

COAST ECONOMIC DEVELOPMENT SOCIETY AND COAST CONSERVATION ENDOWMENT FUND FOUNDATION

COAST OPPORTUNITY FUNDS **2010**
ANNUAL REPORT

our vision is to be a world class model of how empowered aboriginal peoples and communities can achieve meaningful economic development and community health while conserving the integrity of the ecosystems in which they live.

our mission is to work collaboratively with First Nations to support sustainable economic development and conservation management in the Central Coast, North Coast and Haida Gwaii areas of coastal British Columbia.



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About Us: Coast Opportunity Funds

Coast Opportunity Funds is a unique organization born in 2007 out of mutual recognition by conservationists, First Nations governments, resource industries and governments alike that a sustainable economy for First Nations is vital to conservation efforts in the Central Coast, North Coast and Haida Gwaii areas of the Great Bear Rainforest of coastal British Columbia.

Those First Nations are the K'omoks, Council of the Haida Nation, Da'naxda'xw Awaetlala, Gitanyow, Gitga'at, Gitxaala, Gwa'sala-Nakwaxda'xw, Gwawaenuk, Haisla, Heiltsuk, Xwémalhkwu, Kitasoo/Xaixais, Kitselas, Kwiakah, Kwicksutaineuk-Ah-Kwa-mish (Gilford Island), Lax Kw'alaams, Mamalilikulla-Qwe'Qwa'Sot'Em, Metlakatla, 'Namgis, Nisga'a Nation, Nuxalk, Tlowitsis, Tsawataineuk, Ulkatcho, We Wai Kai (Cape Mudge), Wei Wai Kum (Campbell River) and Wuikinuxv.



Why is this so important?

First Nations communities have cared for and depended on their traditional territories within this region for their cultural, social and economic wellbeing since time immemorial. The region also has compelling conservation values. The Great Bear Rainforest is a magnificent old growth forest ecosystem representing one-quarter of the world's remaining coastal temperate rainforest, and supporting wild Pacific salmon, grizzly bears, wolves and the white Kermode or "spirit" bear among many other species.

The key to a durable and healthy environment in the Great Bear Rainforest is the maintenance of the link between the environment, the First Nations of the Great Bear Rainforest, and supporting a sustainable economy and healthy communities. The way in which First Nations manage and control the environment and

the economy of the region will determine not only their own future, but the future of the Great Bear Rainforest as a whole.

Coast Opportunity Funds was created to make the vital connection between sustainable development projects that embrace conservation values; the social, cultural and economic wellbeing of the First Nations communities; and long-term conservation of the region. Designed as a global model of what conservation must become—an inherent part of healthy economies, environments and cultures—our Conservation and Economic Development Funds are dedicated to empowering the First Nations in the Central and North Coasts and Haida Gwaii in achieving healthy and vibrant economies and communities in tandem with the conservation of their homelands for the benefit of future generations.



Message from the Chair

In 2010, I was honoured to accept the position of Chair of Coast Opportunity Funds. It was a privilege to serve on the Board of Directors with retiring Chair Don Wright for the first three years of operations of Coast Funds. Under Don's leadership, the organization moved out of its start-up and transitional phases into full operations as both Board and staff worked together to develop and fulfill our mandate. On behalf of the Board and staff, I thank Don for his significant role in this very important work.

My goal as Chair is to ensure that, as it continues to mature and evolve as an organization, the Coast Funds operational model provides the highest possible standards of support for the First Nations of the Great Bear Rainforest as they work towards their vision of integrating ecological and social wellbeing with sustainable economic development.



To that end, our Strategic Plan supports First Nations priorities for conservation and business planning, and for the investment of their allocations in projects and sectors they consider will best meet their goals and objectives. Our core organizational values are focused on building First Nations' capacity, transparency, accountability, integrity and consistency in our decisions, collaboration and inclusiveness in our work with the First Nations, and respect for their history and land use principles and rights.

I believe that the Coast Funds model that we have adopted is one that works well. In 2010, the first three years of Society operations were independently reviewed. The reviewer concluded that the projects which have been funded to date are designed to meet Coast Funds' goals. In some cases, achievement of those outcomes will take place over a longer time frame as First Nations consolidate

their capacity, infrastructure, and business entities to establish economic sustainability.

The short-term results that are emerging from the implementation of award allocations and projects in the first three years of our operations are also positive. By the end of 2010, Coast Funds had approved economic development awards of \$15.8 million and conservation fund awards of \$3.7 million. The foundation for long term success is being laid through the shift to self-reliance that these investments represent, the development of robust economic and stewardship institutions, and the creation of jobs.

At the same time, we cannot underestimate the challenge that building stronger capacity to take on these opportunities represents. As Coast Funds moves into its 2011–2013 operational phase, we will continue to focus on capacity strengthening



as a fundamental component of all project outcomes. We will also work with the First Nations and other partners to implement a capacity strengthening strategy with the goal, consistent with our organizational model, of ensuring the First Nations have access to capacity strengthening strategies that address their priorities.

In the meantime, we also recognize that maintaining close, open and two-way

communications with the First Nations whom we serve, as well as our various partners and our Members, is a vital component of our work and a high priority. I look forward to this year's Annual General Meeting, to be held on June 14 and reporting to our Members on the work that Coast Funds has been doing and the results we have achieved to date.



Merv Child, Chair

Coast Conservation Endowment Fund Foundation
Coast Economic Development Society

April 2011

Message from the CEOs

In 2010, we continued to work with the First Nations in preparing high quality, successful project applications and in forming partnerships to add value to projects and support capacity strengthening. We also kept focussed on a fundamental question that is always at the forefront of our minds: how can Coast Funds better help First Nations achieve their goals of economically sustainable and ecologically and culturally healthy communities and homelands?

Since the organization's inception in 2007, the First Nations have placed a strong focus on relationship building, identification and analysis of priorities and readiness to take on projects, planning and business development, institutional and governance development, and capacity strengthening. Positive short term results are already emerging from their efforts.

Utilizing their Coast Funds allocations, the First Nations are exercising firm control over their future and building robust institutional and social capital through investment of their allocations in economic development and operating companies and stewardship institutions, encouraging separation of business from politics, and providing long term employment opportunities for community members. They are sharing their knowledge and experience with each other at a regional level, building strong networks, and readying themselves to take advantage of investment economies of scale through pooling their resources, staff and ideas.

The knowledge and experience being gained in sectoral investments such as shellfish aquaculture are positioning the First Nations involved in that industry not only to be dominant players in the market within the next five years, with corresponding wealth generation and meaningful employment opportunities,

but to enter into other large scale commercial sectors in the future with confidence in their business acumen. Investment in conservation stewardship planning and integrated resource management operations is meeting the goals of sustainable collaborative action, information-gathering, job creation, enhanced resource management capability, and habitat restoration. The charts set out on page 16 show how allocations have been awarded to date to support these priorities.

In 2010, CEDS nearly doubled its goal of approving \$6 million in awards, with more than \$11.7 million approved. CCEFF also had a successful year helping First Nations achieve their conservation and resource management goals, with \$2.2 million approved. The Foundation now supports management efforts in First Nations whose traditional territories in total cover over 80%



of the Project Area and include more than 110 of the 126 conservancies.

In 2010, Coast Funds staff also responded to the capacity needs of the First Nations by working with other resource providers to meet these needs whenever possible, and also to develop a holistic and integrated strategy to strengthen the capacity of First Nations. Strengthening capacity will remain a high priority in 2011, as will continuing to support the success of the First Nations through focussed communication, advice and mentorship and the leveraging of additional resources to support their goals.

As we look ahead to 2011 and beyond, we are conscious of the importance of continuing to evolve as an organization and apply our experiences to supporting the First Nations we serve to the best of our ability.

To that end, in 2012 we are anticipating undertaking a comprehensive organizational review of Coast Funds which will include extensive engagement with the First Nations, our Members, and the various partners we have worked with over the last few years. The groundwork for that process will begin in 2011 so that we are fully prepared to take the best advantage of the results of the process to continue to work towards the vital goal of healthy and vibrant economies, homelands and communities for the benefit of the future generations of the First Nations of the Great Bear Rainforest.

D. Mannix
Scott Rehms



David Mannix and
Scott Rehms

April 2011

Metlakatla Traditional Canoe

TOURISM AND TRADITIONAL ACTIVITIES: METLAKATLA CANOE TOURS

The Metlakatla First Nation's business activities include marine transportation. For a number of years the Metlakatla Development Corporation has conducted canoe tours for passengers on cruise ships docking in Prince Rupert.

The existing canoe was too small, showing signs of its age, and did not properly represent Metlakatla's Tsimshian culture and heritage. Metlakatla studied the market and knew there was capacity to expand its operation. In May 2009 they invested in the design and construction of the world's largest North Coast First Nation traditional-style Tsimshian canoe, and in preparing for the necessary infrastructure for canoe tour operation. The canoe is a replica, built with modern

materials, but is in a traditional design and decorated with Tsimshian art.

For the Metlakatla, this was not just about using a Coast Funds award to invest in a sustainable business, but for the right sustainable business, done the right way.

The capacity of the canoe, which was launched in April, 2010, more than doubled from twenty to forty-five occupants, creating more employment in the business. The canoe is also linked to Metlakatla's broader tourism strategy, with opportunities for related activities like participating in traditional meals. There is interest being shown in using the canoe in films because it is unique.



POSITIVE ECONOMIC OUTCOMES AND EXPANDED TOURISM OPPORTUNITIES

THE RIGHT BUSINESS DONE THE RIGHT WAY: SUSTAINABLE ECONOMIC DEVELOPMENT MATCHED TO CULTURAL VALUES





Structure of the Funds

Coast Funds is comprised of two separate organizations, namely the Coast Economic Development Society (CEDS) and the Coast Conservation Endowment Fund Foundation (CCEFF). These organizations are managed by boards comprised of the same group of individuals with a broad range of relevant expertise and First Nations representation. This was by design to ensure critical partnering and strategic leveraging of conservation management with economic development initiatives, to be implemented through the leadership of First Nation communities.

CEDS is a not-for-profit corporation responsible for managing a \$2 million regional economic development planning fund and a \$58 million economic development fund for First Nation communities and businesses. The capital in this fund is being invested in job creation and business development initiatives over a seven year time horizon, targeting economic sectors identified as having good potential for sustainable development in the region.

CCEFF is a registered Canadian charity (with US 501c3 equivalency) responsible for managing a \$2 million regional conservation planning fund and a permanent endowment fund of approximately \$56 million. The income generated from this fund provides ongoing funding to First Nations to support conservation science, resource planning, capacity development and related conservation management activities. Specific dollar amounts will be allocated annually to each participating First Nation for eligible projects on the basis of each First Nation's original funding allocation and the performance of the fund.

While CEDS and CCEFF each have some unique goals as regards to their respective mandates, their vision, mission and work are integrally linked. In general therefore the work of CEDS and CCEFF is undertaken jointly under the banner of Coast Opportunity Funds, or less formally, Coast Funds.

Our core business

We partner with First Nations to develop successful applications that fund sound, high quality projects. To that end, we work with First Nations to support essential capacity strengthening efforts, and engage in the development of relationships and networking with sister agencies, financial institutions and potential partners to leverage additional resources and maximize the impact of Coast Funds' investments. Integral to all our work is the responsible administration and investment of the funds entrusted to us by private funders and the governments of British Columbia and Canada.

2010 CEDS Awards

Applicant	Project Title	Award
Regional Awards		
Coastal First Nations (GBIS)	Coastal Shellfish Corporation Start-Up	\$247,200
Coastal First Nations (GBIS)	Non-Timber Forest Products Conifer Oil Pilot - Phase II	\$60,000
Nanwakolas Council Society	Regional Economic Research & Analysis	\$44,621
	Total Regional Awards	\$351,821
Individual Awards		
Council of the Haida Nation	HaiCo Setup	\$533,708
Council of the Haida Nation	Haida Shellfish Initiative	\$2,731,000
Council of the Haida Nation	Tlell River Lodge Acquisition	\$2,100,000
Gwa'sala-'Nakwaxda'xw	Economic Development Corporation Strategic Plan and Setup	\$328,815
Hartley Bay (Gitga'at)	Community Economic Development Plan	\$64,000
Heiltsuk	Heiltsuk Economic Development Corporation Operations	\$250,000
Heiltsuk	Heiltsuk Shellfish Initiative	\$2,000,000
Heiltsuk	Lama Pass Fuel Company	\$350,000
Kitasoo/Xaixais	Tourism Development (Spirit Bear Lodge)	\$727,000
Kwiakah	Campbell River Marine Transportation	\$421,391
Lax Kw'alaams	Market Feasibility Assessment	\$7,600
Metlakatla	Market Feasibility Assessment	\$7,600
Metlakatla	Metlakatla Shellfish Initiative	\$1,700,000
Nisga'a	Economic Development Strategic Initiative	\$151,125
	Total Individual Awards	\$11,372,239

Total 2010 CEDS Awards \$11,724,06

Details of all awards are available on the Coast Funds website



2010 CCEFF Awards

Applicant	Project Title	Award
Regional Awards		
Coastal First Nations (GBIS)	Land and Resource Stewardship FY2010 and FY2011	\$750,591
Nanwakolas Council Society	Regional Conservation Activities	\$198,309
Total Regional Awards		\$948,900
Individual Awards		
Campbell River (Wei Wai Kum)	Heydon Bay Salmon Enumeration Project FY2010	\$19,000
Council of the Haida Nation	Haida Mapping Department	\$103,911
Council of the Haida Nation	Training to Identify Cultural Features on Haida Lands	\$35,970
Gwa'sala-'Nakwaxda'xw	Pilot Stewardship Program 2010	\$114,000
Heiltsuk	Integrated Resource Management Department	\$330,000
Kitamaat (Haisla)	Natural Resources Stewardship Plan FY2010	\$228,368
Kitasoo/Xaixais	Guardian Watchman Program FY2010	\$75,000
Kitselas	Land Use Planning for Reserve Lands	\$9,277
Lax Kw'alaams	Planning for the Monitoring of Marine Resources	\$65,000
Metlakatla	Development & Implementation of Stewardship Program	\$75,000
Nuxalk	Integrated Resource Office 2010	\$150,753
Total Individual Awards		\$1,206,279

Total 2010 CCEFF Awards \$2,155,179

Details of all awards are available on the Coast Funds website



The Coastal Guardian Watchmen Network

KNOWLEDGE IS POWER:
VALUABLE SCIENTIFIC
AND CULTURAL
INFORMATION

REGIONAL
COLLABORATION BENEFITS
GREATER WELLBEING IN
COMMUNITIES

The Coastal Guardian Watchmen Network, or CGWN, was created in 2005 by the Great Bear Initiative Society, an alliance of coastal First Nations on British Columbia’s north and central coast and Haida Gwaii. First Nations Guardians are a little like rangers—the eyes and ears of the First Nations in their territories, observing and monitoring what is going on with natural and cultural resources and their use. They receive training at Northwest Community College and then gather standardized information about the impacts of human activities such as tourism, logging, and commercial fishing, as well as collect scientific data.

The information is collated in the CGWN’s database and helps to inform resource management decisions in each territory. This supports not only long-term conservation efforts, but social, cultural and economic wellbeing of the First Nations communities. Through forums set up by the CGWN, Guardian Watchmen from each community are able to engage in dialogue, compare notes, cooperate on projects

and learn from each other. In essence, the network has become a traditional knowledge-based system, adapted to twenty-first century technology and processes.

Coast Funds supports this work in two ways: first, by providing core funding for Guardian Watchmen programs in seven communities; and second, by working to develop the CGWN into an effective and financially stable network. Prior to Coast Funds, it was impossible for communities to establish long term, consistent funding for an office and staff. Because Coast Funds’ conservation funding is permanent, First Nations can build lasting capacity to steward their territories, including their Guardian Watchmen program and the CGWN. By taking control of resource management in a more effective way, the First Nations can take control of the agenda and expect better long term outcomes for their territories and their communities.



BETTER CONTROL AND MANAGEMENT OF
RESOURCES FOR CONSERVATION AND ECONOMIC
DEVELOPMENT OUTCOMES

The two funds are run by separate societies who share a common Board of Directors. The board manages the affairs of the organization and reports to the members.

2010 Board of Directors

CINDY BOYKO

is on the Council of the Haida Nation and is Chair of the Secretariat of the Haida Nation Board. She co-chairs the Archipelago Management Board, working with Government of Canada representatives to cooperatively manage the southern part of Haida Gwaii, the Gwaii Haanas National Park Reserve and Haida Heritage Site.



CAMERON BROWN

is a citizen of the Heiltsuk First Nation and an independent management consultant specializing in Aboriginal management and economic development and training and education. Cameron has practiced as an active management consultant since 2000. Prior to that, he served as the National Director, Aboriginal Banking (Toronto) for the CIBC. Cameron was also a professor at Trent University in Peterborough, Ontario, in the Native Management and Economic Development Program. He also managed and led a 44-week job readiness training program for Aboriginal trainees in Peterborough, Ontario. He has previously served as Band Manager and urban councillor for his First Nation. Cameron has an MBA and has served on the boards of an Aboriginal Financial Institution and an urban Aboriginal Child & Family Services organization.



MERV CHILD, CHAIR

is a lawyer specializing in aboriginal rights, land and resource management, band governance, and First Nations economic development and acts as the Executive Director for the Nanwakolas Council, a Campbell River-based society of eight First Nations addressing land and resource use issues and related economic development opportunities.



HAROLD LEIGHTON

is the Elected Chief of the Metlakatla First Nation. He has served his community for more than 25 years, including as Band Administrator, treaty negotiator, and CEO of the Metlakatla Development Corporation. He has also acted as President of the North Coast Tribal Council for eight years and served on a wide variety of business and non-profit boards.



THOMAS OLSEN

Thomas Olsen is President of the HaiCo which is responsible for the economic development of the Haida Nation. Thomas has worked in the management of private companies in forestry, marine transportation, airlines, real estate development and oil and gas technology. Through the course of Thomas's career he has worked in cooperative ventures with First Nations' communities to build sustainable infrastructure and long-term employment on the North Coast of British Columbia. He is a past President of the Truck Loggers Association and served as a Director of their board since 1999. Thomas currently lives in Campbell River with his wife Louise and daughter Levon. In his spare time Thomas enjoys the outdoors, hiking and sea kayaking.



PAUL RICHARDSON, VICE-CHAIR

is the CEO of Renewal2, an investment fund that focuses on the development of businesses at the forefront of social and environmental innovation. He practiced law at Fasken Martineau in Toronto for four years before leaving to co-found Strathy & Richardson, a leading Canadian litigation firm in Toronto, where he continued his legal practice as a senior partner for eight years. Paul is a graduate of Queen's University (Biology) and the University of Toronto (Law) and is active on a variety of investee company boards, including Horizon Distributors, Better Energy Systems and Blue Horizon. He is also the President of Ecojustice.



MERRAN SMITH

directs the energy initiative at Tides Canada. A former Climate Director and British Columbia Director with ForestEthics, Merran was the lead environmental architect of the Coast Opportunity Funds conservation agreement signed in 2006. Merran also serves on B.C. Hydro's Electricity Conservation and Efficiency advisory committee. She won the Wilburforce Foundation award for Outstanding Conservation Leadership in 2006 and the Seasons Fund Transformative Leadership Award in 2009.



BARRY STUART

is a former Chief Judge in Yukon. Internationally respected for his work in multiparty conflict resolution, organizational change and in developing governance structures and constitutions, he has worked as a lawyer, mediator, consensus facilitator, policy analyst, chief land claims negotiator, Professor of Law, and trainer in the use of collaborative processes. He has worked in several communities in Canada, the United States and in third world countries to develop community and restorative justice processes as an integral part of enhancing community well-being and sustainability. He has been a founder and executive member of many charitable organizations. He believes conflicts if handled in a good way are rich opportunities for building sustainable relationships and innovative outcomes.



CHRIS TRUMPY

has more than 30 years of experience in public service. He holds a Bachelor of Commerce degree and a Certified General Accountant designation and while working for the provincial government was Deputy Minister of the Ministries of Finance and Corporate Relations; Provincial Revenue; Sustainable Resource Management; and Environment (formerly the Ministry of Water, Land & Air Protection). He has also been Chair of Land and Water British Columbia Inc. and Secretary to Treasury Board. In March 2008, he became Chair of the Board of Directors for Pacific Carbon Trust (PCT) and in January 2010, was appointed to the Puget Sound Energy and Puget Energy boards. He also serves on the board of the Pacific Institute for Sports Excellence.



The members represent the interests of the eligible First Nations communities and of the original funders.

2010 Members

STEVE CARR, Deputy Minister and COO, Ministry of Natural Resource Operations

KATHY CHOPIK, Assistant Deputy Minister, Competitiveness and Innovation Division, Ministry of Forests, Mines and Lands

RICHARD JEO, Director, Canada Program, The Nature Conservancy

ROSS MCMILLAN, President and CEO, Tides Canada Foundation

DALLAS SMITH, President, Nanwakolas Council

ART STERRITT, Executive Director, Coastal First Nations

BRUCE WATKINSON, Fisheries Manager, Gitxaala Environmental Monitoring (non-voting)

COUNCIL OF THE HAIDA NATION, Outstanding nomination (non-voting)

Staff

DAVID MANNIX, Snuneymuxw First Nation, is the Chief Executive Officer of Coast Economic Development Society. He has a background in private enterprise, having owned his own forest company for twenty years, and managed economic development for Snuneymuxw First Nation for thirteen years.

SCOTT REHMUS is the Chief Executive Officer of the Coast Conservation Endowment Fund Foundation. He has a background in philanthropy, having run two conservation and science grant programs for a large U.S. foundation for seven years, and in international conservation. Most recently he worked on conservation and sustainable development in Micronesia.

NEIL PHILCOX, Director of Economic Development Projects, has a background in international finance and business development, primarily with Standard Chartered Bank and American Express Bank. In 2006, he completed a Master of Resource Management at Simon Fraser University, with a focus on environment and development. Prior to joining Coast Opportunity Funds, he worked on initiatives and strategies to improve the well-being of coastal communities on the North and Central Coasts of British Columbia.

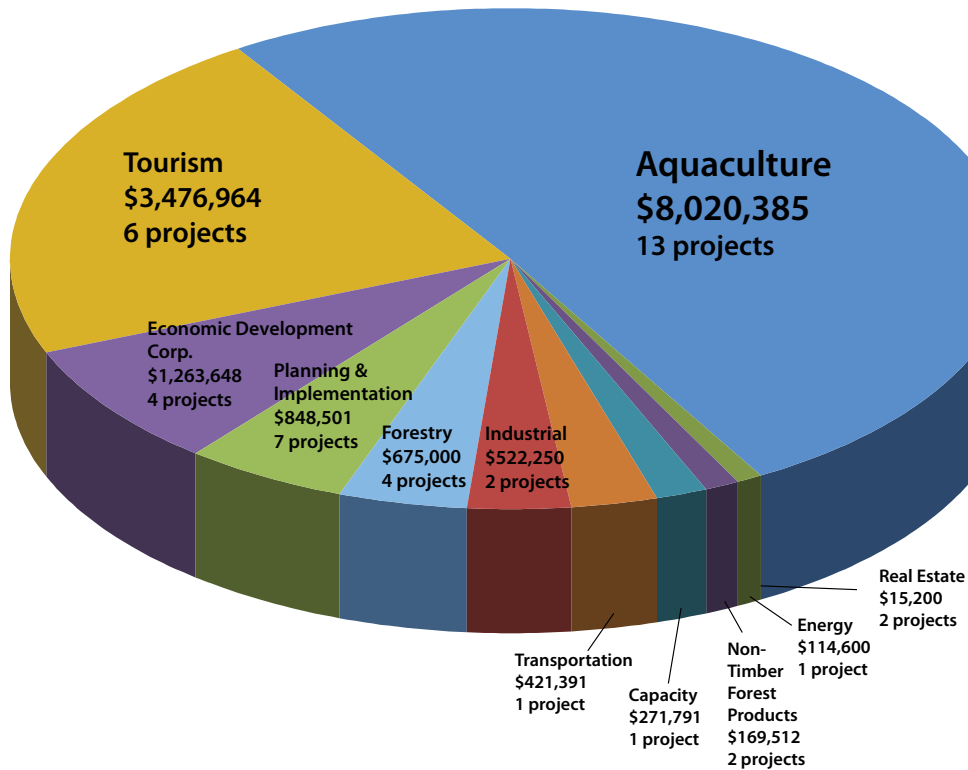
ELISA KRELLER, Director of Finance and Administration, is a Chartered Accountant with a background in financial management, having held senior finance positions with both public and private companies for fifteen years, and in commercial banking, undertaking credit analysis and loan structuring for a national chartered bank for eight years.

MARY SPEER, Accounting, Payroll and Board Administrator, has a background in insurance, having worked in underwriting and accounting for five years.

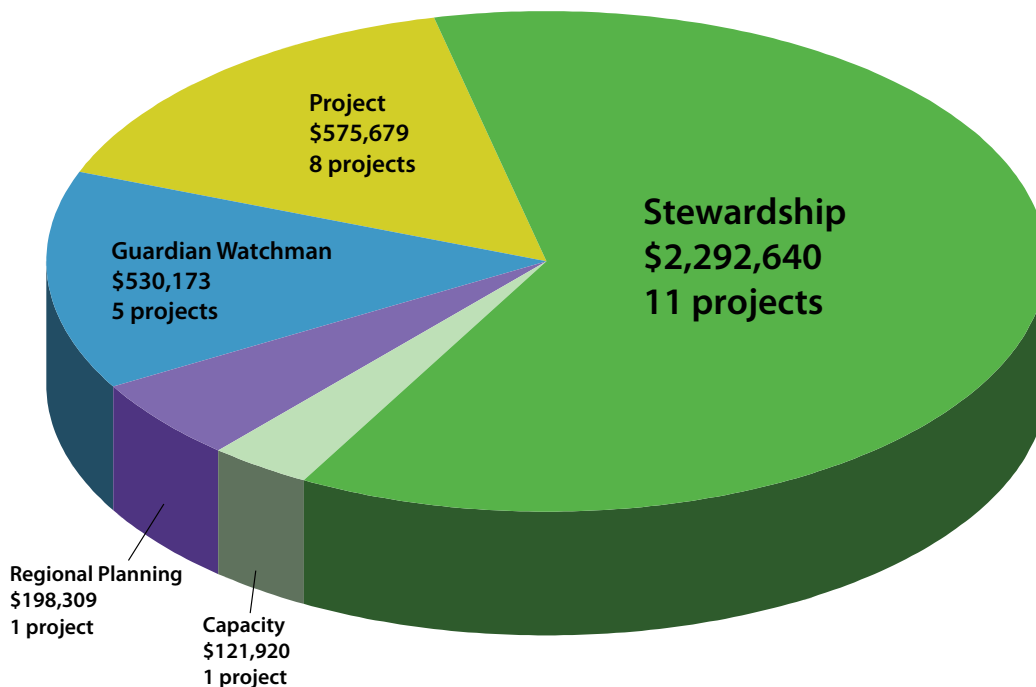
ANA YU, Project Administrator, has ten years' experience managing projects, including three years of administering a province-wide Request For Proposals for First Nations environmental health research funding. She has six years' experience working with First Nations in B.C. and the Yukon, and holds a Bachelor of Commerce from the University of Toronto.

Awards from October 2008 to December 31, 2010 by Sector

COAST ECONOMIC DEVELOPMENT SOCIETY AWARDS \$15.8 MILLION



COAST CONSERVATION ENDOWMENT FUND FOUNDATION AWARDS \$3.7 MILLION



Heiltsuk Economic Development Corporation

VISION FOR ECONOMIC DEVELOPMENT

In 2009 the Heiltsuk First Nation utilized a substantial portion of its CEDS allocation to support strategic planning for its Economic Development Corporation (HEDC), the transfer of its existing Tribal Council entities to the HEDC, and for the development of new business opportunities.

The Heiltsuk community wanted to consolidate its business activities in a functional, efficient economic development corporation. They had prepared a high level vision of where they wanted to go and what kind of activities they were interested in. The next step was to get the HEDC up and running.

With its allocation, HEDC engaged in strategic planning and hired a qualified chief executive to oversee the plan. Coast Funds partnered with the ISIS Research Centre at the Sauder School of Business, UBC, to provide HEDC's management team with access to human resources and applied business and analysis skills. Through the partnership, HEDC was also able to leverage their allocation by accessing financial resources from MITACS, a national funding organization that brings together academia, industry and the public sector through applied research and training initiatives.

Coast Funds now expects to be able to apply MITACS as a resource to other First Nations communities as well.



MITACS: RESOURCE PARTNERSHIP DEVELOPED



2010 GOALS AND OUTCOMES

Core Business

A list of all CEDS and CCEFF awards approved in 2010 are set out on pages 10 and 11.

CEDS

CEDS exceeded its 2010 goal of having \$6.0 million in awards approved, with a total of \$11.7 approved. In addition, CEDS has now overseen a full successful cycle of regional and individual shellfish sector commercial investment in projects; completed a sectoral analysis for identification of economic "sweet spots" in the region; engaged in resource partnership pilots and; pursued closed containment aquaculture options as a priority.

The biggest sector of interest to date has been shellfish aquaculture, with more than \$8 million of allocations awarded and projections of up to 170 new jobs over the next years. This reflects the importance to First Nations of the marine environment and its resources. The sector is proving to be a prime sustainable economic development opportunity for many coastal First Nations with substantial levels of experience and established business assets. Coast Funds allocations have also been used by the First Nations in the establishment of economic development corporations, business planning, tourism opportunities, transportation and energy research among other ventures.

Coast Funds projects have also become catalysts for regional interaction and collaboration between First Nations at both a business and operational level. The Coastal Shellfish Corporation, owned by the Coastal First Nations, is not only an efficient business model in terms of economies of scale and the pooling of financial and human resources, but it has created a platform for long term future collaborative business networks and partnerships.

CCEFF

In 2010, CCEFF allocated an additional \$2.35 million to individual First Nations and approved 13 awards totalling \$2.2 million to help them achieve their conservation and resource management goals. CCEFF now supports management efforts in First Nations whose traditional territories in total cover over 80% of the Project Area and include more than 110 of the 126 conservancies.

Nearly half of the awards were made at the regional level for on-going collaborative efforts to implement ecosystem-based management, including completing landscape reserve planning, developing conservancy management plans, and implementing new decision making arrangements between First Nations and the Province. This critical work is setting the context for resource management coast wide.

At the community level, First Nations are primarily using CCEFF funds to build long-term institutional capacity. The Nations with the largest allocations are investing in Stewardship Programs that integrate their cultural and resource management activities into a more effective and more purposeful initiatives. The most consistent demand for resources is for Guardian Watchmen programs, with 7 Nations using funds to build or strengthen their programs designed to monitor, steward and protect their territories. Guardian Watchmen programs remain a focal point for regional interaction and collaboration, with 45 representatives from 10 First Nations participating in the third annual, CCEFF-supported Coastal Guardian Watchmen Network meeting to share lessons and solve common problems.



2010 GOALS AND OUTCOMES

Capacity and Relationship Strengthening

Capacity strengthening is a core goal of the 2010–2012 Strategic Plan and Board and staff therefore focussed effort on what more could be done to help First Nations take full advantage of available economic and resource management opportunities. Following extensive discussions with the First Nations and with capacity service providers, a strategy was prepared that clarifies Coast Funds' approach and value-added role in strengthening capacity, and lays the foundation for working with partners to develop and implement short-, medium- and long-term capacity strengthening plans. The strategy lays out the following goals:

- Align existing resources and programs to address identified capacity needs;
- Ensure First Nations have access to capacity strengthening strategies that address their priority capacity needs;
- Make First Nations aware of and competitive for opportunities to strengthen their capacity;
- Create an investment climate in the region to attract new resources to fund strategies to address key capacity gaps; and
- Develop a dedicated capacity fund.

In 2010 Coast Funds also continued to address ongoing capacity needs as they arise and time and resources allow. Capacity development partnerships were explored with educational institutions, and a pilot project instigated in April 2010 with the ISIS Research Centre at the Sauder School of Business, UBC, to provide business development capacity to the First Nations through the use of strategies and tools to create sustainable businesses and community-based employment opportunities. Funding for graduate student research resources was provided through the MITACS ACCELERATE program for Coast Funds projects.

Projects were undertaken with 3 First Nations in 2010 under the pilot project, utilizing 20 researchers and \$330,500 (\$172,500 MITACS; \$79,000 Coast Funds awards to First Nations; and \$79,000 First Nations additional contributions):

- A Gitga'at Nation community hydro facility business case analysis, supporting knowledge capacity, increased opportunity to access external financing for building a facility, and informing future rate negotiations with BC Hydro;
- Multiple business feasibility studies with the Heiltsuk Economic Development Corporation, including core research into existing local enterprises and strategic industry opportunities, which has resulted in development of business strategies and shifts to increase efficiency and cost-savings in existing HEDC operations and long term business planning for future opportunities;
- Multiple feasibility studies, information plans, marketing studies and business strategies with the Haida Nation's Economic Development Corporation.

In addition, Coast Funds partnered with ISIS to produce a detailed information bulletin for First Nations on renewable energy resources and options. The bulletin was completed in 2010 to be distributed in early 2011.

Based on the success of these initiatives Coast Funds began work in 2010 towards expanding the ISIS/ MITACS model to an umbrella facility including a range of university partners and increased access for the First Nations to financial, human, institutional and knowledge-based resources for projects and capacity-building initiatives. This work is expected to be in place by mid-2011.

2010 GOALS AND OUTCOMES

Operations

ORGANIZATIONAL REVIEW

In 2010 Coast Funds engaged in an internal organizational review which resulted in some restructuring of resources and the hiring of new staff to augment our own capacity to meet our goals and objectives. The organization has completed its transition from start up mode to full operational mode. Grant management software for tracking and reporting is also fully operational, enabling everything from the generation of quarterly reports to Members to the tracking by First Nations of their projects and deliverables.

OPERATIONS MANUAL

In 2010, Coast Funds continued work on a projects operations manual which will include descriptions of the decision-making processes for funding grants, the policy development process, a project evaluation framework (which can also be used to measure what impact Coast Funds is having and Coast Funds' performance), and the use of its grant management software. The manual will be completed by mid-2011.

INDEPENDENT PAFA REVIEW

As required by the provincial Performance and Accountability Agreement with the Society (PAFA), a three year review of the operation of PAFA was conducted by an independent reviewer, who concluded that projects which have been awarded funding are designed to meet the desired economic outcomes contained in PAFA. These projects will support planning initiatives; increase employment for First Nations people; create First Nation economic development organizations; provide for the identification, research, assessment of feasibility, funding, start-up and establishment of First Nation businesses; provide for the acquisition of tenure and licences; allow pilot projects to progress into ongoing entities and the development of various governance and human resource management initiatives.

The report also states that achievement of specific economic development outcomes for each awarded project will, in some cases, be determined over a longer period of time as Participating First Nations execute their business plans to create capacity, infrastructure and functioning successful business entities in an effort to establish economic sustainability in their communities. A sustainable economy will build a solid wealth base which will contribute to achieving the economic development outcomes desired under PAFA. The report is available on the Coast Funds website. Recommendations made in the report were taken into account in the 2011–2013 Strategic Plan.

RISK MANAGEMENT PLAN

A risk management plan, setting out Coast Funds' strategies for managing risk to its assets, income, human resources and reputation, was approved in November, 2010.

EMPLOYEE HANDBOOK

An Employee Handbook was completed, including finalized human resource policies and adoption of a performance review system.

GOVERNANCE

A Board Charter was developed and committee Terms of Reference were updated to clarify roles and responsibilities and improve efficiency through the delegation of authority where appropriate.

Coast Economic Development Society

Statement of Financial Position

At December 31

	2010	2009 (restated)
Assets		
Current		
Cash	\$ 3,302,288	\$ 3,862,715
Receivable from the Foundation	22,716	35,123
Interest and other receivables	2,698	23,502
Prepaid expenses and deposits	3,737	2,550
	3,331,439	3,923,890
Investments	57,706,874	59,756,973
Property and other assets	43,136	42,340
	\$ 61,081,449	\$ 63,723,203
Liabilities		
Current		
Payables and accruals	\$ 103,240	\$ 116,910
Accrued award distribution	756,444	360,843
	859,684	477,753
Fund Balances		
Federal revenue fund	5,149,077	3,559,733
Provincial revenue fund	2,978,293	2,616,634
Regional economic development planning fund	623,247	899,838
Federal economic development fund	30,000,000	30,000,000
Provincial economic development fund	21,471,148	26,169,245
	60,221,765	63,245,450
	\$ 61,081,449	\$ 63,723,203

Financial information extracted from the audited financial statements of Coast Economic Development Society. A complete copy of the audited financial statements is available upon request.

Statement of Operations and Changes in Fund Balances

Year Ended December 31

	Federal revenue fund	Provincial revenue fund	Regional economic development planning fund	Federal economic development fund	Provincial economic development fund	2010 Total	2009 Total (restated)
Revenue							
Investment income	\$ 1,987,934	\$ 1,608,043	\$ -	\$ -	\$ -	\$ 3,595,977	\$ 2,264,680
Expenses							
Administration	-	111,027	-	-	-	111,027	89,499
Awards	-	-	276,591	-	4,698,097	4,974,688	2,131,567
Board expenses	-	109,101	-	-	-	109,101	85,259
Facilities and equipment	-	104,371	-	-	-	104,371	82,783
Personnel	-	574,152	-	-	-	574,152	628,315
Professional fees	-	149,194	-	-	-	149,194	134,724
	-	1,047,845	276,591	-	4,698,097	6,022,533	3,152,147
Recovery from the Foundation	-	121,275	-	-	-	121,275	192,475
	-	926,570	276,591	-	4,698,097	5,901,258	2,959,672
Excess (deficiency) of revenue over expenses	1,987,934	681,473	(276,591)	-	(4,698,097)	(2,305,281)	(694,992)
Unrealized gains on investments	(398,590)	(319,814)	-	-	-	(718,404)	2,271,323
Fund balances, beginning of year	3,559,733	2,616,634	899,838	30,000,000	26,169,245	63,245,450	61,669,119
Fund balances, end of year	\$ 5,149,077	\$ 2,978,293	\$ 623,247	\$ 30,000,000	\$ 21,471,148	\$ 60,221,765	\$ 63,245,450

- CEDS assets decreased by \$2.6 million, from \$63.7 million at the end of 2009 to \$61.1 million at the end of 2010. The decrease is primarily due to operating costs and awards totalling \$5.9 million offset by realized and unrealized investment income totalling \$2.9 million.
- Including both realized and unrealized gains from investments, the average rate of return for funds invested throughout the year is 4.8% (2009–7.7%).
- Marginal increase from operating costs incurred in 2009 \$.8 million to \$.9 million in 2010.
- Awards expense increased from \$2.1 million in 2009 to \$5.0 million in 2010. Increase attributed to First Nations being better positioned to effectively use funds.
- The Society's investments and investment income will decrease as awards are disbursed. Revenue is projected to be less than expenses in future years. Management estimates that up to \$4,500,000 of the year end balance in the federal and provincial revenue funds will be required to fund future operating costs.

Coast Conservation Endowment Fund Foundation

Statement of Financial Position

At December 31

	2010	2009 (restated)
Assets		
Cash	\$ 584,108	\$ 236,931
Interest and other receivables	11,698	5,191
Investments	68,272,602	64,710,159
	<u>\$ 68,868,408</u>	<u>\$ 64,952,281</u>
Liabilities		
Payables and accruals	\$ 119,970	\$ 85,164
Due to Society	22,716	35,123
Accrued award distribution	467,978	8,557
	<u>610,664</u>	<u>128,844</u>
Fund Balances		
General	3,500	5,000
Revenue fund	11,622,140	7,443,422
Regional conservation planning fund	803,489	1,546,400
Conservation endowment fund	55,828,615	55,828,615
	<u>68,257,744</u>	<u>64,823,437</u>
	<u>\$ 68,868,408</u>	<u>\$ 64,952,281</u>

Financial information extracted from the audited financial statements of Coast Conservation Endowment Fund Foundation. A complete copy of the audited financial statements is available upon request.

Statement of Operations and Changes in Fund Balances

Year Ended December 31

	General	Revenue Fund	Regional Conservation Planning Fund	Conservation Endowment Fund	2010 Total	2009 Total (restated)
Revenue						
Contributions	\$ 3,500	\$ -	\$ -	\$ -	\$ 3,500	\$ 15,000
Investment income	-	5,318,202	-	-	5,318,202	2,721,636
	<u>3,500</u>	<u>5,318,202</u>	<u>-</u>	<u>-</u>	<u>5,321,702</u>	<u>2,736,636</u>
Expenses						
Awards	-	1,387,564	742,911	-	2,130,475	1,011,887
Cost sharing with Society	-	123,685	-	-	123,685	192,475
Personnel	-	141,709	-	-	141,709	-
Professional fees	5,000	45,479	-	-	50,479	35,358
	<u>5,000</u>	<u>1,698,437</u>	<u>742,911</u>	<u>-</u>	<u>2,446,348</u>	<u>1,239,720</u>
Excess (deficiency) of revenue over expenses	<u>(1,500)</u>	<u>3,619,765</u>	<u>(742,911)</u>	<u>-</u>	<u>2,875,354</u>	<u>1,496,916</u>
Unrealized gains on investments	-	558,953	-	-	558,953	4,955,130
Fund balances, beginning of year	<u>5,000</u>	<u>7,443,422</u>	<u>1,546,400</u>	<u>55,828,615</u>	<u>64,823,437</u>	<u>58,371,391</u>
Fund balances, end of year	<u>\$ 3,500</u>	<u>\$ 11,622,140</u>	<u>\$ 803,489</u>	<u>\$ 55,828,615</u>	<u>\$ 68,257,744</u>	<u>\$ 64,823,437</u>

- CCEFF's assets increased by \$3.9 million, from \$65.0 million at the end of 2009 to \$68.9 million at the end of 2010. The increase is primarily due to realized and unrealized investment income totalling \$5.9 million in excess of operating costs and awards totalling \$2.4 million.
- Including both realized and unrealized gains from investments, the average rate of return for funds invested throughout the year is 9.4% (2009–12.8%).
- Marginal increase from operating costs incurred in 2009 \$2 million to \$3 million in 2010.
- Awards expense increased from \$1.0 million in 2009 to \$2.1 million in 2010. Increase attributed to First Nations being better positioned to effectively use funds and the increased need for planning funds by regional organizing bodies.
- The Board of Directors approves an annual allocation from the revenue fund for First Nation awards. At December 31, 2010, allocations to be disbursed to First Nations totalled \$2,166,099.

Coast Opportunity Funds Project Area





Our logo was designed by artist Curtis Wilson, whose Hamat'sa name, passed down to him through potlatch, is Tayanaxwalis (his everyday name is Mulidzas) and whose English given name is Curtis Wilson. Curtis was born and raised in Campbell River and his families are traditionally from the four corners of the Kwakwak'awakw territory. The roots of his family can be traced to the Axwamees (Wakeman Sound), 'Nakwaxda'xw (Ba'as-Blunden Harbour) and to the Leqwiltokw Nations.

Curtis has a BA in First Nations Studies from Vancouver Island University and has been part of the Laichwiltach Culture Group for many years. In his carving career, he utilizes many techniques and styles learned from his grandfather Sam Henderson Sr. and from his uncles and cousins, while developing a unique style of his own. His goal is to learn as much about his culture and heritage as he can to pass it on to the next generation.

COAST ECONOMIC DEVELOPMENT SOCIETY AND COAST CONSERVATION ENDOWMENT FUND FOUNDATION

COAST OPPORTUNITY FUNDS **2010** ANNUAL REPORT

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