

**GWAII TRUST SOCIETY**

**Financial Statements**

**August 31, 1997**

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To The Members  
Gwaii Trust Society

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**AUDITORS' REPORT**

We have audited the balance sheet of Gwaii Trust Society as at August 31, 1997 and the statements of operations, appropriated savings and changes in financial position for the year then ended. These financial statements are the responsibility of the Society's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principals used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation.

In our opinion these financial statements present fairly, in all material respects, the financial position of Gwaii Trust Society as at August 31, 1997 and the results of its operations and the changes in its financial position for the year then ended in accordance with the generally accepted accounting principles on a basis consistent with the preceding year.

Vancouver, B.C.  
November 4, 1997

Certified General Accountants

**GWAII TRUST SOCIETY**  
**Statement of Operations**  
**For the Period Ended August 31, 1997**

	<u>1997</u>	<u>1996</u>
<b>Receipts</b>		
Investment income	2,667,895	2,385,382
Recovered costs - Note 6	<u>10,383</u>	<u>9,000</u>
	<u>2,678,278</u>	<u>2,394,382</u>
<b>Expenditure</b>		
Accounting and audit	16,438	20,450
Actuary	10,664	52,445
Advertising and promotion	14,480	2,740
Equipment rental	4,374	4,374
Depreciation	6,429	654
Honoraria - Note 7	28,325	28,888
Investment administration fee	90,297	1,864
Legal	4,233	17,224
Meeting costs	1,166	1,188
Office	18,190	7,512
Rent and repairs	6,443	6,662
Telephone	2,353	2,511
Training and board development	485	-
Travel	16,002	14,959
Wages and wage costs	<u>74,967</u>	<u>82,608</u>
	<u>294,846</u>	<u>244,079</u>
<b>Excess of Receipts over Expenditure</b> before appropriations	<u>2,383,432</u>	<u>2,150,303</u>
<b>Appropriations</b>		
Grant Account	736,486	1,088,853
Project Account	<u>1,990,368</u>	<u>1,038,237</u>
	<u>2,726,854</u>	<u>2,127,090</u>
<b>(Deficit) Excess of Receipts over Expenditure</b> after appropriations	<u>\$ (343,422)</u>	<u>\$ 23,213</u>

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**GWAI TRUST SOCIETY**

Balance Sheet  
August 31, 1997

	<u>1997</u>	<u>1996</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash in bank	\$ 216,936	\$ 223,688
Term deposits	193,635	415,455
Temporary investments - Note 2	15,005,523	18,268,974
Interest and other receivables	1,129,155	419,505
Government receivables	-	4,739
Prepaid expenses	<u>5,014</u>	<u>475</u>
	<u>16,550,263</u>	<u>19,332,836</u>
<b>Long-term Investments - Note 3</b>	<u>26,934,144</u>	<u>22,968,991</u>
<b>Capital Assets - Note 4</b>		
Computer equipment	42,089	3,766
Furniture and fixtures	<u>7,680</u>	<u>891</u>
	49,769	4,657
Less: accumulated depreciation	<u>7,083</u>	<u>654</u>
	<u>42,686</u>	<u>4,003</u>
	<u>\$ 43,527,093</u>	<u>\$ 42,305,830</u>

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Approved on behalf of the Board:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

**GWAIH TRUST SOCIETY**  
**Balance Sheet**  
**August 31, 1997**

	<u>1997</u>	<u>1996</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 20,746	\$ 23,825
Government payables	<u>2,001</u>	<u>-</u>
	<u>22,747</u>	<u>23,825</u>
<b>RETAINED SAVINGS</b>		
<b>Appropriated Savings - Note 5; Page 6</b>		
Grant account	40,712,939	39,976,453
Project account	<u>1,510,947</u>	<u>681,671</u>
	<u>42,223,886</u>	<u>40,658,124</u>
<b>General Savings</b>		
Opening balance	1,623,882	1,600,668
Excess of receipts over expenditure	<u>2,383,432</u>	<u>2,150,303</u>
Less: appropriations	4,007,314	3,750,971
	<u>2,726,854</u>	<u>2,127,090</u>
Closing balance	<u>1,280,460</u>	<u>1,623,881</u>
	<u>\$ 43,527,093</u>	<u>\$ 42,305,830</u>

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**GWAI TRUST SOCIETY**  
**Statement of Appropriated Savings**  
**For the Period Ended August 31, 1997**

	<u>1997</u>	<u>1996</u>
<b>Grant Account</b>		
Opening balance	\$ 39,976,453	\$ 38,887,600
Appropriated in the year	<u>736,486</u>	<u>1,088,853</u>
Closing balance	<u>\$ 40,712,939</u>	<u>\$ 39,976,453</u>
<b>Project Account</b>		
Opening balance	\$ 681,671	\$ -
Appropriated in the year	<u>1,990,368</u>	<u>1,038,237</u>
	2,672,039	1,038,237
Less: allowable project costs	<u>1,161,092</u>	<u>356,566</u>
Closing balance	<u>\$ 1,510,947</u>	<u>\$ 681,671</u>

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**GWAI TRUST SOCIETY**  
**Statement of Changes in Financial Position**  
**For the Period Ended August 31, 1997**

	<u>1997</u>	<u>1996</u>
<b>Cash from Operations</b>		
Excess of receipts over expenditure before appropriation	\$ 2,383,432	2,150,303
Non-cash item:		
Depreciation	<u>6,429</u>	<u>654</u>
	2,389,861	2,150,957
Changes to working capital:		
Interest and other receivables	(709,650)	167,774
Government receivables	4,739	(3,718)
Prepaid expenses	(4,539)	(475)
Accounts payable	(3,079)	(1,694)
Government payables	<u>2,001</u>	<u>-</u>
	<u>1,679,333</u>	<u>2,312,844</u>
<b>Uses of Cash</b>		
Net increase in investments	(701,702)	(2,283,896)
Purchase of capital assets	(45,111)	(4,657)
Allowable project costs	<u>(1,161,092)</u>	<u>(356,566)</u>
	<u>(1,907,905)</u>	<u>(2,645,119)</u>
<b>&lt; Decrease &gt; Increase in Cash</b>	(228,572)	(332,275)
<b>Cash and cash equivalents at the beginning of the year</b>	<u>639,143</u>	<u>971,418</u>
<b>Cash and cash equivalents at the end of the year</b>	<u>\$ 410,571</u>	<u>639,143</u>

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**REPRESENTED BY:**

Cash and bank	\$ 216,936	\$ 223,688
Term deposits	<u>193,635</u>	<u>415,455</u>
	<u>\$ 410,571</u>	<u>\$ 639,143</u>

**GWAII TRUST SOCIETY**  
Notes To The Financial Statements  
For the Period Ended August 31, 1997

**Note 1: General Disclosures**

- a) The Society was incorporated on September 16, 1994 (S-32,529) under the provisions of the Society Act of the Province of British Columbia.
- b) The Society was established to advise and assist, economically and socially, the communities of Haida Gwaii\Queen Charlotte Islands. The Federal government awarded the Society a grant of \$38,200,000 in 1995 to assist the Society to achieve these objectives.
- c) During the year, the Society changed its year end from September 15 to August 31.
- c) No director or officer of the Society has been paid any wages during the year.
- d) Certain comparative figures have been reclassified to conform with the presentation for the current year.

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**Note 2: Temporary Investments**

Temporary investments comprise the following:

	<u>1997</u>	<u>1996</u>
Securities issued or guaranteed by:		
- Canadian government	\$ 1,988,388	\$ 561,618
- Provincial government	1,095,535	894,330
Corporate securities		
- Debt	1,443,350	9,883,000
- Equity	<u>10,478,250</u>	<u>6,930,026</u>
	<u>\$ 15,005,523</u>	<u>\$ 18,268,974</u>
Market value at year end	<u>\$ 19,104,488</u>	<u>\$ 18,479,610</u>

Temporary investments are carried at the lower of cost or market value.

**GWAI TRUST SOCIETY**  
Notes To The Financial Statements  
For the Period Ended August 31, 1997

**Note 3: Long-term Investments**

Long-term investments comprise government bonds with maturities in 1999 to 2021. The bonds are carried at cost, adjusted for amortization of premiums and discounts.

**Note 4: Capital Assets**

Capital assets are recorded at cost. Depreciation is recorded on a declining balance basis at the following annual rates:

Computer equipment	30%
Furniture and fixtures	20%

Current year acquisitions are depreciated at one-half of the above rates.

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	
			<u>1997</u>	<u>1996</u>
Building	\$ 42,089	\$ 5,590	\$ 36,499	\$ 3,201
Equipment	<u>7,680</u>	<u>1,493</u>	<u>6,187</u>	<u>802</u>
	<u>\$ 49,769</u>	<u>\$ 7,083</u>	<u>\$ 42,686</u>	<u>\$ 4,003</u>

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**Note 5: Appropriated Savings**

Appropriated savings comprise:

- a) the original grant of \$ 38,200,000 received from the Federal government, adjusted annually by an appropriate inflation rate for the year; and
- b) a project fund account set up to fund projects that are in general agreement with the aims and objectives of the Society. The project fund represents the liability arising from approved commitments of the Society to provide funding.

The amounts recorded in appropriated savings are funded by cash, term deposits, and temporary and long-term investments.

**GWAII TRUST SOCIETY**  
**Notes To The Financial Statements**  
**For the Period Ended August 31, 1997**

**Note 6: Recovered Costs**

Recovered costs comprise the following:

	<u>1997</u>	<u>1996</u>
Insurance claim received	\$ 5,517	\$ -
Wages recovered	4,866	-
Travel expenses recovered	<u>-</u>	<u>9,000</u>
	<u>\$ 10,383</u>	<u>\$ 9,000</u>

**Note 7: Honoraria**

The members of the Board of Directors are paid \$225 per meeting as a honoraria. In addition, Directors are reimbursed for travel, accommodation and mileage to attend meetings. Some Directors may have the recoveries for honoraria and expenses paid to limited companies and/or other business entities to which the Director may be related.

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**Note 8: Contingencies**

The Board of Directors has indicated that the Society is responsible for the wind up of the former society, Gwaii Trust Interim Planning Society ("GTIPS"). As at the date of the financial statements, GTIPS had been restored to good standing with the Register of Societies in Victoria. Legal council has been instructed to formally wind up the former society. No liability is expected to arise from the wind up.