

GWAII TRUST SOCIETY
Financial Statements
December 31, 2023

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 financial statements of the Gwaii Trust Society (the "Society"), which comprise the statement of financial position as at December 31, 2023, 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 (the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.

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 auditors' 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.

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 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 ASNPO have been applied on a basis consistent with the prior year.



Chan Nowosad Boates Inc.
Campbell River, BC

April 30, 2024

GWAII TRUST SOCIETY

Statement of Financial Position

December 31, 2023

2023

2022

ASSETS

Current Assets

Cash	\$ 3,328,553	\$ 14,431,874
Accounts Receivable	262,746	-
Prepaid Expenses	14,109	24,175
Advances to Athlii Gwaii Legacy Trust (Note 4)	<u>137,500</u>	<u>62,500</u>
	3,742,908	14,518,549

Long Term Investments (Notes 5, 6)

91,129,464 77,594,843

Tangible Capital Assets (Note 7)

173,003 184,672

Other Assets (Note 8)

32,439 32,818

\$ 95,077,814 \$ 92,330,882

LIABILITIES

Current Liabilities

Accounts Payable and Accrued Liabilities	\$ 89,347	\$ 85,173
Due to Haida Gwaii Community Foundation (Note 4)	<u>150,354</u>	<u>119,258</u>
	239,701	204,431

Program Funding Payable (Note 9)

6,611,858 5,530,027

Due to Investment Partners (Note 10)

537,687 504,391

7,389,246 6,238,849

NET ASSETS

Unrestricted

15,316,078 16,080,493

Internally Restricted (Note 11)

72,167,048 69,794,050

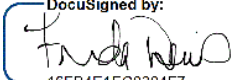
Invested in Tangible Capital Assets and Other Assets (Note 12)

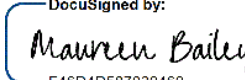
205,442 217,490

87,688,568 86,092,033

\$ 95,077,814 \$ 92,330,882

Approved by the Directors:

DocuSigned by:

 16FB4E1EC0304E7
 Director

DocuSigned by:

 F46D4D587032462
 Director

GWAII TRUST SOCIETY

Statement of Changes in Net Assets

Year ended December 31, 2023

	Unrestricted	Internally Restricted	Invested in Tangible Capital Assets and Other Assets (Note 12)	2023	2022
Net Assets - Beginning of Year	\$ 16,080,493	\$ 69,794,050	\$ 217,490	\$ 86,092,033	\$ 89,736,861
Excess (Deficiency) of Revenues over Expenditures	1,612,256	-	(15,721)	1,596,535	(3,644,828)
Investment in Tangible Capital Assets (Note 12)	(3,673)	-	3,673	-	-
Grant Inflation Protection (Note 11)	<u>(2,372,998)</u>	<u>2,372,998</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets - End of Year	<u>\$ 15,316,078</u>	<u>\$ 72,167,048</u>	<u>\$ 205,442</u>	<u>\$ 87,688,568</u>	<u>\$ 86,092,033</u>

GWAII TRUST SOCIETY

Statement of Operations

Year ended December 31, 2023

	Budget 2023	2023	2022
Revenue			
Investment Income (Note 13)	\$ 4,380,900	\$ 2,569,231	\$ 5,571,717
Investment Management and Regulatory Expenses			
Actuary and Consultants	25,200	77,700	19,950
Custodial Fees	20,000	6,288	34,149
Investment Management Fees	509,400	343,186	455,338
Professional Fees	102,500	132,537	96,959
	<u>657,100</u>	<u>559,711</u>	<u>606,396</u>
Net Investment Earnings	<u>3,723,800</u>	<u>2,009,520</u>	<u>4,965,321</u>
Administrative Expenditures			
Advertising and Promotion	29,000	25,464	20,552
Amortization	12,000	15,721	16,583
Bank Charges	6,000	5,248	4,744
Computer and Internet Costs	35,000	24,416	29,123
Honoraria	90,000	82,500	55,050
Insurance	22,500	20,406	16,464
Meetings and Functions	15,000	28,142	7,139
Office and Facility Costs	61,000	52,845	48,921
Repairs and Maintenance	22,000	33,355	19,908
Salaries and Wages	968,000	635,456	636,450
Supplies	45,300	24,453	24,979
Telecommunications	25,000	20,305	25,384
Training	25,000	7,072	9,290
Travel	40,000	39,868	21,096
Vehicle	-	-	4,133
	<u>1,395,800</u>	<u>1,015,251</u>	<u>939,816</u>
Administration Fees and Cost Recoveries (Note 4)	<u>(275,000)</u>	<u>(275,000)</u>	<u>(250,000)</u>
	<u>1,120,800</u>	<u>740,251</u>	<u>689,816</u>
Excess of Revenues over Expenses from Operations	<u>\$ 2,603,000</u>	<u>\$ 1,269,269</u>	<u>\$ 4,275,505</u>

(continued on next page)

GWAII TRUST SOCIETY

Statement of Operations (continued)

Year ended December 31, 2023

	Budget 2023	2023	2022
Excess of Revenues over Expenses from Operations	\$ 2,603,000	\$ 1,269,269	\$ 4,275,505
Other Income (Expenditures)			
Loss on Disposal of Tangible Capital Assets	-	-	(431)
Excess of Revenues over Expenses Before Program Costs	2,603,000	1,269,269	4,275,074
Program Funding (Note 14)	<u>2,603,000</u>	<u>3,734,460</u>	<u>2,683,318</u>
Excess (Deficiency) of Revenues over Expenditures Before Unrealized Gain (Loss) on Investments	-	(2,465,191)	1,591,756
Unrealized Gain (Loss) on Investments	<u>-</u>	<u>4,061,726</u>	<u>(5,236,584)</u>
Excess (Deficiency) of Revenue over Expenses	\$ <u>-</u>	\$ <u>1,596,535</u>	\$ <u>(3,644,828)</u>

GWAII TRUST SOCIETY

Statement of Cash Flows

Year Ended December 31, 2023

2023

2022

Cash Flows From Operating Activities:

Excess (Deficiency) of Revenues over Expenditures	\$ 1,596,535	\$ (3,644,828)
Items not involving cash:		
Amortization of Tangible Capital Assets	15,721	16,583
Unrealized Gains (Losses) on Investments	(4,061,726)	5,236,584
Loss on Disposal of Tangible Capital Assets	-	431
	<u>(2,449,470)</u>	<u>1,608,770</u>
Changes in non-cash working capital		
Prepaid Expenses	10,066	(22,069)
Accounts Receivable	(262,746)	-
Advances to Athlii Gwaii Legacy Trust	(75,000)	-
Advances from Haida Gwaii Community Foundation	31,096	121,568
Accounts Payable and Accrued Liabilities	4,173	(17,949)
	<u>(292,411)</u>	<u>81,550</u>
	<u>(2,741,881)</u>	<u>1,690,320</u>

Cash Flows From Investing Activities:

Disposal (Purchase) of Tangible Capital Assets	(3,672)	5,819
Payments from (to) Investment Partners	33,296	(406,065)
Sale (Purchase) of Long Term Investments	(9,472,895)	11,216,544
	<u>(9,443,271)</u>	<u>10,816,298</u>

Cash Flows from Financing Activities

Increase in Program Funding Payable	<u>1,081,831</u>	<u>377,493</u>
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Net Increase (Decrease) in Cash

(11,103,321) 12,884,111

Cash - Beginning of Year

14,431,874 1,547,763

Cash - End of Year

\$ 3,328,553 \$ 14,431,874

GWAII TRUST SOCIETY

Notes to Financial Statements

December 31, 2023

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, 2023

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 and some investments held in private placement limited partnerships. 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 straight line method over the following periods:

Buildings	30 years
Computer Equipment	5 years
Furniture and Fixtures	5 years

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 three 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, 2023

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

The summary financial statements of AGLT are as follows:

Summary Statement of Financial Position

December 31, 2023

	2023	2022
ASSETS		
Current Assets		
Cash	\$ 1,831,926	\$ 12,284,710
Accounts Receivable	137,826	-
Prepaid Expenses	<u>1,247</u>	<u>1,164</u>
	1,970,999	12,285,874
Long Term Investments	<u>60,345,006</u>	<u>46,511,178</u>
	<u>\$ 62,316,005</u>	<u>\$ 58,797,052</u>
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 54,795	\$ 59,795
Advances from Gwaii Trust Society	<u>137,500</u>	<u>62,500</u>
	192,295	122,295
NET ASSETS		
Restricted Net Assets	27,604,471	25,290,581
Unrestricted Net Assets	<u>34,519,239</u>	<u>33,384,176</u>
	<u>62,123,710</u>	<u>58,674,757</u>
	<u>\$ 62,316,005</u>	<u>\$ 58,797,052</u>

Summary Statement of Revenues and Expenses

December 31, 2023

	2023	2022
Revenues		
Investment Income	\$ 1,421,824	\$ 1,476,792
Investment Management and Regulatory Expenses	<u>(306,842)</u>	<u>(399,966)</u>
	1,114,982	1,076,826
Expenses		
Administrative Expenses	<u>282,786</u>	<u>257,051</u>
	832,196	819,775
Unrealized Gains (Losses) on Investment Portfolio	<u>2,616,757</u>	<u>(2,288,201)</u>
Excess (Deficiency) of Revenues over Expenses	<u>\$ 3,448,953</u>	<u>\$ (1,468,426)</u>

GWAII TRUST SOCIETY

Notes to Financial Statements

December 31, 2023

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

Statement of Cash Flows

December 31, 2023

	2023	2022
Operating Activities	\$ 3,381,044	\$ (1,505,032)
Financing Activities	<u>(13,833,828)</u>	<u>13,451,943</u>
Increase (Decrease) in Cash	(10,452,784)	11,946,911
Cash - Beginning of Year	<u>12,284,710</u>	<u>337,799</u>
Cash - End of Year	<u>\$ 1,831,926</u>	<u>\$ 12,284,710</u>

4. Related Party Transactions:

During the year, administrative fees of \$275,000 (2022 - \$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.

	2023	2022
Athlii Gwaii Legacy Trust		
Advertising and Promotion	\$ 5,000	\$ 5,000
Board Honoraria	18,000	16,250
Community Consultation	20,000	20,000
Meetings	5,000	5,000
Office and Facility Costs	20,000	17,000
Supplies	8,000	5,750
Travel	5,000	5,000
Vehicle Expense	-	2,250
Wages and Benefits	<u>194,000</u>	<u>173,750</u>
	<u>\$ 275,000</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, 2023

5. Long Term Investments:

	2023		2022	
	Cost	Market	Cost	Market
Cash	\$ 62,426	\$ 62,426	\$ 17,176	\$ 17,176
Direct Lending	8,513,565	8,513,565	-	-
Corporate Bonds	19,092,027	19,231,074	23,446,359	22,936,029
Canadian Equities	4,512,815	4,653,308	4,637,417	4,399,596
Global Equities	27,639,843	28,868,776	27,416,958	26,132,085
Commercial Mortgages	4,554,987	4,636,299	-	-
Equities - REITs	3,419,882	9,713,942	8,820,930	24,109,957
Infrastructure	15,450,074	15,450,074	-	-
	<u>\$ 83,245,619</u>	<u>\$ 91,129,464</u>	<u>\$ 64,338,840</u>	<u>\$ 77,594,843</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, 2023 is as follows:

	Portfolio Value		% of Portfolio		Current SIPP %		
	Cost	Market	Cost	Market	Min.	Target	Max.
Canadian Equities	\$ 4,512,815	\$ 4,653,308	5%	5%	-%	5%	10%
Global Equities	27,639,843	28,868,776	33%	32%	20%	30%	40%
Total Equities	<u>32,152,658</u>	<u>33,522,084</u>	<u>38%</u>	<u>37%</u>	<u>20%</u>	<u>35%</u>	<u>50%</u>
Short Term Bonds	9,599,089	9,759,797	12%	11%	-%	-%	-%
Universe Bonds	9,492,938	9,471,277	11%	10%	5%	10%	15%
Commercial Mortgages	4,554,987	4,636,299	5%	5%	-%	5%	10%
Direct Lending	8,513,565	8,513,565	10%	9%	-%	10%	15%
Total Fixed Income	<u>32,160,579</u>	<u>32,380,938</u>	<u>38%</u>	<u>35%</u>	<u>5%</u>	<u>25%</u>	<u>40%</u>
Real Estate	<u>3,419,882</u>	<u>9,713,942</u>	<u>5%</u>	<u>11%</u>	<u>5%</u>	<u>10%</u>	<u>22%</u>
Infrastructure	<u>15,450,074</u>	<u>15,450,074</u>	<u>19%</u>	<u>17%</u>	<u>-%</u>	<u>30%</u>	<u>40%</u>
Private Placement	-	-	-%	-%	-%	-%	10%
Cash	<u>62,426</u>	<u>62,426</u>	<u>-%</u>	<u>-%</u>	<u>-%</u>	<u>-%</u>	<u>10%</u>
Total	<u>\$ 83,245,619</u>	<u>\$ 91,129,464</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 a temporary short term bond fund that adheres to the Trust's fossil fuel free investment mandate.

GWAI TRUST SOCIETY

Notes to Financial Statements

December 31, 2023

7. Tangible Capital Assets:

	Cost	Accumulated Amortization	2023 Net Book Value	2022 Net Book Value
Buildings	\$ 281,151	\$ 128,186	\$ 152,965	\$ 163,162
Computer Equipment	30,330	14,082	16,248	17,312
Furniture and Fixtures	8,400	4,610	3,790	4,198
	<u>\$ 319,881</u>	<u>\$ 146,878</u>	<u>\$ 173,003</u>	<u>\$ 184,672</u>

8. Other Assets:

	2023	2022
Long Term Land Lease	\$ 37,500	\$ 37,500
Accumulated Amortization	<u>(5,061)</u>	<u>(4,682)</u>
	<u>\$ 32,439</u>	<u>\$ 32,818</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.

	2023	2022
Committed Balance - Beginning of Year	\$ 5,530,027	\$ 5,152,534
Current Project Funding Allocations	<u>4,109,445</u>	<u>3,080,577</u>
	9,639,472	8,233,111
Project Costs Paid During the Year	(2,652,629)	(2,305,825)
Current Project Decommittments and Adjustments	<u>(374,985)</u>	<u>(397,259)</u>
Committed Balance - End of Year	<u>\$ 6,611,858</u>	<u>\$ 5,530,027</u>

10. Due to Investment Partners:

The Tl'azt'en First Nation (the "Nation") had invested funds with the Society which were and are included in the Society's investment portfolio. This allowed the Nation 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.

GWAII TRUST SOCIETY

Notes to Financial Statements

December 31, 2023

10. Due to Investment Partners (continued):

The annual return for the Society of 6.96% (2022 - 0.46%) has been applied to the investor funds and prorated based on timing of redemptions.

	2023	2022
Balance - Beginning of Year	\$ 504,391	\$ 910,456
Funds Disbursed	-	(401,715)
Investment Partners' Share of Income (Loss)	35,665	(1,421)
Investment Partners' Share of Fees	(2,369)	(2,929)
Balance - End of Year	<u>\$ 537,687</u>	<u>\$ 504,391</u>

11. Internally Restricted Net Assets:

The Society's internally restricted net assets represents the initial endowment of \$38,200,000 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 3.4% (2022 - 6.3%) for the year.

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

	2023	2022
Net Assets Invested in Tangible Capital Assets		
Tangible Capital Assets	\$ 319,881	\$ 316,209
Land Lease	37,500	37,500
Tangible Capital Assets - Accumulated Amortization	(146,878)	(131,537)
Land Lease - Accumulated Amortization	(5,061)	(4,682)
	<u>\$ 205,442</u>	<u>\$ 217,490</u>
Change in Net Assets Invested in Tangible Capital Assets		
Purchase of Tangible Capital Assets	\$ 3,672	\$ 6,981
Disposal of Tangible Capital Assets	-	(13,231)
	3,672	(6,250)
Amortization Expense	(15,721)	(16,583)
	<u>\$ (12,049)</u>	<u>\$ (22,833)</u>

GWAI TRUST SOCIETY

Notes to Financial Statements

December 31, 2023

13. Investment Income:

	<u>2023</u>	<u>2022</u>
Interest Received and Accrued	\$ 974,497	\$ 574,476
Dividends Received and Accrued	591,123	1,277,822
Realized Gain (Loss) on Disposal of Investments	(185,189)	3,742,265
Income from Direct Limited Partnership Interests	<u>1,229,100</u>	<u>-</u>
	2,609,531	5,594,563
Investment Partners' Share of Income	<u>(40,300)</u>	<u>(22,846)</u>
	<u>\$ 2,569,231</u>	<u>\$ 5,571,717</u>

14. Program Funding Allocations

	<u>Budget</u>	<u>2023</u>	<u>2022</u>
Major Contribution	\$ 600,000	\$ 600,000	\$ 1,233,030
Food Security Program	300,000	300,000	277,020
Food Sovereignty	80,000	13,598	50,000
All-Island Protocol Table	35,000	35,000	60,000
Arts Program	75,000	72,549	48,315
Arts Workshops	-	-	-
Kids Camps	90,000	90,000	90,000
Travel Assistance Program	120,000	83,328	143,713
SD #50 Travel Assistance	120,000	120,000	-
Staycation	-	-	57,509
Continuing Education Grant Program	400,000	331,159	333,790
Community Innovation	150,000	118,148	122,570
COVID Recovery Grant	-	-	25,000
University Tours Program	50,000	50,000	50,000
High School Scholarships	65,000	65,000	45,000
Haida Language	220,000	220,000	180,000
Youth Program	130,000	96,444	118,630
Community Events	114,000	84,000	96,000
Haida Parity	-	1,830,219	-
Contingency and Special Projects	<u>54,000</u>	<u>-</u>	<u>150,000</u>
	2,603,000	4,109,445	3,080,577
Program Decommittments and Adjustments	<u>-</u>	<u>(374,985)</u>	<u>(397,259)</u>
	<u>\$ 2,603,000</u>	<u>\$ 3,734,460</u>	<u>\$ 2,683,318</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 \$12,300,000, there is a balance remaining of \$1,830,219 that has been allocated but remains undisbursed at December 31, 2023. No funds remain uncommitted at December 31, 2023.

16. Society Act Disclosures:

Director Remuneration

Board members and their respective alternates are reimbursed in the amounts of \$150 - \$400 per meeting attended in their capacity as board members. During the year Board members were reimbursed a total of \$79,950 (2022 - \$52,700).

Employees and Contractors

There were 3 (2022 - 3) employees and persons under contract for services with the Society whose remuneration was at least \$75,000. Their combined remuneration was \$333,175 (2022 - \$300,263).

17. Commitments:

During the year ending December 31, 2022, the Society entered into binding agreements to subscribe to units with the Axiom Infrastructure NA Limited Partnership (Axiom) for \$12,600,000, the Northleaf Senior Private Credit Canadian Investor Trust (NSPC) for \$8,400,000, and the Northleaf Essential Infrastructure Fund (NEIF) for \$12,600,000.

At December 31, 2023, a total of \$10,125,904 remains committed but not yet invested (Axiom - \$6,059,665, NSPC - \$Nil, NEIF - \$4,066,239).

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, 2023.

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.

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Notes to Financial Statements

December 31, 2023

18. Financial Risks (continued):

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 \$0.0318 against the US dollar. The Society has significant investments in US dollars.

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.

19. Subsequent Events

On March 6, 2024, a Funds Administration Agreement was finalized between the Society, the Province of BC, and the Government of Canada. On March 14, 2024, the Athlii Gwaii Legacy Trust (Winding Up) Act (the "Bill") received Royal Assent and was passed in the Provincial Legislature of British Columbia. This Bill allows for the transfer to the Society of all the assets of AGLT that remain after the satisfaction of AGLT's liabilities. Gwaii Trust Society's assets are expected to increase by approximately \$62 million in the coming fiscal year.