



## **Gwaii Forest Charitable Trust**

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Phone: 1-250-626-3654/ Fax: 1-250-626-3261 (Masset Office)

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## **Gwaii Forest Charitable Trust Operations Report for the Fiscal Year Ended Dec 31<sup>st</sup> 2009**

**Pursuant to Sections 2(11) and 36(b) of the Deed of Trust made as of March 29, 2007 by the Gwaii Trust Society, the Initial Trustees and the Initial Protector (the “Trust Deed”)**

### **A. Summary and explanation of practices used in review, evaluation and approval of eligible Projects in the fiscal year ended December 31, 2008.**

The following is a summary & explanation of the procedures used by the trustees (the “Trustees”) of the Gwaii Forest Charitable Trust (“GFCT”) in the review, evaluation & approval of eligible projects in respect of the fiscal year of GFCT ended December 31, 2008. In accordance with its obligations as agent of the GFCT, the Gwaii Forest Society (“GFS”) prepared the standards and objectives for eligible projects which have been approved by the Trustees and form the basis of the Guide to Program and Application Process (Appendix 1).

The Call for Proposals for Eligible Projects was opened in the Sustainable Forest Management program area of GFCT’s purposes in September 2007. Applications were not invited in the Community Stability program area, which was under development at the time.

The GFS’s eight-member Board of Directors (the “GFS Board”) was responsible for the overall policies and practices of the GFS in its capacity as agent for GFCT. Such policies and practices were subject to approval by the trustees of the GFCT to the extent that they affect the GFS activities as agent of the GFCT. In considering applications with respect to Eligible Projects, the GFS Board relied on an administrative review by the GFS’s Executive Director who ensured the projects proposed to the GFS were “eligible”. Such projects found to be eligible are then forwarded for review to the Technical Advisory Committee of community volunteers experienced in education and forest management presently serving in the Sustainable Forest Management program area. The GFS Board then reviewed the proposed Eligible Projects, taking into consideration the recommendations from the GFS Executive Director and the Technical Advisory Committee and, if required, professional advisors.

This three-stage review process began after the close of the Call for Proposals in October, 2007. The GFS Executive Director determined that one proposal was not an Eligible Project and another proposal failed to meet basic application requirements including the standards and objectives approved by the trustees. A total of 19 proposals were forwarded for review and comment to the Technical Advisory Committee. The Committee’s recommendations were then forwarded to the GFS Board.



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The GFS Board met January 7 and 8, 2008 to review the proposed 14 Eligible Projects. A summary of such projects, with an explanation of how they qualify to be “Eligible Projects” and associated budgets was forwarded to the trustees of the GFCT for consideration and approval. The GFCT Trustees approved 14 Eligible Projects for the fiscal year ending December 31, 2008 at its January 19, 2008 meeting.

Each proponent of an Eligible Project that is approved for funding by the Trustees executed a service agreement with the GFS, as agent for the GFCT. These service agreements provided details outlining financial and performance measures and expectations, timetable for advances and disbursements as well as measures taken for non-compliance, including a 20% hold-back of funding.

### **B. Full Listing of all Eligible Projects for which funding by the GFCT was funded in the fiscal year ended December 31, 2009.**

#### **Deer Browse Restoration (\$8,550)**

RESEARCH—The Research Group on Introduced Species was engaged by the GFS to hire local hunters to maintain reduced browsing pressure on Reef Island through a cull. This is part of a Long-term research effort by RGIS to achieve and understand the effects of a prolonged reduction of deer browsing in the natural forests of Haida Gwaii. The Research Group on Introduced Species, a non-profit society, is under contract to GFS.

#### **Goshawk Population Status (\$34,825)**

RESEARCH—Through the continued monitoring of known nests and locating new nests in areas where harvesting pressure is highest, this project provided GFS with critical information for strategic and operational planning of the red listed Northern Goshawk. Frank Doyle of Wildlife Dynamics Consulting is under contract to GFS.

#### **Junior Ranger Stewardship Training Program (\$31,931)**

EDUCATION AND TRAINING—In partnership with the BC Ministry of Forest and Range, GFS built local capacity in forest stewardship by introducing eight high school students from the north and south ends of the Islands to careers in resource management through exposure and hands-on experience in a variety of forest related activities for six weeks in the summer of 2008. A grant was made to the BC Ministry of Forests and Range.

#### **Incorporating Cultural Use Species (\$57,292)**

RESEARCH—In partnership with Royal Roads University and the Haida Tribal Society, through the Forest Guardians, this project used participatory research to develop a method for quantitative and qualitative inventory of culturally valuable understory species. In addition, the project developed habitat models and then applied those habitat models to existing inventory and geographic



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information system (“GIS”) coverage to build a predictive landscape map for cultural use species on Haida Gwaii. A grant was made to Royal Roads University.

### **Forest for a Living (\$13,900)**

EDUCATION AND TRAINING—This project encouraged youth (grades 5-10) to take part in forest field trips and to learn about what forestry jobs involve. The goal was to create a greater appreciation of forests and to encourage students to pursue careers in forestry related industries. Josina Davis is under contract to GFS.

### **Information Support for Land Use Planning Implementation (\$79,856)**

RESEARCH AND PLANNING—The Gowgaia Institute contributed its GIS resources to develop models and maps that contribute to forest ecology and understanding the spatial implications of ecosystem-based management (“EBM”) on the landscape for the land use plan with a focus on cedar, the condition of riparian forest and timber economic trends. A grant was made to the Gowgaia Institute as a project of Earthlife Canada Foundation (#118890383RR0001)

### **Coastal Guardian Watchman Certificate Program (\$47,600)**

EDUCATION AND TRAINING—This was a First Nations college level training course in sustainable resource management practices (forestry, fisheries) offered throughout the traditional territories of the Haida Nation. Completion of the program entitled successful students to a formal Certificate. The Haida Watchman Society, a non-profit society, is under contract to GFS.

### **Karst Assessment (\$18,700)**

RESEARCH & PLANNING—This project provided GFS with a strategic overview assessment of the forest karst resources on Haida Gwaii, describing their occurrence, characteristics and status, and providing guidance for improving local land use planning and sustainable development initiatives through such knowledge. Soil loss and maintenance of water quality are areas of particular concern; especially for forestry road building and karst knowledge is important in understanding these matters. Karst is a three-dimensional soluble rock landscape—often occurring as underground limestone caves—that are highly susceptible to environmental change. Paul Griffiths is under contract to GFS.

### **Everything Canoe (\$19,505)**

EDUCATION AND TRAINING—The GES funded the Haida Gwaii Museum with educational partners to develop appropriate, culturally sound curricula that integrates the making of traditional Haida cedar canoes with knowledge of the forests and understanding of Haida culture, history and pride of place. A grant was made to the Haida Gwaii Museum (#10786 7996 RP0001).



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### **Cultural Value Monitoring Program for EBM Implementation (\$91,242)**

RESEARCH AND PLANNING—The Forest Guardians will develop a monitoring protocol and methodology for identification of cedar and other forest vegetation having Haida cultural value with respect to the EBM objectives in the Strategic Land Use Agreement. The Haida Tribal Society, a non-profit society, is under contract to GFS.

### **Cost-Benefit Analysis for LiDAR (\$24,751)**

RESEARCH AND PLANNING—LiDAR (Light Detection And Ranging) is a remote sensing technique for gathering very high-resolution data on elevation and vegetation using reflected laser signals. This project produced two contracted reports (LiDAR cost-benefit and ground control point assessment), with a short evaluation of these results and recommendations from a Technical Committee on what the next steps should be, e.g. a decision to use the colour air photos for a digital elevation model (“DEM”) extraction instead of LiDAR, or recruiting partners for a LiDAR acquisition and processing project. The Haida Tribal Society, a non-profit society, is under contract to GFS.

### **In the Company of Elders (\$20,000)**

EDUCATION AND TRAINING—“In the Company of Elders” was a multi-media storytelling project with the theme of the forest our elders of Islands people. Its aims were to foster knowledge and understanding of forest life, its unique qualities and interconnectedness, to Islands people and between Islands people. It was presented as a live performance shown to Islands school children and the public. Judy McKinley is under contract to GFS.

### **Haida Language Forest Project (\$37,564)**

EDUCATION AND TRAINING—The Aditsii Xaad Kil Project delivered sustainable forest management curriculum for the GFS with a focus on Haida ideology and language. The Project combined high quality video teaching tools with interactive and hands-on, in-class games and activities. The video project focused on six videos, and corresponding curriculum package relating to three key Haida themes: Traditional Haida forest stewardship and the need for sustainability today, plant and wildlife identification, and creating awareness in our youth about the real possibilities of careers in forest stewardship. Xaad Kihlgaa HI Suu.u (Speak Haida Society), a non-profit society, is under contract to GFS.

### **Fungal Diversity Inventory (\$61,810)**

RESEARCH AND PLANNING—This project extended a four-year study of Gwaii Haanas to North Moresby and Graham Island, focusing on the recognition, inventory and evaluation of the fungal component of the land base and how it maintains sustainable forests. Dr. Bryce Kendrick is under contract to GFS.



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### **C. Summary and Explanation of the investment strategy of GFCT in the fiscal year of GFCT ended December 31, 2009 and any material changes in the investment of the property of GFCT.**

The investment strategy of the GFCT is exactly the same as that of the Gwaii Trust Society. A detailed statement of investment policies and procedures of the GFCT is published on the GFCT website. No material changes in those policies or procedures occurred in the fiscal year ended December 31, 2009.

### **D. Summary and Explanation of the results of consultation between the Trustees and GFS in the fiscal year of GFCT ended December 31, 2009 with respect to the development of plans for the use of income from the property of GFCT.**

The capital of GFCT had fallen below the level that it was required to maintain pursuant to the Trust Deed due to securities market volatility in 2008, this spiral continued into the middle of 2009. As a result, it has been determined by the Trustees of GFCT (the "Trustees") that they would be in breach of the Trust Deed to expend any further GFCT funds while a capital deficit exists. The Trustees have also, with professional advice, determined that it would not be prudent to resume funding of Eligible Projects from GFCT funds until the GFCT has at least a \$3-million reserve fund to deal with future market volatility so as to avoid the embarrassment of undertaking funding obligations without the eventual funds to live up to such obligations.

Because of this situation, there has been no need to consult with GFS in respect of funding for the time being. The GFS agency agreement expired at the end of March 2009 with a 30-day proviso for accountants to prepare statements and wind down the operation. For the time being, the Trustees have determined not to renew the agency agreement with GFS. When the GFCT is in a position to fund Eligible Projects again, the Trustees may reconsider this decision. GFCT is now only expending funds upon necessary maintenance functions, including actuary fees, investment manager fees, legal fees, protector fees, accounting fees, and basic administration/management fees at a level necessary to maintain the GFCT until it is in a position again to fund Eligible Projects. These expenses are paid by the Trustees and then reimbursed by a deduction from the funds of the GFCT. The Board is committed to this strategy until the fund recovers an excess of \$3-million dollars over and above the level of protected capital required by the Trust Deed.

The financial statements of the GFCT for the fiscal year ended December 31, 2009 attached hereto as Appendix "A" clearly reflect the change in financial position of the GFCT's capital fund due to market volatility. Today the GFCT's capital has regained some ground but still remains roughly some \$2-million under the required agreed capital amount to begin funding projects again. With



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basically a flat outlook for global markets forecasted for 2010 the Trustees anticipate there will likely be no provision for granting during the 2010 fiscal year.

During the course of the 2009 fiscal year all projects had been completed within budget and a remaining surplus of \$119,243.00 being returned to the Gwaii Forest Charitable Trust at the end of the Gwaii Forest fiscal year. A summary of the completed projects is attached as Appendix "B"



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Appendix "A"

"Financial Statements attached under separate cover, GFCT 2009 Financial Statements" posted on our website [www.gwaiiforestcharitabletrust.org](http://www.gwaiiforestcharitabletrust.org)



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Appendix "B"

Project summaries attached under separate cover, "GFCT 2009 Archived Projects" posted on our website [www.gwaiiforestcharitabletrust.org](http://www.gwaiiforestcharitabletrust.org)