

GWAI TRUST SOCIETY
Financial Statements
As at December 31, 2019

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, 2019, 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, 2019, 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.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

May 13, 2020

MNP LLP

Chartered Professional Accountants


GWAII TRUST SOCIETY
Statement of Financial Position
As at December 31, 2019

	2019	2018
Assets		
Current		
Cash	\$ 2,398,585	\$ 158,213
Accounts receivable		113
Investment income receivable		95,809
Prepaid expense	3,407	3,415
Advances to Athlii Gwaii Legacy Trust (Note 4)	49,429	48,750
Advances to Haida Gwaii Community Foundation (Note 4)	14,918	9,747
	2,466,339	316,047
Long term investments (Notes 5, 6)	86,638,313	83,190,167
Tangible capital assets (Note 7)	239,255	263,735
Other assets (Note 8)	33,954	34,333
	\$ 89,377,861	\$ 83,804,282
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 324,396	\$ 223,002
Program funding payable (Note 9)	5,402,322	5,133,873
Due to investment partners (Note 10)	762,596	755,064
	6,489,314	6,111,939
Subsequent events (Note 11)		
Net assets		
Unrestricted	20,400,441	16,518,642
Internally restricted (Note 12)	62,214,897	60,875,633
Invested in tangible capital assets (Note 13)	273,209	298,068
	82,888,547	77,692,343
	\$ 89,377,861	\$ 83,804,282

On behalf of the Board


 Maureen Bailey (Jun 1, 2020 09:23 PDT)

Director


 C. Greenough (Jun 1, 2020 13:20 PDT)

Director

See notes to financial statements

GWAI TRUST SOCIETY
Statement of Operations
Year Ended December 31, 2019

	Budget 2019	2019	2018
Investment income (Note 14)	\$ 3,834,900	\$ 8,120,494	\$ 8,432,624
Investment management and regulatory expenses			
Custodial fees	70,000	57,078	61,768
Investment management	360,000	372,749	371,062
Professional fees	75,000	64,927	55,314
	505,000	494,754	488,144
Net investment earnings	3,329,900	7,625,740	7,944,480
Administrative expenses			
Advertising and promotion	63,000	56,282	52,231
Bank charges	4,200	3,894	4,359
Computer and internet costs	23,000	20,762	25,405
Honoraria	90,000	76,500	49,250
Insurance	12,000	11,712	11,600
Meetings and functions	22,700	20,964	18,686
Office and facility costs	52,000	40,688	47,678
Salaries and wages	710,000	712,934	628,853
Supplies	20,000	23,332	25,470
Telecommunications	27,500	21,813	25,071
Training	26,000	20,338	26,511
Travel	60,000	57,895	41,542
Vehicle	16,000	12,941	17,347
Amortization	25,000	23,313	29,163
	1,151,400	1,103,368	1,003,166
Administration fees and cost recoveries (Note 4)	(195,000)	(195,000)	(195,000)
	956,400	908,368	808,166
Excess of revenue over expenses from operations	2,373,500	6,717,372	7,136,314
Other items			
Other income		47,834	74
Loss on disposal of tangible capital assets		(13,743)	
	-	34,091	74

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GWAI TRUST SOCIETY
Statement of Operations *(continued)*
Year Ended December 31, 2019

	Budget 2019	2019	2018
Excess of revenue over expenses before program costs	2,373,500	6,751,463	7,136,388
Program funding <i>(Note 15)</i>	2,440,000	3,210,880	3,942,803
Excess of revenue over expenses before unrealized gain (loss) on investments	(66,500)	3,540,583	3,193,585
Unrealized gain (loss) on investments		1,655,621	(9,406,211)
Excess (deficiency) of revenue over expenses for the year	\$ (66,500)	\$ 5,196,204	\$ (6,212,626)

See notes to financial statements

GWAI TRUST SOCIETY
Statement of Changes in Net Assets
Year Ended December 31, 2019

	Unrestricted	Internally restricted	(Note 13) Invested in tangible capital assets	2019	2018
Net assets -					
beginning of year	\$ 16,518,642	\$ 60,875,633	\$ 298,068	\$ 77,692,343	\$ 83,904,969
Excess (deficiency) of revenue over expenses	5,233,260		(37,056)	5,196,204	(6,212,626)
Investment in tangible capital assets (Note 13)	(12,197)		12,197		
Grant inflation protection (Note 12)	(1,339,264)	1,339,264			
Net assets - end of year	\$ 20,400,441	\$ 62,214,897	\$ 273,209	\$ 82,888,547	\$ 77,692,343

See notes to financial statements

GWAII TRUST SOCIETY
Statement of Cash Flow
Year Ended December 31, 2019

	2019	2018
Operating activities		
Surplus for the period	\$ 5,196,204	\$ (6,212,626)
Items not affecting cash:		
Amortization of tangible capital assets	23,313	29,163
Unrealized gain on investments	1,655,621	(9,406,211)
Loss (gain) on disposal of assets	13,743	
	6,888,881	(15,589,674)
Changes in non-cash working capital:		
Accounts receivable	113	1,100
Investment income receivable	95,809	3,042
Advances to Athlii Gwaii Legacy Trust	(679)	
Advances to Haida Gwaii Community Foundation	(5,171)	(3,219)
Prepaid expense	8	(147)
Accounts payable and accrued liabilities	101,394	61,357
	191,474	62,133
Cash flow from (used by) operating activities	7,080,355	(15,527,541)
Investing activities		
Purchase of tangible capital assets	(12,198)	(11,852)
Due to investment partners	7,532	(13,193)
Long term investments	(5,103,766)	13,751,729
Cash flow from (used by) investing activities	(5,108,432)	13,726,684
Financing activity		
Program funding payable	268,449	1,370,084
Increase (decrease) in cash flow	2,240,372	(430,773)
Cash - beginning of year	158,213	588,986
Cash - end of year	\$ 2,398,585	\$ 158,213

See notes to financial statements

GWAII TRUST SOCIETY
Notes to Financial Statements
Year Ended December 31, 2019

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, 2019

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, 2019

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:

	2019	2018
Statement of Financial Position		
Assets		
Current		
Cash	\$ 489,241	\$ 177,811
Investment income receivable and other	634	59,385
	489,875	237,196
Investment portfolio	50,396,460	45,602,951
	\$ 50,886,335	\$ 45,840,147
Current liabilities		
Trade accounts payable	\$ 47,428	\$ 85,748
Advances to Gwaii Trust Society	49,429	48,750
Program Commitments	39,915	39,915
	136,772	174,413
Net assets		
Internally restricted net assets - Grant fund	29,758,885	29,118,283
Unrestricted net assets	20,990,678	16,547,451
	\$ 50,886,335	\$ 45,840,147

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

Statement of Revenues and Expenses

Revenues		
Investment revenue	\$ 4,838,926	\$ 3,468,510
Unrealized gains (losses) on investment portfolio	741,610	(4,096,525)
	5,580,536	(628,015)
Expenses		
Investment management and regulatory expenses	294,786	294,757
Administrative expenses	201,921	199,639
	496,707	494,396
Net surplus for the year	\$ 5,083,829	\$ (1,122,411)

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GWAII TRUST SOCIETY
Notes to Financial Statements
Year Ended December 31, 2019

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

Statement of Cash Flow		
Operating activities	\$ 5,104,939	\$ (1,093,047)
Financing activities	(4,793,509)	1,172,092
Increase in cash	311,430	79,045
Cash - beginning of year	177,811	98,766
Cash - end of year	\$ 489,241	\$ 177,811

4. Related party transactions

During the year, administration fees of \$195,000 (2018 - \$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.

	2019	2018
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 expenses 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.

5. Long term investments

	<i>December 31, 2019</i>		<i>December 31, 2018</i>	
	Cost	Market	Cost	Market
Cash	\$ 854	\$ 854	\$ 96,803	\$ 96,803
Treasury bills and short term investments	373,713	373,713	1,395,048	1,395,048
Government bonds	-	-	6,771,946	6,652,400
Corporate bonds	21,358,841	21,425,298	15,270,903	14,950,591
Mortgage funds	-	-	646,698	651,685
Equities	13,577,674	13,989,895	11,987,826	12,977,952
Equities - real estate investment trusts	7,999,968	17,080,286	7,205,321	15,016,035
International equities	25,518,165	33,768,267	25,984,802	31,449,653
	\$ 68,829,215	\$ 86,638,313	\$ 69,359,347	\$ 83,190,167

GWAII TRUST SOCIETY
Notes to Financial Statements
Year Ended December 31, 2019

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, 2019

	Portfolio Value (\$\$)		% of Portfolio		AGLT Current SIPP %		
	Cost	Market	Cost	Market	Min	Target	Max
Canadian equities	\$ 13,577,674	\$ 13,989,895	20%	16%	15%	20%	25%
International equities	25,518,165	33,768,267	37%	39%	28%	33%	48%
Total equities	39,095,839	47,758,162	57%	55%	43%	53%	73%
Real return bonds	9,060,981	9,190,240	13%	11%	5%	6%	20%
Government bonds - Federal	-	-	0%	0%			
Government bonds - Provincial and municipal	-	-	0%	0%			
Corporate bonds	12,297,860	12,235,058	18%	14%			
Total nominal bonds	12,297,860	12,235,058	18%	14%	12%	17%	22%
High yield bonds	-	-	0%	0%	0%	5%	10%
Global bonds	-	-	0%	0%	0%	5%	5%
Total bonds	21,358,841	21,425,298	31%	25%	17%	33%	57%
Mortgage fund	-	-	0%	0%			
Real estate funds	7,999,968	17,080,286	12%	20%			
Total mortgage and real estate	7,999,968	17,080,286	12%	20%	5%	10%	22%
Private Placement	-	-	0%	0%	0%	4%	10%
Cash	854	854	0%	0%			
Treasury bills and short term investments	373,713	373,713	1%	0%			
Cash/Short term notes	374,567	374,567	1%	0%	0%	0%	5%
	\$ 68,829,215	\$ 86,638,313	100%	100%	65%	100%	167%

GWAII TRUST SOCIETY
Notes to Financial Statements
Year Ended December 31, 2019

7. Tangible capital assets

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Buildings	\$ 281,151	\$ 96,732	\$ 184,419	\$ 192,103
Automotive	76,754	51,440	25,314	31,643
Computer equipment	40,379	28,908	11,471	19,086
Furniture and fixtures	64,784	46,733	18,051	20,903
	\$ 463,068	\$ 223,813	\$ 239,255	\$ 263,735

8. Other assets

	2019	2018
Long term land lease	\$ 37,500	\$ 37,500
Accumulated amortization	(3,546)	(3,167)
	\$ 33,954	\$ 34,333

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.

	2019	2018
Committed balance - beginning of period	\$ 5,133,873	\$ 3,763,789
Current project funding allocations	4,986,492	4,220,632
	10,120,365	7,984,421
Project costs paid during the year	(2,942,431)	(2,572,720)
Current project decommitments and adjustments	(1,775,612)	(277,828)
Committed balance - end of period	\$ 5,402,322	\$ 5,133,873

GWAII TRUST SOCIETY
Notes to Financial Statements
Year Ended December 31, 2019

10. Due to investment partners

	2019	2018
Opening balance	\$ 755,064	\$ 768,257
Redemptions	(78,000)	
Investment partner's share of income	85,532	(13,193)
	\$ 762,596	\$ 755,064

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 11.41% (2018 - -1.72%) has been applied to the investor funds, prorated based on timing of redemptions.

11. Subsequent events

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Society as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

As at March 31, 2020, the market value of the Society's investments had fallen \$8,202,754 to \$79,788,155 from the December 31, 2019 value.

12. 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, 2019 has been calculated at the published CPI index of 2.2% (December 31, 2018 - 2.0%) for the year.

GWAII TRUST SOCIETY
Notes to Financial Statements
Year Ended December 31, 2019

13. Net assets invested in tangible capital assets

	2019	2018
Net asset invested in tangible capital assets		
Tangible capital assets	\$ 463,068	\$ 508,546
Land lease	37,500	37,500
Tangible capital assets - accumulated amortization	(223,813)	(244,811)
Land lease amortization	(3,546)	(3,167)
	\$ 273,209	\$ 298,068
Change in net assets invested in tangible capital assets		
Purchase of tangible capital assets	\$ 12,197	\$ 11,851
Loss on disposal of tangible capital assets	(13,743)	-
Subtotal	(1,546)	11,851
Amortization Expense	(23,313)	(29,163)
	\$ (24,859)	\$ (17,312)

14. Investment income

	2019	2018
Interest received and accrued	\$ 663,624	\$ 829,267
Dividends received and accrued	473,577	791,627
Other investment income	3,628,432	6,472,699
Gain on disposal of investments	3,426,650	325,838
	8,192,283	8,419,431
Investment partner's share of income	(85,532)	13,193
	\$ 8,106,751	\$ 8,432,624

GWAII TRUST SOCIETY
Notes to Financial Statements
Year Ended December 31, 2019

15. Program funding allocations

Program funding allocations for the year were as follows:

	Budget	2019	2018
Major Contribution	\$ 600,000	\$ 599,477	\$ 395,330
Food Security Program	220,000	220,000	215,000
Arts Program	50,000	57,300	45,721
Arts workshops	30,000	30,000	20,000
Christmas Allocation	60,000	60,000	60,000
Travel Assistance Program	200,000	200,000	150,000
Continuing Education Grant Program	400,000	400,000	400,000
Community Innovation	100,000	100,704	79,005
University Tours Program	64,000	64,000	40,000
High School Scholarships	45,000	45,000	45,000
Haida Parity Fund		375,000	
Haida Language	180,000	230,000	125,000
Youth Program	170,000	141,074	141,921
Community Events	35,000	35,000	35,000
Vibrant Haida Gwaii	-	2,004,573	456,757
Contingency and special projects	286,000	424,364	2,010,897
	2,440,000	4,986,492	4,219,631
Program de-commitments and adjustments		(1,775,612)	(277,828)
	\$ 2,440,000	\$ 3,210,880	\$ 3,941,803

16. 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 \$1,830,219 to be included in the annual budgets of the Gwaii Trust. In addition to this, there are allocated but undisbursed funds of \$NIL outstanding at December 31, 2019.

17. 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 \$7,000,000, there is a balance remaining of \$3,300,441 to be included in the annual budgets of the Gwaii Trust. In addition to this, there are allocated but undisbursed funds of \$1,471,386 outstanding at December 31, 2019 for a total of \$4,771,827 in Vibrant Haida Gwaii funds remaining to be paid.

GWAII TRUST SOCIETY
Notes to Financial Statements
Year Ended December 31, 2019

18. Society Act Disclosures

Director remuneration

Board of directors members and their respective alternates are reimbursed in the amounts of \$50 - \$250 per meeting attended in their capacity as board members. The board members and the respective amounts paid during the year are as follows:

	<u>2019</u>	<u>Number</u>
<u>Directors and Alternate Directors</u>		
Jason Alsop	\$	1,000
Maureen Bailey		8,300
Lisa Bell		1,150
Cecil Brown		4,950
Laurie Chrisholm		3,850
Vincent Collison		250
James Cowpar		6,200
Christine Cunningham		2,250
Reg Davidson		250
Warren Foster		4,850
Kim Goetzinger		3,550
Charles Greenough		7,900
Lareina Grosse		1,500
Bob Isaacs		1,650
Bret Johnston		5,250
Lawrence Jones		400
Sheila Karrow		300
Jack Litrell		450
Michelle Pineault		4,550
Devin Rachar		7,000
Barb Rowsell		250
Alfie Setso Sr.		1,400
William Yovanovich		5,950
	23	73,200
Youth Board and others	13	3,300
	36	\$ 76,500

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:

	<u>Total amount paid</u>
Carla Lutner - Chief Operating Officer	\$ 125,231
Errol Winter - Chief Investment Officer	158,472
	\$ 283,703

GWAII TRUST SOCIETY
Notes to Financial Statements
Year Ended December 31, 2019

19. 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, 2019.

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 appreciated by \$0.0346 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 decrease of \$119,823 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.









Gwaii Trust Society 2019.12.31 - 599194 - JAZZ-it! financial statement generator

Final Audit Report

2020-06-01

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