy Civil Limited (49%). The Timmiak partnership has completed three major projects for the Vale project. (See additional information on Timmiak Construction Limited on page 34.)

Surface Civil Works (2018)

Excavation for foundation placement, the placement of pre-cast concrete units, and backfill of pre-cast units for the Underground Maintenance Shop, the Surface Maintenance Shop, and the Warehouse. Timmiak performed additional work at the Reid Brook and Eastern Deeps portals.

Pre-cast Supply (May 2019 – November 2019)

The creation of shop drawings for various concrete units for Reid Brook and Eastern Deeps return and fresh air raises, E-Houses, fuel tanks, and pipe racks. Timmiak purchased materials, fabricated, and shipped the units to the Port of Quebec for transport to Voisey's Bay.

TIMMIAK
construction limited

Raised Bore Collars Concrete Placement (August 2019 – July 2020)

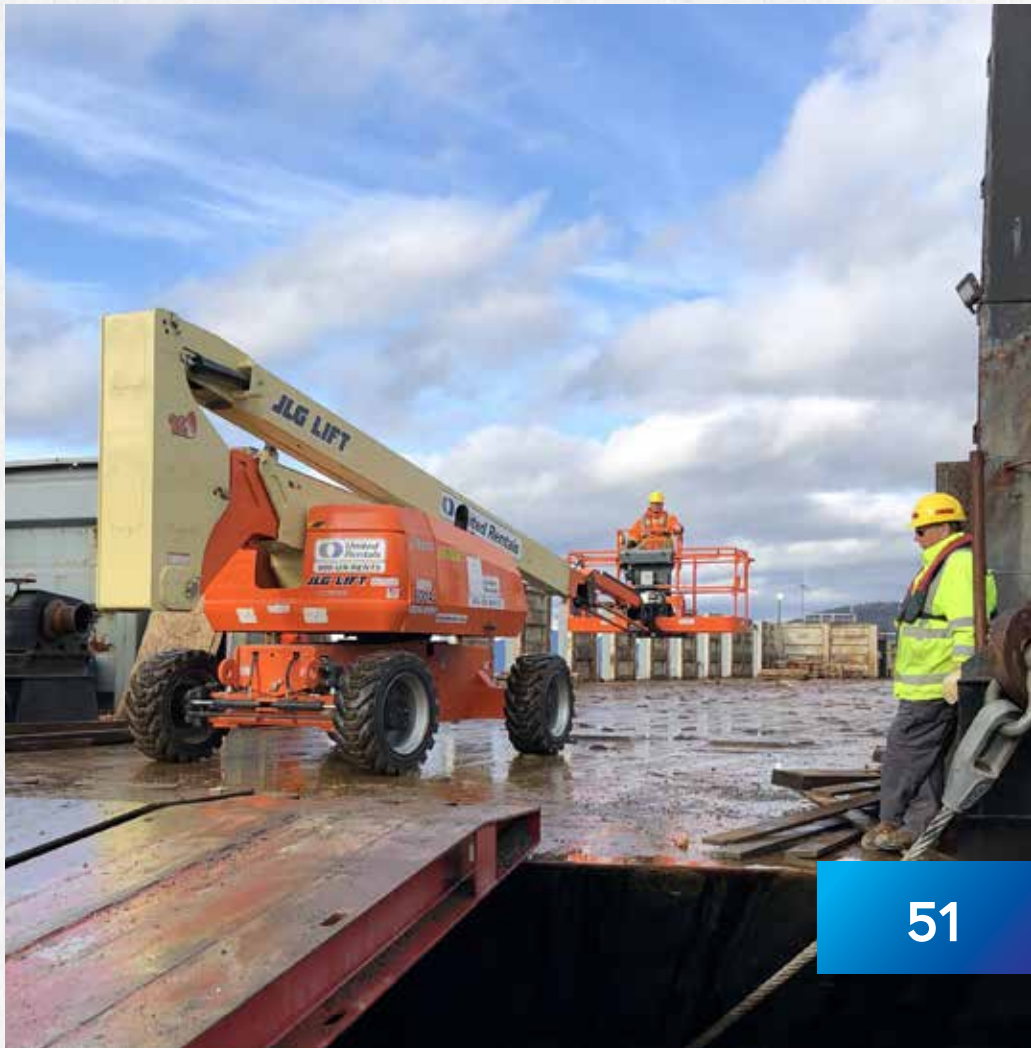
Timmiak was subcontracted to the primary raised bore contactor, Master Drilling, to complete concrete works for the Fresh Air and Return Air raises at the Eastern Deeps and Reid Brook locations. The scope of work consisted of five cylindrical cast-in-place concrete collars and five drilling top slabs which were poured on top. All concrete was mixed on site at the purpose-built Timmiak concrete mixing facility and placed via crane bucket and concrete pump.

Raised Bore Collar under construction (top) and upon completion (bottom). (Timmiak Construction Limited photos)

Integrated Nunatsiavut Logistics (INL)

INL is a partnership between Nunatsiavut Marine Inc. (51%) and Integrated Logistics (49%). 2020 was the first year of a 2-year contract to provide barge lifting services from the port of Quebec City to the Vale project at Voisey's Bay. The lifts include equipment, material, and supplies to support the underground mine expansion. Eight lifts were completed in 2020 with a similar number anticipated in 2021. Prior to the current contract, INL completed twelve barge lifts for the project in 2019.

Integrated Nunatsiavut Logistics has completed 20 barge lifts of equipment and material for the Vale underground mine. It is anticipated that a further 8 lifts will be completed in 2021. (TSI photos)



CORPORATE SOCIAL RESPONSIBILITY

Labrador Inuit Capital Strategy Trust has a Corporate Social Responsibility Program (CSR) that governs the activities of its 100%-owned companies. NGC's partners have developed separate CSR policies.

NGC staff attend an Inuttitut language session in spring 2020. The session is part of an effort to acquaint all parts of NGC with Inuit language and culture. (Janice White photo)

NGC's CSR program was devised to help the organization fulfill important social responsibilities to Beneficiaries and to Nunatsiavut. The program is based on six pillars:

- Stewarding a sensitive environment
- Protecting health and safety
- Supporting employment
- Supporting local economies through profitable operations
- Reflecting our Inuit culture
- Acting ethically and with transparency

In both 2019 and 2020, NGC contributed more than $350,000 in cash and in-kind donations through the CSR program. As part of this program, NGC has adopted a sponsorship and donations policy that guides its assessment of requests for assistance. Support is directed to four areas:

1. Activities geared toward children and elders
2. Programs that contribute to the preservation of Inuit culture
3. Local committees that are focused on the overall well-being of communities in Nunatsiavut
4. Earth-friendly causes

Staff at the Nain Food Bank package shrimp for distribution to local residents. Nuluak Fisheries and its partners donated the shrimp. NGC made a cash donation of $54,500 to food banks in Nunatsiavut and Upper Lake Melville to assist their programs. (Sarah Leo photo)

STEWARDING A SENSITIVE ENVIRONMENT

Labrador Inuit Capital Strategy Trust is committed to environmental stewardship across its operations. In 2020, NGC successfully completed several environmental initiatives:

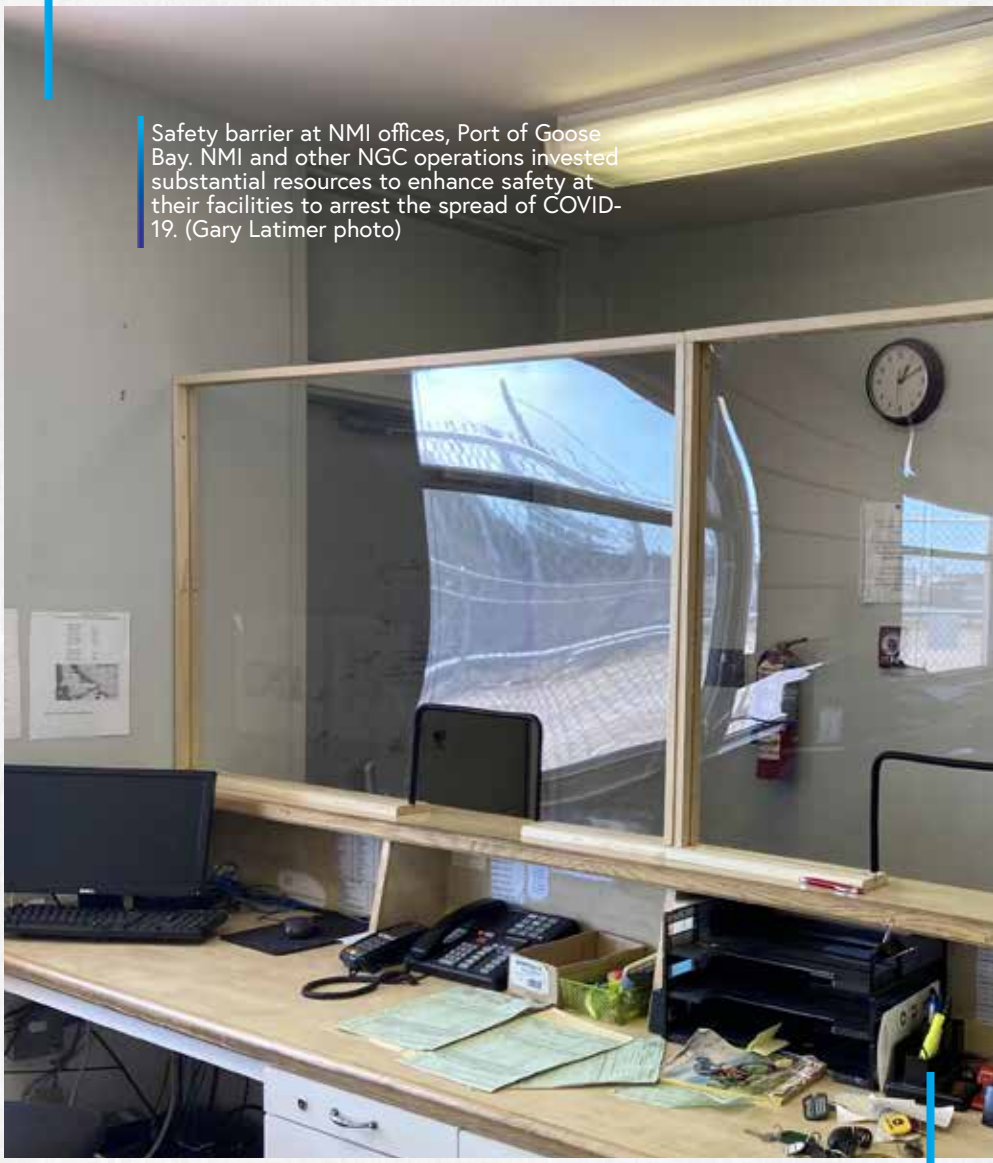
- NCI continued its efforts in 2020 to remediate the site of the former PostMill Lumber Company in Postville, with completion of a Phase I Environmental Site Assessment (ESA). This process identifies, through non-intrusive means, the presence of significant, actual, or potential areas of environmental impairment. This followed a multi-year project to remove all derelict equipment, materials, and buildings from the site.
- In 2021, NCI will carry out a Phase 2 ESA, which involves soil testing and other tests in order to get a full understanding of the condition of the land, groundwater, and any other structures on the property.
- In addition to the PostMill Lumber cleanup, NCI is committed to removing and properly disposing of all derelict equipment arising out of historic and current operations in Nunatsiavut.
- NGC Solutions Inc. and Air Borealis, partners in the operation of the Torngat Mountains Base Camp and Research Station, collaborated with the Nunatsiavut Government, Parks Canada, and Oceans North to undertake a major cleanup of fuel containers, waste fuel oils, and other contaminants at the site. The cleanup addressed significant risk of the spilling and leaching of contaminants into the beach area and ocean near Base Camp.

NGC partnered with Air Borealis, Nunatsiavut Government, Parks Canada, and Oceans North to clean up and properly dispose of fuel containers and other debris at the Base Camp and Research Station at Torngat Mountains National Park.
(Sid Pain photo)

PROTECTING HEALTH AND SAFETY

NGC and its partners invested significant resources to protect the health and safety of employees, customers and clients, and the public.

- NGC, NMI, and NCI developed safe back-to-work protocols to prevent the spread of COVID-19.
- Air Borealis restricted passenger capacity on its flights, required masks for passengers and flight crews, instituted daily and robust cleaning of aircraft, and implemented extensive sanitizing and hygiene measures at passenger counters and workplaces, such as hangers and freight storage facilities.
- NGC erected safety glass barriers in its reception area for greeting the public to the building.
- NMI installed safety glass barriers at customer counters at the marine terminal in Goose Bay and instituted other measures to allow for physical distancing for staff, passengers, and commercial customers.
- NCI introduced a weekly safety newsletter with tips for employees. The newsletter is shared among all divisions of NGC.
- NCI completed and passed an external COR audit, a health and safety certification program in construction and related industries.
- NGC and companies such as Torngait Services Inc. promoted positive mental health and counselling services to employees.



Safety barrier at NMI offices, Port of Goose Bay. NMI and other NGC operations invested substantial resources to enhance safety at their facilities to arrest the spread of COVID-19. (Gary Latimer photo)

SUPPORTING EMPLOYMENT

NGC and its partners continued their efforts to support employment of Beneficiaries and to enhance the career opportunities for current employees.

- NGC and its partners continue to recruit qualified Beneficiaries for job opportunities.
- Torngait Services Inc. hired an additional trainer in 2020 to provide classroom and equipment training for Beneficiaries who work in site services at the Vale site. This will provide opportunities to build new skills and allow for career advancement in the Vale mine expansion project.

NMI crews loaded 14,000 tons of cargo for shipment on the coastal service in 2020. Air Borealis shipped 3.5 million pounds of cargo to the North Coast. (NMI and Air Borealis photos)

SUPPORTING LOCAL ECONOMIES THROUGH PROFITABLE OPERATIONS

NGC's member companies and its partners provide support to local communities through a variety of measures.

- The single largest contribution is an 81,000-pound snow crab quota that is owned by LICST. The crab fishery is managed by the Nunatsiavut Government, which engages independent Nunatsiavut harvesters to harvest the quota. NGC does not receive any financial benefit from this arrangement. The 2020 value of this quota was $273,000. The 2019 value was about $400,000.
- In 2020, NGC made a cash donation of $54,500 to food banks and community freezers in Nunatsiavut and Upper Lake Melville. The money was divided between 7 organizations and represented an important contribution to address food insecurity.
- Nuluak Fisheries and its partners donated 44 cases of shrimp to the Nain food bank.
- NGC and several of the partnerships have developed scholarship programs for students pursuing post-secondary and training programs. The awards total $18,500 annually.

NGC staff mark Nunatsiavut Day which acknowledges the effective date of the Labrador Inuit Land Claims Agreement on December 1. (NGC photo)

Safety training is a vital part of NGC operations. NCI employees attend a safety training session in Nain. (Steve Downey photo)

- In spring 2020, NGC and Air Borealis assisted a pan-Labrador face mask sewing project to provide every Labradorian with a face mask to wear during the COVID-19 pandemic. NGC donated $3,400 to the group overseeing the project and Air Borealis transported materials to communities, free of charge.
- In September 2020, Air Borealis (and operator PAL Airlines) delivered 2,000 pounds of frozen meat and other products free-of-charge to the Nain Food Bank. The food was donated by Dominion Stores.
- NCI shipped building materials to Nain for sale to residents to fill the void that was created when the only local business selling such supplies decided that it was getting out of that part of the business.
- NGC supported a snowmobile team from Nain in the 3100 km Cain's Quest with a $1,000 donation.

REFLECTING OUR INUIT CULTURE

NGC supports Inuit culture through its ongoing operations and in longer-term projects. On-going operations:

- Providing Inuit cultural experiences to guests at Torngat Mountains Base Camp.
- Translation into Inuktitut of key documents such as the Annual Report, company policy posters, and signage in NGC offices and the Café Illusuak.
- NGC promoted Nunatsiavut Day with a flag ceremony and held an introductory Inuttitut language seminar for employees with language instructor Selma Suarak.

Longer-term promotion of Inuit culture with a social and economic connection:

- Providing support of $15,000 annually since 2018 ($45,000 total) for the Arctic Inspiration Prize, which rewards multi-disciplinary teams that make concrete contributions for the benefit of the Canadian Arctic, its Peoples, and Canada as a whole.
- Founding partner of Inuit Development Corporations Association to promote business opportunities in Inuit Nunangat.

ACTING ETHICALLY AND WITH TRANSPARENCY

NGC is accountable through the LICST to the elected representatives of the people of Nunatsiavut in the Nunatsiavut Assembly. In a broader sense, NGC communicates to Nunatsiavut Beneficiaries through a variety of measures:

- Production of an Annual Report, including a Consolidated Financial report on partnerships.
- Presentation of the annual report and audited financial statements to the Nunatsiavut Assembly and posting on the NGC website.
- Quarterly meetings of LICST where NGC updates progress and submits plans and budgets for Trust approval.
- Production and distribution of a quarterly newsletter which provides company news and articles of interest to employees and Beneficiaries.
- In late 2020, NGC finalized the process to develop NGC's next five-year plan to guide business development and decisions.
- Community meetings to discuss NGC operations with Beneficiaries. (Due to the COVID-19 pandemic, the 2020 meeting schedule was only partially completed. NGC will resume community meetings as soon as it is possible to do so safely.)

Air Borealis continued NGC's longstanding participation in the Santa to the Coast excursion which brings gifts and Christmas cheer to children along the North Coast.
(Air Borealis photo)

Nunatsiavut Group of Companies/Affiliates Employee Gross Wages (excluding benefits) January - December 2020

		NG BENEFICIARY		NON-NG BENEFICIARY			% BY COMPANY	
Company	Total # of Employees	Employees	Wages	Employees	Wages	Total Wages	NG Beneficiary	Non-NG Beneficiary
NMI	42	18	$ 337,392	24	$ 717,617	$ 1,055,009	32.0%	68.0%
NCI	46	26	$ 450,750	20	$ 555,845	$ 1,006,595	44.8%	55.2%
NGC	9	5	$ 654,444	4	$ 465,047	$ 1,119,491	58.5%	41.5%
NLC	6	6	$ 81,399	0	$ 0	$ 81,399	100.0%	0.0%
NSI	5	5	$ 138,202	0	$ 0	$ 138,202	100.0%	0.0%
Total	**108**	**60**	**$ 1,662,187**	**48**	**$ 1,738,510**	**$ 3,400,696**	**48.9%**	**51.1%**
							100.0%	

Note: In Nain, NMI services are contracted and performed by the employees of NCI.

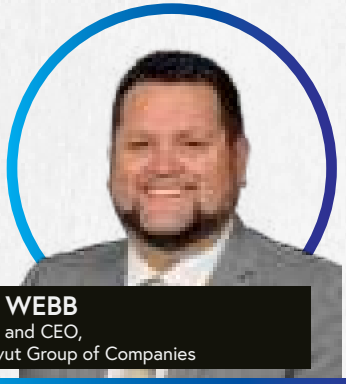
Nunatsiavut Group of Companies/Affiliates NG Beneficiaries and Employee Gross Wages by Community, January - December 2020

WAGES							
Company	Total Wages	Nain	Hopedale	Postville	Makkovik	Rigolet	Other Communities
NMI	$ 337,392	-	$ 22,934	$ 22,317	$ 27,020	$ 23,413	$ 241,708
NCI	$ 450,750	$ 188,307	$ 7,872	$ 15,685	$ 32,327	$ 13,990	$ 192,569
NGC	$ 654,444	$ 189,702	-	-	-	-	$ 464,742
NLC	$ 81,399	$ 41,485	-	-	$ 39,914	-	-
NSI	$ 138,202	$ 120,658	-	-	-	$ 17,544	-
Total	**$ 1,662,187**	**$ 540,152**	**$ 30,806**	**$ 38,002**	**$ 99,261**	**$ 54,947**	**$ 899,019**

Note: In Nain, NMI services are contracted and performed by the employees of NCI.

Nuluak Fisheries has returned millions of dollars in royalties and revenue to NGC from its fishing partnerships in the last quarter century.
(Ocean Prawns Canada photo)

THE EXECUTIVE



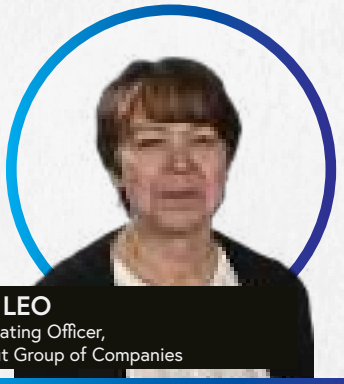
CHRIS WEBB

President and CEO,
Nunatsiavut Group of Companies

Chris brings more than 20 years of business experience to his role, including more than 14 years at senior level positions. He has been a key leader responsible for developing short and long-term business strategic plans, instrumental in several business mergers, acquisitions, and business reorganization, while maintaining quality and service excellence. He currently sits on the boards of 19 companies and partnerships in which LICST has an interest, and chairs half of those boards.

A Beneficiary of the Labrador Inuit Land Claims Agreement, Chris has a Bachelor of Commerce Degree with a major in Human Resources Management and Industrial Relations from Saint Mary's University in Halifax, Nova Scotia. He earned an Executive Leadership Development Program Certificate offered jointly through Queen's and Cornell Universities.

Chris is a full-time hockey dad and volunteer coach. He resides in Happy Valley-Goose Bay, Labrador, with his wife Robin and son Eric.



SARAH LEO

Chief Operating Officer,
Nunatsiavut Group of Companies

As NGC's Chief Operating Officer, Sarah works with the heads of the fully-owned companies and partnerships and oversees the day-to-day operations of those entities. She cultivates and manages NGC's relationships with its key stakeholders, including Beneficiaries, all levels of government, and industry.

Sarah served as AnkgajukKuk (Mayor) of Nain Inuit Community Government from 2006-2010. From 2012 to 2016, she was President of Nunatsiavut. Prior to coming to NGC, Sarah was Aboriginal Affairs Superintendent at Vale for the Voisey's Bay mine. She joined NGC in August 2017 as Vice President of Corporate Development. Sarah is also a Trustee of The Labrador Inuit Settlement Trust and a member of the C-CORE Board of Directors.

As a Nunatsiavimmuit, Sarah's knowledge of the role that NGC and its companies play in the region are tremendous assets as NGC continues on its path to be Inuit-led business leaders in the North. Sarah is intimately familiar with the Labrador Inuit Land Claims Agreement, and as COO, she works with the Executive Team to ensure that all NGC businesses are aligned to leverage the opportunities presented through the Land Claims Agreement.

WYMAN JACQUE

General Manager,
Torngait Services Inc.

Wyman has more than 25 years' experience in financial accounting and senior management positions in the public and private sector. He is a graduate of the Business Management Accounting Program at the Cabot Institute of Applied Arts and Technology (now known as CNA).

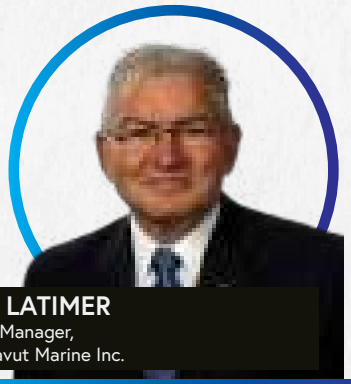
Most recently, Wyman was Town Manager of Happy Valley-Goose Bay. Prior to that role, he was deputy minister of Finance, Human Resources, and Technology in the Nunatsiavut Government. A Nunatsiavut Beneficiary, Wyman was also part of the group of Nunatsiavut Government officials who established the Labrador Inuit Capital Strategy Trust.

In his role as general manager of Torngait Services Inc., Wyman oversees NGC's partnership with ATCO and the operation of the site services agreement with Vale at Voisey's Bay. He also leads TSI's business opportunities initiatives, including oversight of the company's extensive recruitment and training programs.

TOM LYALL
General Manager,
Nunatsiavut Construction Inc.

Tom Lyall is a Nunatsiavut Beneficiary who joined NCI after a distinguished career in private business. Tom has more than 20 years' experience in Industrial, Commercial, and Residential Construction Projects. He sits on the board of Timmiak Construction Limited, a partnership with Bird Heavy Civil Construction in which NGC holds majority interest.

He has extensive executive level business management experience and credentials in Construction/Contract Administration, Project Management, and Policy/Program Development for a diverse group of Labrador-based projects. In his role of General Manager of NCI, Tom oversees all of the organization's activities.



GARY LATIMER
General Manager,
Nunatsiavut Marine Inc.

As General Manager of NMI, Gary oversees the day-to-day operation of the company, and as a member of the NGC executive team, the long-term strategy, goals and direction for NMI. Gary also sits on the board of Integrated Nunatsiavut Logistics, a partnership with Integrated Logistics to primarily provide barge lifting services to the Vale project at Voisey's Bay.

Gary is a graduate of the Canadian Coast Guard College in Sydney, Nova Scotia. He joined NMI in June 2014 as Fleet Manager, and previously worked with Irving Shipbuilding and Marine Atlantic Inc.

ROBIN WEBB
Director of Finance
Nunatsiavut Group of Companies

In her role as Director of Finance, Robin oversees accounting and the finance department for the Nunatsiavut Group of Companies. She is a graduate of the Bachelor of Commerce program with a major in Accounting and Finance from Saint Mary's University in Halifax Nova Scotia. She obtained her Professional Accounting designation while living in Ottawa, Ontario in 2002.

Robin has more than 20 years' experience in financial accounting and senior management positions in the public and private sector. Prior to coming to NGC, Robin worked in regional accounting firms as well as the Office of the Auditor General of Canada. She returned to Happy Valley-Goose Bay in 2009.

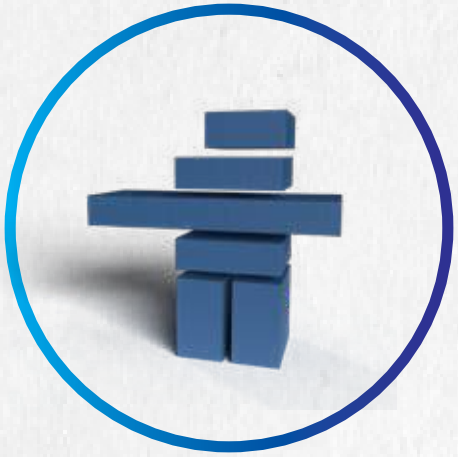
Sunset at Voisey's Bay. (TSI photo)

TRUSTEES

The Labrador Inuit Capital Strategy Trust (LICST) was created in 2006 to oversee the Nunatsiavut Government's business interests. While the Trust is appointed by the government and reports to the Nunatsiavut Assembly, it is independent of the government. This separation of business interests from government control was part of a deliberate strategy to transition the Nunatsiavut Government's business interests from the not-for-profit concept as it existed under the Labrador Inuit Development Corporation, to a for-profit regime.

The Nunatsiavut Group of Companies (NGC) was created by the Trust in 2011 to operate the Trust's business interests on a for-profit basis. NGC's executive and management team is responsible for developing business strategy and the day-to-day operation of the companies. It reports to the Trust several times a year.

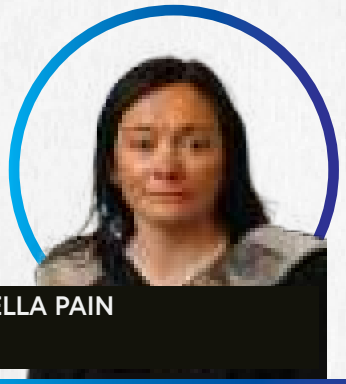
The Trust oversees, rather than directs NGC's affairs, and provides financial, management, economic, and other assistance, including the approval of NGC's business strategy and annual budgets.



GARRY BEST
Acting Chair

Garry Best is a Nunatsiavut Beneficiary who grew up and was educated in Happy Valley-Goose Bay. Garry is a graduate of Memorial University's Engineering program, served for 23 years as an officer in the Royal Canadian Navy, and is currently Regional Executive Officer, Ontario, First Nations and Inuit Health Branch, Indigenous Services Canada.

Garry has had leadership roles in Canada's military, and since 2006, he has held various roles in the federal government. His successful involvement in several First Nations programs, including the rebuilding and relocation of Manitoba First Nations impacted by the 2011 flood and the First Nations Infrastructure and Housing Programs, testify to his strong leadership and management skills.



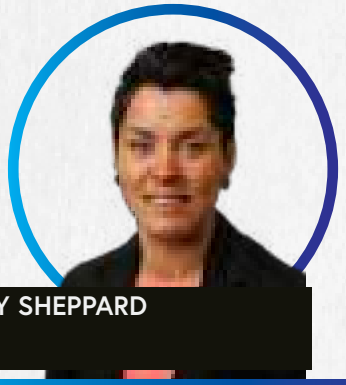
ISABELLA PAIN
Trustee

Isabella is a Nunatsiavut Beneficiary who was born and raised in Nain, Nunatsiavut. She graduated from Memorial University with a Bachelor of Arts degree (Political Science), and a minor in Business.

In 2000, she was appointed as the co-chief negotiator of the Nunatsiavut land claims negotiation team. A year later, she became the chief negotiator of the Impact and Benefits Agreement (IBA) with Voisey's Bay Nickel Company (VBNC). Isabella became Aboriginal Affairs Superintendent for VBNC in 2004 and was part of the team responsible for ensuring that the Inuit and Innu IBAs were properly implemented.

In that same year, Isabella was honoured as one of Canada's "Top 40 Under 40." The awards program identifies young achievers in Canadian business who are visionaries and innovators, and who are already giving back to their communities.

Isabella began working for the Nunatsiavut Government in 2009. Her current roles are Deputy Minister of the Nunatsiavut Secretariat, Secretary of Executive Council, and senior negotiator.

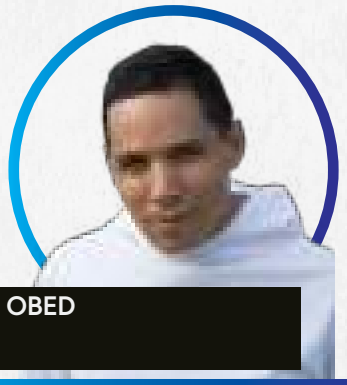


KRISTY SHEPPARD
Trustee

Kristy is a Nunatsiavut Beneficiary who resides in Rigolet. She has a Bachelor of Arts in Sociology from Acadia University, and a Master of Arts in Tourism Management from Royal Roads University.

Kristy is a senior manager with the Nunatsiavut Government. Her career spans more than a decade and has been focused on community development. As Nunatsiavut's first Director of Tourism, she helped establish the region as a tourism destination. Kristy has recently transitioned into the role of Director of Economic Development. At the Governor General's Canadian Leadership Conference in June 2017, she was recognized as one of 250 up-and- coming leaders in Canada.

Kristy is an active member with industry organizations, including SmartICE and the Atlantic Aboriginal Economic Development Integrated Research Program.



NATAN OBED
Trustee

Natan Obed is the President of Inuit Tapiriit Kanatami, the national organization representing Inuit in Canada. A Nunatsiavut Beneficiary, he is originally from Nain, Nunatsiavut, and currently lives in Ottawa. He has a degree in English and American Studies from Tufts University.

For 10 years, he lived in Iqaluit, Nunavut and worked as the director of social and cultural development for Nunavut Tunngavik Inc., which represents the rights of Nunavut Inuit. He has devoted his entire professional career to working with Inuit representational organizations to improve the wellbeing of Inuit in Canada.

Note: One position on the Trust became vacant in 2020 with the resignation of Clint Davis.

2020 FINANCIALS

CONSOLIDATED FINANCIAL STATEMENTS

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Independent Auditor's Report

To the Trustees of Labrador Inuit Capital Strategy Trust

Qualified Opinion

We have audited the consolidated financial statements of Labrador Inuit Capital Strategy Trust (the "Trust"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2020, and the results of its financial performance and cash flows for the year then ended in accordance with the financial reporting provisions set forth by the Nunatsiavut Government.

Basis for Qualified Opinion

As outlined in Note 2, the Trust's interests in controlled subsidiaries have been consolidated throughout these financial statements. As management has not accounted for these investments using the equity method, this constitutes a departure from Canadian public sector accounting standards. The Trust's total net financial assets, accumulated surplus and annual surplus would be recorded at the same amounts using either equity accounting or a consolidation of the results of the controlled investments.

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditors 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.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Trust meets the requirements set forth by the Nunatsiavut Government. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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 the financial reporting provisions set forth by the Nunatsiavut Government, 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 GAAS 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 GAAS, 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Trust to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Deloitte LLP

Chartered Professional Accountants
June 30, 2021

Labrador Inuit Capital Strategy Trust

Consolidated statement of operations and accumulated surplus
year ended December 31, 2020

	2020	2019
	$	$
Revenue		
Sales	**18,537,388**	21,792,062
Marine operations	**3,499,003**	4,191,500
Other (Schedule 2)	**2,522,542**	309,864
Partnership income	**2,465,716**	2,285,519
Crushed stone	**1,077,303**	1,471,289
Construction (Schedule 2)	**855,346**	2,567,109
Fish harvesting	**626,665**	1,011,753
Royalties from Northern Coalition	**624,763**	1,473,459
Rental (Schedule 2)	**561,360**	537,604
Grants (Schedule 2)	**401,139**	182,503
Fuel (Schedule 2)	**394,930**	179,066
Lease finance	**339,604**	432,306
Interest and investment income	**296,407**	356,684
Management fees (Schedule 2)	**155,700**	251,500
Royalties from turbot	**122,500**	122,500
	32,480,366	37,164,718

Labrador Inuit Capital Strategy Trust

Consolidated statement of operations and accumulated surplus
year ended December 31, 2020

	2020	2019
	$	$
Expenditures (Schedule 1)	**26,576,239**	31,771,473
Annual surplus before undernoted items	**5,904,127**	5,393,245
Share of equity earnings	**1,490,512**	1,265,374
Impairment of equity investments (Note 2)	**—**	(8,852,794)
Impairment of tangible capital assets held for resale	**—**	(25,000)
Loss on disposal of tangible capital assets	**(9,464)**	(84,970)
Loss on disposal of tangible capital assets held for resale	**(35,000)**	–
Amortization	**(556,420)**	(543,185)
Income tax expense	**(582,754)**	(1,144,082)
Annual surplus (deficit)	**6,211,001**	(3,991,412)
Non-controlling interest in annual surplus	**25,316**	–
Trust's share of annual surplus	**6,185,685**	(3,991,412)
Annual surplus (deficit)	**6,211,001**	(3,991,412)
Accumulated surplus, beginning of year	**7,996,777**	13,899,760
Trust's share of annual surplus	**6,185,685**	(3,991,412)
Trust income allocation	**(3,267,285)**	(1,911,571)
Accumulated surplus, end of year	**10,915,177**	7,996,777

The accompanying notes are an integral part of the consolidated financial statements.

Labrador Inuit Capital Strategy Trust

Consolidated statement of financial position
as at December 31, 2020

	2020	2019
	$	$
Financial Assets		
Cash	**12,122,254**	9,241,784
Receivables	**7,202,514**	8,962,392
Net investment in finance lease (Note 3)	**3,395,285**	4,466,240
Loan receivable (Note 4)	**2,500,000**	2,500,000
Investments, at equity (Note 5)	**15,417,514**	14,056,945
Portfolio investments (Note 5)	**75,615**	75,615
Inventory held for resale	**4,178,742**	4,505,573
Work-in-progress	**—**	43,602
Income tax receivable	**287,194**	—
Receivables from related parties, net (Note 5)	**206,754**	252,928
Tangible capital assets held for resale (Note 6)	**—**	400,000
Due from Philip Earle, non-interest bearing with no set terms of repayment, maturing June 2022	**750,000**	750,000
	46,135,872	45,255,079
Liabilities		
Payables and accruals	**4,951,808**	6,909,369
Payable to Tasiujatsoak Trust (Note 10)	**17,400,000**	18,500,000
Deferred revenue	**174,519**	44,960
Income tax payable	**–**	778,852

Labrador Inuit Capital Strategy Trust

Consolidated statement of financial position
as at December 31, 2020

	2020	2019
	$	$
Due to Nunatsiavut Government, non-interest bearing, no set terms of repayment	**11,588,489**	8,321,204
Obligations under capital lease (Note 9)	**125,952**	78,440
Long-term debt (Note 8)	**7,023,239**	8,444,390
	41,264,007	43,077,215
Net financial assets	**4,871,865**	2,177,864
Contingency (Note 14)		
Non-financial assets		
Tangible capital assets (Note 6)	**5,338,455**	5,019,035
Goodwill	**609,829**	667,702
Prepaids	**120,344**	132,176
	6,068,628	5,818,913
Non-controlling interest	**25,316**	—
Accumulated surplus (Note 11)	**10,915,177**	7,996,777
	10,940,493	7,996,777

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Trust:

_____ Trustee

_____ Trustee

Labrador Inuit Capital Strategy Trust

Consolidated statement of changes in net financial assets
year ended December 31, 2020

	2020	2019
	$	$
Annual surplus (deficit)	**6,211,001**	(3,991,412)
Trust income allocation	**(3,267,285)**	(1,911,571)
	2,943,716	(5,902,983)
Change in tangible capital assets		
Amortization of tangible capital assets	**498,548**	485,312
Loss on disposal of tangible capital assets	**9,464**	84,970
Purchase of tangible capital assets	**(795,561)**	(513,739)
Acquisition of capital leases	**(125,550)**	—
Proceeds from disposal of tangible capital assets	**93,679**	103,344
	(319,420)	159,887
Change in other non-financial assets		
Net change in goodwill	**57,873**	57,873
Net change in prepaid expenses	**11,832**	116,851
	69,705	174,724
Increase (decrease) in net financial assets	**2,694,001**	(5,568,372)
Net financial assets, beginning of year	**2,177,864**	7,746,236
Net financial assets, end of year	**4,871,865**	2,177,864

The accompanying notes are an integral part of the consolidated financial statements.

Labrador Inuit Capital Strategy Trust

Consolidated statement of cash flows
year ended December 31, 2020

	2020	2019
	$	$
Operating transactions		
Annual surplus (deficit)	**6,211,001**	(3,991,412)
Adjustments for:		
Impairment of equity investments	**—**	8,852,794
Amortization of tangible capital assets	**498,548**	485,312
Amortization of goodwill	**57,873**	57,873
Loss on disposal of tangible capital assets	**9,464**	84,970
Impairment of tangible capital assets held for resale	**—**	25,000
Loss on disposal of tangible capital assets held for resale	**35,000**	—
Share of equity earnings	**(1,490,512)**	(1,265,374)
Trust income allocation	**(3,267,285)**	(1,911,571)
Change in other	**(751,905)**	1,817,101
	1,302,184	4,154,693
Capital transactions		
Purchase of tangible capital assets	**(795,561)**	(353,795)
Proceeds from disposal of tangible capital assets	**93,679**	103,344
Proceeds from disposal of tangible capital assets held for resale	**365,000**	—
	(336,882)	(250,451)

Labrador Inuit Capital Strategy Trust

Consolidated statement of cash flows
year ended December 31, 2020

	2020	2019
	$	$
Financing transactions		
Decrease in payable to Tasiujatsoak Trust	**(1,100,000)**	(3,000,000)
Repayment of demand loans	**—**	(7,808)
Repayment of promissory note payable	**—**	(198,755)
Increase in due to Nunatsivaut Government	**3,267,285**	1,911,571
Repayment of long-term debt	**(1,421,151)**	(1,407,263)
Repayment of obligations under capital lease	**(78,038)**	(89,471)
	668,096	(2,791,726)
Investing transactions		
Change in net investment in finance lease	**1,070,955**	1,030,793
Change in equity investments	**129,943**	(868,597)
Decrease in receivables from related parties, net	**46,174**	372,823
Decrease in receivable from Government of Newfoundland and Labrador	**—**	2,152,987
	1,247,072	2,688,006
Net change in cash	**2,880,470**	3,800,522
Cash, beginning of year	**9,241,784**	5,441,262
Cash, end of year	**12,122,254**	9,241,784

The accompanying notes are an integral part of the consolidated financial statements.

Notes To The Consolidated Financial Statements

December 31, 2020

1. Nature of operations

The Labrador Inuit Capital Strategy Trust (the "Trust") was established on March 19, 2006 under the laws and regulations of the province of Newfoundland and Labrador and is controlled by the Nunatsiavut Government. The purpose of the Trust is to provide financial, management, economic and other assistance for the pursuit of economic and socio-economic strategies that establish, promote, assist, or otherwise foster employment, business and other relationships and undertakings which enable or are intended to enable Eligible Beneficiaries to gain or acquire experience, knowledge, skills, assets and property of any kind having economic value.

2. Summary of significant accounting policies

Basis of accounting

The consolidated financial statements have been prepared for the purposes of meeting the financial reporting provisions set forth by the Nunatsiavut Government (the "Government"). The Government has mandated that the Trust follow Canadian public sector accounting standards. These consolidated financial statements reflect the following significant accounting policies:

Reporting entity and principles of financial reporting

The consolidated Labrador Inuit Capital Strategy Trust reporting entity includes the Trust and all related entities which are accountable to and are either wholly-owned or controlled by the Trust. With the exception of the Trust's investments measured using the equity or cost method, transactions and balances with related parties are eliminated in these financial statements.

Consolidation method

These consolidated financial statements consolidate the assets, liabilities and results of operations of the following government organizations:

- Labrador Inuit Capital Strategy Trust;
- Labrador Inuit Development Corporation;
- Capital Strategy Limited Partnership;
- Nunatsiavut Pharmacy Limited Partnership;
- 6494986 Canada Inc.;
- NGC Nunatsiavut Inc.;
- NGC Limited Partnership; and
- 10254550 Canada Inc.

All inter-organizational balances have been eliminated on consolidation.

Investments

The following investments have been accounted for using the equity method:

- 70703 Newfoundland and Labrador Inc. – 40% owned
- Air Borealis Limited Partnership – 33 1/3% owned
- Innu-Inuit PDI Limited Partnership – 33% owned
- Innu-Inuit Toromont Limited Partnership – 33% owned
- Innu-Inuit Redpath Limited Partnership – 33% owned
- Innu-Inuit MacLean Limited Partnership – 33% owned
- ACI Labrador Limited Partnership – 33% owned

Subsequent to year end 2019, Universal Helicopters Newfoundland and Labrador LP, an investment owned 40% by the Trust, filed for receivership. As such, the investment was written-off as at December 31, 2019.

Under the equity method the Trust recognizes its pro-rata share of investee's net earnings (loss) in its investment account as well as its pro-rata share of capital transactions.

The following investments are valued at the lower of cost and net realizable value:

- Dominion Trading Limited - 33 1/3% owned
- Pan Arctic Inuit Logistics Corporation - 18% owned
- Timmiak Construction Inc. - 51% owned

Revenue recognition

The Trust recognizes revenue on sales of goods and delivery of services, including crushed stone, fuel, land, marine operations, and other, when persuasive evidence of an arrangement exists, services have been rendered, the price to the buyer is fixed or determined and collection is reasonably assured.

Construction revenue is accounted for under the percentage of completion method. Accordingly, revenue is recognized pro rata based on the degree of completion of the work. The Trust uses the efforts expended method whereby the degree of completion is calculated on the basis of actual cost of work performed as of the statement of financial position date compared with the total estimated cost of each project. Losses are accounted for as soon as they can be determined.

Rental revenue from leases is recognized on a straight-line basis over the term of the lease and when collection is reasonably assured.

Fish harvesting and royalties are recognized as earned upon the landing of the related fish, when the price to the buyer is fixed or determinable, and when collection is reasonably assured.

Government grants and transfers are recognized in the period in which events give rise to the transfer occurring, provided the transfers are authorized, any eligibility criteria has been met, including performance and return requirements, and reasonable estimates of the amount can be determined.

Management fee revenue is recognized on a monthly basis as earned and invoiced, and when collection is reasonably assured.

Interest and investment income and other income is recognized as earned provided persuasive evidence of an arrangement exists, the price to the buyer is fixed or determinable and collection is reasonably assured.

Lease finance revenue represents interest income on the lease. The Trust recognizes interest income as earned, provided collection is reasonably assured.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks. Bank borrowings are considered to be financing activities.

Inventories

Inventory consists of inventory held for resale and inventory of supplies. Inventory held for resale consists of crushed stone, fuel, core boxes, blocks of anorthosite and land. Inventory of supplies consists of items to be used within the operations of the Trust. All inventory is valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis. Net realizable value is the estimated selling price less the estimated costs necessary to make the sale.

Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is based on their useful lives using the declining balance method at the following rates:

Buildings and improvements	4 - 30%
Containers and other equipment	20 - 30%
Fuel tanks	30%
Equipment	20 - 30%
Furniture and fixtures	20 - 30%
Motor vehicles	20 - 30%
Vessels	5 - 30%
Computers	30 - 45%

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net identifiable assets of acquired businesses Nunatsiavut Marine Inc. and Goose Bay Capital Corporation Inc., entities acquired through the Trust's subsidiary NGC Nunatsiavut Inc. Goodwill is tested for impairment whenever an event or circumstance occurs that indicates that goodwill might be impaired. When the carrying amount of a reporting unit, including goodwill, exceeds its fair value, a goodwill impairment loss is recognized in net earnings in an amount equal to the excess. Goodwill has been amortized over a period of 20 years.

Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds its fair value.

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to be paid severance vests with employees with five or more years of service and accordingly no provision has been made in the accounts for employees with less than five years of continual service. The amount is payable when the employee ceases employment with the Trust. Due to a change in policy at the end of 2010, no new full-time employees are entitled to this benefit.

The Trust follows the taxes payable method of accounting for income taxes. Under this method, only income taxes payable or recoverable for the period, determined in accordance with the rules established by taxation authorities, are recognized as an expense or recovery.

Income taxes

The Trust follows the taxes payable method of accounting for income taxes. Under this method, only income taxes payable or recoverable for the period, determined in accordance with the rules established by taxation authorities, are recognized as an expense or recovery.

Financial instruments

The carrying amount of the financial assets and liabilities of the Trust by measurement basis are summarized as follows:

- Cash, receivables, loan receivable, net investment in finance lease, receivables from related parties, portfolio investments, and due from Philip Earle are measured at amortized cost.
- Payables and accruals, payable to Tasiujatsoak Trust, due to the Nunatsiavut Government, and long-term debt are measured at amortized cost.

The Trust has determined that it does not have derivatives or embedded derivatives.

Use of estimates

In preparing financial statements in conformity with Canadian public sector accounting standards, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditures during the year. Key areas where management has made complex or subjective judgments include collectability of all receivable balances, valuation of inventory, residual value of tangible capital assets, useful lives of tangible capital assets, valuation of goodwill, valuation of portfolio and equity investments, accrued severance, accruals and income taxes. Actual results could materially differ from these estimates.

3. Net investment in finance lease

The Trust, through its subsidiary Capital Strategy Limited Partnership, has entered into a direct finance lease with Vale Inco for the lease of assets. The lease is over a 13 year period with monthly lease payments of principal and interest of $205,786 maturing September, 2023. Finance income associated with the lease is recognized at a rate of 4.5% and is compounded semi-annually. Finance income on the lease not yet recognized as income is recorded as deferred revenue and is netted against the net investment in finance lease receivable.

As part of the above transaction, the Trust entered into a $12 million note payable with the lessee. This note payable has been offset against the net investment in finance lease receivable based on the terms and conditions of the note payable. The note payable bears interest at 5.15% and is repayable in blended monthly instalments of $103,703 over a 13 year period maturing August, 2023.

4. Loan receivable

The Trust has loaned amounts totaling $2,500,000 to a third party. The loan bears interest at 10.5% and is repayable in increments of $416,667 per annum on the commencement of each year of the second renewal term as defined in the Transportation Service Agreement dated May 28, 2006. The total balance of the loan receivable as at December 31, 2020 is $2,500,000 (2019 - $2,500,000).

5. Investments and receivables from related parties, net

	2020	2019
	$	$
Investments		
Air Borealis Limited Partnership	**12,632,022**	12,161,965
Innu-Inuit Redpath Limited Partnership - 33 common shares	**1,390,805**	1,165,265
ACI Labrador Limited Partnership - 100 common shares	**718,051**	266,607
Innu-Inuit Toromont Limited Partnership - 100 common shares	**637,432**	463,042
Innu-Inuit PDI GP Inc. - 33 common shares	**39,171**	33
Innu-Inuit Maclean Partnership - 33 common shares	**33**	33
Investments, at equity	**15,417,514**	14,056,945
Dominion Trading Limited - 33 common shares	**75,613**	75,613
Pan Arctic Inuit Logistics Corporation -19,000 Class A common shares	**1**	1
Timmiak Construction Inc.	**1**	1
Portfolio investments	**75,615**	75,615
Receivables from (payables to) related parties		
Nunatsiavut Government	**261,499**	164,345
Pikalujak Fisheries Limited Partnership	**198,755**	97,639
Pan Arctic Inuit Logistics Corporation	**108,603**	108,603
Torngait Services Inc.	**542**	542
Integrated Nunatsiavut Logistics Inc.	**—**	2,450
Air Borealis Limited Partnership	**(2,197)**	58,934
Integrated Logistics (NL) Limited	**(360,448)**	(179,585)
	206,754	252,928

The above receivables (payables) are non-interest bearing and have no set terms of repayment.

6. Tangible capital assets

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
	$	$	$	$
Land	408,646	—	408,646	408,646
Buildings and improvements	5,547,421	2,322,759	3,224,662	3,216,717
Containers and other equipment	3,605,551	2,732,680	872,871	733,730
Equipment	5,647,513	5,049,121	598,392	494,049
Furniture and fixtures	111,044	59,048	51,996	34,211
Motor vehicles	313,231	153,611	159,620	101,355
Vessels	141,000	134,399	6,601	9,430
Computers	76,926	61,259	15,667	20,897
	15,851,332	10,512,877	5,338,455	5,019,035

During the year, the Kaligak vessel with a carrying value of $400,000 that was held for sale was sold, resulting in a loss on disposal of $35,000. As such, no amortization was taken on this vessel for the year ended December 31, 2020.

7. Operating lines of credit

The Trust has an operating line of credit with the Bank of Montreal, which has an authorized limit of $4,100,000 and bears interest at Bank's prime rate plus 0.75%. As security for the line of credit, the Trust has pledged a general security agreement with a floating charge against the assets of the Trust, guarantees of indebtedness in the amount of $4,360,000 signed by various subsidiaries of the Trust, assignment of vessel insurance, and a marine mortgage registered in the first position over the Kaliuttik. The balance outstanding at year end was $nil (2019 - $nil).

The Trust, through its subsidiary NGC Nunatsiavut Inc., has an operating line of credit with the Bank of Montreal which has an authorized limit of $283,000 and bears interest at the Bank's prime rate plus 2%. As security for the line of credit, the Trust has pledged a general security agreement with a fixed charge against a crusher, floating charges over all other assets of Nunatsiavut Construction Inc., and guarantees of indebtedness in the amount of $363,000 signed by NGC Nunatsiavut Inc. The balance outstanding at year end was $nil (2019 - $nil).

The Trust, through its subsidiary NGC Nunatsiavut Inc., has an operating line of credit with the Bank of Montreal, which has an authorized limit of $800,000 and bears interest at the Bank's prime rate plus 1.50%. As security for the line of credit, the Trust has pledged a general security agreement with a first charge on all fixed assets including receivables of Nunatsiavut Marine Inc., guarantees of indebtedness in the amount of $3,300,000 signed by the Trust. The balance outstanding at year end was $nil (2019 - $nil).

8. Long-term debt

	2020	2019
	$	$
Provincial Aerospace Ltd. unsecured loan, bearing interest at the Bank's prime rate plus 0.9%, maturing in June 2022, repayable in five equal blended annual installments.	**4,550,279**	5,627,817
Business Development Bank of Canada ("BDC") term loan bearing interest at BDC's floating rate plus 1%, compounding monthly, maturing in November 2032, repayable in blended monthly installments of $11,772. (iii)	**1,673,458**	1,814,122
Bank of Montreal mortgage bearing interest at the Bank's prime rate plus 1%, maturing July 2028, repayable in blended monthly installments of $6,374. (ii)	**496,101**	555,717
Aivek Holdings mortgage, non-interest bearing, maturing October 2023, repayable in monthly installments of $4,861. (i)	**166,736**	225,069
Bank of Montreal mortgage bearing interest at the Bank's prime rate plus 0.5%, maturing December 2022, repayable in monthly installments of $2,917 plus interest. (i)	**69,999**	104,999
Bank of Montreal mortgage bearing interest at the Bank's prime rate plus 0.5%, maturing April 2022, repayable in monthly installments of $4,167 plus interest. (i)	**66,666**	116,666
	7,023,239	8,444,390

The principal repayments to maturity required on all loans are as follows:

	$
2021	**2,616,686**
2022	**2,585,698**
2023	**253,066**
2024	**205,536**
2025	**208,181**
Thereafter	**1,154,072**

Security:

i) As security, the land and buildings of Nunak Land Corporation, a wholly-owned subsidiary of NGC Nunatsiavut Inc., with a net book value of $2,504,564 are pledged as collateral for the respective mortgages along with an assignment of fire insurance.

ii) As security, the land and buildings of Goose Bay Capital Corporation Inc., a wholly-owned subsidiary of NGC Nunatsiavut Inc., with a net book value of $841,520 are pledged as collateral for the respective mortgages along with an assignment of fire insurance.

iii) As security, the first readvanceable mortgage on land located at Hamilton River Road has been pledged along with a postponement of due to NGC Nunatsiavut Inc. in the amount of $5,120,314, along with a corporate guarantee of Nunak Land Corporation for 25% of the outstanding loan balance.

9. Obligations under capital lease

Future minimum annual repayments on the obligations under capital lease are as follows:

	$
Total minimum lease payments for	
2021	57,683
2022	37,701
2023	37,701
2024	1,607
	134,692
Interest included in minimum lease payment	8,740
Present value of future lease payments	**125,952**

10. Payable to Tasiujatsoak Trust

	2020	2019
	$	$
Tasiujatsoak Trust demand loan, non-interest bearing. (i)	**6,000,000**	6,000,000
Tasiujatsoak Trust demand loan, bearing interest at 6%, payable in annual instalments. (i) (iii)	**5,000,000**	5,000,000
Tasiujatsoak Trust demand loan, bearing interest at 5.25%, payable in monthly instalments. (i)	**3,900,000**	5,000,000
Tasiujatsoak Trust demand loan, non-revolving, annual interest at 6.5%, payable quarterly. (i) (ii) (iii)	**2,500,000**	2,500,000
	17,400,000	18,500,000

Security:

i) A general security agreement granting a continuing security interest in all of the Trust's present and after acquired personal property.

ii) A specific assignment of all Trust's interest in Umiak Limited Partnership.

iii) Any other ancillary documentation that the lender or its counsel may reasonably require

11. Accumulated surplus

	2020	2019
	$	$
Operations	**10,133,899**	7,215,499
Restricted - inshore fishery	**781,278**	781,278
	10,915,177	7,996,777

Funds relating to the inshore fishery are restricted to the development of the fishery for the Labrador Inuit.

Restricted funds in the amount of $443,816 ($443,816 in 2019) are held in trust by Labrador Inuit Development Corporation for the development of the inshore fishery. A separate trust bank account has been established, however, there is a cash deficiency of $443,816 ($443,816 in 2019) in this trust account. The remainder of restricted funds in the amount of $337,462 ($337,462 in 2019) have been advanced to fish harvesters.

12. Financial instruments

Financial risk factors

The Trust has exposure to credit risk, market risk and liquidity risk. The Trustees have overall responsibility for the oversight of these risks and review the Trust's policies on an ongoing basis to ensure that these risks are appropriately managed. The source of risk exposure and how each is managed is outlined below.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligation. The Trust's credit risk is primarily attributable to receivables, net investment in finance lease, loans receivable, receivables from related parties and due from Philip Earle. Management believes that the credit risk with respect to these receivables is not significant. As of December 31, 2020, the Trust maintained an allowance for doubtful accounts of $137,352 (2019 - $137,352).

Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they become due. As of December 31, 2020, the Trust had cash of $12,122,254 (2019 - $9,241,784).

To the extent that the Trust does not believe it has sufficient liquidity to meet current obligations, consideration will be given to obtaining additional funds through third party funding, assuming these could be obtained.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Trust's net earnings or loss or the value of its financial instruments. The Trust is not exposed to significant equity price risk.

(i) Interest rate risk

The Trust's financial liabilities are exposed to fluctuations in interest rates with respect to its demand loans and its long-term debt. All amounts payable to the Tasiujatsoak Trust have fixed interest rates and therefore the cash flow exposure is not significant. Similarly, the cash flow exposure with respect to the lines of credit is not significant as there were no drawings at December 31, 2020. The Trust is exposed to the following interest rates at December 31, 2020.

	%
Long-term debt	4.45-4.95

The following table details the Trust's sensitivity analysis to an increase of interest rates by 1% on net earnings. The sensitivity includes floating rate financial liabilities and adjusts their effect at period end for a 1% increase in interest rates. A decrease of 1% would result in an equal and opposite effect on net earnings.

	Effect on net earnings
	$
Long-term debt	(6,746)

(ii) Foreign exchange risk

The Trust, through its subsidiary NGC Nunatsiavut Inc., makes purchases in foreign denominations and is thus exposed to foreign exchange fluctuations. The Trust does not actively manage this risk.

Fair value

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

For the year ended 2020, there are no financial instruments recorded at fair value.

13. Statement of remeasurement gains and losses

A Statement of Remeasurement Gains and Losses has not been included in these financial statements as there are no financial instruments which have fair values that differ from their carrying values.

14. Contingency

The Trust had previously guaranteed certain debts of Universal Helicopters Newfoundland and Labrador LP. Management does not believe they will have to payout any of these guarantees as part of Universal Helicopters Newfoundland and Labrador LP's receivership. Therefore, no amounts have been accrued in these financial statements.

15. COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. Many businesses and organizations have been forced to cease or limit operations for long or indefinite periods of time. Through its subsidiary NGC Nunatsiavut Inc., the Trust's business lines, specifically construction, logistics and fishing operations have been impacted by the pandemic.

The pandemic resulted in a decrease in construction revenue due to a shortened construction season, as limited projects were tendered, and current contracts were on hold for a large part of the year due to difficulties encountered in maintaining public health protocols on construction sites. As such, operations were scaled back or shut down in some locations. Further, due to site shutdowns and reduced availability of subcontractors and source materials, there were temporary delays in contract work, resulting in a decrease in sales.

Measures taken to contain the spread include travel bans, social distancing and closure of non-essential services. This resulted in closure of the Café Illusuak for a period of time during 2020 resulting in a decline in sales in the current year.

Fish harvesting revenues have also decreased due to the economic slowdown worldwide. Disruption in supply chain, lower prices on a global market, and an overall decline in sales have resulted in reduced profits.

Labrador Inuit Capital Strategy Trust

Schedule 1 - Consolidated schedule of expenditures
year ended December 31, 2020

	2020	2019
	$	$
Wages and benefits	**14,320,058**	12,876,558
Cost of goods sold	**6,905,882**	11,421,721
Interest and bank charges	**1,213,093**	1,418,876
Bad debts	**790,542**	1,652,619
Materials and supplies	**622,728**	831,083
Fuel	**433,521**	346,488
Miscellaneous	**430,279**	351,119
Professional fees	**311,186**	499,217
Rent and maintenance	**262,989**	332,552
Licenses and fees (Schedule 2)	**195,809**	213,340
Travel (Schedule 2)	**190,385**	461,610
Insurance	**169,405**	158,242
Subcontractor fees	**108,975**	354,827
Utilities	**103,403**	124,119
Municipal taxes	**86,888**	83,232
Information technology support	**77,064**	128,331
Telephone	**71,094**	62,878
Freight and transportation (Schedule 2)	**66,924**	132,882
Management fees	**62,699**	66,257
Waste disposal	**39,460**	4,326
Conference and meetings	**27,473**	24,107
Equipment rental expense (recovery)	**19,571**	(1,611)
Advertising (Schedule 2)	**19,279**	101,701
Write-off of inventory held for resale	**18,749**	12,538
Training programs	**16,467**	11,734

Labrador Inuit Capital Strategy Trust

Schedule 1 - Consolidated schedule of expenditures
year ended December 31, 2020

	2020	2019
	$	$
Meals and entertainment	**8,063**	47,089
Damage claims	**2,949**	41,190
Foreign exchange	**736**	920
Storage and harbour fees	**505**	—
Dues	**63**	260
General administration	**—**	13,218
Cafeteria	**—**	50
	26,576,239	31,771,473

The accompanying notes are an integral part of the consolidated financial statements.

Labrador Inuit Capital Strategy Trust

Schedule 2 - Consolidated schedule of related party transactions
year ended December 31, 2020

During the year, the Trust entered into the following transactions with entities under common control. All related party transactions entered into during the year are in the normal course of business and measured at the exchange amount established and agreed to by the parties to the transaction.

	Nunatsiavut Government	Air Borealis Limited Partnership	Dominion Trading Limited	**2020**	2019
				$	$
Revenues					
Construction	501,794	—	—	**501,794**	937,973
Rental	245,290	—	—	**245,290**	219,645
Management fees	—	—	155,700	**155,700**	251,500
Grants	63,726	—	—	**63,726**	24,592
Fuel	34,587	—	—	**34,587**	1,678
Other	2,655	—	—	**2,655**	—
	848,052	—	155,700	**1,003,752**	1,435,388
Expenses					
Travel	—	41,577	—	**41,577**	63,960
Freight and transportation	—	19,857	—	**19,857**	43,411
Advertising	4,170	—	—	**4,170**	21,694
Licenses and fees	260	—	—	**260**	—
	4,430	61,434	—	**65,864**	129,065

The accompanying notes are an integral part of the consolidated financial statements.