

GWAI TRUST SOCIETY
Financial Statements
December 31, 2022

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 the Gwaii Trust Society,

Opinion

We have audited the accompanying financial statements of the Gwaii Trust Society (the "Society"), which comprise the statement of financial position as at December 31, 2022, 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, 2022, 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 auditors' 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 auditors' 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.

Chan Newsrad Boates Inc

Chartered Professional Accountants
Campbell River, BC

May 25, 2023

GWAII TRUST SOCIETY

Statement of Financial Position

December 31, 2022

2022

2021

ASSETS

Current Assets

Cash	\$ 14,431,874	\$ 1,547,763
Prepaid Expenses	24,175	2,106
Advances to Athlii Gwaii Legacy Trust (Note 4)	62,500	62,500
Advances to Haida Gwaii Community Foundation (Note 4)	-	2,310
	<u>14,518,549</u>	<u>1,614,679</u>

Long Term Investments (Notes 5, 6)

77,594,843 94,047,971

Tangible Capital Assets (Note 7)

184,672 207,127

Other Assets (Note 8)

32,818 33,196

\$ 92,330,882 \$ 95,902,973

LIABILITIES

Current Liabilities

Accounts Payable and Accrued Liabilities	\$ 85,173	\$ 103,122
Due to Haida Gwaii Community Foundation (Note 4)	<u>119,258</u>	<u>-</u>
	204,431	103,122

Program Funding Payable (Note 9)

5,530,027 5,152,534

Due to Investment Partners (Note 10)

504,391 910,456

6,238,849 6,166,112

NET ASSETS

Unrestricted

16,080,493 23,838,918

Internally Restricted (Note 11)

69,794,050 65,657,620

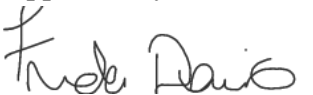
Invested in Tangible Capital Assets and Other Assets (Note 12)

217,490 240,323

86,092,033 89,736,861

\$ 92,330,882 \$ 95,902,973

Approved by the Directors:



Director



Director

GWAI TRUST SOCIETY

Statement of Changes in Net Assets

Year ended December 31, 2022

	Unrestricted	Internally Restricted	Invested in Tangible Capital Assets (Note 12)	2022	2021
Net Assets - Beginning of Year	\$ 23,838,918	\$ 65,657,620	\$ 240,323	\$ 89,736,861	\$ 81,466,812
Excess (Deficiency) of Revenues over Expenditures	(3,628,245)	-	(16,583)	(3,644,828)	8,270,049
Investment in (Disposal of) Tangible Capital Assets (Note 12)	6,250	-	(6,250)	-	-
Grant Inflation Protection (Note 11)	<u>(4,136,430)</u>	<u>4,136,430</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets - End of Year	<u>\$ 16,080,493</u>	<u>\$ 69,794,050</u>	<u>\$ 217,490</u>	<u>\$ 86,092,033</u>	<u>\$ 89,736,861</u>

GWAI TRUST SOCIETY

Statement of Operations

Year ended December 31, 2022

	Budget 2022	2022	2021
Revenue			
Investment Income (Note 13)	\$ 3,674,020	\$ 5,571,717	\$ 5,356,115
Investment Management and Regulatory Expenses			
Actuary and Consultants	95,000	19,950	14,280
Custodial Fees	35,000	34,149	33,892
Investment Management Fees	375,000	455,338	390,247
Professional Fees	111,000	96,959	74,032
	<u>616,000</u>	<u>606,396</u>	<u>512,451</u>
Net Investment Earnings	<u>3,058,020</u>	<u>4,965,321</u>	<u>4,843,664</u>
Administrative Expenditures			
Advertising and Promotion	25,000	20,552	22,944
Amortization	12,000	16,583	15,573
Bank Charges	6,000	4,744	5,452
Computer and Internet Costs	35,000	29,123	19,419
Honoraria	66,000	55,050	52,350
Insurance	19,000	16,464	18,220
Meetings and Functions	20,000	7,139	7,678
Office and Facility Costs	47,000	48,921	46,595
Repairs and Maintenance	-	19,908	15,988
Salaries and Wages	665,000	636,450	574,021
Supplies	34,000	24,979	19,754
Telecommunications	25,000	25,384	23,362
Training	30,000	9,290	8,930
Travel	20,000	21,096	912
Vehicle	11,000	4,133	6,243
	<u>1,015,000</u>	<u>939,816</u>	<u>837,441</u>
Administration Fees and Cost Recoveries (Note 4)	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>
	<u>765,000</u>	<u>689,816</u>	<u>587,441</u>
Excess of Revenues over Expenses from Operations	<u>\$ 2,293,020</u>	<u>\$ 4,275,505</u>	<u>\$ 4,256,223</u>

(continued on next page)

GWAII TRUST SOCIETY

Statement of Operations (continued)

Year ended December 31, 2022

	Budget 2022	2022	2021
Excess of Revenues over Expenses from Operations	\$ 2,293,020	\$ 4,275,505	\$ 4,256,223
Other Income (Expenditures)			
Loss on Disposal of Tangible Capital Assets	-	(431)	-
Excess of Revenues over Expenses Before Program Costs	2,293,020	4,275,074	4,256,223
Program Funding (Note 14)	3,393,020	2,683,318	1,389,487
Excess (Deficiency) of Revenues over Expenditures Before Unrealized Gain (Loss) on Investments	(1,100,000)	1,591,756	2,866,736
Unrealized Gain (Loss) on Investments	-	(5,236,584)	5,403,313
Excess (Deficiency) of Revenue over Expenses	\$ (1,100,000)	\$ (3,644,828)	\$ 8,270,049

GWAII TRUST SOCIETY

Statement of Cash Flows

Year Ended December 31, 2022

2022

2021

Cash Flows From Operating Activities:

Excess (Deficiency) of Revenues over Expenditures	\$ (3,644,828)	\$ 8,270,049
Items not involving cash:		
Amortization of Tangible Capital Assets	16,583	15,573
Unrealized Gains (Losses) on Investments	5,236,584	(5,403,313)
Loss on Disposal of Tangible Capital Assets	431	-
	<u>1,608,770</u>	<u>2,882,309</u>
Changes in non-cash working capital		
Prepaid Expenses	(22,069)	1,301
Accounts Receivable	-	117,819
Advances from (to) Athlii Gwaii Legacy Trust	-	(60,400)
Advances from Haida Gwaii Community Foundation	121,568	16,063
Accounts Payable and Accrued Liabilities	(17,949)	20,351
	<u>81,550</u>	<u>95,134</u>
	<u>1,690,320</u>	<u>2,977,443</u>

Cash Flows From Investing Activities:

Disposal (Purchase) of Tangible Capital Assets	5,819	(19,679)
Payments from (to) Investment Partners	(406,065)	95,675
Sale of Long Term Investments	11,216,544	1,692,122
	<u>10,816,298</u>	<u>1,768,118</u>

Cash Flows from Financing Activities

Increase (Decrease) in Program Funding Payable	<u>377,493</u>	<u>(3,402,917)</u>
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Net Increase in Cash 12,884,111 1,342,644

Cash - Beginning of Year 1,547,763 205,119

Cash - End of Year \$ 14,431,874 \$ 1,547,763

GWAII TRUST SOCIETY

Notes to Financial Statements

December 31, 2022

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. Due to 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 Society has chosen not to consolidate the organization it controls and instead disclose select financial information about the resources of the controlled organization.

GWAII TRUST SOCIETY

Notes to Financial Statements

December 31, 2022

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 Massett, BC office property. This lease is being amortized on a straight-line basis over the term of the lease.

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 Society's Board. The financial statements and accompanying notes and schedules of both entities are prepared in accordance with ASNPO.

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

GWAII TRUST SOCIETY

Notes to Financial Statements

December 31, 2022

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

The summary financial statements of AGLT are as follows:

Summary Statement of Financial Position

December 31, 2022

	2022	2021
ASSETS		
Current Assets		
Cash	\$ 12,284,710	\$ 337,799
Prepaid Expenses	<u>1,164</u>	<u>1,012</u>
	12,285,874	338,811
Long Term Investments	<u>46,511,178</u>	<u>59,963,121</u>
	<u>\$ 58,797,052</u>	<u>\$ 60,301,932</u>
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 59,795	\$ 96,249
Advances from Gwaii Trust Society	<u>62,500</u>	<u>62,500</u>
	122,295	158,749
NET ASSETS		
Restricted Net Assets	25,290,581	31,405,622
Unrestricted Net Assets	<u>33,384,176</u>	<u>28,737,561</u>
	<u>58,674,757</u>	<u>60,143,183</u>
	<u>\$ 58,797,052</u>	<u>\$ 60,301,932</u>

Summary Statement of Revenues and Expenses

December 31, 2022

	2022	2021
Revenues		
Investment Income	\$ 1,476,792	\$ 2,687,007
Investment Management and Regulatory Expenses		
	<u>(399,966)</u>	<u>(405,466)</u>
	1,076,826	2,281,541
Expenses		
Administrative Expenses	<u>257,051</u>	<u>256,237</u>
	819,775	2,025,304
Unrealized Gains (Losses) on Investment Portfolio	<u>(2,288,201)</u>	<u>3,993,776</u>
Excess (Deficiency) of Revenues over Expenses	<u>\$ (1,468,426)</u>	<u>\$ 6,019,080</u>

GWAII TRUST SOCIETY

Notes to Financial Statements

December 31, 2022

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

Statement of Cash Flows

December 31, 2022

	2022	2021
Operating Activities	\$ (1,505,032)	\$ 6,017,585
Financing Activities	<u>13,451,943</u>	<u>(6,101,105)</u>
Increase (Decrease) in Cash	11,946,911	(83,520)
Cash - Beginning of Year	<u>337,799</u>	<u>421,319</u>
Cash - End of Year	<u>\$ 12,284,710</u>	<u>\$ 337,799</u>

4. Related Party Transactions:

During the year, administrative fees of \$250,000 (2021 - \$250,000) were received from AGLT. 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.

	2022	2021
Athlii Gwaii Legacy Trust		
Advertising and Promotion	\$ 5,000	\$ 5,000
Board Honoraria	16,250	16,250
Community Consultation	20,000	20,000
Meetings	5,000	5,000
Office and Facility Costs	17,000	17,000
Supplies	5,750	5,750
Travel	5,000	5,000
Vehicle Expense	2,250	2,250
Wages and Benefits	<u>173,750</u>	<u>173,750</u>
	<u>\$ 250,000</u>	<u>\$ 250,000</u>

Balances receivable 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 (HGCF).

Balances payable to HGCF consist of matching grants owed to the HGCF by the Society as well as investment income on those matching grants.

The advances to and from related parties are unsecured, non-interest bearing and are repayable on demand, and are repaid to the Society, or by the Society, on an annual basis.

GWAI TRUST SOCIETY

Notes to Financial Statements

December 31, 2022

5. Long Term Investments:

	2022		2021	
	Cost	Market	Cost	Market
Cash	\$ 17,176	\$ 17,176	\$ 5,641	\$ 5,641
Treasury Bills and Short Term Investments	-	-	595,580	595,665
Bonds	23,446,359	22,936,029	25,395,909	25,226,297
Equities	4,637,417	4,399,596	13,884,919	17,296,837
Real Estate Investment Trust Units	8,820,930	24,109,957	8,708,350	20,198,954
International Equities	<u>27,416,958</u>	<u>26,132,085</u>	<u>21,025,930</u>	<u>30,724,577</u>
	<u>\$ 64,338,840</u>	<u>\$ 77,594,843</u>	<u>\$ 69,616,329</u>	<u>\$ 94,047,971</u>

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 Board 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 investment guidelines outlined in the SIPP and the portfolio's asset mix at December 31, 2022 is as follows:

	Portfolio Value		% of Portfolio		Current SIPP %		
	Cost	Market	Cost	Market	Min.	Target	Max.
Canadian Equities	\$ 4,637,417	\$ 4,399,596	7%	6%	15%	20%	25%
International Equities	<u>27,416,958</u>	<u>26,132,085</u>	<u>44%</u>	<u>33%</u>	<u>28%</u>	<u>33%</u>	<u>48%</u>
Total Equities	<u>32,054,375</u>	<u>30,531,681</u>	<u>51%</u>	<u>39%</u>	<u>43%</u>	<u>53%</u>	<u>73%</u>
Real Return Bonds	-	-	-%	-%	5%	16%	35%
Nominal Bonds	<u>23,446,359</u>	<u>22,936,029</u>	<u>35%</u>	<u>30%</u>	<u>12%</u>	<u>17%</u>	<u>22%</u>
Total Bonds	<u>23,446,359</u>	<u>22,936,029</u>	<u>35%</u>	<u>30%</u>	<u>17%</u>	<u>33%</u>	<u>57%</u>
Total Real Estate and Mortgage	<u>8,820,930</u>	<u>24,109,957</u>	<u>14%</u>	<u>31%</u>	<u>5%</u>	<u>10%</u>	<u>22%</u>
Total Cash and Short Term Notes	<u>17,176</u>	<u>17,176</u>	<u>-%</u>	<u>-%</u>	<u>-%</u>	<u>4%</u>	<u>15%</u>
	<u>\$ 64,338,840</u>	<u>\$ 77,594,843</u>	<u>100%</u>	<u>100%</u>			

Funds that are committed to but not yet invested in illiquid investments such as mortgages, direct lending, real estate and infrastructure equity are held in cash at year-end which has resulted in the Society not meeting some of their minimum investment targets at year-end.

GWAI TRUST SOCIETY

Notes to Financial Statements

December 31, 2022

7. Tangible Capital Assets:

	Cost	Accumulated Amortization	2022 Net Book Value	2021 Net Book Value
Buildings	\$ 281,151	\$ 117,989	\$ 163,162	\$ 169,961
Automotive	-	-	-	16,201
Computer Equipment	26,658	9,346	17,312	16,255
Furniture and Fixtures	8,400	4,202	4,198	4,710
	<u>\$ 316,209</u>	<u>\$ 131,537</u>	<u>\$ 184,672</u>	<u>\$ 207,127</u>

8. Other Assets:

	2022	2021
Long Term Land Lease	\$ 37,500	\$ 37,500
Accumulated Amortization	<u>(4,682)</u>	<u>(4,304)</u>
	<u>\$ 32,818</u>	<u>\$ 33,196</u>

9. Program Funding Payable:

The 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.

	2022	2021
Committed Balance - Beginning of Year	\$ 5,152,534	\$ 8,555,451
Current Project Funding Allocations	<u>3,080,577</u>	<u>2,139,301</u>
	8,233,111	10,694,752
Project Costs Paid During the Year	(2,305,825)	(4,792,404)
Current Project Decommittments and Adjustments	<u>(397,259)</u>	<u>(749,814)</u>
Committed Balance - End of Year	<u>\$ 5,530,027</u>	<u>\$ 5,152,534</u>

10. Due to Investment Partners:

The Tl'azt'en and Binche First Nations had invested funds with the Society which were and are included in the Society's investment portfolio. This allowed the Nations to access the investment management services available to the Society and reduces fees paid by all investors due to preferential rates applicable to a larger portfolio. During 2022, all funds invested by the Binche First Nation were redeemed and repaid to the Binche First Nation.

GWAII TRUST SOCIETY

Notes to Financial Statements

December 31, 2022

10. Due to Investment Partners (continued):

The annual return for the Society of 0.46% (2021 - 11.54%) has been applied to the investor funds and prorated based on timing of redemptions.

	2022	2021
Balance - Beginning of Year	\$ 910,456	\$ 814,781
Funds Disbursed	(401,715)	-
Investment Partners' Share of Income (Loss)	(1,421)	99,660
Investment Partners' Share of Fees	(2,929)	(3,985)
Balance - End of Year	<u>\$ 504,391</u>	<u>\$ 910,456</u>

11. Internally Restricted Net Assets:

The Society's 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 6.3% (2021 - 4.8%) for the year.

12. Net Assets Invested in Tangible Capital Assets and Other Assets:

	2022	2021
Net Assets Invested in Tangible Capital Assets		
Tangible Capital Assets	\$ 316,209	\$ 385,982
Land Lease	37,500	37,500
Tangible Capital Assets - Accumulated Amortization	(131,537)	(178,855)
Land Lease - Accumulated Amortization	(4,682)	(4,304)
	<u>\$ 217,490</u>	<u>\$ 240,323</u>
Change in Net Assets Invested in Tangible Capital Assets		
Purchase of Tangible Capital Assets	\$ 6,981	\$ 19,679
Disposal of Tangible Capital Assets	(13,231)	-
	(6,250)	19,679
Amortization Expense	(16,583)	(15,573)
	<u>\$ (22,833)</u>	<u>\$ 4,106</u>

GWAII TRUST SOCIETY

Notes to Financial Statements

December 31, 2022

13. Investment Income:

	<u>2022</u>	<u>2021</u>
Interest Received and Accrued	\$ 574,476	\$ 582,926
Dividends Received and Accrued	1,277,822	1,695,679
Gain on Disposal of Investments	<u>3,742,265</u>	<u>3,173,185</u>
	5,594,563	5,451,790
Investment Partners' Share of Income	<u>(22,846)</u>	<u>(95,675)</u>
	<u>\$ 5,571,717</u>	<u>\$ 5,356,115</u>

14. Program Funding Allocations

	<u>Budget</u>	<u>2022</u>	<u>2021</u>
Major Contribution	\$ 1,500,000	\$ 1,233,030	\$ 400,000
Food Security Program	277,020	277,020	272,370
Food Sovereignty	50,000	50,000	14,500
All-Island Table Protocol	60,000	60,000	60,000
Arts Program	60,000	48,315	23,038
Arts Workshops	5,000	-	3,000
Kids Camps	90,000	90,000	45,000
Travel Assistance Program	200,000	143,713	27,113
Staycation	100,000	57,509	48,944
Continuing Education Grant Program	400,000	333,790	377,925
Community Innovation	150,000	122,570	148,979
COVID Recovery Grant	-	25,000	-
University Tours Program	50,000	50,000	-
High School Scholarships	45,000	45,000	45,000
Haida Language	180,000	180,000	120,000
Youth Program	130,000	118,630	95,490
Community Events	96,000	96,000	96,000
Vibrant Haida Gwaii	-	-	251,791
Contingency and Special Projects	<u>-</u>	<u>150,000</u>	<u>110,151</u>
	3,393,020	3,080,577	2,139,301
Program Decommittments and Adjustments	<u>-</u>	<u>(397,259)</u>	<u>(749,814)</u>
	<u>\$ 3,393,020</u>	<u>\$ 2,683,318</u>	<u>\$ 1,389,487</u>

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Notes to Financial Statements

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15. Haida Parity:

The annually approved Haida Parity amounts are commitments of the Society even if not fully allocated to approved projects during a 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 no allocated but undisbursed funds outstanding at December 31, 2022 for a total of \$1,830,219 in Haida Parity funds remaining to be paid.

16. Society Act Disclosures:

Director Remuneration

Board 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:

	2022
	Remuneration
Jason Alsop	\$ 600
Maureen Bailey	6,650
Terry Carty	2,550
Joyce Chrisholm	3,000
Jade Collison	1,450
Vince Collison	2,150
Elizabeth Condrotte	2,425
James Cowpar	1,400
Percy Crosby	4,750
Freda Davis	4,825
Warren Foster	300
Clyde Greenough	4,100
Lisa Hageman	950
Bret Johnston	3,900
Flavien Mabit	1,750
Geoffrey Martynuik	2,450
Michelle Pineault	2,400
Erica Reid	2,600
Trevor Russ	1,150
Shelley Sansome	250
William Yovanovich	3,050
	<u>\$ 52,700</u>

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16. 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:

	<u>2022</u> <u>Remuneration</u>
Christine Carty - Finance/Administration Manager	\$ 79,785
Carla Lutner - Chief Operating Officer	139,654
Joey Rudichuck - Communications Officer	<u>80,824</u>
	<u>\$ 300,263</u>

17. Commitments:

At December 31, 2022, the Society had entered into binding agreements to subscribe to units with the Axiom Infrastructure NA Limited Partnership (Axiom) for \$12,600,000 and the Northleaf Senior Private Credit Canadian Investor Trust (Northleaf) for \$8,400,000. Subsequent to year-end the Society completed the purchase of \$1,848,000 units of Northleaf.

18. 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, 2022.

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 depreciated by \$0.0866 against the US dollar. The Society has significant investments in US dollars.

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18. 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.