

CLAYOQUOT BIOSPHERE TRUST SOCIETY
Financial Statements - December 31, 2021

Independent Auditors' Report
Statement of Financial Position
Statement of Changes in Net Assets
Statement of Operations
Statement of Cash Flows
Notes to Financial Statements
Unaudited Schedules of Revenues and
Expenditures



INDEPENDENT AUDITOR'S REPORT

To the Directors of Clayoquot Biosphere Trust Society

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, 2021, and the statements of changes in net assets, operations 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, 2021, 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 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 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.

Auditor's 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 users taken on the basis of these financial statements.

Auditor's 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 auditor's 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.

Other Matters

The financial statements for the year ended December 31, 2020 were audited by another firm of Chartered Professional Accountants who expressed an unqualified opinion on those statements on April 22, 2021.

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 prior year comparative financial information presented within the financial statements.

Chan Newstead Boates Inc

Chartered Professional Accountants
Campbell River, BC

April 21, 2022

CLAYOQUOT BIOSPHERE TRUST SOCIETY

Statement of Financial Position

December 31, 2021

2021

2020

(Note 10)

ASSETS

Current Assets

Cash	\$ 100,243	\$ 218,440
Accounts Receivable	214,169	23,878
Prepaid Expenses	<u>6,035</u>	<u>5,304</u>
	320,447	247,622

Deposits Receivable

6,400 6,400

Property and Equipment (Note 3)

598,265 559,207

Investments (Note 4)

19,820,357 18,908,819

\$ 20,745,469 \$ 19,722,048

LIABILITIES

Current Liabilities

Accounts Payable and Accrued Liabilities	\$ 48,506	\$ 31,893
Government Remittances Payable	1,744	594
Grants Payable	9,150	48,282
Deferred Contributions (Note 5)	<u>1,422,153</u>	<u>1,235,531</u>
	1,481,553	1,316,300

Deferred Contributions - Biosphere Centre (Note 5)

72,500 52,500

Long Term Debt (Note 6)

40,000 40,000

1,594,053 1,408,800

NET ASSETS

Operating Fund

(112,739) (91,279)

Capital Fund

600,562 561,504

Endowment Fund - Canada Operating

583,962 394,322

Endowment Fund - Canada Capital

17,905,164 17,323,499

Community Foundation Fund

174,467 125,202

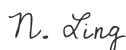
19,151,416 18,313,248

\$ 20,745,469 \$ 19,722,048

Approved by the Directors:



Director



Director

CLAYOQUOT BIOSPHERE TRUST SOCIETY

Statement of Changes in Net Assets

Year ended December 31, 2021

	Operating Fund	Capital Fund	Endowment Fund - Canada Operating	Endowment Fund - Canada Capital	Community Foundation Fund	2021	2020 (Note 10)
Balance, Beginning of Year	\$ (91,279)	\$ 561,504	\$ 394,322	\$ 17,323,499	\$ 125,202	\$ 18,313,248	\$ 17,533,539
Excess (Deficiency) of Revenue over Expenditures	(748,103)	(9,379)	964,720	-	49,215	256,453	647,064
Endowment Contributions	-	-	-	581,665	50	581,715	132,645
Purchases of Property and Equipment	(48,437)	48,437	-	-	-	-	-
Interfund Transfers	<u>775,080</u>	<u>-</u>	<u>(775,080)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, End of Year	\$ <u>(112,739)</u>	\$ <u>600,562</u>	\$ <u>583,962</u>	\$ <u>17,905,164</u>	\$ <u>174,467</u>	\$ <u>19,151,416</u>	\$ <u>18,313,248</u>

CLAYOQUOT BIOSPHERE TRUST SOCIETY

Statement of Operations

Year ended December 31, 2021

	Operating Fund	Capital Fund	Endowment Fund - Canada Operating	Endowment Fund - Canada Capital	Community Foundation Fund	2021	2020 (Note 10)
Revenue							
Investment Income	\$ -	\$ -	\$ 249,422	\$ -	\$ 58,243	\$ 307,665	\$ 295,180
Donations	185,464	-	-	-	4,455	189,919	262,627
Grants	253,720	-	-	-	-	253,720	298,162
Fees for Service	71,375	-	-	-	-	71,375	15,450
Administration Fees	115,876	-	-	-	-	115,876	167,984
Rental	13,200	-	-	-	-	13,200	15,600
Other Income	<u>27,742</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,742</u>	<u>61,990</u>
	667,377	-	249,422	-	62,698	979,497	1,116,993
Gain on Disposition of Investments	-	-	383,570	-	-	383,570	3,813
Unrealized Gains on Investments	<u>-</u>	<u>-</u>	<u>392,298</u>	<u>-</u>	<u>-</u>	<u>392,298</u>	<u>1,046,454</u>
	<u>\$ 667,377</u>	<u>\$ -</u>	<u>\$ 1,025,290</u>	<u>\$ -</u>	<u>\$ 62,698</u>	<u>\$ 1,755,365</u>	<u>\$ 2,167,260</u>

CLAYOQUOT BIOSPHERE TRUST SOCIETY

Statement of Operations (continued)

Year ended December 31, 2021

	Operating Fund	Capital Fund	Endowment Fund - Canada Operating	Endowment Fund - Canada Capital	Community Foundation Fund	2021	2020 (Note 10)
Expenditures							
Advertising and Communications	\$ 16,466	\$ -	\$ -	\$ -	\$ -	\$ 16,466	\$ 32,518
Amortization	-	9,379	-	-	-	9,379	6,043
Board Expenses	1,952	-	-	-	-	1,952	6,767
Contract Services - Capital	28,700	-	-	-	-	28,700	-
Contract Services - Program	49,385	-	-	-	-	49,385	58,331
Contract Services - Research	79,664	-	-	-	-	79,664	38,372
Contract Services - UNESCO	6,718	-	-	-	-	6,718	10,285
Contract Services - Vital Signs	2,681	-	-	-	-	2,681	907
Cost Recovery	84,106	-	-	-	8,720	92,826	107,646
Dues, Fees and Licences	31,618	-	-	-	-	31,618	31,435
Fund Management	-	-	60,570	-	4,658	65,228	61,141
Fundraising	2,134	-	-	-	55	2,189	3,047
Grants (Note 7)	256,874	-	-	-	-	256,874	331,447
Honoraria	10,347	-	-	-	50	10,397	2,030
Hospitality and Staff Functions	2,535	-	-	-	-	2,535	4,468
Insurance	10,006	-	-	-	-	10,006	9,094
Interest and Bank Charges	360	-	-	-	-	360	445
Office Supplies	15,814	-	-	-	-	15,814	11,971
Professional Development	26,388	-	-	-	-	26,388	7,673
Professional Services	30,224	-	-	-	-	30,224	16,967
Program Contributions	12,700	-	-	-	-	12,700	100,625
Program Material and Supplies	18,025	-	-	-	-	18,025	15,998
Rent and Building Occupancy	60,491	-	-	-	-	60,491	58,830
Salaries and Benefits (Note 8)	666,121	-	-	-	-	666,121	601,805
Travel	2,171	-	-	-	-	2,171	2,351
	<u>1,415,480</u>	<u>9,379</u>	<u>60,570</u>	<u>-</u>	<u>13,483</u>	<u>1,498,912</u>	<u>1,520,196</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (748,103)</u>	<u>\$ (9,379)</u>	<u>\$ 964,720</u>	<u>\$ -</u>	<u>\$ 49,215</u>	<u>\$ 256,453</u>	<u>\$ 647,064</u>

CLAYOQUOT BIOSPHERE TRUST SOCIETY

Statement of Cash Flows

Year Ended December 31, 2021

2021

2020

(Note 10)

Cash Flows From Operating Activities:

Excess of Revenues over Expenditures	\$ 256,453	\$ 647,064
Items not involving cash:		
Unrealized Gain on Investments	(392,298)	(1,046,454)
Amortization of Property and Equipment	9,379	6,043
Loss on Disposal of Assets	-	2,297
	<u>(126,466)</u>	<u>(391,050)</u>
Changes in non-cash working capital		
Accounts Receivable	(190,291)	10,692
Prepaid Expenses	(731)	(221)
Accounts Payable and Accrued liabilities	16,613	(13,927)
Government Remittances Payable	1,150	(3,575)
Grants Payable	(39,132)	48,282
Deferred Contributions	206,622	212,436
	<u>(5,769)</u>	<u>253,687</u>
	<u>(132,235)</u>	<u>(137,363)</u>

Cash Flows From Investing Activities:

Purchase of Property and Equipment	(48,437)	(128,251)
Reinvested Income	(682,655)	(267,175)
Contributions to Investments	(72,870)	(83,003)
Withdrawals from Investments	818,000	745,000
	<u>14,038</u>	<u>266,571</u>

Cash Flows From Financing Activities:

Proceeds from CEBA Loan	-	40,000
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Net Increase (Decrease) in Cash	(118,197)	169,208
Cash - Beginning of Year	<u>218,440</u>	<u>49,232</u>
Cash - End of Year	<u>\$ 100,243</u>	<u>\$ 218,440</u>

CLAYOQUOT BIOSPHERE TRUST SOCIETY

Notes to Financial Statements

December 31, 2021

1. Organization and Purpose:

The Clayoquot Biosphere Trust Society (the "Society"), designated under the UNESCO Biosphere Program, is a not-for-profit organization incorporated under the Societies 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 Paragraph 149(1)(j) of the Income Tax Act and is exempt from income taxes.

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:

Funds

The Society uses five funds to account for its undertakings with the following purposes and restrictions:

- (i) Operating Fund - This fund contains the operating costs related to the Society.
- (ii) Capital Fund - This fund contains the Society's property and equipment and incurs the expenses related to amortization.
- (iii) Endowment Fund - Canada Operating - This fund contains the balance due from operating to the Government of Canada Endowment Fund.
- (iv) Endowment Fund - Canada Capital - This fund contains the investments held related to the Government of Canada Endowment Fund and related income.
- (v) Community Foundation Capital - This fund contains the funds and investments held for the purpose of generating income for approved community focused projects.

Investments

Investments are stated at fair market value. Changes to the fair market value are considered to be restricted or unrestricted based on the restrictions imposed on the resources originally contributed and will either be recognized in the statement of operations or the deferred contributions balance related to the corresponding project. The investment portfolio is professionally managed by Genus Capital Management.

Property and Equipment

Property and equipment are recorded at cost and amortized using the following annual rates:

Artwork	Not depreciated
Building	Not depreciated
Furniture, fixtures and equipment	20% declining balance
Computer equipment	30% declining balance

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

The Society is in the process of constructing a new Biosphere Centre which is currently not available for use. Accordingly, no amortization has been recorded on this building asset.

CLAYOQUOT BIOSPHERE TRUST SOCIETY

Notes to Financial Statements

December 31, 2021

2. Significant Accounting Policies (continued):

Revenue Recognition

The Society follows the deferral method of accounting for contributions.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. When a portion of such contributions relates to a future period, it is deferred and recognized in the period in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and recognized as revenue on the same basis as the amortization for the related asset.

Endowment contributions are recorded as direct increases in net assets. These endowment funds are held in perpetuity and will provide investment income allocations to support programs and operations of the Society as determined by each donor's endowment agreement.

Unrestricted donations are generally recognized when received and government assistance is recognized when the amounts are determinable and collection is reasonably assured.

Investment income comprising interest and dividends earned on investments and cash is recorded on an accrual basis. Fair value changes on investments are recognized separately and comprise realized and unrealized gains and losses on investments. Where the donor restricts the income earned on endowed or restricted funds, the related investment income is deferred and recognized as revenue as the related expenses are incurred.

Sponsorship, event and other revenues are recognized in the period when the related services or goods have been provided or on completion of the related event.

Accounting Estimates

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. Estimates made by management include the useful life of property and equipment, amounts of accrued liabilities and deferred revenue. While management believes these estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

Financial Instruments

Measurement of financial instruments

The Society initially measures its financial assets and liabilities at fair value. The Society subsequently measures all of its financial assets and liabilities at amortized cost except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and government remittances payable.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. 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, directly or by adjusting the allowance account, 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.

CLAYOQUOT BIOSPHERE TRUST SOCIETY

Notes to Financial Statements

December 31, 2021

3. Property and Equipment:

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 410,324	\$ -	\$ 410,324	\$ -
Building	161,358	-	112,921	-
Artwork	11,000	-	11,000	-
Furniture and Equipment	31,572	19,675	31,572	14,743
Computer Equipment	17,016	13,330	17,016	8,883
	<u>\$ 631,270</u>	<u>\$ 33,005</u>	<u>\$ 582,833</u>	<u>\$ 23,626</u>
	<u>\$ 598,265</u>		<u>\$ 559,207</u>	

4. Investments:

	2021		2020	
	Cost	Market	Cost	Market
Endowment Fund - Canada Capital				
Canadian T-Bill	\$ 481,649	\$ 481,649	\$ 336,266	\$ 336,266
Fossil Free Corporate Bond	5,132,330	5,224,833	5,301,291	5,694,328
Government Bond	1,490,892	1,468,642	1,461,054	1,515,229
Fossil Free Dividend Equity	4,081,046	6,654,739	4,738,922	5,260,713
Fossil Free CanGlobe Equity	5,831,620	4,616,295	4,843,838	4,911,239
	<u>\$ 17,017,537</u>	<u>\$ 18,446,158</u>	<u>\$ 16,681,371</u>	<u>\$ 17,717,775</u>
Community Foundation Fund				
Canadian T-Bill	\$ 43,363	\$ 43,363	\$ 28,317	\$ 28,317
Fossil Free Corporate Bond	390,088	388,464	361,898	381,237
Government Bond	107,545	105,054	97,411	100,306
Fossil Free Dividend Equity	308,659	347,812	316,558	353,657
Fossil Free CanGlobe Equity	434,496	489,506	327,402	327,527
	<u>\$ 1,284,151</u>	<u>\$ 1,374,199</u>	<u>\$ 1,131,586</u>	<u>\$ 1,191,044</u>
	<u>\$ 18,301,688</u>	<u>\$ 19,820,357</u>	<u>\$ 17,812,957</u>	<u>\$ 18,908,819</u>

Endowment Fund - Canada Capital

The Canada Fund Endowment is held as an endowment with a specific restriction that the endowment must contain the original federal contribution of \$12,000,000 plus a cumulative cost of living allowance adjustment based on the Annual Average Consumer Price Index which was 3.4% (2020 - 0.7%) during the reporting period.

	2021	2020
Balance, Beginning of Year	\$ 17,323,499	\$ 17,197,050
Funding Agreement Inflation Adjustment	581,665	126,449
Balance, End of Year	<u>\$ 17,905,164</u>	<u>\$ 17,323,499</u>

CLAYOQUOT BIOSPHERE TRUST SOCIETY

Notes to Financial Statements

December 31, 2021

4. Investments (continued):

Community Foundation Fund

The Community Foundation Fund investment consists of 10 subfunds which are categorized and treated based on the original contributions restrictions. The 10 subfunds consist of 3 endowment funds and 7 restricted funds as follows:

Fund	Contribution Restriction	2021	2020
Biosphere Centre	Externally Restricted	\$ 2,193	\$ 1,410
Biosphere Research	Externally Restricted	823	761
CBT Operating Endowment	Endowment	2,834	2,623
Clayoquot Sound Wild Salmon	Endowment	89,619	80,888
Fish for the Future	Externally Restricted	145,321	62,035
Higher Education	Endowment	1,606	1,486
Pacific Rim Foundation	Externally Restricted	1,086,048	1,004,777
Tofino Children's Swimming and Water Safety	Externally Restricted	17,152	15,870
Tofino Community	Externally Restricted	22,960	21,194
West Coast Multiplex	Externally Restricted	5,643	-
		\$ 1,374,199	\$ 1,191,044

5. Deferred Contributions:

Deferred Contributions

Deferred contributions represents funds received in the current year to cover operating and program expenses in subsequent periods. The deferred contributions balance is comprised of the following:

	2020 (Note 10)		2021	
	Balance Beginning of Year	Plus: Amounts Received in Year	Less: Amounts Recognized in Year	Balance End of Year
Program				
Operating Fund	\$ 41,895	\$ 41,910	\$ 60,455	\$ 23,350
Eat West Coast	20,268	19,000	31,343	7,925
Leadership Vancouver Island	9,289	887	3,172	7,004
Neighbourhood Small Grants	4,950	40,558	45,508	-
Coastal Family Resource Coalition	23,908	92,434	82,048	34,294
CERIP Signage Revitalization	-	149,654	-	149,654
Program Total	100,310	344,443	222,526	222,227
Community Fund	1,135,221	122,948	58,243	1,199,926
	\$ 1,235,531	\$ 467,391	\$ 280,769	\$ 1,422,153

Deferred Contributions - Biosphere Centre

The deferred capital contributions consist of contributions received that are restricted for the purpose of building a new biosphere centre in Tofino. When the building of the new biosphere centre is completed the deferred revenue will be recognized as revenue at the rate the biosphere centre is amortized.

As of December 31, 2021 the total deferred revenues are \$72,500 (2020 - \$52,500).

CLAYOQUOT BIOSPHERE TRUST SOCIETY

Notes to Financial Statements

December 31, 2021

6. Long Term Debt:

During the year, the Society received \$20,000 (2020 - \$40,000) from the Canada Emergency Business Account Loan for a total loan of \$60,000. The loan is unsecured with 0% interest and \$20,000 forgiven if repaid by December 31, 2023. The forgivable portion is recognized as revenue in the year that the cash is received and the loan will convert to a 2-year term loan at 5% interest per annum on January 1, 2024 if it remains unpaid.

7. Grants - Expenditures:

	2021	2020
Arts and Culture	\$ 20,000	\$ 13,000
Youth and Education	25,000	15,000
Community Development	15,000	11,250
Research and Environment	20,000	15,000
Vital Grants	79,870	55,000
Biosphere Region Research Award	20,000	20,000
Education Awards	34,672	15,000
Transportation	1,000	19,357
Empowering Youth	1,330	-
Field Trip Program	6,500	-
100+ Women Gift	-	10,600
Community Response	9,150	108,259
Other Program Grants	24,352	48,981
	<u>\$ 256,874</u>	<u>\$ 331,447</u>

8. Salaries 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 three employees (2020 - two) with remuneration over \$75,000. The total remuneration for these individuals for the year ended December 31, 2021 was \$339,534 (2020 - \$235,581).

Total salaries and benefits are allocated as follows:

	2021				2020			
	CBT Operating Fund	West Coast Nest	Coastal Family Resource Coalition	Total	CBT Operating Fund	West Coast Nest	Coastal Family Resource Coalition	Total
Wages	\$ 448,020	\$ 92,693	\$ 12,197	\$ 552,910	\$ 433,087	\$ 64,538	\$ 2,194	\$ 499,819
EI Expense	6,925	1,863	270	9,058	6,876	1,373	49	8,298
CPP Expense	17,501	4,480	10	21,991	17,558	3,262	-	20,820
WCB Expense	1,278	-	-	1,278	599	-	-	599
Extended Health	28,120	4,278	-	32,398	24,303	3,940	-	28,243
RRSP Contributions	42,240	6,246	-	48,486	38,148	5,878	-	44,026
	<u>\$ 544,084</u>	<u>\$ 109,560</u>	<u>\$ 12,477</u>	<u>\$ 666,121</u>	<u>\$ 520,571</u>	<u>\$ 78,991</u>	<u>\$ 2,243</u>	<u>\$ 601,805</u>

CLAYOQUOT BIOSPHERE TRUST SOCIETY

Notes to Financial Statements

December 31, 2021

8. Salaries and Benefits (continued):

During the year ended December 31, 2021, the Society paid the following board members honoraria for training opportunities and contributions outside of their usual duties as board members:

Ariane Shaw	\$	150
Elyse Goatcher-Bergman		600
Nicky Ling		500
Jeneva Touchie		300
	\$	<u>1,550</u>

9. Financial Risks:

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.

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, 2021.

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. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through its normal operating and financing activities by having its investments managed by a professional investment advisor. The Society is exposed to interest rate risk primarily through its long term investments held with the Genus Capital.

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.

Market Risk

Market risk is the risk that the fair value of financial instruments will fluctuate due to changes in market prices. The Society is exposed to market risk due to its investments in Canadian and global equities. The Society mitigates this risk by having investments managed by a professional investment advisor.

CLAYOQUOT BIOSPHERE TRUST SOCIETY

Notes to Financial Statements

December 31, 2021

10. Prior Period Adjustment:

During the year ended December 31, 2021 there were two prior period adjustments identified as described below:

(i) Deferred Contributions Treatment

Management reviewed all the deferred contributions and their respective funding agreements to determine if the restriction on the funding and use of the funds were externally or internally imposed. Management determined that the funding for the West Coast Nest program was not externally restricted but rather were internal contributions from the CBT operating fund and transfers from the reserve fund by Board motion. Since the funding does not contain any externally imposed restrictions, it should not be deferred if unspent at year end.

(ii) Community Foundation Funding and Investment Income

Management reviewed all the funding agreements that made up the original principle balance within the Community Foundation Fund and noted that of the 10 subfunds only 3 of them were endowment in nature with the remaining 7 being externally restricted funding. Management has been treating all funding and investment income earned on the Community Foundation Fund as endowments rather than basing the treatment on the restrictions of the original contributions. Treating everything as an endowment instead of as a restricted contributions results in more of the balances being applied directly to net assets rather than presented as deferred revenue and recognized as income in the same period as the corresponding expenses. A prior period adjustment is proposed to allocate the appropriate net asset balance to deferred revenue.

The combined effects of the prior period adjustments on the comparative information in the financial statements is as follows:

	<u>2020</u> Previously Stated	Adjustment	<u>2020</u> Restated
Statement of Financial Position			
Deferred Contributions	\$ 123,695	\$ 1,111,836	\$ 1,235,531
Operating Fund	(114,663)	23,384	(91,279)
Community Foundation Fund	1,260,422	(1,135,220)	125,202
Statement of Changes in Net Assets			
Balance, Beginning of Year	18,534,431	(1,000,892)	17,533,539
Excess (Deficiency) of Revenue over Expenditures	807,650	(160,586)	647,064
Endowment Contributions	83,003	49,642	132,645
Statement of Operations			
Investment Income	273,371	21,809	295,180
Combined: Gain on Disposition of Investments and Unrealized Gains on Investments	1,129,616	(79,349)	1,050,267

CLAYOQUOT BIOSPHERE TRUST SOCIETY

Notes to Financial Statements

December 31, 2021

11. COVID-19:

The global outbreak of the coronavirus disease (COVID-19) continues to cause economic uncertainties that could have a material impact on the annual operations of the Society. The extent, if any, of the continued impact of COVID-19 on the Society and its operations for the year ended December 31, 2022 cannot be determined at this time.

12. Comparative Information:

Certain comparative information has been reclassified where necessary to conform with the presentation of the financial statements in the current year.

CLAYOQUOT BIOSPHERE TRUST SOCIETY

Unaudited Schedules of Revenues and Expenditures

December 31, 2021

Schedule 1 - Coastal Family Resource Coalition

	2021	2020
Revenue		
CFRC- Children's Resilience Initiative	\$ 17,160	\$ 37,100
CFRC - Communications	3,000	3,671
CFRC - Coordination	49,473	41,484
CFRC - Literacy	20,851	25,116
CFRC - Literacy - 5 Nations Language Stickers	4,950	-
Amounts deferred to subsequent year	<u>(10,386)</u>	<u>(23,908)</u>
	<u>85,048</u>	<u>83,463</u>
Expenses		
CFRC- Children's Resilience Initiative	26,151	27,040
CFRC - Communications	2,302	337
CFRC - Coordination	35,991	36,609
CFRC - Literacy	18,409	19,477
CFRC - Literacy - 5 Nations Language Stickers	<u>2,195</u>	<u>-</u>
	<u>85,048</u>	<u>83,463</u>
	<u>\$ -</u>	<u>\$ -</u>

Schedule 2 - Leadership Vancouver Island

	2021	2020
Revenue		
Program Revenue	\$ 888	\$ 23,110
Amounts recognized from deferred revenue from previous years	2,285	-
Amounts deferred to subsequent year	<u>-</u>	<u>(9,289)</u>
	<u>3,173</u>	<u>13,821</u>
Expenses		
	<u>3,173</u>	<u>13,821</u>
	<u>\$ -</u>	<u>\$ -</u>