

GWAI TRUST SOCIETY

Financial Statements

September 15, 1996

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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 principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation.

In our opinion these statements present fairly, in all material respects, the financial position of the Gwaii Trust Society as at September 15, 1996 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles on a basis consistent with the preceding year.

Geffy Miller, C

Vancouver, B.C.
November 8, 1996

Certified General Accountants

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GWAI TRUST SOCIETY
Statement of Operations
For the Year Ended September 15, 1996

	<u>1996</u>	<u>1995</u>
Receipts		
Government grants	\$ -	\$ 38,200,000
Investment income	2,385,382	2,440,446
Recovered costs	<u>9,000</u>	<u>-</u>
	<u>2,394,382</u>	<u>40,640,446</u>
 Expenditure		
Accounting and audit	20,450	20,400
Actuary	52,445	-
Advertising and promotion	2,740	5,647
Depreciation	654	-
Equipment rental	4,374	3,979
Honoraria - Note 6	28,888	19,552
Investment administration fee	1,864	-
Legal	17,224	51,186
Meeting costs	1,188	2,564
Office	7,512	6,311
Rent and repairs	6,662	7,650
Telephone	2,511	6,484
Travel	14,959	6,402
Wages and wage costs	<u>82,608</u>	<u>22,003</u>
	<u>244,079</u>	<u>152,178</u>
 Excess of Receipts over Expenditure before appropriations	2,150,303	40,488,268
 Appropriations		
Grant account	1,088,853	38,887,600
Project account	<u>1,038,237</u>	<u>-</u>
 Excess of Receipts over Expenditure after appropriations	\$ <u>23,213</u>	\$ <u>1,600,668</u>

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GWAII TRUST SOCIETY
Balance Sheet
September 15, 1996

LIABILITIES

	<u>1996</u>	<u>1995</u>
Current Liabilities		
Accounts payable	\$ <u>23,825</u>	\$ <u>25,519</u>

RETAINED SAVINGS

Appropriated Savings - Note S, page 6		
Grant account	39,976,453	38,887,600
Project account	<u>681,671</u>	<u>-</u>
	<u>40,658,124</u>	<u>38,887,600</u>
General Savings		
Opening balance	1,600,668	-
Excess of receipts over expenditure	<u>2,150,303</u>	<u>40,488,268</u>
	3,750,971	40,488,268
Less: appropriations	<u>2,127,090</u>	<u>38,887,600</u>
	<u>1,623,881</u>	<u>1,600,668</u>
Closing balance	<u>1,623,881</u>	<u>1,600,668</u>
	\$ <u>42,305,830</u>	\$ <u>40,513,787</u>

GWAI TRUST SOCIETY
Statement of Appropriated Savings
For the Year Ended September 15, 1996

	<u>1996</u>	<u>1995</u>
Grant Account		
Opening balance	\$ 38,887,600	\$ -
Appropriated during the year	<u>1,088,853</u>	<u>38,887,600</u>
Closing balance	\$ <u>39,976,453</u>	\$ <u>38,887,600</u>
 Project Account		
Opening balance	\$ -	\$ -
Appropriated during the year	<u>1,038,237</u>	<u>-</u>
	1,038,237	-
Less: allowable project costs	<u>356,566</u>	<u>-</u>
Closing balance	\$ <u>681,671</u>	\$ <u>-</u>

GWAII TRUST SOCIETY
Statement of Changes in Financial Position
For the Year Ended September 15, 1996

	<u>1996</u>	<u>1995</u>
Cash From Operations		
Excess of receipts over expenditures before appropriations	\$ 2,150,303	\$ 40,488,268
Non-cash item:		
Depreciation	<u>654</u>	<u>-</u>
	2,150,957	40,488,268
Changes to working capital:		
Interest and other receivables	167,774	<587,279>
Government receivables	<3,718>	<1,021>
Prepaid expenses	<475>	-
Accounts payable	<u><1,694></u>	<u>25,519</u>
	<u>2,312,844</u>	<u>39,925,487</u>
Uses of Cash		
Net increase in investments	<2,283,921>	<38,954,069>
Purchase of capital assets	<4,657>	-
Allowable project costs	<u><356,566></u>	<u>-</u>
	<u><2,645,144></u>	<u><38,954,069></u>
<Decrease> Increase in Cash	<332,300>	971,418
Cash and cash equivalents at the beginning of the year	<u>971,418</u>	<u>-</u>
Cash and cash equivalents at the end of the year	\$ <u>639,118</u>	\$ <u>971,418</u>

REPRESENTED BY:

Cash in bank	\$ 223,663	\$ 16,672
Term deposits	<u>415,455</u>	<u>954,746</u>
	\$ <u>639,118</u>	\$ <u>971,418</u>

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GWAII TRUST SOCIETY
Notes to the Financial Statements
For the Year Ended September 15, 1996

Note 1: General Disclosures

- a) The Society was incorporated on September 16, 1994 (\$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) The Society has not paid wages to any director or officer during the year.
- d) Certain comparative figures have been reclassified to conform with the presentation for the current year.

Note 2: Temporary Investments

Temporary investments comprise the following:

	<u>1996</u>	<u>1995</u>
Securities issued or guaranteed by:		
- Canadian government	\$ 561,618	\$ 19,477,195
- Provincial government	894,330	-
Corporate securities		
- Debt	9,883,000	19,476,774
- Equity	<u>6,930,051</u>	<u>100</u>
	\$ <u>18,268,999</u>	\$ <u>38,954,069</u>
 Market value at year end	 \$ <u>18,479,610</u>	 \$ <u>39,247,061</u>

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

GWAII TRUST SOCIETY
Notes to the Financial Statements
For the Year Ended September 15, 1996

Note 3: Long-Term Investments

Long-term investments comprise Canada 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>1995</u>	<u>1994</u>
Building	\$ 3,766	\$ 565	\$ 3,201	\$ -
Equipment	<u>891</u>	<u>89</u>	<u>802</u>	<u>-</u>
	\$ <u>4,657</u>	\$ <u>654</u>	\$ <u>4,003</u>	\$ <u>-</u>

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.

GWAIH TRUST SOCIETY
Notes to the Financial Statements
For the Year Ended September 15, 1996

Note 6: 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 have caused the recoveries for honoraria and expenses to be paid to limited companies and/or other business entities to which the director may be related.

Note 7: Contingencies

The Board of Directors has indicted that the Society is responsible for the wind up of the former society, Gwaih Trust Interim Planning Society (GTIPS). As at the date of the financial statements, GTIPS had been restored to good standing with the Registrar 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.