

**GWAII TRUST SOCIETY**  
**Financial Statements**  
**December 31, 2020**

Independent Auditors' Report  
Statement of Financial Position  
Statement of Changes in Net Assets  
Statement of Operations  
Statement of Cash Flows  
Notes to Financial Statements



## INDEPENDENT AUDITORS' REPORT

To the Directors of Gwaii Trust Society

### Opinion

We have audited the accompanying financial statements of Gwaii Trust Society (the "Society"), which comprise the statement of financial position as at December 31, 2020, and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion, the Society's financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2020, and of its financial performance and its cash flows for the year then ended. The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis of 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 of 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 intends for the Society to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for over-seeing the Society's financial reporting process.

### Auditors' 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 the users taken on the basis of these financial statements.

## **Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

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.
- 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 the prior year.

## **Other Matters**

The financial statements for the year ended December 31, 2019 were audited by another firm of Chartered Professional Accountants who expressed an unqualified opinion on those statements on May 13, 2020.

*Chan Nawrood Boates Inc*

Chartered Professional Accountants  
Campbell River, BC

May 1, 2021

# GWAII TRUST SOCIETY

## Statement of Financial Position

December 31, 2020

2020

2019

### ASSETS

#### Current Assets

Cash	\$ 205,119	\$ 2,398,585
Accounts Receivable	117,819	-
Prepaid Expenses	3,407	3,407
Advances to Athlii Gwaii Legacy Trust (Note 4)	2,100	49,429
Advances to Haida Gwaii Community Foundation (Note 4)	<u>18,373</u>	<u>14,918</u>
	346,818	2,466,339

#### Long Term Investments (Notes 5, 6)

90,336,780 86,638,313

#### Tangible Capital Assets (Note 7)

202,643 239,255

#### Other Assets (Note 8)

33,574 33,954

90,919,815 89,377,861

### LIABILITIES

#### Current Liabilities

Accounts Payable and Accrued Liabilities 82,771 324,396

#### Program Funding Payable (Note 9)

8,555,451 5,402,322

#### Due to Investment Partners (Note 10)

814,781 762,596

9,453,003 6,489,314

### NET ASSETS

#### Unrestricted

18,580,194 20,400,441

#### Internally Restricted (Note 11)

62,650,401 62,214,897

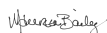
#### Invested in Tangible Capital Assets (Note 12)

236,217 273,209

81,466,812 82,888,547

90,919,815 89,377,861

Approved by the Directors:



Director



Director

# GWAII TRUST SOCIETY

## Statement of Changes in Net Assets

Year ended December 31, 2020

	Unrestricted	Internally Restricted	Invested in Tangible Capital Assets (Note 12)	2020	2019
Net Assets - Beginning of Year	\$ 20,400,441	\$ 62,214,897	\$ 273,209	\$ 82,888,547	\$ 77,692,343
Excess (Deficiency) of Revenues over Expenditures	(1,384,743)	-	(36,992)	(1,421,735)	5,196,204
Grant Inflation Protection (Note 11)	<u>(435,504)</u>	<u>435,504</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets - End of Year	<u>18,580,194</u>	<u>62,650,401</u>	<u>236,217</u>	<u>81,466,812</u>	<u>82,888,547</u>

# GWAI TRUST SOCIETY

## Statement of Operations

Year ended December 31, 2020

	Budget 2020	2020	2019
<b>Revenue</b>			
Investment Income (Note 13)	\$ 3,500,840	\$ 3,772,873	\$ 8,120,494
<b>Investment Management and Regulatory Expenses</b>			
Actuary and Consultants	-	14,700	-
Custodial Fees	50,000	33,057	57,078
Investment Management Fees	360,000	371,494	372,749
Professional Fees	65,000	38,997	64,927
	<u>475,000</u>	<u>458,248</u>	<u>494,754</u>
<b>Net Investment Earnings</b>	<u>3,025,840</u>	<u>3,314,625</u>	<u>7,625,740</u>
<b>Administrative Expenditures</b>			
Advertising and Promotion	35,000	14,830	56,282
Amortization	25,000	13,619	23,313
Bank Charges	4,200	5,772	3,894
Computer and Internet Costs	34,000	27,237	20,762
Honoraria	77,000	44,300	76,500
Insurance	13,000	14,718	11,712
Meetings and Functions	22,300	1,093	20,964
Office and Facility Costs	68,000	69,865	40,688
Salaries and Wages	680,000	645,927	712,934
Supplies	20,770	27,276	23,332
Telecommunications	19,200	29,274	21,813
Training	30,000	7,577	20,338
Travel	40,650	844	57,895
Vehicle	11,000	5,092	12,941
	<u>1,080,120</u>	<u>907,424</u>	<u>1,103,368</u>
<b>Administration Fees and Cost Recoveries (Note 4)</b>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(195,000)</u>
	<u>830,120</u>	<u>657,424</u>	<u>908,368</u>
<b>Excess of Revenues over Expenses from Operations</b>	<u>2,195,720</u>	<u>2,657,201</u>	<u>6,717,372</u>

(continued on next page)

# GWAII TRUST SOCIETY

## Statement of Operations (continued)

Year ended December 31, 2020

	Budget 2020	2020	2019
<b>Excess of Revenues over Expenses from Operations</b>	\$ 2,195,720	\$ 2,657,201	\$ 6,717,372
<b>Other Income (Expenditures)</b>			
Other Income	-	118,000	47,834
CEWS Wage Subsidy (Note 17)	-	116,069	-
Loss on Disposal of Tangible Capital Assets	-	(23,373)	(13,743)
	-	210,696	34,091
<b>Excess of Revenues over Expenses Before Program Costs</b>	2,195,720	2,867,897	6,751,463
Program Funding (Note 14)	2,195,720	6,797,848	3,210,880
<b>Excess (Deficiency) of Revenues over Expenditures Before Unrealized Gain on Investments</b>	-	(3,929,951)	3,540,583
Unrealized Gain on Investments	-	2,508,216	1,655,621
<b>Excess (Deficiency) of Revenue over Expenses</b>	-	(1,421,735)	5,196,204

# GWAII TRUST SOCIETY

## Statement of Cash Flows

Year Ended December 31, 2020

2020

2019

### Cash Flows From Operating Activities:

Excess (Deficiency) of Revenues over Expenditures	\$ (1,421,735)	\$ 5,196,204
Items not involving cash:		
Amortization of Tangible Capital Assets	13,619	23,313
Unrealized Gains on Investments	(2,508,216)	(1,655,621)
Loss on Disposal of Assets	<u>23,373</u>	<u>13,743</u>
	<u>(3,892,959)</u>	<u>3,577,639</u>
Changes in non-cash working capital		
Prepaid Expenses	-	8
Accounts Receivable	(117,819)	113
Investment Income Receivable	-	95,809
Advances to (from) Athlii Gwaii Legacy Trust	47,329	(679)
Advances to Haida Gwaii Community Foundation	(3,455)	(5,171)
Accounts Payable and Accrued Liabilities	<u>(241,625)</u>	<u>101,394</u>
	<u>(315,570)</u>	<u>191,474</u>
	<u>(4,208,529)</u>	<u>3,769,113</u>

### Cash Flows From Investing Activities:

Purchase of Tangible Capital Assets	-	(12,197)
Due to Investment Partners	52,185	7,532
Purchase of Long Term Investments	<u>(1,190,251)</u>	<u>(1,792,525)</u>
	<u>(1,138,066)</u>	<u>(1,797,190)</u>

### Cash Flows from Financing Activities

Increase in Program Funding Payable	<u>3,153,129</u>	<u>268,449</u>
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<b>Net Increase (Decrease) in Cash</b>	(2,193,466)	2,240,372
<b>Cash - Beginning of Year</b>	<u>2,398,585</u>	<u>158,213</u>
<b>Cash - End of Year</b>	<u>205,119</u>	<u>2,398,585</u>



# GWAII TRUST SOCIETY

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## Notes to Financial Statements

December 31, 2020

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### 1. Organization and Purpose:

The Gwaii Trust Society (the "Society") is a not-for-profit organization incorporated under the Society Act of British Columbia on September 16, 1994. The Society was established to advise and assist, economically and socially, the communities of Haida Gwaii/the 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 exempt from tax under Paragraph 149(1)(l) of the Income Tax Act.

### 2. Significant Accounting Policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and their significant accounting policies include the following:

#### Cash

Cash consists primarily of funds deposited in the Society's bank account. Because of the nature of these funds, 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.

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

#### Revenue Recognition

The Society follows the deferral method of accounting for contributions.

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, and unrestricted investment income is recognized as revenue when earned.

#### 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 funding amounts become known.

#### Controlled Organization

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

# GWAII TRUST SOCIETY

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## Notes to Financial Statements

December 31, 2020

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### 2. Significant Accounting Policies (continued):

#### Measurement Uncertainty

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Those estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

#### Financial Instruments

##### *Measurement of financial instruments*

The Society measures its financial assets and liabilities at fair value when acquired or issued. The Society subsequently measures financial assets with actively traded markets at fair value, with any unrealized gains or losses reported in net income. All other financial instruments are reported at amortized cost. Transaction costs on the acquisition, sale, or issuance of financial instruments are expensed when incurred.

Financial assets measured at amortized cost include cash. Financial liabilities measured at amortized cost include accounts payable. Financial assets measured at fair value at year-end include investments and accounts receivable.

##### *Impairment*

Financial assets measured at cost are tested for impairment at each reporting date. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

#### Tangible Capital Assets

Tangible capital assets are recorded at cost or deemed cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives using the declining balance method at the following annual rates:

Buildings	4%
Automotive	20%
Computer Equipment	30%
Furniture and Fixtures	20%

#### Other Assets

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

# GWAII TRUST SOCIETY

## Notes to Financial Statements

December 31, 2020

### 3. Controlled Not-For-Profit Organization:

The Athlii Gwaii Legacy Trust ("AGLT") is controlled by the Society, as the trustees of AGLT are comprised of the Society and two executive members of the Gwaii Trust Society Board of Directors. AGLT and the Society follow the same accounting principals.

AGLT was endowed by 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 is accordingly exempt from income taxes. The summary financial statements of AGLT are as follows:

### Statement of Financial Position

December 31, 2020

	2020	2019
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 421,319	\$ 489,241
Prepaid Expenses	<u>824</u>	<u>634</u>
	422,143	489,875
<b>Long Term Investments</b>	<u>53,862,016</u>	<u>50,396,460</u>
	<u>54,284,159</u>	<u>50,886,335</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Liabilities	118,041	47,428
Advances from Gwaii Trust Society	2,100	49,429
Program Commitments	<u>39,915</u>	<u>-</u>
	160,056	96,857
<b>Program Commitments</b>	<u>-</u>	<u>39,915</u>
	<u>160,056</u>	<u>136,772</u>
<b>NET ASSETS</b>		
Restricted Net Assets	29,967,197	29,758,885
Unrestricted Net Assets	<u>24,156,906</u>	<u>20,990,678</u>
	<u>54,124,103</u>	<u>50,749,563</u>
	<u>54,284,159</u>	<u>50,886,335</u>

# GWAII TRUST SOCIETY

## Notes to Financial Statements

December 31, 2020

### 3. Controlled Not-For-Profit Organization (continued):

#### Statement of Revenues and Expenses

December 31, 2020

	2020	2019
<b>Revenues</b>		
Investment Income	\$ 3,110,533	\$ 2,743,608
<b>Investment Management and Regulatory Expenses</b>	<u>(380,589)</u>	<u>(294,786)</u>
	2,729,944	2,448,822
<b>Expenses</b>		
Administrative Expenses	<u>255,581</u>	<u>201,921</u>
	2,474,363	2,246,901
<b>Unrealized Gains on Investment Portfolio</b>	<u>900,177</u>	<u>2,836,928</u>
<b>Net Surplus for the Year</b>	<u><u>3,374,540</u></u>	<u><u>5,083,829</u></u>

#### Statement of Cash Flows

December 31, 2020

	2020	2019
Operating Activities	\$ 3,397,634	\$ 5,104,939
Financing Activities	<u>(3,465,556)</u>	<u>(4,793,509)</u>
Increase (Decrease) in Cash	(67,922)	311,430
Cash - Beginning of Year	<u>489,241</u>	<u>177,811</u>
Cash - End of Year	<u><u>421,319</u></u>	<u><u>489,241</u></u>

# GWAII TRUST SOCIETY

## Notes to Financial Statements

December 31, 2020

### 4. Related Party Transactions:

During the year, administrative fees of \$250,000 (2019 - \$195,000) were received from the Athlii Gwaii Legacy Trust. These fees represent operating costs paid by the Society on behalf of AGLT. The administration costs have been calculated and allocated as follows to represent the actual costs of operating and administering AGLT.

	2020	2019
<b>Athlii Gwaii Legacy Trust</b>		
Advertising and Promotion	\$ 6,000	\$ -
Board Honoraria	20,000	24,000
Community Consultation	20,000	-
Meetings	20,000	12,000
Rent and Utilities	15,000	17,000
Travel	15,000	17,000
Vehicle Expense	4,000	5,000
Wages and Benefits	<u>150,000</u>	<u>120,000</u>
	<u>250,000</u>	<u>195,000</u>

Balances outstanding consist of the administration fees and other operating costs paid by the Society on behalf of AGLT and expenses paid by the Society on 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:

	2020		2019	
	Cost	Market	Cost	Market
Cash	\$ 66,179	\$ 66,179	\$ 854	\$ 854
Treasury Bills and Short Term				
Investments	376,963	376,970	373,713	373,713
Corporate Bonds	22,111,851	22,710,962	21,358,841	21,425,298
Equities	15,577,121	16,237,783	13,577,674	13,989,895
Real Estate Investment Trust Units	8,715,370	17,951,702	7,999,968	17,080,286
International Equities	24,448,924	32,993,184	25,518,165	33,768,267
	<u>71,296,408</u>	<u>90,336,780</u>	<u>68,829,215</u>	<u>86,638,313</u>

# GWAI TRUST SOCIETY

## Notes to Financial Statements

December 31, 2020

### 6. Statement of Investment Policies and Procedures:

The Society's investment strategies are guided by the Statement of Investment Policies and Procedures (the "SIPP"). The SIPP has been written in order to assist the Directors in establishing the guidelines for the investment of the Society's assets and in monitoring and evaluating the investment performance achieved by the Society. A summary of the current investment guidelines contained in the SIPP and the Fund's current asset mix at December 31, 2020 is as follows:

	Portfolio Value		% of Portfolio		Current SIPP %		
	Cost	Market	Cost	Market	Min.	Target	Max.
Canadian Equities	\$ 15,577,121	\$ 16,237,783	22%	18%	15%	20%	25%
International Equities	<u>24,448,924</u>	<u>32,993,183</u>	<u>34%</u>	<u>37%</u>	<u>28%</u>	<u>33%</u>	<u>48%</u>
Total Equities	<u>40,026,045</u>	<u>49,230,966</u>	<u>56%</u>	<u>55%</u>	<u>43%</u>	<u>53%</u>	<u>73%</u>
Real Return Bonds	5,644,470	6,010,146	8%	7%	5%	6%	20%
Total Nominal Bonds	<u>16,467,381</u>	<u>16,700,816</u>	<u>23%</u>	<u>18%</u>	<u>12%</u>	<u>17%</u>	<u>22%</u>
Total Bonds	<u>22,111,851</u>	<u>22,710,962</u>	<u>31%</u>	<u>25%</u>	<u>17%</u>	<u>33%</u>	<u>57%</u>
Total Real Estate and Mortgage	<u>8,715,370</u>	<u>17,951,702</u>	<u>12%</u>	<u>20%</u>	<u>5%</u>	<u>10%</u>	<u>22%</u>
Total Cash and Short Term Notes	<u>443,143</u>	<u>443,150</u>	<u>1%</u>	<u>-%</u>	<u>-%</u>	<u>4%</u>	<u>15%</u>
	<u>71,296,409</u>	<u>90,336,780</u>	<u>100%</u>	<u>100%</u>			

### 7. Tangible Capital Assets:

	Cost	Accumulated Amortization	2020 Net Book Value	2019 Net Book Value
Buildings	\$ 281,151	\$ 104,109	\$ 177,042	\$ 184,419
Automotive	76,754	56,503	20,251	25,314
Computer Equipment	-	-	-	11,471
Furniture and Fixtures	<u>8,400</u>	<u>3,050</u>	<u>5,350</u>	<u>18,051</u>
	<u>366,305</u>	<u>163,662</u>	<u>202,643</u>	<u>239,255</u>

# GWAII TRUST SOCIETY

## Notes to Financial Statements

December 31, 2020

### 8. Other Assets:

	<u>2020</u>	<u>2019</u>
Long Term Land Lease	\$ 37,500	\$ 37,500
Accumulated Amortization	<u>(3,926)</u>	<u>(3,546)</u>
	<u>33,574</u>	<u>33,954</u>

### 9. Program Funding Payable:

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

	<u>2020</u>	<u>2019</u>
Committed Balance - Beginning of Year	\$ 5,402,322	\$ 5,133,873
Current Project Funding Allocations	<u>6,834,126</u>	<u>4,986,492</u>
	12,236,448	10,120,365
Project Costs Paid During the Year	(3,644,720)	(2,942,431)
Current Project Decommittments and Adjustments	<u>(36,277)</u>	<u>(1,775,612)</u>
Committed Balance - End of Year	<u>8,555,451</u>	<u>5,402,322</u>

### 10. Due to Investment Partners:

The Tl'azt'en and Binche First Nations have invested funds with the Society to be included in the Gwaii Trust investment portfolio. This allows these First Nations to access the investment management services available to the Society and will reduce fees paid by all investors due to reduced fees being applicable to a larger portfolio.

The periodic return for the Society of 6.84% (2019 - 11.41%) has been applied to the investor funds and prorated based on timing of redemptions.

	<u>2020</u>	<u>2019</u>
Balance - Beginning of Year	\$ 762,596	\$ 755,064
Redemptions	-	(78,000)
Investment Partner's Share of Income	<u>52,185</u>	<u>85,532</u>
Balance - End of Year	<u>814,781</u>	<u>762,596</u>

# GWAII TRUST SOCIETY

## Notes to Financial Statements

December 31, 2020

### 11. Internally Restricted Net Assets:

The Gwaii Trust Society Internally Restricted net assets represents the initial endowment of \$38.2 million received from the Government of Canada. The amount is adjusted annually by the inflation rate for the year to protect the value of the original grant for future generations. The amount received 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 Consumer Price Index (CPI). The change for the current year has been calculated at the published CPI index of 0.7% (2019 - 2.2%) for the year.

### 12. Net Assets Invested in Tangible Capital Assets:

	<u>2020</u>	<u>2019</u>
<b>Net Assets Invested in Tangible Capital Assets</b>		
Tangible Capital Assets	\$ 366,305	\$ 463,068
Land Lease	37,500	37,500
Tangible Capital Assets - Accumulated Amortization	(163,662)	(223,813)
Land Lease - Accumulated Amortization	<u>(3,926)</u>	<u>(3,546)</u>
	<u>236,217</u>	<u>273,209</u>
<b>Change in Net Assets Invested in Tangible Capital Assets</b>		
Purchase of Tangible Capital Assets	-	12,197
Loss on Disposal of Tangible Capital Assets	<u>(23,373)</u>	<u>(13,743)</u>
	(23,373)	(1,546)
Amortization Expense	<u>(13,619)</u>	<u>(23,313)</u>
	<u>(36,992)</u>	<u>(24,859)</u>

### 13. Investment Income:

	<u>2020</u>	<u>2019</u>
Interest Received and Accrued	\$ 1,477,009	\$ 677,367
Dividends Received and Accrued	717,653	473,577
Other Investment Income	1,365,780	3,628,432
Gain on Disposal of Investments	<u>264,616</u>	<u>3,426,650</u>
	3,825,058	8,206,026
Investment Partner's Share of Income	<u>(52,185)</u>	<u>(85,532)</u>
	<u>3,772,873</u>	<u>8,120,494</u>



# GWAII TRUST SOCIETY

## Notes to Financial Statements

December 31, 2020

### 14. Program Funding Allocations

	Budget	2020	2019
Major Contribution	\$ 400,000	\$ 400,000	\$ 599,477
Food Security Program	225,720	225,720	220,000
All-Island Table Protocol	100,000	100,000	-
Arts Program	50,000	49,113	57,300
Arts Workshops	30,000	30,887	30,000
Christmas Allocation	66,000	66,000	60,000
Emergency Community Support Fund	-	109,859	-
Kids Camps	90,000	90,000	-
Travel Assistance Program	200,000	200,000	200,000
Continuing Education Grant Program	400,000	400,000	400,000
Community Innovation	140,000	56,290	100,704
University Tours Program	77,000	77,000	64,000
High School Scholarships	45,000	45,000	45,000
Haida Parity Fund	-	-	375,000
Haida Language	180,000	120,000	230,000
Youth Program	150,000	122,625	141,074
Community Events	35,000	35,000	35,000
Vibrant Haida Gwaii	-	3,133,618	2,004,573
Contingency and Special Projects	7,000	1,573,013	424,364
	<u>2,195,720</u>	<u>6,834,125</u>	<u>4,986,492</u>
Program Decommittments and Adjustments	-	(36,277)	(1,775,612)
	<u>2,195,720</u>	<u>6,797,848</u>	<u>3,210,880</u>

### 15. Haida Parity:

The annually approved Haida Parity amounts are commitments of the Society even if not fully allocated to approved projects during any given fiscal year. Of the original Parity amount of \$12.3 million, there is a balance remaining of \$1,830,219 to be included in the Society's annual budgets. There are allocated but undisbursed funds of \$0 outstanding at December 31, 2020 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 Society even if not fully allocated to approved projects during any given fiscal year. Of the original Vibrant Haida Gwaii amount of \$7 million, there is a balance remaining of \$3,766 which will be decommitted. In addition to this, there are allocated but undisbursed funds of \$3,574,392 outstanding at December 31, 2020 remaining to be paid.

# GWAII TRUST SOCIETY

## Notes to Financial Statements

December 31, 2020

### 17. Government Assistance:

The Society received the Canada Emergency Wage Subsidy ("CEWS") government subsidy during the year ended December 31, 2020. This subsidy was introduced by the Government of Canada to assist organizations negatively impacted by the COVID-19 pandemic by enabling them to re-hire workers and prevent job losses.

CEWS is a wage subsidy program offered by the Government of Canada in response to the COVID-19 pandemic in which a wage subsidy was offered to qualifying employers who saw a drop in revenue due to COVID-19. During the year ended December 31, 2020, the Society assessed its eligibility related to CEWS and determined that it qualified for the subsidy. It has accordingly applied for \$116,069 which is receivable at December 31, 2020. This subsidy has been recorded as Other Income by the Society during the year.

### 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 their respective remuneration paid during the year are as follows:

	<u>2020</u> <u>Remuneration</u>
Maureen Bailey	\$ 5,350
Lisa Bell	800
Cecil Brown	4,450
Terry Carty	1,800
Laurie Chrisholm	3,450
Elizabeth Condrotte	1,600
James Cowpar	3,000
Warren Foster	1,600
Kim Goetzinger	3,400
Clyde Greenough	5,400
Basil Isaacs	150
Bret Johnston	3,250
Michelle Pineault	3,250
Devon Rachar	250
Shelley Sansome	2,250
Alfie Setso Sr.	800
William Yovanovich	<u>2,600</u>
	<u>43,400</u>

# GWAII TRUST SOCIETY

## Notes to Financial Statements

December 31, 2020

### 18. Society Act Disclosures (continued):

#### 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:

	<b>2020</b>
	<b>Remuneration</b>
Carla Lutner - Chief Operating Officer	\$ 120,000
Joey Rudichuck - Communications Officer	76,018
Errol Winter - Chief Investment Officer	<u>135,800</u>
	<u>331,818</u>

### 19. Financial Risks:

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.

#### *Liquidity risk*

Liquidity risk is the risk that the Society will be unable to fulfil its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements; the Society prepares budget and cash forecasts to ensure it has sufficient funds to fulfil its obligations. There has been no change to the risk exposures during the year ended December 31, 2020.

#### *Market risk*

Market risk is the risk that the value of a financial instrument might be adversely affected by changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk.

#### *Currency risk*

Currency risk is the risk that the value of a financial instrument might be adversely affected by changes in foreign exchange rates. The Society enters into transactions denominated in US dollars 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 \$0.0155 against the US dollar. The Society has significant investments in US dollars; as a result, the change in the exchange rate has increased the Society's foreign currency risk exposure, resulting in an increase of \$60,892 in unrealized foreign exchange losses.

# GWAII TRUST SOCIETY

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## Notes to Financial Statements

December 31, 2020

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### 19. Financial Risks (continued):

#### *Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in 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 through its investment portfolio.

#### *Other price risk*

Other price risk is the risk that the value of a financial instrument might be adversely affected by 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.

### 20. Comparative Figures:

Certain prior year figures have been reclassified, where necessary, to conform with the current year's presentation.

### 21. COVID-19:

As of the date of these financial statements, the global outbreak of the coronavirus disease (COVID-19) has caused economic uncertainties that are likely to have a material impact on the net income of the Society for the year ending December 31, 2021.

The COVID-19 outbreak has caused business disruptions through the closure of non-essential services, which may hinder the Society's ability to achieve their operational objectives in fiscal 2021. While the disruption is expected to be temporary and the Society continues to operate, there is considerable uncertainty regarding the duration of the disruption to non-essential services. Additionally, there is uncertainty regarding the effect of the pandemic on the investments held by the Society and the economy as a whole. The extent that the effects of COVID-19 may have on the Society and its operations during the year ending December 31, 2021 cannot be determined at this time.