CLAYOQUOT BIOSPHERE
TRUST SOCIETY

Financial Statements
December 31, 2018

Index

Independent Auditors’ Report to the Directors 1 – 2

Financial Statements

Statement of Financial Position 3
Statement of Revenues and Expenditures 4
Statement of Changes in Net Assets 5
Statement of Cash Flows 6

Notes to Financial Statements 7 – 11

Schedules of Revenues and Expenditures 12 – 15
INDEPENDENT AUDITORS’ REPORT

TO THE DIRECTORS OF CLAYOQUOT BIOSPHERE TRUST SOCIETY

Report on the Financial Statements
Opinion
We have audited the financial statements of Clayoquot Biosphere Trust Society (the “Society”), which comprise the statement of financial position as at December 31, 2018, and the statements of revenues and expenditures, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2018, and its results of operations and its 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. 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.

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 Societies 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 preceding year.

Smythe LLP
Chartered Professional Accountants
Vancouver, British Columbia
May 9, 2019
### CLAYOQUOT BIOSPHERE TRUST SOCIETY
#### Statement of Financial Position
##### December 31

<table>
<thead>
<tr>
<th>Assets</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$43,983</td>
<td>$74,783</td>
</tr>
<tr>
<td>Receivables</td>
<td>7,498</td>
<td>3,498</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>4,693</td>
<td>4,740</td>
</tr>
<tr>
<td><strong>Total Current</strong></td>
<td>$56,174</td>
<td>$83,021</td>
</tr>
<tr>
<td><strong>Investments – Canada Fund</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canadian Equity</td>
<td>5,341,963</td>
<td>6,691,678</td>
</tr>
<tr>
<td>Global Equity</td>
<td>2,745,615</td>
<td>3,902,849</td>
</tr>
<tr>
<td>Canadian Government Bond</td>
<td>1,545,409</td>
<td>1,067,076</td>
</tr>
<tr>
<td>Canadian Plus Bond</td>
<td>4,293,184</td>
<td>5,266,191</td>
</tr>
<tr>
<td>Canadian T-Bill</td>
<td>2,362,035</td>
<td>912,172</td>
</tr>
<tr>
<td>Reserve Fund Canadian T-Bill</td>
<td>530,268</td>
<td>-</td>
</tr>
<tr>
<td>Short-Term Bond</td>
<td>165,112</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Investments – Canada Fund</strong></td>
<td>16,983,586</td>
<td>17,839,966</td>
</tr>
<tr>
<td><strong>Investments – Community Foundation Fund</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canadian Equity</td>
<td>22,464</td>
<td>14,270</td>
</tr>
<tr>
<td>Global Equity</td>
<td>11,520</td>
<td>11,236</td>
</tr>
<tr>
<td>Canadian Government Bond</td>
<td>6,447</td>
<td>8,489</td>
</tr>
<tr>
<td>Canada Plus Bond</td>
<td>18,017</td>
<td>8,575</td>
</tr>
<tr>
<td>Canadian T-Bill</td>
<td>10,018</td>
<td>2,900</td>
</tr>
<tr>
<td>Short-Term Bond</td>
<td>697</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Investments – Community Foundation Fund</strong></td>
<td>69,163</td>
<td>45,470</td>
</tr>
<tr>
<td><strong>Total Investments</strong></td>
<td>17,052,749</td>
<td>17,885,436</td>
</tr>
<tr>
<td><strong>Deposit Receivable</strong></td>
<td>6,400</td>
<td>6,400</td>
</tr>
<tr>
<td><strong>Equipment (note 3)</strong></td>
<td>11,774</td>
<td>11,989</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>18,174</td>
<td>18,389</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td>$17,127,097</td>
<td>$17,986,846</td>
</tr>
</tbody>
</table>

### Liabilities

<table>
<thead>
<tr>
<th>Current</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>$25,391</td>
<td>$28,944</td>
</tr>
<tr>
<td>Government remittances payable</td>
<td>8,749</td>
<td>8,099</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>192,987</td>
<td>105,985</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>227,127</td>
<td>143,028</td>
</tr>
</tbody>
</table>

### Net Assets

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Assets</strong></td>
<td>$17,127,097</td>
<td>$17,986,846</td>
</tr>
</tbody>
</table>

**Commitments (note 7)**

Approved by the Board:

__________________________________________________________________________
Director
__________________________________________________________________________
Director

See notes to financial statements.
**CLAYOQUIOT BIOSPHERE TRUST SOCIETY**  
Statement of Revenues and Expenditures  
Year Ended December 31

<table>
<thead>
<tr>
<th></th>
<th>Operating Fund</th>
<th>Endowment Fund – Canada</th>
<th>Endowment Fund – Community Foundation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Economic</td>
<td></td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td><strong>Operating</strong></td>
<td><strong>Capital</strong></td>
</tr>
<tr>
<td>Unrestricted endowment investment income</td>
<td>$ -</td>
<td>$ 124,198</td>
<td>$ -</td>
</tr>
<tr>
<td>Unrealized restricted endowment loss</td>
<td>-</td>
<td>(681,333)</td>
<td>-</td>
</tr>
<tr>
<td>Increase to restricted endowment</td>
<td>-</td>
<td>-</td>
<td>379,347</td>
</tr>
<tr>
<td>Regional program funding</td>
<td>9,146</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contributions</td>
<td>68,019</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>West Coast N.E.S.T. (schedule 4)</td>
<td>133,770</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Corporate fundraising</td>
<td>67,181</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Coastal Family Resources (schedule 5)</td>
<td>136,018</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Program admin and coordination</td>
<td>60,272</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Leadership Vancouver Island (schedule 6)</td>
<td>14,728</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Rent</td>
<td>21,600</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Education fund – Genus</td>
<td>3,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>513,734</td>
<td>(557,135)</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th><strong>Expenditures</strong></th>
<th><strong>2018</strong></th>
<th><strong>2017</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Committee projects and funding expenses (schedule 1)</td>
<td>340,064</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Payroll and staff (schedule 2)</td>
<td>457,988</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>General and administrative (schedule 3)</td>
<td>220,704</td>
<td>-</td>
<td>215</td>
</tr>
<tr>
<td>West Coast N.E.S.T. (schedule 4)</td>
<td>133,770</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Coastal Family Resources (schedule 5)</td>
<td>136,018</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Leadership Vancouver Island (schedule 6)</td>
<td>14,728</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>1,303,272</td>
<td>-</td>
<td>215</td>
</tr>
</tbody>
</table>

**Excess (Deficiency) of Revenues over Expenditures**  
$ (789,538) | $ (557,135) | $ (215) | $ 379,347 | $ (1,358) | $ (968,899) | $ 582,231

See notes to financial statements.

4
## CLAYOQUOT BIOSPHERE TRUST SOCIETY

### Statement of Changes in Net Assets

**Year Ended December 31**

<table>
<thead>
<tr>
<th>Operating Fund</th>
<th>Endowment Fund – Canada Operating</th>
<th>Endowment Fund – Canada Capital</th>
<th>Endowment Fund – Community Foundation Capital</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance, Beginning of Year</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$ (53,602)</td>
<td>$ 1,351,025</td>
<td>$ 11,989</td>
<td>$ 16,488,936</td>
<td>$ 45,470</td>
<td>$ 17,843,818</td>
</tr>
<tr>
<td><strong>Excess (Deficiency) of Revenues over Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(789,538)</td>
<td>(557,135)</td>
<td>(215)</td>
<td>379,347</td>
<td>(1,358)</td>
<td>(968,899)</td>
</tr>
<tr>
<td><strong>Endowment Contributions</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>25,051</td>
</tr>
<tr>
<td><strong>Interfund Transfers</strong></td>
<td>678,587</td>
<td>(678,587)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Balance, End of Year</strong></td>
<td>$ (164,553)</td>
<td>$ 115,303</td>
<td>$ 11,774</td>
<td>$ 16,868,283</td>
<td>$ 69,163</td>
</tr>
</tbody>
</table>

See notes to financial statements.
# CLAYOQUOT BIOSPHERE TRUST SOCIETY
## Statement of Cash Flows
### Year Ended December 31

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess (deficiency) of revenues over expenditures</td>
<td>$(968,899)</td>
<td>$582,231</td>
</tr>
<tr>
<td>Items not involving cash</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized loss (gain) on investments</td>
<td>685,068</td>
<td>(312,161)</td>
</tr>
<tr>
<td>Amortization</td>
<td>215</td>
<td>277</td>
</tr>
<tr>
<td></td>
<td>$(283,616)</td>
<td>270,347</td>
</tr>
<tr>
<td>Changes in non-cash working capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>(4,000)</td>
<td>968</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>47</td>
<td>2,561</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>(3,553)</td>
<td>(30,754)</td>
</tr>
<tr>
<td>Government remittances payable</td>
<td>650</td>
<td>3,530</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>87,002</td>
<td>105,985</td>
</tr>
<tr>
<td></td>
<td>80,146</td>
<td>82,290</td>
</tr>
<tr>
<td><strong>Cash Provided by (Used in) Operating Activities</strong></td>
<td>$(203,470)</td>
<td>352,637</td>
</tr>
<tr>
<td><strong>Investing Activity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in endowment funds</td>
<td>25,051</td>
<td>25,105</td>
</tr>
<tr>
<td>Reinvested income</td>
<td>(487,881)</td>
<td>(931,021)</td>
</tr>
<tr>
<td>Withdrawal from investments</td>
<td>635,500</td>
<td>594,838</td>
</tr>
<tr>
<td><strong>Cash Provided by (Used in) Investing Activities</strong></td>
<td>172,670</td>
<td>(311,078)</td>
</tr>
<tr>
<td><strong>Increase (Decrease) in Cash</strong></td>
<td>(30,800)</td>
<td>41,559</td>
</tr>
<tr>
<td><strong>Cash, Beginning of Year</strong></td>
<td>74,783</td>
<td>33,224</td>
</tr>
<tr>
<td><strong>Cash, End of Year</strong></td>
<td>$43,983</td>
<td>$74,783</td>
</tr>
</tbody>
</table>

See notes to financial statements.
1. **NATURE OF OPERATIONS**

The Clayoquot Biosphere Trust Society (the “Society”), designated under the UNESCO Biosphere Program, was incorporated under the Society Act (British Columbia) to provide support for local projects related to increasing local capacity, knowledge, participation and innovation through research, education and training initiatives for the sustainable development of the Clayoquot Sound Biosphere Reserve.

The original endowment fund of $12,000,000 was provided by the Government of Canada pursuant to the Canada Funding Agreement dated May 5, 2000.

The Society is a registered charity under section 149(1)(j) of the Income Tax Act (Canada) and is exempt from income taxes.

2. **SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Society were prepared in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”) and include the following significant accounting policies.

(a) **Fund accounting**

The Society accounts for its assets and undertakings using the fund basis of accounting. The Society currently has five funds with the following purposes and restrictions:

(i) Operating Fund – This fund contains the operating costs related to the Society.

(ii) Endowment Fund – Canada Operating – This fund contains the balance due from operating to the Government of Canada Endowment Fund.

(iii) Capital Fund – This fund contains the Society’s equipment and incurs the expenses related to amortization.

(iv) Endowment Fund – Canada Capital – This fund contains the investments held related to the Government of Canada Endowment Fund and related income.

(v) Endowment Fund – Community Foundation Capital – This fund contains the investments held for the purpose of generating income for approved community focused projects.

(b) **Investments**

Investments are stated at fair market value. Changes to the fair market value are recognized in the statement of revenues and expenditures during the year in which they occur. The investment portfolio is professionally managed by Genus Capital Management.
2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

(c) **Amortization**

Amortization of equipment is recorded at the following methods and rates:

<table>
<thead>
<tr>
<th>Equipment Type</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Artwork</td>
<td>Not depreciated</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>20% declining-balance</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>30% declining-balance</td>
</tr>
<tr>
<td>Library material</td>
<td>100% declining-balance</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>5 years straight-line</td>
</tr>
</tbody>
</table>

Equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

(d) **Use of estimates**

The preparation of these financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Significant estimates include useful lives of property and equipment and accrued liabilities. While management believes these estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

(e) **Revenue recognition**

Revenue is recognized under the restricted fund method. Externally restricted contributions are recognized in the fund corresponding to their purpose, and unrestricted contributions in the operating fund. Endowment contributions are recorded as an increase to net assets.

Contributions are recorded as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably ensured. Donations are recorded when received or when the donor has pledged a specific amount, provided the collection of the amount is reasonably assured. Investment revenue is recognized as earned.
3. **EQUIPMENT**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Accumulated Amortization</td>
</tr>
<tr>
<td>Artwork</td>
<td>$11,000</td>
<td>$-</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>12,328</td>
<td>11,655</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>13,812</td>
<td>13,711</td>
</tr>
<tr>
<td>Library material</td>
<td>6,000</td>
<td>6,000</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>5,260</td>
<td>5,260</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$48,400</td>
<td>$36,626</td>
</tr>
</tbody>
</table>

4. **FUNDING AGREEMENT OBLIGATION**

At December 31, 2018, the Funding Agreement obligation is $16,868,283 (2017 - $16,488,936). This is represented by the original federal contribution of $12,000,000 plus a cumulative cost of living allowance adjustment of $4,868,283 (2017 - $4,488,936) for inflation using the Annual Average Consumer Price Index.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of year</td>
<td>$16,488,936</td>
<td>$16,236,038</td>
</tr>
<tr>
<td>Funding agreement inflation adjustment</td>
<td>379,347</td>
<td>252,898</td>
</tr>
<tr>
<td><strong>Balance, end of year</strong></td>
<td>$16,868,283</td>
<td>$16,488,936</td>
</tr>
</tbody>
</table>

At December 31, 2018, the Funding Agreement obligation is adequately funded.

5. **COST OF LIVING ALLOWANCE**

The cost of living allowance is based on the Annual Average Consumer Price Index. During the reporting period, the Consumer Price Index was approximately 2.3% (2017 - 1.7%).

6. **FINANCIAL INSTRUMENTS**

(a) Cash flow risk

Cash flow risk is the risk that future cash flows from financial instruments will fluctuate.

The Society is exposed to cash flow risk on its interest income related to the Endowment Fund.

The Society mitigates its exposure to cash flow risk by maximizing the income earned on the Endowment Fund while maintaining the minimum liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of return on investments can have a significant impact on the Society’s cash flow.
6. **FINANCIAL INSTRUMENTS** (Continued)

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Society is exposed to credit risk with respect to its cash and investments. The Society has mitigated this risk by placing its cash with a major Canadian financial institution and by following a conservative, professionally managed investment policy.

(c) Liquidity risk

Liquidity risk is the risk that the Society will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the Society not being able to liquidate assets in a timely manner at a reasonable price.

The Society is exposed to liquidity risk, as the majority of its capital is held in investments that it may not be able to liquidate on short notice without taking losses.

The Society mitigates this risk by preparing and monitoring detailed forecasts of cash flows from operations, anticipating investing activities and holding certain assets that can be readily converted into cash.

(d) Currency risk

Currency risk is the risk that the fair value of financial instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

The Society is exposed to currency risk due to its significant investments in global equities. The Society does not use foreign exchange forward contracts to manage foreign exchange transaction exposures.

(e) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates.

The Society is exposed to interest rate risk due to its investments in Canadian treasury bills and Canadian fixed income equity instruments.

The Society mitigates this risk by having its investments managed by a professional investment advisor.
6. **FINANCIAL INSTRUMENTS** (Continued)

   (f) Market risk

   Market risk is the risk that the fair value of financial instruments will fluctuate due to changes in market prices whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

   The Society is exposed to this risk due to its investments in Canadian and global equities.

   The Society mitigates this risk by having its investments managed by a professional investment advisor.

7. **COMMITMENTS**

   The Society has future lease obligations under a rental lease of $96,007 expiring December 31, 2020.

8. **SALARIES, HONORARIA AND BENEFITS**

   The *Societies Act* (British Columbia) requires certain information to be reported with regard to remuneration of employees, contractors and directors.

   Included in salaries and benefits are two employees (2017 - two) with remuneration over $75,000. The total remuneration for these individuals for the year ended December 31, 2018 was $207,671 (2017 - $197,690). No honoraria were paid to the members of the Board of Directors during the 2018 and 2017 years.
CLAYOQUOT BIOSPHERE TRUST SOCIETY
Schedules of Revenues and Expenditures
Year Ended December 31

Schedule 1 – Committee Projects and Funding Expenses

<table>
<thead>
<tr>
<th>Project/Program</th>
<th>Operating Fund</th>
<th>Capital Fund</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biosphere Centre</td>
<td>$ 10,114</td>
<td>-</td>
<td>$ 10,114</td>
<td>$ 3,189</td>
</tr>
<tr>
<td>Biosphere Research Award</td>
<td>20,000</td>
<td>-</td>
<td>20,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Canadian Biosphere Reserve Association</td>
<td>6,195</td>
<td>-</td>
<td>6,195</td>
<td>500</td>
</tr>
<tr>
<td>Celebration of the biosphere</td>
<td>3,252</td>
<td>-</td>
<td>3,252</td>
<td>59,763</td>
</tr>
<tr>
<td>Committee grants</td>
<td>102,506</td>
<td>-</td>
<td>102,506</td>
<td>144,833</td>
</tr>
<tr>
<td>Committee logistics</td>
<td>3,167</td>
<td>-</td>
<td>3,167</td>
<td>2,683</td>
</tr>
<tr>
<td>Current year projects</td>
<td>80,000</td>
<td>-</td>
<td>80,000</td>
<td>82,972</td>
</tr>
<tr>
<td>Eat West Coast</td>
<td>35,887</td>
<td>-</td>
<td>35,887</td>
<td>11,173</td>
</tr>
<tr>
<td>Education Success Grant</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10,000</td>
</tr>
<tr>
<td>Neighborhood Small Grant</td>
<td>15,201</td>
<td>-</td>
<td>15,201</td>
<td>13,529</td>
</tr>
<tr>
<td>Regional program expenses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6,654</td>
</tr>
<tr>
<td>Remote Listening Station</td>
<td>4,931</td>
<td>-</td>
<td>4,931</td>
<td>5,298</td>
</tr>
<tr>
<td>Research and education</td>
<td>12,565</td>
<td>-</td>
<td>12,565</td>
<td>11,836</td>
</tr>
<tr>
<td>Education awards – NCN</td>
<td>9,000</td>
<td>-</td>
<td>9,000</td>
<td>6,000</td>
</tr>
<tr>
<td>Education awards – non NCN</td>
<td>6,000</td>
<td>-</td>
<td>6,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Students on Ice</td>
<td>7,000</td>
<td>-</td>
<td>7,000</td>
<td>-</td>
</tr>
<tr>
<td>Tsunami Debris Project</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Vital Signs</td>
<td>16,246</td>
<td>-</td>
<td>16,246</td>
<td>2,350</td>
</tr>
<tr>
<td>What I learned</td>
<td>6,000</td>
<td>-</td>
<td>6,000</td>
<td>6,000</td>
</tr>
<tr>
<td>Youth and Biosphere</td>
<td>2,000</td>
<td>-</td>
<td>2,000</td>
<td>20,112</td>
</tr>
</tbody>
</table>

| Total                                    | $ 340,064      | -            | $ 340,064 | $ 421,892 |

Schedule 2 – Payroll and Staff Expenses

<table>
<thead>
<tr>
<th>Item</th>
<th>Operating Fund</th>
<th>Capital Fund</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada Pension Plan</td>
<td>$ 15,722</td>
<td>-</td>
<td>$ 15,722</td>
<td>$ 12,046</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>21,369</td>
<td>-</td>
<td>21,369</td>
<td>16,542</td>
</tr>
<tr>
<td>Employment Insurance</td>
<td>7,285</td>
<td>-</td>
<td>7,285</td>
<td>5,544</td>
</tr>
<tr>
<td>Medical Services Plan</td>
<td>3,638</td>
<td>-</td>
<td>3,638</td>
<td>5,288</td>
</tr>
<tr>
<td>RRSP contributions</td>
<td>36,942</td>
<td>-</td>
<td>36,942</td>
<td>24,344</td>
</tr>
<tr>
<td>Staff professional development</td>
<td>7,854</td>
<td>-</td>
<td>7,854</td>
<td>7,877</td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>365,178</td>
<td>-</td>
<td>365,178</td>
<td>285,151</td>
</tr>
</tbody>
</table>

| Total                                    | $ 457,988      | -            | $ 457,988 | $ 356,792 |

See notes to financial statements.
# Schedule 3 – General and Administrative Expenses

<table>
<thead>
<tr>
<th></th>
<th>Operating Fund</th>
<th>Capital Fund</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting, audit and legal</td>
<td>$32,852</td>
<td>$-</td>
<td>$32,852</td>
<td>$29,791</td>
</tr>
<tr>
<td>Administrative contract</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,036</td>
</tr>
<tr>
<td>Advertising and promotions</td>
<td>2,904</td>
<td>-</td>
<td>2,904</td>
<td>3,325</td>
</tr>
<tr>
<td>Amortization</td>
<td>-</td>
<td>215</td>
<td>215</td>
<td>277</td>
</tr>
<tr>
<td>Board logistics</td>
<td>8,266</td>
<td>-</td>
<td>8,266</td>
<td>7,342</td>
</tr>
<tr>
<td>Board retreat and travel</td>
<td>4,486</td>
<td>-</td>
<td>4,486</td>
<td>7,211</td>
</tr>
<tr>
<td>Cabin maintenance</td>
<td>1,722</td>
<td>-</td>
<td>1,722</td>
<td>2,076</td>
</tr>
<tr>
<td>Communications</td>
<td>1,440</td>
<td>-</td>
<td>1,440</td>
<td>2,171</td>
</tr>
<tr>
<td>Community Foundations of Canada</td>
<td>5,719</td>
<td>-</td>
<td>5,719</td>
<td>5,764</td>
</tr>
<tr>
<td>Courier and postage</td>
<td>566</td>
<td>-</td>
<td>566</td>
<td>421</td>
</tr>
<tr>
<td>Dues, fees and licenses</td>
<td>5,188</td>
<td>-</td>
<td>5,188</td>
<td>461</td>
</tr>
<tr>
<td>Fund management</td>
<td>66,466</td>
<td>-</td>
<td>66,466</td>
<td>65,335</td>
</tr>
<tr>
<td>Fundraising</td>
<td>357</td>
<td>-</td>
<td>357</td>
<td>540</td>
</tr>
<tr>
<td>Hospitality</td>
<td>2,745</td>
<td>-</td>
<td>2,745</td>
<td>1,560</td>
</tr>
<tr>
<td>Insurance</td>
<td>8,618</td>
<td>-</td>
<td>8,618</td>
<td>8,047</td>
</tr>
<tr>
<td>Interest and bank charges</td>
<td>25</td>
<td>-</td>
<td>25</td>
<td>36</td>
</tr>
<tr>
<td>Internet</td>
<td>4,659</td>
<td>-</td>
<td>4,659</td>
<td>760</td>
</tr>
<tr>
<td>Office supplies and maintenance</td>
<td>10,326</td>
<td>-</td>
<td>10,326</td>
<td>11,370</td>
</tr>
<tr>
<td>Rent</td>
<td>48,232</td>
<td>-</td>
<td>48,232</td>
<td>44,880</td>
</tr>
<tr>
<td>Telephone</td>
<td>6,421</td>
<td>-</td>
<td>6,421</td>
<td>5,915</td>
</tr>
<tr>
<td>Travel – national and international</td>
<td>3,969</td>
<td>-</td>
<td>3,969</td>
<td>12,293</td>
</tr>
<tr>
<td>Travel – regional</td>
<td>5,412</td>
<td>-</td>
<td>5,412</td>
<td>4,663</td>
</tr>
<tr>
<td>Website and software</td>
<td>330</td>
<td>-</td>
<td>330</td>
<td>9,259</td>
</tr>
</tbody>
</table>

$220,703 $215 $220,918 $224,533
## CLAYOQUOT BIOSPHERE TRUST SOCIETY
### Schedules of Revenues and Expenditures
#### Year Ended December 31

### Schedule 4 – West Coast N.E.S.T.

<table>
<thead>
<tr>
<th></th>
<th>Operating Fund</th>
<th>Capital Fund</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>West Coast N.E.S.T.</td>
<td>$ 230,080</td>
<td>-</td>
<td>$ 230,080</td>
<td>$ 112,000</td>
</tr>
<tr>
<td>Regional program funding</td>
<td>31,010</td>
<td>-</td>
<td>31,010</td>
<td>-</td>
</tr>
<tr>
<td>Amounts deferred to subsequent year</td>
<td>(127,320)</td>
<td>-</td>
<td>(127,320)</td>
<td>(27,000)</td>
</tr>
<tr>
<td><strong>Total current year revenue</strong></td>
<td>133,770</td>
<td>-</td>
<td>133,770</td>
<td>85,000</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>West Coast N.E.S.T.</td>
<td>73,013</td>
<td>-</td>
<td>73,013</td>
<td>69,991</td>
</tr>
<tr>
<td>N.E.S.T. - Wages and salaries</td>
<td>60,757</td>
<td>-</td>
<td>60,757</td>
<td>28,125</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>133,770</td>
<td>-</td>
<td>133,770</td>
<td>98,116</td>
</tr>
<tr>
<td></td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ (13,116)</td>
</tr>
</tbody>
</table>

### Schedule 5 – Coastal Family Resource Coalition

<table>
<thead>
<tr>
<th></th>
<th>Operating Fund</th>
<th>Capital Fund</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coastal Family Resource Coalition</td>
<td>$ 54,641</td>
<td>-</td>
<td>$ 54,641</td>
<td>$ 43,469</td>
</tr>
<tr>
<td>CFRC - Literacy</td>
<td>100,808</td>
<td>-</td>
<td>100,808</td>
<td>48,346</td>
</tr>
<tr>
<td>CFRC - Communications</td>
<td>4,733</td>
<td>-</td>
<td>4,733</td>
<td>8,531</td>
</tr>
<tr>
<td>Children’s Resilience Initiative</td>
<td>34,320</td>
<td>-</td>
<td>34,320</td>
<td>-</td>
</tr>
<tr>
<td>Amounts deferred to subsequent year</td>
<td>(58,484)</td>
<td>-</td>
<td>(58,484)</td>
<td>(59,574)</td>
</tr>
<tr>
<td><strong>Total current year revenue</strong></td>
<td>136,018</td>
<td>-</td>
<td>136,018</td>
<td>40,772</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coastal Family Resource Coalition</td>
<td>39,473</td>
<td>-</td>
<td>39,473</td>
<td>25,120</td>
</tr>
<tr>
<td>CFRC - Literacy</td>
<td>79,346</td>
<td>-</td>
<td>79,346</td>
<td>13,992</td>
</tr>
<tr>
<td>CFRC - Communications</td>
<td>331</td>
<td>-</td>
<td>331</td>
<td>1,660</td>
</tr>
<tr>
<td>Children’s Resilience Initiative</td>
<td>16,868</td>
<td>-</td>
<td>16,868</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>136,018</td>
<td>-</td>
<td>136,018</td>
<td>40,772</td>
</tr>
<tr>
<td></td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
</tbody>
</table>

See notes to financial statements.
### CLAYOQUOT BIOSPHERE TRUST SOCIETY
Schedules of Revenues and Expenditures
Year Ended December 31

#### Schedule 6 – Leadership Vancouver Island

<table>
<thead>
<tr>
<th></th>
<th>Operating Fund</th>
<th>Capital Fund</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leadership Vancouver Island</td>
<td>$21,911</td>
<td>$ -</td>
<td>$21,911</td>
<td>$37,300</td>
</tr>
<tr>
<td>Amounts deferred to subsequent year</td>
<td>(7,183)</td>
<td>-</td>
<td>(7,183)</td>
<td>(19,411)</td>
</tr>
<tr>
<td><strong>Total current year revenue</strong></td>
<td>14,728</td>
<td>-</td>
<td>14,728</td>
<td>17,889</td>
</tr>
<tr>
<td>Leadership Vancouver Island expense</td>
<td>14,728</td>
<td>-</td>
<td>14,728</td>
<td>17,889</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
</tbody>
</table>

See notes to financial statements.