

Financial Statements of

**COAST CONSERVATION ENDOWMENT
FUND FOUNDATION**

And Independent Auditors' Report thereon

Year ended December 31, 2019



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Coast Conservation Endowment Fund Foundation

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Coast Conservation Endowment Fund Foundation (the "Foundation"), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of operations and changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2019, and its results of operations, its changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 auditors' report.

We are independent of the Foundation 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.

Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditors' report thereon, included in the 2019 Annual Report.



Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the 2019 Annual Report as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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 Canadian accounting standards for not-for-profit organizations, 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 the 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 Foundation'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 Foundation'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 Foundation 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.
- 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 policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Chartered Professional Accountants

Vancouver, Canada

April 27, 2020

COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Statement of Financial Position

December 31, 2019

	2019	2018
Assets		
Current assets:		
Cash	\$ 4,769,188	\$ 2,126,730
Prepaid expenses	14,666	12,018
Government and other receivables	18,685	19,668
Short-term investments (note 3)	1,942,616	-
	<u>6,745,155</u>	<u>2,158,416</u>
Tangible capital assets (note 4)	8,562	10,313
Intangible asset (note 5)	-	15,276
Investments (note 3)	79,056,407	76,671,954
	<u>\$ 85,810,124</u>	<u>\$ 78,855,959</u>

Liabilities and Net Assets

Liabilities:		
Accounts payable and accrued liabilities	\$ 56,761	\$ 88,439
Deferred contributions (note 6)	196,551	62,500
Due to Society (note 7)	273,054	191,239
Accrued project funding distribution	2,530,790	1,648,465
	<u>3,057,156</u>	<u>1,990,643</u>
Net assets:		
General	98,088	86,618
Externally restricted:		
Revenue fund (note 12)	26,667,055	20,790,873
Regional conservation planning fund	159,210	159,210
Conservation endowment fund	55,828,615	55,828,615
	<u>82,752,968</u>	<u>76,865,316</u>
Commitments (note 9)		
Subsequent event (note 14)		
	<u>\$ 85,810,124</u>	<u>\$ 78,855,959</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Statement of Operations and Changes in Net Assets

Year ended December 31, 2019

	Unrestricted	Externally restricted			2019	2018
	General	Revenue fund	Regional conservation planning fund	Conservation endowment fund		
Revenue:						
Contributions	\$ 168,143	\$ -	\$ -	\$ -	\$ 168,143	\$ 56,000
Net investment income (note 8)	-	9,487,895	-	-	9,487,895	699,547
	168,143	9,487,895	-	-	9,656,038	755,547
Expenses:						
Administration	19,167	20,104	-	-	39,271	25,955
Projects	-	3,208,925	-	-	3,208,925	2,411,606
Communications	23,782	19,319	-	-	43,101	18,538
Cost sharing with the Society (note 7)	14,724	171,849	-	-	186,573	166,498
Facilities and equipment	477	149,320	-	-	149,797	144,300
Personnel	64,616	-	-	-	64,616	37,669
Professional fees	33,907	42,196	-	-	76,103	77,868
	156,673	3,611,713	-	-	3,768,386	2,882,434
Excess (deficiency) of revenue over expenses	11,470	5,876,182	-	-	5,887,652	(2,126,887)
Net assets, beginning of year	86,618	20,790,873	159,210	55,828,615	76,865,316	78,992,203
Net assets, end of year	\$ 98,088	\$ 26,667,055	\$ 159,210	\$ 55,828,615	\$ 82,752,968	\$ 76,865,316

See accompanying notes to financial statements.

COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Statement of Cash Flows

Year ended December 31, 2019

	2019	2018
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ 5,887,652	\$ (2,126,887)
Items not involving cash:		
Amortization	27,031	29,223
Fair value adjustment on investments	(5,823,961)	2,769,154
Changes in non-cash operating working capital:		
Government and other receivables	983	6,702
Prepaid expenses	(2,648)	(2,383)
Accounts payable and accrued liabilities	(31,678)	22,182
Deferred contributions	134,051	62,500
Due to Society	81,815	111,232
Accrued project funding distribution	882,325	(54,283)
	1,155,570	817,440
Investing:		
(Increase) decrease in investments	1,496,892	(1,118,121)
Purchase of tangible capital assets	(10,004)	(3,740)
	1,486,888	(1,121,861)
(Decrease) increase in cash	2,642,458	(304,421)
Cash, beginning of year	2,126,730	2,431,151
Cash, end of year	\$ 4,769,188	\$ 2,126,730

See accompanying notes to financial statements.

COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Notes to the Financial Statements

Year ended December 31, 2019

1. Operations:

The Coast Conservation Endowment Fund Foundation (the "Foundation") is incorporated under the Societies Act (British Columbia). The Foundation commenced operations in September 2007, with the appointment of the Board of Directors.

The Foundation is a registered charity under the Income Tax Act. Its purpose is to fund conservation and resource management initiatives in the central and northern coastal regions of British Columbia and Haida Gwaii in collaboration with First Nations.

2. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

(b) Fund accounting:

The Foundation follows the restricted fund method of accounting for contributions. For accounting purposes, funds have been established as follows:

(i) General fund:

The general fund is used to manage and report on revenue and expenses related to unrestricted contributions and grants. The fund balance represents net assets that are not subject to externally imposed restrictions.

(ii) Restricted funds:

Revenue fund:

These amounts represent income earned on the contributions to the regional conservation planning fund and the conservation endowment fund which have been restricted first for the funding of the Foundation's operational and administrative activities. Any remaining balance is restricted for projects for conservation initiatives connected with the project area.

The Foundation's Board of Directors approved a policy for the determination of an annual allocation from the revenue fund for First Nation projects (note 12). This policy provides for a reserve to support stable funding during periods when investment income is less than a target minimum.

Regional conservation planning fund:

The amounts in this fund are restricted by the donors to fund projects for regionally focused conservation planning projects.

Conservation endowment fund:

This fund represents contributions received by the Foundation, the principal of which is to be maintained on a permanent basis. Investment income earned on the Foundation's externally restricted endowments is externally restricted and is reported in the revenue fund and used to fund operational and administrative costs and approved conservation initiatives.

COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Notes to the Financial Statements

Year ended December 31, 2019

2. Significant accounting policies (continued):

(c) Revenue recognition:

Restricted contributions:

Restricted contributions are recognized as revenue in the appropriate restricted fund when they are receivable by the Foundation if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions that have no specific restricted fund are recorded as deferred contributions in the General Fund and recognized as revenue in the General Fund in the year in which the related expenses are incurred.

Investment income:

Investment income on the Foundation's endowments and restricted contributions is recorded when earned.

Unrestricted contributions:

Unrestricted contributions are recognized as revenue in the General Fund in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

(d) Accrued project funding distribution:

Accrued project funding distribution is recorded upon execution of a funding agreement, when the amount payable can be reasonably estimated and disbursements reasonably assured. Disbursement of project funding to First Nations may be conditional on the recipient meeting certain criteria and providing certain supporting information.

(e) Tangible capital assets:

Tangible capital assets are recorded at cost and are amortized over the estimated useful lives of assets as follows:

Asset	Basis	Rate
Equipment	Declining balance	30%
Software	Straight-line	Over a 3 year period

(f) Intangible assets:

Intangible assets include costs incurred towards the development of the Foundation's website. Any costs to support or service the website are expensed in the period incurred. When an intangible asset no longer fully or partially contributes to the Foundation's ability to provide services, its carrying amount is written down to the lower of fair value and replacement cost. Amortization commences when the website is brought into service. The costs are amortized using the straight-line method over the estimated useful life of the website of 3 years.

COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Notes to the Financial Statements

Year ended December 31, 2019

2. Significant accounting policies (continued):

(g) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the determination of accrued project funding distribution and provisions for contingencies. Actual results could differ from those estimates.

(h) Financial instruments:

The Foundation's financial instruments include cash, amounts due to the Society, investments, accounts payable and accrued liabilities and accrued project funding distribution. Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. Investments are recorded at the trade date and measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost.

Transaction costs incurred on the acquisition of the financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(i) Foreign currency translation:

Monetary assets and liabilities denominated in foreign currencies, and that have not been hedged, are translated into Canadian dollars at the rates of exchange in effect at the statement of financial position date. Other assets, liabilities and items affecting earnings are translated into Canadian dollars at the rates of exchange in effect at the date of the transaction. Gains or losses arising from these foreign currency transactions are included in the determination of excess (deficiency) of revenues over expenses.

COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Notes to the Financial Statements

Year ended December 31, 2019

3. Investments:

The table below summarizes the fair value of the investments held by the Foundation.

	2019	2018
Investments at fair value:		
Fixed income securities	\$ 11,899,634	\$ 16,943,186
Canadian equities	8,018,417	7,519,523
Global equities	21,532,445	19,277,328
Canadian pooled mortgage fund	15,164,948	16,757,155
Canadian pooled real estate fund	16,535,377	8,279,106
Infrastructure	7,848,202	7,895,656
	80,999,023	76,671,954
Less short term fixed income securities	1,942,616	-
Total non-current investments	\$ 79,056,407	\$ 76,671,954

Fixed income securities consist of bonds maturing between 2021 and 2051 (2018 - 2020 and 2050) at rates varying between 0.0% and 5.7% (2018 - 0.0% and 5.7%). Infrastructure investments are held in Axiom Infrastructure NA Limited Partnership.

4. Tangible capital assets:

	2019		2018	
	Cost	Accumulated amortization	Net book value	Net book value
Equipment	\$ 10,004	\$ 1,442	\$ 8,562	\$ -
Software	119,742	119,742	-	10,313
	\$ 129,746	\$ 121,184	\$ 8,562	\$ 10,313

5. Intangible asset:

	2019		2018	
	Cost	Accumulated amortization	Net book value	Net book value
Website	\$ 68,741	\$ 68,741	\$ -	\$ 15,276

COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Notes to the Financial Statements

Year ended December 31, 2019

6. Deferred contributions:

The Foundation received grant funding from various funders to further support stewardship efforts in the Great Bear Rainforest and Haida Gwaii. Deferred contributions consist of grant funding restricted for eligible project expenditures.

	2019	2018
Opening balance	\$ 62,500	\$ -
Contributions received	290,944	62,500
Revenue recognized	(156,893)	-
	\$ 196,551	\$ 62,500

7. Related party transactions:

The Foundation is related to the Coast Economic Development Society (the "Society") as all of the directors of the Foundation are also directors of the Society. The Society is a not-for-profit organization incorporated under the Societies Act (British Columbia). The purpose of the Society is to fund sustainable economic development initiatives in the central and northern coastal regions of British Columbia and Haida Gwaii in collaboration with First Nations.

The net assets and results from operations of the Society have not been included in these financial statements. A financial summary of the Society as at and for the year ended December 31, 2019 is as follows:

	2019	2018
Financial position:		
Total assets	\$ 31,042,965	\$ 23,890,127
Total liabilities	1,409,755	1,178,379
Total net assets	\$ 29,633,210	\$ 22,711,748
Results of operations:		
Total revenue	\$ 9,670,135	\$ 513,222
Total expenses	2,748,673	3,120,061
Excess (deficiency) of revenue over expenses	\$ 6,921,462	\$ (2,606,839)
Cash flows:		
Operating activities	\$ 6,863,501	\$ (2,427,398)
Investing activities	3,124,937	1,860,900

The Foundation and Society share operating resources under a cost sharing agreement.

COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Notes to the Financial Statements

Year ended December 31, 2019

7. Related party transactions (continued):

In accordance with the cost sharing agreement, during the year ended December 31, 2019, the Foundation charged the Society \$119,732 (2018 - \$122,140), and the Society charged the Foundation \$306,305 (2018 - \$288,638) for their respective share of the expenses incurred by each of the two parties. Cost sharing with the Society of \$186,573 (2018 - \$166,498) recorded on the statement of operations excludes taxes paid of \$5,707 (2018 - \$5,479) on a portion of services billed by the Society to the Foundation.

As at December 31, 2019, the balance owed by the Foundation to the Society was \$273,054 (2018 - \$191,239). The balance is unsecured, non-interest bearing and has no specific terms of repayment.

Cost sharing with the Society is comprised of the following:

	2019	2018
Expenses charged from the Society:		
Administration	\$ 19,611	\$ 27,932
Board expenses	24,235	15,770
Communications	14,250	14,128
Facilities and equipment	994	1,524
Personnel	228,877	220,965
Professional fees	18,338	8,319
	<u>306,305</u>	<u>288,638</u>
Less: expenses recovered from the Society:		
Administration	(4,375)	-
Facilities and equipment	(99,211)	(99,061)
Professional fees	(7,064)	(15,211)
Insurance	(9,082)	(7,868)
	<u>(119,732)</u>	<u>(122,140)</u>
	<u>\$ 186,573</u>	<u>\$ 166,498</u>

The Society is not charged for its use of the offices leased by the Foundation.

8. Net investment income:

	2019	2018
Interest income	\$ 989,525	\$ 719,125
Dividend income	584,173	937,783
Realized gains on sale of investments	2,812,529	2,424,197
Change in fair value adjustments on investments	5,721,629	(2,769,154)
	<u>10,107,856</u>	<u>1,311,951</u>
Less investment manager and custodian fees	619,961	612,404
	<u>\$ 9,487,895</u>	<u>\$ 699,547</u>

COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Notes to the Financial Statements

Year ended December 31, 2019

9. Commitments:

- (a) The Foundation entered into an operating lease agreement with respect to the Foundation and Society's premises. The minimum annual payments under the lease are as follows:

2020	\$	47,208
2021		3,934
	\$	98,163

- (b) During the year, the Foundation entered into a subscription agreement with Axiom Infrastructure NA Limited Partnership ("Axiom"). Under this agreement, the Foundation is a Limited Partner and has made commitment to pay \$7,300,000 towards the purchase of Limited Partnership Units and related fees. As of December 31, 2019, the Foundation has paid \$36,500 towards this commitment. Subsequent to year end, the Foundation further paid \$1,169,467 toward this commitment.

10. Financial instruments:

- (a) Market risk:

Market risk is the risk that the fair value of the Foundation's financial instruments will fluctuate as a result of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing return. This risk is managed by the Foundation through closely monitoring its investments, employing investment diversification and maintaining the instruments within the Foundation's Investment Policy. All securities present a risk of loss equivalent to their fair values.

- (i) Currency risk:

Currency risk is the risk that the fair value of the Foundation's financial instruments will fluctuate due to changes in foreign exchange rates. The Foundation is directly exposed to currency risk on its investments in U.S. and global equity securities. The Foundation does not enter into forward contracts to mitigate this risk.

- (ii) Interest rate risk:

Interest rate risk is the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the levels of market interest rates. The Foundation's interest rate risk is mostly related to investments in fixed income instruments and the Canadian pooled mortgage fund. The Foundation's interest rate risk is managed by the Foundation with an investment manager through construction of a diversified portfolio and monitoring of the investments by management.

COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Notes to the Financial Statements

Year ended December 31, 2019

10 Financial instruments (continued):

(a) Market risk (continued):

(iii) Other price risk:

Other price risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from currency risk or interest rate risk) whether they are caused by factors specific to an individual investment, its issuer or by factors affecting all instruments traded in the market.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Foundation is not exposed to any significant credit risk.

(c) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

There has been no change to any of the above risk exposures from 2018.

11. Capital management:

The Foundation defines capital to be net assets.

The primary objective of the Foundation's capital management is to generate investment income to fund projects to First Nations for conservation initiatives and operating expenses of the Foundation. This objective is balanced with the need to preserve capital.

The Foundation manages capital in accordance with the Conservation Investments and Incentives Agreement which requires the use of socially responsible investment screens and the utilization of professional investment management services.

As of December 31, 2019, the Foundation has complied with all externally imposed capital restrictions.

12. Revenue fund:

As described in note 2(b)(ii), the revenue fund is restricted first for the funding of the Foundation's operational and administrative activities. Any remaining balance is restricted for projects for conservation initiatives connected with the project area.

COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Notes to the Financial Statements

Year ended December 31, 2019

12. Revenue fund (continued):

As at December 31, 2019, the balance in the revenue fund is \$26,667,055 (2018 - \$20,790,873). Of this balance, \$16,684,046 (2018 - \$16,467,040) is currently available to be drawn down for project distribution. The remaining balance of \$9,983,009 (2018 - \$4,323,833) has been set aside for future distributions, and is comprised of a reserve amount of \$4,000,000 (2018 - \$4,000,000) and an additional retention of \$5,983,009 (2018 - \$323,833). The reserve has been established to meet the Board of Director's policy of ensuring that there is a balance available to be drawn down for project distribution when investment income is less than a target minimum in a future year. The additional retention is based on the Foundation's financial results for the year, and has been calculated in accordance with the Foundation's governing documents. This retention amount is established for the purpose of minimizing year-over-year variability in funds available to be drawn down for future project distributions.

13. Disclosure of director, employee and contractor remuneration:

For the year ended December 31, 2019, no individual employee or contractor for services received total annual remuneration of \$75,000 or greater.

In accordance with the bylaws of the Foundation, no remuneration was paid to any directors of the Foundation during the year.

14. Subsequent event:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This situation, along with the global economic downturn in early 2020, present uncertainty over the Foundation's future cash flows, and may have a significant impact on the Foundation's future operations. Potential impacts on the Foundation's operations could include future impairment of investments or reduction in investment income. The Foundation has a well diversified portfolio over six different asset classes, with investments classes such as Infrastructure which have historically low correlation to equities market volatility. The Foundation's Board of Directors has also set in place a \$4,000,000 reserve (note 12) to mitigate the impact of this unfolding situation. As the situation is dynamic and the ultimate duration and magnitude of the impact on the economy are not known, an estimate of the financial effect on the Foundation is not feasible at this time.