

CLAYOQUOT BIOSPHERE TRUST SOCIETY
Financial Statements - December 31, 2022

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 AUDITORS' 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, 2022 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, 2022, 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.

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 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.

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 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.

Report on Other Legal and Regulatory Requirements

As required by the BC Societies Act, 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 that of the preceding year.

Chan Nawrood Boatis Inc

Chartered Professional Accountants
Campbell River, BC

May 25, 2023

CLAYOQUOT BIOSPHERE TRUST SOCIETY

Statement of Financial Position

December 31, 2022

2022

2021

ASSETS

Current Assets

Cash	\$ 915,871	\$ 100,243
Accounts Receivable	136,675	214,169
Prepaid Expenses	<u>7,428</u>	<u>6,035</u>
	1,059,974	320,447

Deposits Receivable

6,400 6,400

Property and Equipment (Note 3)

714,253 598,265

Investments (Note 4)

17,736,539 19,820,357

\$ 19,517,166 \$ 20,745,469

LIABILITIES

Current Liabilities

Accounts Payable and Accrued Liabilities	\$ 76,851	\$ 48,506
Government Remittances Payable	2,029	1,744
Grants Payable	24,180	9,150
Deferred Contributions (Note 5)	<u>1,516,606</u>	<u>1,422,153</u>
	1,619,666	1,481,553

Deferred Contributions - Biosphere Centre (Note 5)

855,533 72,500

Long Term Debt

- 40,000

2,475,199 1,594,053

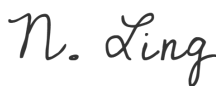
NET ASSETS

Operating Fund	(101,775)	(112,739)
Capital Fund	716,550	600,562
Endowment Fund - Canada Operating	(2,945,361)	583,962
Endowment Fund - Canada Capital	19,119,073	17,905,164
Community Foundation Fund	<u>253,480</u>	<u>174,467</u>
	17,041,967	19,151,416
	<u>\$ 19,517,166</u>	<u>\$ 20,745,469</u>

Approved by the Directors:



Director



Director

CLAYOQUOT BIOSPHERE TRUST SOCIETY

Statement of Changes in Net Assets

Year ended December 31, 2022

	Operating Fund	Capital Fund	Endowment Fund - Canada Operating	Endowment Fund - Canada Capital	Community Foundation Fund	2022	2021 (Note 9)
Balance, Beginning of Year	\$ (112,739)	\$ 600,562	\$ 583,962	\$ 17,905,164	\$ 174,467	\$ 19,151,416	\$ 18,313,248
Excess (Deficiency) of Revenue over Expenditures	(515,493)	(6,787)	(1,666,182)	-	77,919	(2,110,543)	838,118
Endowment Contributions	-	-	-	-	1,094	1,094	50
Endowment Fund - Inflation Protection (Note 4)	-	-	(1,213,909)	1,213,909	-	-	-
Purchases of Property and Equipment	(122,775)	122,775	-	-	-	-	-
Interfund Transfers	649,232	-	(649,232)	-	-	-	-
Balance, End of Year	\$ (101,775)	\$ 716,550	\$ (2,945,361)	\$ 19,119,073	\$ 253,480	\$ 17,041,967	\$ 19,151,416

CLAYOQUOT BIOSPHERE TRUST SOCIETY

Statement of Operations

Year ended December 31, 2022

	Operating Fund	Capital Fund	Endowment Fund - Canada Operating	Endowment Fund - Canada Capital	Community Foundation Fund	2022	2021 (Note 9)
Revenue							
Investment Income	\$ -	\$ -	\$ 394,198	\$ -	\$ 31,009	\$ 425,207	\$ 889,330
Donations	209,789	-	-	-	149,318	359,107	189,919
Grants and Recognition of Deferred Contributions	435,671	-	-	-	144,892	580,563	253,720
Fees for Service	125,966	-	-	-	-	125,966	71,375
Administration Fees and Internal Grants	43,744	-	-	-	12,000	55,744	115,876
Rental	7,200	-	-	-	-	7,200	13,200
Other Income	<u>25,052</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,052</u>	<u>27,742</u>
	847,422	-	394,198	-	337,219	1,578,839	1,561,162
Gain (Loss) on Disposition of Investments	-	-	(179,426)	-	(16,291)	(195,717)	383,570
Unrealized Gains (Loss) on Investments	-	-	<u>(1,823,275)</u>	-	<u>(115,336)</u>	<u>(1,938,611)</u>	<u>392,298</u>
	<u>\$ 847,422</u>	<u>\$ -</u>	<u>\$ (1,608,503)</u>	<u>\$ -</u>	<u>\$ 205,592</u>	<u>\$ (555,489)</u>	<u>\$ 2,337,030</u>

CLAYOQUOT BIOSPHERE TRUST SOCIETY

Statement of Operations (continued)

Year ended December 31, 2022

	Operating Fund	Capital Fund	Endowment Fund - Canada Operating	Endowment Fund - Canada Capital	Community Foundation Fund	2022	2021 (Note 9)
Expenditures							
Advertising and Communications	\$ 8,793	\$ -	\$ -	\$ -	\$ -	\$ 8,793	\$ 16,466
Amortization	-	6,787	-	-	-	6,787	9,379
Board Expenses	11,429	-	-	-	-	11,429	1,952
Contract Services - Capital	87,196	-	-	-	-	87,196	28,700
Contract Services - Program	42,202	-	-	-	-	42,202	49,385
Contract Services - Research	41,834	-	-	-	-	41,834	79,664
Contract Services - UNESCO	-	-	-	-	-	-	6,718
Contract Services - Vital Signs	640	-	-	-	-	640	2,681
Cost Recovery	16,486	-	-	-	14,231	30,717	92,826
Dues, Fees and Licences	34,128	-	-	-	-	34,128	31,618
Fund Management	-	-	57,679	-	4,763	62,442	65,228
Fundraising	1,223	-	-	-	1,200	2,423	2,189
Grants (Note 6)	284,863	-	-	-	107,479	392,342	256,874
Honoraria	15,946	-	-	-	-	15,946	10,397
Hospitality and Staff Functions	4,734	-	-	-	-	4,734	2,535
Insurance	11,234	-	-	-	-	11,234	10,006
Interest and Bank Charges	455	-	-	-	-	455	360
Office Supplies	8,656	-	-	-	-	8,656	15,814
Professional Development	18,517	-	-	-	-	18,517	26,388
Professional Services	38,582	-	-	-	-	38,582	30,224
Program Contributions	21,527	-	-	-	-	21,527	12,700
Program Material and Supplies	39,433	-	-	-	-	39,433	18,025
Rent and Building Occupancy	36,219	-	-	-	-	36,219	60,491
Salaries and Benefits (Note 7)	628,949	-	-	-	-	628,949	666,121
Travel	9,869	-	-	-	-	9,869	2,171
	<u>1,362,915</u>	<u>6,787</u>	<u>57,679</u>	<u>-</u>	<u>127,673</u>	<u>1,555,054</u>	<u>1,498,912</u>
Excess (Deficiency) of Revenues over Expenditures	\$ <u>(515,493)</u>	\$ <u>(6,787)</u>	\$ <u>(1,666,182)</u>	\$ <u>-</u>	\$ <u>77,919</u>	\$ <u>(2,110,543)</u>	\$ <u>838,118</u>

CLAYOQUOT BIOSPHERE TRUST SOCIETY

Statement of Cash Flows

Year Ended December 31, 2022

2022

2021
(Note 9)

Cash Flows From Operating Activities:

Excess of Revenues over Expenditures	\$ (2,110,543)	\$ 838,118
Items not involving cash:		
Unrealized Loss (Gain) on Investments	1,938,611	(392,298)
Amortization of Property and Equipment	<u>6,787</u>	<u>9,379</u>
	<u>(165,145)</u>	<u>455,199</u>
Changes in non-cash working capital		
Accounts Receivable	77,495	(190,291)
Prepaid Expenses	(1,393)	(731)
Accounts Payable and Accrued liabilities	28,345	16,613
Government Remittances Payable	285	1,150
Grants Payable	15,030	(39,132)
Deferred Contributions	<u>877,486</u>	<u>206,622</u>
	<u>997,248</u>	<u>(5,769)</u>
	<u>832,103</u>	<u>449,430</u>

Cash Flows From Investing Activities:

Purchase of Property and Equipment	(122,775)	(48,437)
Reinvested Income	(149,650)	(1,264,320)
Contributions from Investments	(81,550)	(72,870)
Withdrawals from Investments	<u>377,500</u>	<u>818,000</u>
	<u>23,525</u>	<u>(567,627)</u>

Cash Flows From Financing Activities:

Repayment CEBA Loan	<u>(40,000)</u>	<u>-</u>
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Net Increase (Decrease) in Cash 815,628 (118,197)

Cash - Beginning of Year 100,243 218,440

Cash - End of Year \$ 915,871 \$ 100,243

CLAYOQUOT BIOSPHERE TRUST SOCIETY

Notes to Financial Statements

December 31, 2022

1. Organization and Purpose:

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 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
Signage	20% 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, 2022

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, 2022

3. Property and Equipment:

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 410,324	\$ -	\$ 410,324	\$ -
Building - Biosphere Project	275,266	-	161,358	-
Artwork	11,000	-	11,000	-
Furniture and Equipment	35,419	23,536	31,572	19,675
Computer Equipment	20,354	16,257	17,016	13,330
Signage	1,683	-	-	-
	<u>\$ 754,046</u>	<u>\$ 39,793</u>	<u>\$ 631,270</u>	<u>\$ 33,005</u>
	<u>\$ 714,253</u>		<u>\$ 598,265</u>	

4. Investments:

	2022		2021	
	Cost	Market	Cost	Market
Endowment Fund - Canada Capital				
Canadian T-Bill	\$ 1,081,411	\$ 1,081,411	\$ 481,649	\$ 481,649
Fossil Free Corporate Bond	4,100,366	3,702,282	5,132,330	5,224,833
Government Bond	4,101,263	3,914,177	1,490,892	1,468,642
Fossil Free Dividend Equity	5,326,132	5,676,519	4,081,046	6,654,739
Fossil Free CanGlobe Equity	2,187,879	2,028,073	5,831,620	4,616,295
	<u>\$ 16,797,051</u>	<u>\$ 16,402,462</u>	<u>\$ 17,017,537</u>	<u>\$ 18,446,158</u>
Community Foundation Fund				
Canadian T-Bill	\$ 88,095	\$ 88,095	\$ 43,363	\$ 43,363
Fossil Free Corporate Bond	338,038	301,279	390,088	388,464
Government Bond	331,896	317,520	107,545	105,054
Fossil Free Dividend Equity	438,437	461,663	308,659	347,812
Fossil Free CanGlobe Equity	179,189	165,520	434,496	489,506
	<u>\$ 1,375,655</u>	<u>\$ 1,334,077</u>	<u>\$ 1,284,151</u>	<u>\$ 1,374,199</u>
	<u>\$ 18,172,706</u>	<u>\$ 17,736,539</u>	<u>\$ 18,301,688</u>	<u>\$ 19,820,357</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 6.8% (2021 - 3.4%) during the reporting period.

	2022	2021
Balance, Beginning of Year	\$ 17,905,164	\$ 17,323,499
Funding Agreement Inflation Adjustment	1,213,909	581,665
Balance, End of Year	<u>\$ 19,119,073</u>	<u>\$ 17,905,164</u>

CLAYOQUOT BIOSPHERE TRUST SOCIETY

Notes to Financial Statements

December 31, 2022

4. Investments (continued):

Endowment Fund - Canada Capital (continued)

At December 31, 2022, the fair value of investments held in the Canada Fund is below the real value of the original contribution, including the cumulative annual cost of living allowance adjustments. Under the terms of the Canada Fund agreement, upon breach of this clause, the Society is authorized to withdraw up to a maximum of 5% of the total trust capital over a 3 year period to fund its ongoing operations, allowing the Society to continue to operate consistent with prior years. Any amount drawn down from the principal Canada Fund Endowment assets of the Society must be fully repaid to the investment principal of the Canada Fund Endowment within 5 years. The Society is actively engaged in discussions with the Government of Canada with respect to this matter and does not anticipate any changes to core operations in the near future as this rebalancing occurs.

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	2022	2021
Biosphere Centre	Externally Restricted	\$ 2,009	\$ 2,193
Biosphere Research	Externally Restricted	870	823
CBT Operating Endowment	Endowment	2,723	2,834
Clayoquot Sound Wild Salmon	Endowment	81,679	89,619
Fish for the Future	Externally Restricted	222,242	145,321
Higher Education	Endowment	1,453	1,606
Pacific Rim Foundation	Externally Restricted	982,647	1,086,048
Tofino Children's Swimming and Water Safety	Externally Restricted	15,515	17,152
Tofino Community	Externally Restricted	19,752	22,960
West Coast Multiplex	Externally Restricted	5,187	5,643
		<u>\$ 1,334,077</u>	<u>\$ 1,374,199</u>

5. 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:

	2021		2022	
	Balance Beginning of Year	Plus: Amounts Received in Year	Less: Amounts Recognized in Year	Balance End of Year
Program				
Operating Fund	\$ 23,350	\$ 35,033	\$ 15,450	\$ 42,933
Eat West Coast	7,925	67,556	47,228	28,253
Leadership Vancouver Island	7,004	30,100	20,060	17,044
Neighbourhood Small Grants	-	2,500	365	2,135
Coastal Family Resource Coalition	34,294	44,139	53,600	24,833
CERIP Signage Revitalization	149,654	-	75	149,579
OECM	-	278,007	194,866	83,141
West Coast NEST	-	35,000	1,000	34,000
Program Total	<u>222,227</u>	<u>492,335</u>	<u>332,644</u>	<u>381,918</u>
Community Fund	<u>1,199,926</u>	<u>(49,465)</u>	<u>15,773</u>	<u>1,134,688</u>
	<u>\$ 1,422,153</u>	<u>\$ 442,870</u>	<u>\$ 348,417</u>	<u>\$ 1,516,606</u>

CLAYOQUOT BIOSPHERE TRUST SOCIETY

Notes to Financial Statements

December 31, 2022

5. Deferred Contributions (continued):

Deferred Contributions - Biosphere Centre

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, 2022 the total deferred revenues are \$855,533 (2021 - \$72,500).

6. Grants - Expenditures:

	2022	2021
Arts and Culture	\$ 20,000	\$ 20,000
Youth and Education	20,000	25,000
Community Development	20,000	15,000
Research and Environment	20,000	20,000
Vital Grants	33,700	79,870
Biosphere Region Research Award	18,854	20,000
Education Awards	18,912	34,672
Transportation	-	1,000
Empowering Youth	4,237	1,330
Field Trip Program	1,000	6,500
Community Response	5,230	9,150
Stewardship & Restoration Support	103,827	-
Tofino Saltwater Classic Fund	85,200	-
Warrior Program Fund	19,679	-
Tofino Children's Swimming and Water Safety Fund	1,500	-
Other Program Grants	20,203	24,352
	<u>\$ 392,342</u>	<u>\$ 256,874</u>

7. 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 is one employee (2021 - three) with remuneration over \$80,000. The total remuneration for these individuals for the year ended December 31, 2022 was \$146,572 (2021 - \$339,534).

CLAYOQUOT BIOSPHERE TRUST SOCIETY

Notes to Financial Statements

December 31, 2022

7. Salaries and Benefits (continued):

Total salaries and benefits are allocated as follows:

	2022				2021			
	CBT Operating Fund	West Coast Nest	Coastal Family Resource Coalition	Total	CBT Operating Fund	West Coast Nest	Coastal Family Resource Coalition	Total
Wages	\$ 423,833	\$ 83,507	\$ 15,027	\$ 522,367	\$ 448,020	\$ 92,693	\$ 12,197	\$ 552,910
EI Expense	7,756	1,766	333	9,855	6,925	1,863	270	9,058
CPP Expense	19,922	4,497	660	25,079	17,501	4,480	10	21,991
WCB Expense	1,279	-	-	1,279	1,278	-	-	1,278
Extended Health	25,941	4,732	-	30,673	28,120	4,278	-	32,398
RRSP Contributions	33,286	6,410	-	39,696	42,240	6,246	-	48,486
	<u>\$ 512,017</u>	<u>\$ 100,912</u>	<u>\$ 16,020</u>	<u>\$ 628,949</u>	<u>\$ 544,084</u>	<u>\$ 109,560</u>	<u>\$ 12,477</u>	<u>\$ 666,121</u>

During the year ended December 31, 2022, the Society paid the following board members honoraria for training opportunities and contributions outside of their usual duties as board members:

Ariane Shaw	\$ 225
Ruth Charleson	400
Nicky Ling	100
	<u>\$ 725</u>

8. 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, 2022.

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.

CLAYOQUOT BIOSPHERE TRUST SOCIETY

Notes to Financial Statements

December 31, 2022

8. Financial Risks (continued):

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.

9. Prior Period Adjustment

During the year ending December 31, 2022 the Society identified that the annual adjustment to recognize the required inflationary increase in net assets of the Endowment Fund - Canada Capital had in previous years incorrectly been netted against Investment Income on the Statement of Operations under the Endowment Fund - Canada Operating. This misclassification had no impact on the ending Net Assets of the Society. As a result of identifying the above, the Society adjusted the below noted amounts for the year ending December 31, 2021.

- Revenue - Investments Income on the Statement of Operations increased from \$307,665 to \$889,330.
- Endowment Fund - Canada Operating on the Statement of Changes in Net Assets decreased from \$nil to (\$581,665).

CLAYOQUOT BIOSPHERE TRUST SOCIETY

Unaudited Schedules of Revenues and Expenditures

December 31, 2022

Schedule 1 - Coastal Family Resource Coalition

	2022	2021
Revenue		
CFRC- Children's Resilience Initiative	\$ -	\$ 17,160
CFRC - Communications	-	3,000
CFRC - Coordination	34,000	49,473
CFRC - Literacy	20,031	20,851
CFRC - Literacy - 5 Nations Language Stickers	-	4,950
Amounts recognized from deferred revenue from previous years	9,461	-
Amounts deferred to subsequent year	-	(10,386)
	<u>63,492</u>	<u>85,048</u>
Expenses		
CFRC- Children's Resilience Initiative	1,069	26,151
CFRC - Communications	1,263	2,302
CFRC - Coordination	42,024	35,991
CFRC - Literacy	16,381	18,409
CFRC - Literacy - 5 Nations Language Stickers	<u>2,755</u>	<u>2,195</u>
	<u>63,492</u>	<u>85,048</u>
	<u>\$ -</u>	<u>\$ -</u>

Schedule 2 - Leadership Vancouver Island

	2022	2021
Revenue		
Program Revenue	\$ 31,600	\$ 888
Amounts recognized from deferred revenue from previous years	-	2,285
Amounts deferred to subsequent year	<u>(10,040)</u>	<u>-</u>
	<u>21,560</u>	<u>3,173</u>
Expenses		
	<u>21,560</u>	<u>3,173</u>
	<u>\$ -</u>	<u>\$ -</u>