

GWAI TRUST SOCIETY
Financial Statements
As at December 31, 2018

Independent Auditor's Report

To the Members of Gwaii Trust Society:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Gwaii Trust Society (the "Society"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society'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

Society'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 Society to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Terrace, British Columbia
April 27, 2019


MNP LLP

Chartered Professional Accountants

GWAII TRUST SOCIETY
Statement of Financial Position
As at December 31, 2018

	2018	2017
Assets		
Current		
Cash	\$ 158,213	\$ 588,986
Accounts receivable	113	1,213
Investment income receivable	95,809	98,851
Prepaid expense	3,415	3,268
Advances to Athlii Gwaii Legacy Trust (Note 4)	48,750	48,750
Advances to Haida Gwaii Community Foundation (Note 4)	9,747	6,528
	316,047	747,596
Long term investments (Notes 5, 6)	83,190,167	87,535,685
Tangible capital assets (Note 7)	263,735	280,667
Other assets (Note 8)	34,333	34,713
	\$ 83,804,282	\$ 88,598,661
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 223,002	\$ 161,646
Program funding payable (Note 9)	5,133,873	3,763,789
Due to investment partners (Note 10)	755,064	768,257
	6,111,939	4,693,692
Net assets		
Unrestricted	16,518,642	23,907,596
Internally restricted (Note 11)	60,875,633	59,681,993
Invested in tangible capital assets (Note 12)	298,068	315,380
	77,692,343	83,904,969
	\$ 83,804,282	\$ 88,598,661

On behalf of the Board

 _____ Director

 _____ Director

See notes to financial statements

GWAI TRUST SOCIETY
Statement of Operations
Year Ended December 31, 2018

	Budget 2018	2018	2017
Investment income (Note 13)	\$ 3,372,454	\$ 8,432,624	\$ 7,305,651
Investment management and regulatory expenses			
Custodial fees	70,000	61,768	66,648
Investment management	360,000	371,062	379,323
Professional fees	55,000	55,314	35,573
	485,000	488,144	481,544
Net investment earnings	2,887,454	7,944,480	6,824,107
Administrative expenses			
Advertising and promotion	48,000	52,231	37,693
Bank charges	4,000	4,359	3,647
Computer and internet costs	15,000	25,405	15,316
Honoraria	75,000	49,250	69,125
Insurance	13,000	11,600	11,457
Meetings and functions	25,000	18,686	21,149
Office and facility costs	48,000	47,678	49,857
Salaries and wages	610,000	628,853	565,191
Supplies	15,000	25,470	28,228
Telecommunications	25,000	25,071	24,446
Training	25,000	26,511	11,251
Travel	35,000	41,542	35,084
Vehicle	10,000	17,347	10,886
Amortization (Note 16)	37,000	29,163	32,309
	985,000	1,003,166	915,639
Administration fees and cost recoveries (Note 4)	(195,000)	(195,000)	(195,000)
	790,000	808,166	720,639
Excess of revenue over expenses from operations	2,097,454	7,136,314	6,103,468
Other items			
Other income		74	1,138
Excess of revenue over expenses before program costs	2,097,454	7,136,388	6,104,606
Program funding (Note 14)	3,847,454	3,942,803	2,566,549
Excess of revenue over expenses before unrealized loss on investments	(1,750,000)	3,193,585	3,538,057
Unrealized loss on investments		(9,406,211)	(317,546)
Excess (deficiency) of revenue over expenses for the year	\$ (1,750,000)	\$ (6,212,626)	\$ 3,220,511

See notes to financial statements

GWAII TRUST SOCIETY
Statement of Changes in Net Assets
Year Ended December 31, 2018

	Unrestricted	Internally restricted	(Note 12) Invested in tangible capital assets	2018	2017
Net assets -					
beginning of year	\$ 23,907,596	\$ 59,681,993	\$ 315,380	\$ 83,904,969	\$ 80,684,458
Excess (deficiency) of revenue over expenses	(6,183,463)		(29,163)	(6,212,626)	3,220,511
Investment in tangible capital assets (Note 12)	(11,851)		11,851		
Grant inflation protection (Note 11)	(1,193,640)	1,193,640			
Net assets - end of year	\$ 16,518,642	\$ 60,875,633	\$ 298,068	\$ 77,692,343	\$ 83,904,969

See notes to financial statements

GWAII TRUST SOCIETY
Statement of Cash Flow
Year Ended December 31, 2018

	2018	2017
Operating activities		
Surplus for the period	\$ (6,212,626)	\$ 3,220,511
Items not affecting cash:		
Amortization of tangible capital assets	29,163	32,309
Unrealized gain on investments	(9,406,211)	(317,546)
	(15,589,674)	2,935,274
Changes in non-cash working capital:		
Accounts receivable	1,100	20
Investment income receivable	3,042	6,422
Accounts payable and accrued liabilities	61,357	(93,935)
Prepaid expense	(147)	(64)
Advances to Athlii Gwaii Legacy Trust		(46,387)
Advances to Haida Gwaii Community Foundation	(3,219)	(6,528)
	62,133	(140,472)
Cash flow from (used by) operating activities	(15,527,541)	2,794,802
Investing activities		
Purchase of tangible capital assets	(11,852)	(24,420)
Due to investment partners	(13,193)	56,317
Long term investments	13,751,729	(3,409,664)
Cash flow from (used by) investing activities	13,726,684	(3,377,767)
Financing activity		
Program funding payable	1,370,084	605,375
Increase (decrease) in cash flow	(430,773)	22,410
Cash - beginning of year	588,986	566,576
Cash - end of year	\$ 158,213	\$ 588,986

See notes to financial statements

GWAII TRUST SOCIETY
Notes to Financial Statements
Year Ended December 31, 2018

1. Purpose of the organization

The Gwaii Trust Society was incorporated on September 16, 1994 under the Society Act of British Columbia. The Society was established to advise and assist, economically and socially, the communities of Haida Gwaii/Queen Charlotte Islands. The Federal government awarded the Society a grant of \$38.2 million in 1995 to assist the Society to achieve these objectives.

The Society is a non-profit organization under the Income Tax Act and accordingly is exempt from income taxes.

2. Summary of significant accounting policies

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO). Canadian accounting standards for not-for-profit organizations are part of Canadian GAAP.

Cash and short term investments

Cash and cash equivalents consist primarily of commercial paper and deposits with an original maturity date of purchase of three months or less. Because of the short term maturity of these investments, their carrying amount approximates fair value.

Foreign currency translation

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenues and expenses have been translated at the average rates of exchange during the year, except for amortization, which has been translated at the same rate as the related assets.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

Revenue recognition

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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GWAII TRUST SOCIETY
Notes to Financial Statements
Year Ended December 31, 2018

2. Summary of significant accounting policies (continued)

Other investments

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income.

Program funding

Program funding for approved projects is recorded as a program funding expense and related program funding liability at the time of project approval. Any subsequent adjustments or reductions in the specific program funding amounts are recorded as program de-commitments when the final amounts become known.

Controlled organizations

The Gwaii Trust Society has chosen not to consolidate the organizations it controls but to instead disclose information about the resources of the controlled organizations.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates, including amortization of tangible capital assets and allowance for doubtful accounts, are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates:

Buildings	4%
Furniture and equipment	20%
Computer equipment	30%
Motor vehicles	20%

Other assets

The Society has entered into a ninety-nine year land lease over the Masset, B.C. office property. The lease is being amortized on a straight-line basis over life of the lease.

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Society determines that a long-lived asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

GWAII TRUST SOCIETY
Notes to Financial Statements
Year Ended December 31, 2018

3. Controlled not-for-profit organization

The Athlii Gwaii Legacy Trust (AGLT) is controlled by the Gwaii Trust Society as the trustees of the AGLT are comprised of the executive members of the Gwaii Trust Society Board of Directors.

The AGLT was endowed by the Federal and Provincial governments during 2007 for the purpose of increasing the sustainable forest management on Haida Gwaii and to increase community stability through enhancing the forest related economy of Haida Gwaii. AGLT is a non-profit organization under the Income Tax Act and accordingly is exempt from income taxes.

The summary financial statements of the AGLT are as follows:

	2018	2017
Statement of Financial Position		
Assets		
Current		
Cash	\$ 177,811	\$ 98,766
Investment income receivable and other	59,385	60,071
	237,196	158,837
Investment portfolio	45,602,951	46,775,043
	\$ 45,840,147	\$ 46,933,880
Current liabilities		
Trade accounts payable	\$ 85,748	\$ 57,070
Advances to Gwaii Trust Society	48,750	48,750
Program Commitments	39,915	39,915
	174,413	145,735
Net assets		
Internally restricted net assets - Grant fund	29,118,283	28,547,336
Unrestricted net assets	16,547,451	18,240,809
	\$ 45,840,147	\$ 46,933,880

The Athlii Gwaii Legacy Trust and the Gwaii Trust Society follow the same accounting principles.

Statement of Revenues and Expenses

Revenues		
Investment revenue	\$ 3,468,510	\$ 3,124,270
Unrealized gains (losses) on investment portfolio	(4,096,525)	440,870
	(628,015)	3,565,140
Expenses		
Investment management and regulatory expenses	294,757	314,172
Administrative expenses	199,639	199,472
Grant inflation protection	570,947	532,286
	1,065,343	1,045,930
Net surplus for the year	\$ (1,693,358)	\$ 2,519,210

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GWAII TRUST SOCIETY
Notes to Financial Statements
Year Ended December 31, 2018

3. Controlled not-for-profit organization (continued)

Statement of Cash Flow		
Operating activities	\$ (1,093,047)	\$ 3,092,124
Financing activities	1,172,092	(2,924,155)
Increase in cash	79,045	167,969
Cash - beginning of year	98,766	(69,203)
Cash - end of year	\$ 177,811	\$ 98,766

4. Related party transactions

During the year, administration fees of \$195,000 (2017 - \$195,000) were received from the Athlii Gwaii Legacy Trust. These fees represent operating costs paid by the Gwaii Trust Society on behalf of the Athlii Gwaii Legacy Trust. The administration costs have been calculated and allocated as follows to represent the actual costs of operating and administering the Athlii Gwaii Legacy Trust. The Gwaii Trust Society is the trustee of the Athlii Gwaii Legacy Trust.

During the year, a project grant of NIL (2017 - \$70,000) was given to Haida Gwaii Community Foundation. This grant represents seed money for the creation of this foundation.

	2018	2017
Athlii Gwaii Legacy Trust		
Board honoraria	\$ 24,000	\$ 24,000
Meetings	12,000	12,000
Rent and utilities	17,000	17,000
Travel	17,000	17,000
Vehicle expense	5,000	5,000
Wages and benefits	120,000	120,000
	\$ 195,000	\$ 195,000

Balances outstanding consist of the administration fees or other operating costs paid by the Gwaii Trust Society on behalf of the Athlii Gwaii Legacy Trust, and legal fees paid by the Gwaii Trust Society on the behalf of the Haida Gwaii Community Foundation.

The advances to related parties are unsecured, non-interest bearing and are repayable on demand.

GWAI TRUST SOCIETY
Notes to Financial Statements
Year Ended December 31, 2018

5. Long term investments

	<i>December 31, 2018</i>		<i>December 31, 2017</i>	
	Cost	Market	Cost	Market
Cash	\$ 96,803	\$ 96,803	\$ 65,246	\$ 65,246
Treasury bills and short term investments	1,395,048	1,395,048	668,653	668,653
Government bonds	6,771,946	6,652,400	9,971,253	9,843,208
Corporate bonds	15,270,903	14,950,591	13,880,675	13,942,874
Mortgage funds	646,698	651,685	710,570	710,985
Equities	11,987,826	12,977,952	11,225,272	14,359,342
Equities - real estate investment trusts	7,205,321	15,016,035	5,840,253	11,801,299
International equities	25,984,802	31,449,653	22,165,123	36,144,078
	\$ 69,359,347	\$ 83,190,167	\$ 64,527,045	\$ 87,535,685

GWAI TRUST SOCIETY
Notes to Financial Statements
Year Ended December 31, 2018

6. Statement of investment policies and procedures

The investment strategies of the Gwaii Trust Society are guided by the Statement of Investment Policies and Procedures (SIPP). The SIPP has been written in order to assist the Directors in establishing the guidelines for the investment of the assets of the Society (the "Fund") and in monitoring and evaluating the investment performance achieved by the Fund. A summary of the current investment guidelines contained in the SIPP and the current asset mix of the Fund is as follows.

Period end:

December 31, 2018

	Portfolio Value (\$\$)		% of Portfolio		GTS Current SIPP %		
	Cost	Market	Cost	Market	Min	Target	Max
Canadian equities	\$ 11,987,826	\$ 12,977,952	17%	16%	15%	20%	25%
International equities	25,984,802	31,449,653	37%	38%	28%	33%	48%
Total equities	37,972,628	44,427,605	55%	53%	43%	53%	73%
Real return bonds	10,147,277	9,879,410	15%	12%	5%	6%	20%
Government bonds - Federal	2,876,185	2,890,541	4%	3%			
Government bonds - Provincial & municipal	3,895,761	3,761,859	6%	5%			
Corporate bonds	5,123,626	5,071,181	7%	6%			
Total nominal bonds	11,895,572	11,723,581	17%	14%	12%	17%	22%
High yield bonds	-	-	0%	0%	0%	5%	10%
Global bonds	-	-	0%	0%	0%	5%	5%
Total bonds	22,042,849	21,602,991	32%	26%	17%	33%	57%
Mortgage fund	646,698	651,685	1%	1%			
Real estate funds	7,205,321	15,016,035	10%	18%			
Total mortgage and real estate	7,852,019	15,667,719	11%	19%	5%	10%	22%
Private placement	-	-	0%	0%	0%	4%	10%
Cash	96,803	96,803	0%	0%			
Treasury bills and short term investments	1,395,048	1,395,048	2%	2%			
Cash/Short term notes	1,491,851	1,491,851	2%	2%	0%	0%	5%
	\$ 69,359,347	\$ 83,190,167	100%	100%	65%	100%	167%

GWAII TRUST SOCIETY
Notes to Financial Statements
Year Ended December 31, 2018

7. Tangible capital assets

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Buildings	\$ 281,151	\$ 89,048	\$ 192,103	\$ 200,108
Automotive	76,754	45,111	31,643	39,554
Computer equipment	86,980	67,894	19,086	22,336
Furniture and fixtures	63,661	42,758	20,903	18,669
	\$ 508,546	\$ 244,811	\$ 263,735	\$ 280,667

8. Other assets

	2018	2017
Long term land lease	\$ 37,500	\$ 37,500
Accumulated amortization	(3,167)	(2,787)
	\$ 34,333	\$ 34,713

9. Program funding payable

The Gwaii Trust funds projects that are in general agreement with its aims and objectives. The balance outstanding represents projects approved by the Board which were not completed as at the fiscal year end.

	2018	2017
Committed balance - beginning of period	\$ 3,763,789	\$ 3,158,414
Current project funding allocations	4,220,632	2,787,461
	7,984,421	5,945,875
Project costs paid during the year	(2,572,720)	(1,981,174)
Current project decommitments and adjustments	(277,828)	(200,912)
Committed balance - end of period	\$ 5,133,873	\$ 3,763,789

10. Due to investment partners

	2018	2017
Opening balance	\$ 768,257	\$ 711,940
Investment partner's share of income	(13,193)	56,317
	\$ 755,064	\$ 768,257

The Tl'azt'en and Binche First Nations invested funds with the Gwaii Trust to be included in the Gwaii Trust investment portfolio. This allows other Not-For-Profit and First Nations organizations to access the investment management services available to the Gwaii Trust and will reduce fees paid by all investors due to reduced fees applicable to a larger portfolio.

The periodic return for the Gwaii Trust of -1.72% (2017 - 7.9%) has been applied to the investor funds.

GWAII TRUST SOCIETY
Notes to Financial Statements
Year Ended December 31, 2018

11. Internally restricted net assets

The Gwaii Trust Society Investment Fund represents the initial endowment of \$38,200,000 received from the Government of Canada. The Fund is adjusted annually by the inflation rate for the year to protect the value of the original grant for future generations. The fund has been established as a perpetual investment fund and, as such, the original endowment with the accumulated inflation adjustments can never be touched, allocated or expended.

The annual inflation adjustment is based on the Canadian Consumer Price Index (CPI). The change for the year ended December 31, 2018 has been calculated at the published CPI index of 2.0% (December 31, 2017 - 1.9%) for the year.

12. Net assets invested in tangible capital assets

	2018	2017
Net asset invested in tangible capital assets		
Tangible capital assets	\$ 508,546	\$ 496,694
Land lease	37,500	37,500
Tangible capital assets - accumulated amortization	(244,811)	(216,027)
Land lease amortization	(3,167)	(2,787)
	\$ 298,068	\$ 315,380
Change in net assets invested in tangible capital assets		
Purchase of tangible capital assets	\$ 11,851	\$ 24,420
Amortization Expense	(29,163)	(32,309)
	\$ (17,312)	\$ (7,889)

13. Investment income

	2018	2017
Interest received and accrued	\$ 829,267	\$ 696,244
Dividends received and accrued	791,627	401,897
Other investment income	6,472,699	4,477,445
Gain on disposal of investments	325,838	1,786,382
	8,419,431	7,361,968
Investment partner's share of income	13,193	(56,317)
	\$ 8,432,624	\$ 7,305,651

GWAII TRUST SOCIETY
Notes to Financial Statements
Year Ended December 31, 2018

14. Program funding allocations

Program funding allocations for the year were as follows:

	Budget	2018	2017
Major Contribution	\$ 500,000	\$ 395,330	\$ 650,000
Food Security Program	215,000	215,000	215,800
Arts Program	60,000	45,721	53,941
Arts workshops	20,000	20,000	26,059
Christmas Allocation	60,000	60,000	60,000
Travel Assistance Program	150,000	150,000	200,000
Continuing Education Grant Program	400,000	400,000	350,000
Community Innovation	100,000	79,005	105,481
University Tours Program	40,000	40,000	40,000
High School Scholarships	45,000	45,000	45,000
Haida Language	100,000	125,000	50,000
Youth Program	170,000	141,921	109,388
Community Events	35,000	35,000	35,000
Vibrant Haida Gwaii	1,750,000	457,757	615,792
Contingency and special projects	202,454	2,010,897	211,000
	3,847,454	4,220,631	2,767,461
Program de-commitments and adjustments		(277,828)	(200,912)
	\$ 3,847,454	\$ 3,942,803	\$ 2,566,549

15. Haida Parity

The annually approved Haida Parity amounts are commitments of the Gwaii Trust Society even if not fully allocated to approved projects during any given fiscal year. Of the original Parity amount of \$12,300,000, there is a balance remaining of \$943,198 to be included in the annual budgets of the Gwaii Trust. In addition to this, there are allocated but undisbursed funds of \$887,021 outstanding at December 31, 2018 for a total of \$1,830,219 in Haida Parity funds remaining to be paid.

16. Vibrant Haida Gwaii

The annually approved Vibrant Haida Gwaii amounts are commitments of the Gwaii Trust Society even if not fully allocated to approved projects during any given fiscal year. Of the original Vibrant Haida Gwaii amount of \$5,250,000, there is a balance remaining of \$3,555,014 to be included in the annual budgets of the Gwaii Trust. In addition to this, there are allocated but undisbursed funds of \$479,714 outstanding at December 31, 2018 for a total of \$4,034,728 in Vibrant Haida Gwaii funds remaining to be paid.

GWAI TRUST SOCIETY
Notes to Financial Statements
Year Ended December 31, 2018

17. Society Act Disclosures

Director remuneration

Board of directors members and their respective alternates are reimbursed in the amounts of \$150 - \$250 per meeting attended in their capacity as board members. The board members and the respective amounts paid during the year are as follows:

	Number	Total amount paid
<u>Directors and Alternate Directors</u>		
James Cowpar		\$ 3,150
Vince Collison		450
Reg Davidson		450
Barb Rowsell		600
Sheila Karrow		850
Bret Johnston		3,200
Robert Bennett		1,300
Jack Litrell		250
Al West		400
Ken Rea		700
Lisa Gyorgy		1,400
Billy Yovanovich		2,900
Tyler Bellis		1,100
Warren Foster		3,350
Jason Alsop		2,350
Berry Wijdeven		1,100
Lareina Grosse		1,100
Michelle Pineault		3,250
Devin Rachar		2,600
Adeana Young		150
Joyce Chisholm		3,100
Cecil Brown		2,550
Ellen Foster		600
Charles Greenough		4,600
Richard Williams		750
Maureen Bailey		1,850
Christine Cunningham		650
	27	44,750
Youth Board and others	21	4,500
	48	\$ 49,250

GWAI TRUST SOCIETY
Notes to Financial Statements
Year Ended December 31, 2018

Employees and contractors

The employees and persons under contract for services with the Society whose remuneration was at least \$75,000 and the total amount of remuneration paid during the year are as follows:

	Total amount paid
Carla Lutner - Chief Operating Officer	\$ 102,500
Errol Winter - Chief Investment Officer	129,556
Christine Carty - Manager, Finance & Administration	<u>76,489</u>
	<u>\$ 308,545</u>

18. Financial instruments

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of December 31, 2018.

Market risk

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk.

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Society enters into transactions denominated in United States currency for which the related revenues, expenses, accounts receivable and accounts payable balances are subject to exchange rate fluctuations.

During the year, the value of the Canadian dollar depreciated by \$0.1097 against the US dollar. The Society has significant investments in US dollars. As a result, the change in the exchange rate has increased the Societies foreign currency risk exposure, resulting in an increase of \$612,550 in unrealized foreign exchange gains.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Society is exposed to interest rate cash flow risk with respect to it's investment portfolio.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society is exposed to other price risk through its investment in quoted shares.