



COAST ECONOMIC DEVELOPMENT SOCIETY



COAST CONSERVATION ENDOWMENT FUND FOUNDATION

MESSAGE FROM THE CHAIR





In 2015, Coast Funds continued to make good progress in supporting First Nations to implement projects throughout the Great Bear Rainforest and Haida Gwaii. In particular, I am pleased to report that 2015 saw \$6,406,189 approved from the economic development fund and \$5,063,632 approved from the conservation fund—the second highest combined volume of annual funding since our inception.

These amounts continue the momentum from the previous year (our highest combined volume of annual funding), and reflect the dedicated efforts of First Nations working on economic development and conservation initiatives in their communities. As we move forward, we expect the substantial annual amounts of funding invested by First Nations from the funds will gradually reduce as the mandate of the economic development fund is completed. As of December 31, 2015, Coast Funds had a significant amount remaining in the economic development fund to approve to new projects. We expect that First Nations will continue to seek funding beyond the previously anticipated completion date of 2017.

With this in mind, Coast Funds is currently finalizing a new timeframe for expending the economic development fund after input from stakeholders. We expect that this process will be completed by the end of the year and the decision will be communicated through our newsletter and website.

Throughout 2015, we continued to see the success of recent initiatives that enhance our ability to support future projects. These included positive feedback on the new streamlined application and reporting process, a productive year for capacity-strengthening initiatives led by regional groups, and collaboration with First Nations to do a historical analysis of all projects that have been supported since inception. We have completed analysis of the economic, environmental, social, and cultural outcomes from these projects and we will be publishing these in 2016. We also continued to feature the stories of individual projects in our Talking Stick newsletter and look forward to highlighting further initiatives in the upcoming year.

In 2015 Cameron Brown retired from the Board of Directors, and in early 2016 Gerald Wesley also retired from the Board. We thank them both for their dedication and service over many years. Following his nomination by the Central Coast Indigenous Resource Alliance, Larry Greba joined the Board in 2015. In January 2016, Coast Funds' Executive Director, Dave Mannix, retired from his position. Dave joined our organization shortly after our inception, making many significant contributions over his eight years with Coast Funds. We wish him the very best in his retirement.

In April 2016, Brodie Guy was promoted to the Executive Director position. In Brodie, I'm confident that we have a leader who is passionately rooted in our mission and is a creative strategist with demonstrated experience facilitating investment into conservation and sustainable development in British Columbia. Our Board is pleased that this leadership transition has been completed seamlessly with a sustained high level of service to First Nations led by Brodie and our dedicated staff team.

I would like to thank the Board members and staff of Coast Funds for their continuing contribution to the success of Coast Funds and the First Nations we serve.

Merv Child, Chair, Coast Funds Coast Conservation Endowment Fund Foundation Coast Economic Development Society

OUR MANDATE



VISION

First Nations enjoy sustainable community prosperity while maintaining the integrity of the coastal ecosystems of the Central Coast, North Coast, and Haida Gwaii areas of coastal British Columbia.

MISSION

To assist First Nations in achieving their goals for sustainable economic development and conservation management.

GUIDING PRINCIPLES

- MUTUALLY RESPECTFUL RELATIONSHIP We endeavour to provide the highest level of support to First Nations through a mutually respectful relationship.
- 2 DUE DILIGENCE Coast Funds makes responsible, objective and business-based decisions, partnering with First Nations to develop successful applications and to fund sound, high quality projects.
- SUPPORT FOR CAPACITY STRENGTHENING Coast Funds supports First Nations as they strengthen their capacity and develop relationships with other agencies, financial institutions, and potential partners to leverage additional resources, increase the opportunities for success, and maximize the impact of Coast Funds' investments.
- RESPONSIBLE STEWARDSHIP OF FUNDS Integral to all Coast Funds' work is the responsible administration and investment of the funds entrusted to it by private funders and the governments of British Columbia and Canada for the purposes set out in our governing documents.

CORE GOALS

Coast Funds adheres to the following core values to guide its operations:

- Integrity;
- Consistency;
- Collaboration and inclusiveness;
- Transparency and accountability; and
- Respect for First Nations' history, land use rights, and decision-making authority.

PARTICIPATING FIRST NATIONS

Da'naxda'xw Awaetlala (Knight Inlet)

Dzawada'enuxw Tsawataineuk (Kingcome Inlet)

Gitanyow (Kitwanga River)

Gitga'at (Hartley Bay)

Gitxaala (Kitkatla)

Gwa'sala-'Nakwaxda'xw (Port Hardy)

Gwawaenuk (Hopetown/Watson Island)

Haida (Haida Gwaii)

Haisla (Kitimaat)

Heiltsuk (Bella Bella)

Kitasoo/Xai'xais (Klemtu)

Kitselas (Terrace)

K'ómoks (Comox)

Kwiakah (Phillips Arm/Frederick Arm)

Kwikwasut'inuxw Haxwa'mis (Gilford Island)

Lax Kw'alaams (Port Simpson)

Mamalilikulla-Qwe'Qwa'Sot'Em (Village and

Compton Islands)

Metlakatla (Prince Rupert)

'Namgis (Alert Bay and Cormorant Island)

Nisga'a (Nass Valley)

Nuxalk (Bella Coola)

Tlowitsis (Johnstone Strait)

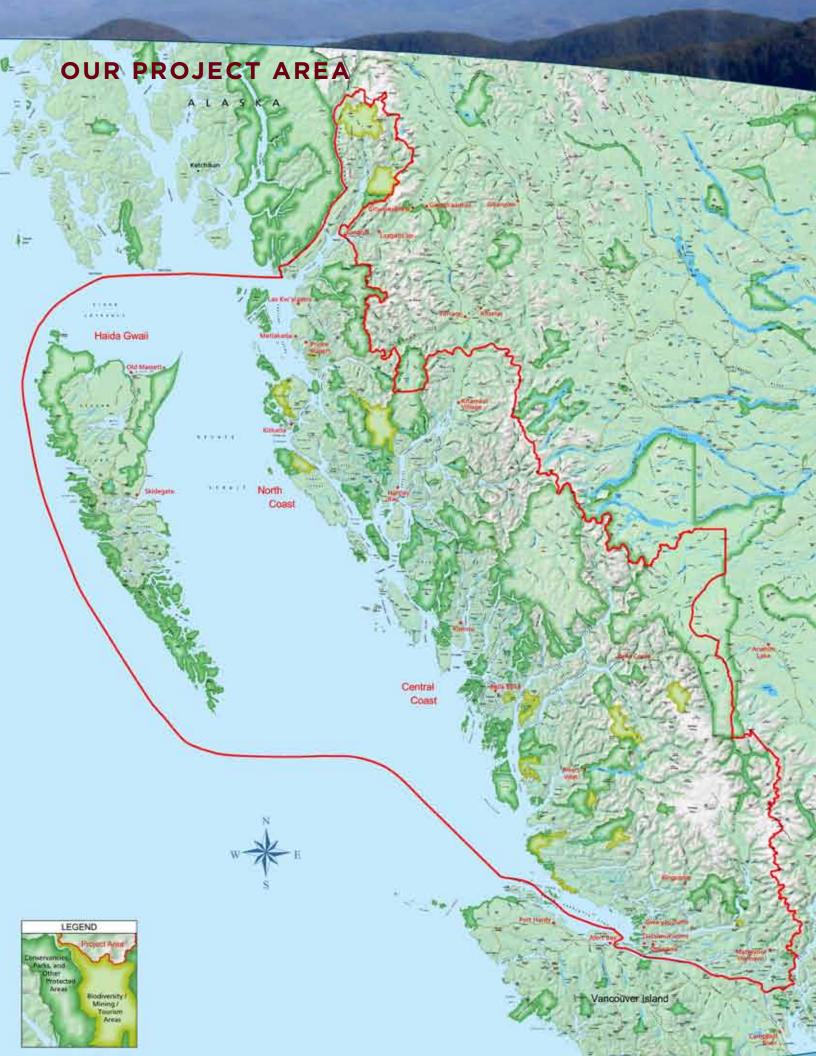
Ulkatcho (Anahim Lake)

We Wai Kai (Cape Mudge)

Wei Wai Kum (Campbell River)

Wuikinuxv (Rivers Inlet)

Xwémalhkwu (Homalco) (Bute Inlet)



ABOUT COAST FUNDS



OUR MANDATE

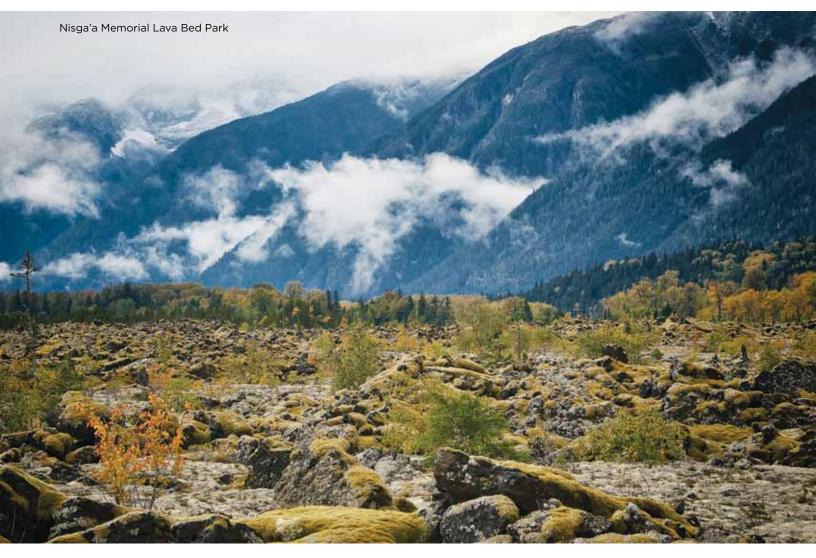
Coast Funds is a unique organization born in 2007 out of mutual recognition by conservationists, First Nations' governments, resource industries, and governments alike that a sustainable economy for First Nations is vital to conservation efforts in the Central Coast, North Coast, and Haida Gwaii areas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

WHY IS THIS IMPORTANT?

First Nations have carefully managed the abundant natural resources of their traditional territories for their cultural, social, and economic well-being since time immemorial. They relied on their knowledge of seasonal cycles to harvest a wide variety of resources without depleting them. In addition to these traditional uses,

the region is also recognized worldwide for its compelling conservation values. The Great Bear Rainforest and Haida Gwaii is a magnificent old growth forest ecosystem containing one-quarter of the world's remaining coastal temperate rainforest, and supporting wild Pacific salmon, grizzly bears, wolves, and the white 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.



ABOUT COAST FUNDS





Coast Funds was created to make the vital connection between sustainable development projects that embrace conservation values; the social, cultural and economic well-being 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 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.

STRUCTURE OF THE FUNDS

Initially capitalized with \$118 million provided by 6 private foundations, the Province of British Columbia, and the Government of Canada, Coast Funds is comprised of two separate organizations. 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.

COAST ECONOMIC DEVELOPMENT SOCIETY

Coast Economic Development Society is a not-for-profit society responsible for managing a \$60 million economic development fund to support First Nation communities and businesses. The capital in this fund is invested in business development initiatives throughout the Great Bear Rainforest and Haida Gwaii, targeting sectors identified as having good potential for sustainable development in the region that strengthens community well-being.

COAST CONSERVATION ENDOWMENT FUND FOUNDATION

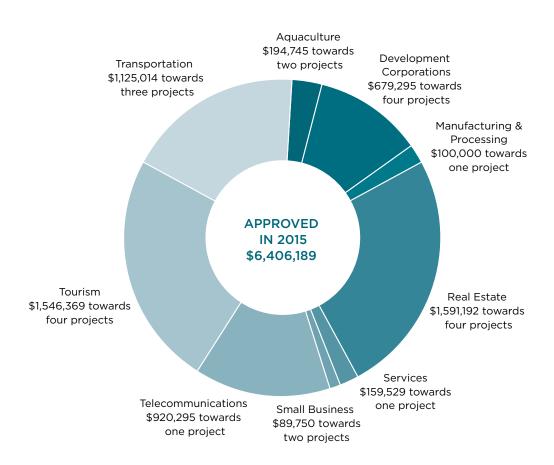
Coast Conservation Endowment Fund Foundation is a registered Canadian charity responsible for managing a \$2.0 million regional conservation planning fund and a permanent endowment fund of approximately \$56.0 million. The income generated from this fund provides ongoing funding to First Nations to support conservation science, resource planning, capacity development and related conservation management activities. Specific dollar amounts are 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.



In 2015, Coast Funds approved \$6,406,189 towards 22 economic development projects. This is anticipated to leverage \$25,723,303 in additional funding to attract a total of \$32,129,492 to the region.

Long-term outcomes that First Nations anticipate these projects will generate include:

- Creation or acquisition of 6 new, and expansion of 12 existing, First Nations owned and operated businesses
- Creation of 160 full time, part time, and seasonal jobs (94 full-time equivalents), including 136 new jobs employing First Nations individuals
- Support for operations of organizations that directly employ 294
 existing full-time equivalent jobs, including 388 existing jobs employing First
 Nations in the region
- Investment of \$16,322,082 into permanent community infrastructure to benefit entrepreneurs and local businesses





CAMPBELL RIVER INDIAN BAND

Development of Cabin Accommodations on Tyee Spit: \$730,000 approved

To expand the Thunderbird RV Park and Campground through construction of five cabins on Tyee Spit with views of the Campbell River estuary and Discovery Passage

GINGOLX ENTERPRISES LIMITED

Start-up of Gingolx Enterprises Ltd.: \$100,000 approved

To commence operations and support the startup of the Village of Gingolx's new development corporation, Gingolx Enterprises Ltd. (GEL), and to develop a strategic plan that is aligned with the community's long-term vision for sustainable economic development

GITGA'AT DEVELOPMENT CORPORATION

Gitga'at Development Corporation - 2015/16 Start-up: \$229,295

To support operations of the Gitga'at Development Corporation during its start-up period, hire a Chief Executive Officer, recruit a full complement of directors for the Board, develop a long-term business plan for the development corporation and its future subsidiary operations, and initiate legal transfer of the Nation's businesses to the development corporation

GITGA'AT FIRST NATION

Start-up of Gitga'at Freight Services: \$860,014 approved

To establish a new community owned and operated transportation company that will provide cost effective freight service to Hartley Bay and surrounding coastal communities

GWA'SALA-'NAKWAXDA'XW FIRST NATION

Hotel Acquisition and Redevelopment in Port Hardy: \$866,192 approved

To purchase and redevelop an existing business in Port Hardy into a four star tourism-oriented hotel and conference centre

HAISLA NATION COUNCIL

Haisla Town Centre - Commercial Office Complex Development: \$100,000 approved

To prepare detailed design drawings and to complete associated work to bring a development permit to the approval stage for a commercial office complex at Haisla Town Centre in downtown Kitimat

Acquisition of the Kitimat Valley Institute Property and Facility: \$600,000 approved

To acquire the land and training facility where Kitimat Valley Institute is located from Coast Mountain School District #82

HEILTSUK ECONOMIC DEVELOPMENT CORPORATION

Bella Bella Airport - Terminal Expansion: \$115,000 approved

To expand the airport terminal in Bella Bella to increase commercial retail space for local entrepreneurs, establish an airport improvement fee that creates a stable revenue stream for future improvements, and modernize the facility that is relied on by community members, commercial operators, and government agencies for accessing BC's central coast region

Heiltsuk Economic Development Corp. - 2015/16 Restructuring: \$300,000 approved

To finalize a major restructuring of the Nation's group of companies under a new holdings board with three operating boards, to continue operations of the development corporation, and to develop a number of new forestry, commercial, transportation, aquaculture, and tourism business opportunities

Heiltsuk Economic Development Corp. - 2015/16 Executive Recruitment: \$50,000 approved

As a key element of finalizing a major restructuring of the Nation's development corporation, to recruit



and staff a new Chief Operating Officer position that will be responsible for managing and expanding the Nation's forestry, commercial, transportation, aquaculture, and tourism business operations

HOMALCO WILDLIFE TOURS INC.

Spring/Summer Cultural Tourism Expansion: \$364,100 approved

To launch an aboriginal cultural tourism program in Bute Inlet in partnership with Sonora Resorts and I'hos Tours that will double the length of the community-owned company's tourism season

KITASOO/XAI'XAIS NATION

Spirit Bear Lodge - Commercial Kitchen Expansion and Youth Guide Training: \$327,000 approved

To invest in infrastructure improvements at Spirit Bear Lodge including a commercial kitchen expansion, transportation equipment upgrades, and culinary, small vessel operator, hospitality, and bear viewing guide training for Kitasoo/Xai'xais youth

KITASOO DEVELOPMENT CORPORATION

Stewardship Office and Accommodations Complex - Predevelopment Planning: \$25,000 approved

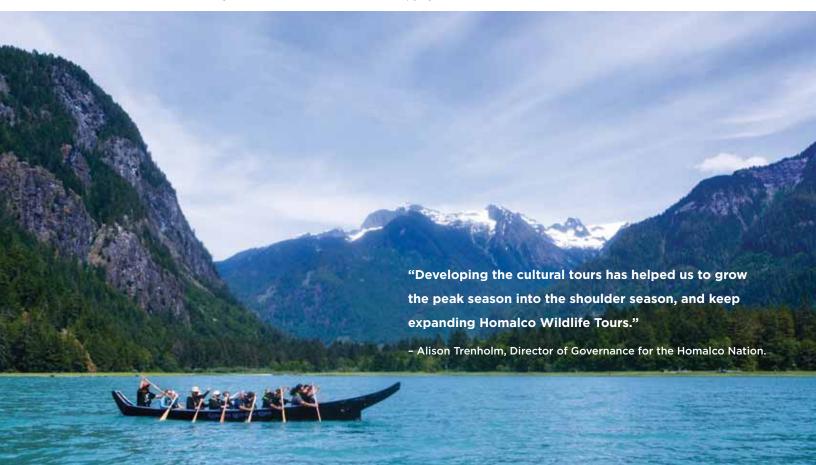
To undertake a comprehensive pre-development phase that will enable Kitasoo/Xai'xais to tender a request for proposals and raise funding to construct and commence operations of a new Kitasoo/Xai'xais Integrated Resource Authority stewardship office and accommodations complex in Klemtu

LAX KW'ALAAMS NATION

Smart Community High Speed Broadband Infrastructure: \$920,295 approved

To invest in high speed broadband internet connectivity throughout the community of Lax Kw'alaams (Port Simpson) to increase the productivity of business operations, improve the security of business information assets, and enable online workforce development training capability for community members

Homalco Cultural Guides during a Traditional Canoe Welcome. Copyright 2015 Tricia Thomas.





MAMALILIKULLA-QWE'QWA'SOT'EM FIRST NATION

Expansion of Adventures Village Island - Season 3: \$125,269 approved

To support core operations of Qwe'Qwa'Sot'Em Tourism Ltd. as the community-owned company completes its start-up phase, expanding its cultural and eco-tour operations based on Compton and Village Island

METLAKATLA GOVERNING COUNCIL

Commercial-Scale Conifer Essential Oils
Manufacturing Facility: \$100,000 approved

To establish the first commercial partnership between the Tsimshian and Nisga'a Nations to manufacture conifer essential oils at a new commercialscale facility in Prince Rupert

'NAMGIS FIRST NATION

Operating Capital for Commercialization of Kuterra: \$177,316 approved

To support the commercialization phase of Kuterra LP to prove the technical and commercial feasibility of rearing Atlantic salmon to market size in a land-based recirculating aquaculture system facility

NUXALK NATION

Start-up of Nuxalk Innovative Landscaping: \$159,529 approved

To purchase an excavator, loader, and related equipment, to train Nuxalk members in equipment operation, landscape design, horticulture, and small business management, and to commence operations of a new Nation owned and operated business in Bella Coola

Bella Coola Motel - Facility and Equipment Improvements: \$60,000 approved

To invest in capital, equipment, and guest service improvements for the recently acquired Bella Coola Motel

Capital and Operating Plan for a Public-Private Partnership: \$29,750 approved

To finalize capital planning for a cultural tourism facility, to identify a local entrepreneur partner through a competitive process, and to finalize a long-term lease agreement for operations

TLOWITSIS FIRST NATION

Happy as a Clam Shellfish Ltd. - Twin Islands Oyster Farm Expansion: \$17,429 approved

To expand Happy as a Clam Shellfish Ltd.'s operations and farm inventory based southeast of Cortes Island at Twin Islands by constructing and installing additional oyster farm grow-out rafts and constructing a new harvesting machine to enable more efficient oyster sorting and grading processes that increases the company's harvesting volumes

WEST SEA OTTER WATER TAXI

Rivers Inlet Water Taxi Start-up: \$150,000 approved

To acquire a Transport Canada certified small freight and passenger vessel and to commence operations of a new marine transportation company servicing the Wuikinuxv community and businesses in Rivers Inlet



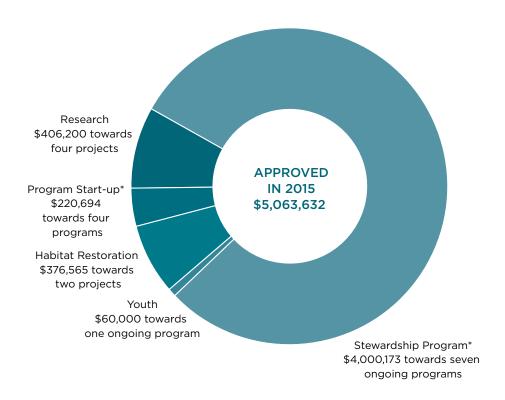
'Namgis Chief Bill Cranmer presenting Kuterra salmon for sale to Renée Hopfner, Director, Corporate Social Responsibility, Safeway Sobeys. Kuterra's land raised Atlantic salmon has been garnering accolades for its sustainable production.



In 2015, Coast Funds approved \$5,063,632 towards conservation projects and annual programs. This is anticipated to leverage \$5,150,144 in additional funding to attract a total of \$10,216,196 to the region.

Long-term outcomes that First Nations anticipate these projects will generate include:

- The expansion of 12 unique annual programs and support of 6 project-based initiatives
- Work in 48 separate protected areas including the preparation of management plans, conducting research or restoration projects, resource referral work, focused monitoring activities, or use of the area for training or knowledge
- · Research and habitat restoration projects that will benefit 30 different species
- The creation of 24 new full-time equivalent conservation jobs and ongoing support of organizations that directly employ 160 full-time equivalent existing conservation jobs



^{*}Program-based funding includes a range of conservation initiatives including monitoring, research, land and marine use planning, youth, and more.



COUNCIL OF THE HAIDA NATION

Heritage and Natural Resources Dept. - 2015/16 Operations: \$451,077 approved

To support operations of the department, deliver cultural features identification archaeological training to Haida Mapping Dept. staff, and to support joint land and resource decision making with the provincial government under the Kunst'aa guu - Kunst'aayah Reconciliation Protocol

Haida Mapping Department - 2015/16 Operations: \$346,912 approved

To complete Cultural Features Identification in the Nang Xaldangaas Heritage Site/Conservancy, to perform surveys in the Duu Guusd Heritage Site/ Conservancy, and to hire two new field crew members and a GIS trainee

Kunst'aa guu - Kunst'aayah Reconciliation Protocol - 2015/16 Solutions Table: \$111,548 approved

To support Haida's stewardship efforts related to the Solutions Table that ensures all applications on Haida Gwaii meet or exceed the Land Use Objectives Order and ecosystem-based management objectives and to participate in technical working groups with the Province of British Columbia

T'aalan Stl'ang and L'aana Daganga.a Culture Camps - 2015: \$60,000 approved

To provide Haida youth with cultural, stewardship, and leadership experience via the T'aalan Stl'ang and L'aana Daganga.a culture camps that build the Nation's human resource capacity for long-term stewardship management

DA'NAXDA'XW FIRST NATION

Guardian Watchman Program Start-up: \$92,490 approved

To initiate and operate a Guardian Watchman Program throughout its territories for eight months and to construct three cabins at strategic locations in Knight Inlet

GITGA'AT FIRST NATION

Guardian Program - 2015/16 Operations: \$400,000 approved

To support operations of the program including completing management plans for three conservancies, conducting research including development of a cumulative impacts assessment and monitoring framework, performing marine mammal abundance and distribution surveys, and documenting traditional Gitga'at use and management of salmon resources

"For us, it's incredibly important to have the Gitga'at Guardians out in the territory, because we know that the Guardians are looking after what we have."

- Kyle Clifton, Gitga'at First Nation Stewardship Director.

Gitga'at Guardians George Fisher and Mary Reece with Operations Manager Marven Robinson.





GWA'SALA-'NAKWAXDA'XW FIRST NATION

Stewardship Program - 2015 Operations: \$250,000 approved

To support operations with a change in emphasis from developing the Nation's regional monitoring strategy to implementation of marine and conservancy management plans, to continue the junior guardian program, and to partner with universities on stewardship training and a bear identification pilot program

HAISLA NATION COUNCIL

Haisla Fisheries Commission - 2015/16 Operations: \$334,900 approved

To support operations of the fisheries commission, complete infrastructure projects in a number of wa'waises and conservancies, stock assessment of eulachon and salmon across twenty watersheds, implementation of the new Haisla Marine Use Plan, and marine-based environmental monitoring in partnership with Ocean Networks Canada

Humprys and Lone Wolf Creek Riparian Restoration - 2015/16 Projects: \$334,900 approved

To undertake the 2015 phase of multi-year riparian restoration projects on Humprys Creek and Lone Wolf Creek that will restore stream bank integrity, to initiate a shift from shrub dominated to primarily conifer forest riparian ecosystems, and consequently improve fish habitat and salmon spawning grounds

HEILTSUK TRIBAL COUNCIL

Heiltsuk Integrated Resource Management Dept. - 2015 Summer-Winter Operations: \$800,000 approved

To support operations of the Heiltsuk Integrated Resource Management Department from June 2015 to March 2016 including completion of five conservancy management plans and collaboration with the Nuxalk and Wuikinuxv Nations on three additional conservancies in the Central Coast region

Heiltsuk Integrated Resource Management Dept. - 2015 Spring Operations: \$354,564 approved

To support operations of the Heiltsuk Integrated Resource Management Department for the first quarter of 2015/16 (April to June)

HOMALCO FIRST NATION

Grizzly and Black Bear Habitat and Family Relationship Study - 2015 Research: \$50,000 approved

To conduct field research and DNA analyses on grizzly and black bear populations in the Nation's territory surrounding Bute Inlet and to build conservation-related research capacity within the Nation that ensures its ecotourism and forestry operations adhere to ecosystem-based management

Guardian Watchman Program - 2015/16 Operations: \$30,000 approved

to support continued regional monitoring operations in the Broughton Archipelago via an expansion of its conservation program that will lead guardian watchman activities as well as performing aquaculture-related intertidal assessments, dungeness crab and eelgrass surveys, and ongoing contribution to the Ha-ma-yas Stewardship Network

K'ÓMOKS FIRST NATION

Guardian Watchman Program Start-up - 2015 Pilot: \$30,462 approved

To continue implementing a pilot Guardian Watchman Program throughout the Nation's territory over a multi-year period and to conduct butter clam, crab, seal, and sea lions surveys throughout the territory

KITASOO/XAI'XAIS NATION

Resource Stewardship Program - 2015/16 Operations: \$465,000 approved

To support operations of the program, research on population dynamics and spatio-temporal distribution of bears across the Nation's territory, completion of four conservancy management plans spanning 120 hectares, and the Supporting Emerging Aboriginal Stewards (SEAS) program



KITSELAS BAND COUNCIL

Tsmdimaas Forest Restoration and Workforce Development Project: \$41,665 approved

To undertake a conservation workforce development project at Tsmdimaas that builds transferable ecosystem restoration skills that will position the Nation to lead future reclamation projects that are anticipated as a result of increased natural resource development that is planned in northwest BC

KWIAKAH FIRST NATION

Phillips Arm/PNacinux^w Conservancy - Clam and Eelgrass Research: \$25,000 approved

To expand on the Nation's field research in the Phillips Arm estuary and watershed to determine the presence, distribution, and production of Eelgrass and bivalves that will enable the Nation to develop measures to mitigate industrial impacts on these species

Workers taking part in the Kitselas Tsmdimaas Forest Restoration Project



LAX KW'ALAAMS NATION

Fisheries Stewardship Program - 2015/16 Operations: \$271,200 approved

To support operations of the program, continue juvenile salmonid habitat monitoring in the Skeena estuary and Chatham Sound, to monitor and conduct research in Lax Kwaxl (Dundas and Melville Islands) Conservancy, and to conduct hydroacoustic surveys in Shawatlan Lake and Georgetown Lake to determine salmon related ecological restoration projects

NORTH COAST SKEENA FIRST NATIONS STEWARDSHIP SOCIETY

Kitamaat Recreational Fishing Vessel Monitoring – 2017-19 DVR Camera Project: \$60,000 approved

To generate more accurate estimates of recreational harvest of salmon, halibut, lingcod, rockfish, and shellfish from Pacific Fishery Management Areas 5 and 6 by installing and operating a digital video recorder at MK Bay Marina in Kitamaat that enables consistent monitoring of recreational vessel traffic accessing tidal waters

TLOWITSIS FIRST NATION

Guardian Watchman Program Startup: \$67,742 approved

To initiate and operate a Guardian Watchman Program throughout its territories for eight months and to conduct salmon enumeration in streams in Port Neville

WUIKINUXV NATION

Wuikinuxv Stewardship Office - 2015/16 Operations: \$486,172 approved

To support operations of the stewardship office, undertake scientific projects, integrate traditional knowledge in stewardship activities, and provide conservation-related training for the 2015/16 fiscal year



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.

Coast Funds was created to make the vital connection between sustainable development projects that

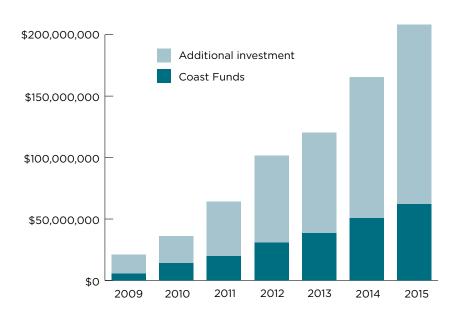
embrace conservation values; the social, cultural and economic well-being of First Nations communities; and long-term conservation of the region.

Coast Funds measures the contribution every project makes to strengthened community well-being across four distinct themes: Economic Prosperity, Social Empowerment, Environmental Sustainability, and Cultural Vitality.

Economic Prosperity

First Nations are growing local economies by investing in businesses, creating jobs, and developing new assets to the region. First Nations have leveraged \$61,975,757 from Coast Funds to attract additional investment of \$61,955,840 for completed projects and further \$83,752,464 expected towards ongoing projects. This results in a total of \$207,684,061 in new investment to the Great Bear Rainforest and Haida Gwaii since 2007.

CUMULATIVE PROJECT INVESTMENT IN THE GREAT BEAR RAINFOREST



"The Nuxalk Nation is the proud new operator of the Bella Coola Motel and our business objectives have been exceeded in five months of operation. The value of taking ownership of this historic property has made our people proud of their heritage and their Nation."

- Wilma Mack, Director of Administration, Nuxalk Nation

Graphs are based on all completed and active projects as of December 31, 2015. First Nations work closely with Coast Funds to provide this information when applying and reporting on funded projects.

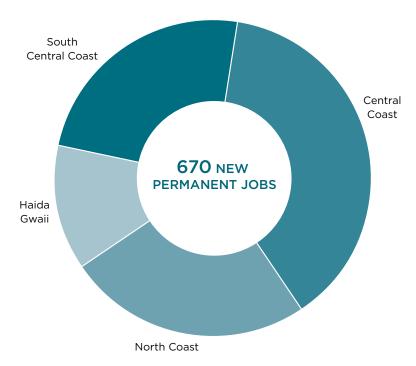


Social Empowerment

First Nations are empowering their community members through new employment opportunities, professional certifications, and higher education in order to retain community members in the Great Bear Rainforest and Haida Gwaii.

First Nations have created 670 permanent positions through projects funded by Coast Funds, and 501 of these positions are held are by First Nation community members. These positions are comprised of full-time, part-time, and seasonal positions, with a full time equivalency of 424.

PERMANENT JOB CREATION IN THE GREAT BEAR RAINFOREST AND HAIDA GWAII



"The Haisla's ownership of a major development has created jobs for our members all the way through. There were jobs during the construction of each phase of the development, and post-construction, it is expected that the jobs created will include property managers, accounting, restaurant management, hospitality, retail, and several other positions."

⁻ Jason Majore, Chief Operating Officer, Haisla First Nation

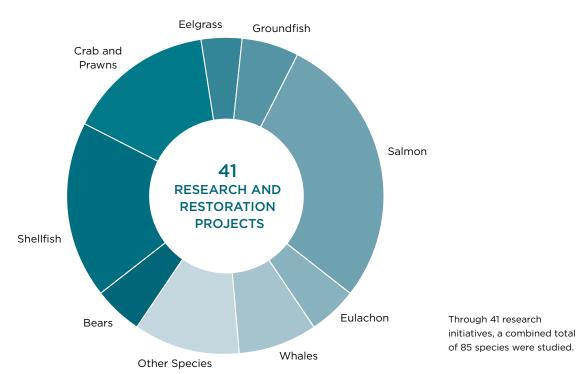


Environmental Conservation

First Nations are leading conservation and research initiatives in the Great Bear Rainforest and Haida Gwaii to protect and sustain the ecological integrity of the area. Research to assess and restore habitats is protecting species of special concern in a wide range of ecosystems found throughout the region.

First Nations have conducted 41 scientific research or habitat restoration initiatives with funding from Coast Funds, impacting 28 independent species, including salmon, eulachon, whales, and others.

NUMBER OF SPECIES RESEARCH OR RESTORATION PROGRAMS BY FIRST NATIONS



"Our Guardian program has been incredible for our Nation to be able to visit remote parts of our territory and original communities that have been inaccessible for years. It also enables us to collect data to ensure the next generation is going to have the same resources we have today."

- Sherry Thomas, Band Administrator, Tlowitsis First Nation

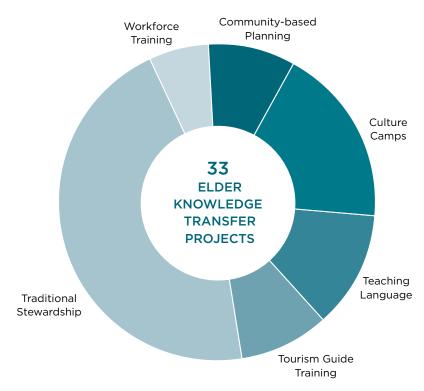


Cultural Vitality

First Nations are revitalizing cultural traditions to ensure indigenous knowledge and traditional stewardship practices are sustained for future generations. First Nations have been stewards of their lands for thousands of years and have a wealth of Traditional Ecological Knowledge (TEK).

First Nations are enabling Elders to transfer this cultural and stewardship knowledge to youth through a wide range of projects across the Great Bear Rainforest and Haida Gwaii. Since 2008, First Nations have led 33 projects with support from Coast Funds to facilitate the transfer of Elder knowledge to youth.

PROJECTS WITH KNOWLEDGE TRANSFER FROM ELDERS TO YOUTH



"We have drumming practices that are open to everyone. The number of participants are increasing every time, especially with youth joining. Knowing that they will grow up knowing our culture makes me very proud of the work that we do. Reviving our culture would not be possible without a supportive team, including contributions from Coast Funds."

⁻ Dorothy Andrew, Councillor, Homalco Nation

FINANCIAL HIGHLIGHTS



Coast Funds strives to adhere to best practices in corporate governance while ensuring its operations are efficient and cost effective. In 2015, the following were noted in finance and administration:

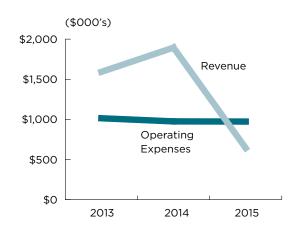
- In 2015, the Coast Economic Developments Society (the economic development fund) reached the halfway milestone, completing funds from the Province of British Columbia (\$30 million) and began disbursing funds from the Government of Canada (\$30 million).
- 2 In 2015, equity markets returned off of the historic highs of the previous years. However, Coast Funds continued to achieve higher than market-based returns from the funds.
- 3 Coast Funds complied with all statutory, regulatory, governing document agreements, policy, and bylaw agreements.

2015 ECONOMIC DEVELOPMENT FUND PERFORMANCE



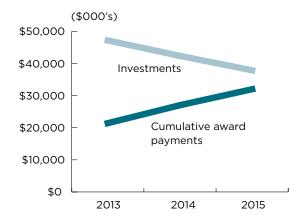
RESULTS FROM OPERATIONS

In 2015, the deficiency of revenue over operating expenses was \$0.3 million, a decrease of \$1.2 million from the \$0.9 million surplus in the prior year. The decrease in revenue can primarily be attributed to the weak performance of the Canadian equity market in 2015. Despite the year-over-year revenue decrease, the Society's performance relative to the overall market was strong. Operating expenses remain relatively stable from year to year.



INVESTMENTS AND INVESTMENT INCOME

Investment income is dependent on both the amount of capital invested and the rate of return earned on investments. The Society's investments will decrease over its lifespan as awards are disbursed.



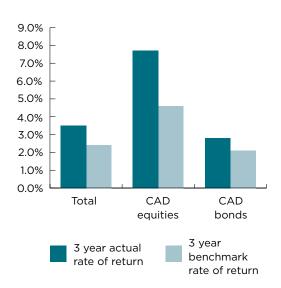
2015 ECONOMIC DEVELOPMENT FUND PERFORMANCE



Over the past three years, earnings from equities have been relatively volatile. As in 2014, the 2015 earnings from fixed income investments were positive due to downward pressure on interest rates. The target allocation of the Society's investments is 90% fixed income and 10% equities, so the weighted average rate of return closely aligns with the returns earned on the fixed income investments.

In 2015 the overall rate of return was 2.1%, before the deduction of investment management fees. This is a decrease over the 2014 return of 4.6%. The annualized rate of return for the last three years was 3.5%, which is higher than the benchmark return of 2.4% per year.

The Society and the Foundation monitor the performance of their investment managers by comparing actual rates of return to benchmarks based on market returns.



(000's)											
CEDS Yearly Fund Balances											
	2007	2008	2009	2010	2011	2012	2013	2014	2015		
Opening Fund Balance	0	61,054	61,669	63,245	60,222	55,967	50,456	47,102	41,659		
Contributions	60,050	0	0	0	0	0	0	0	0		
Net Investment Income	1,070	1,885	4,536	2,879	1,441	1,328	1,592	1,894	643		
Operating Expenses	66	471	828	927	968	1,235	1,014	975	974		
Awards Expense	0	799	2,132	4,975	4,728	5,605	3,932	6,362	5,479		
Closing Fund Balance	61,054	61,669	63,245	60,222	55,967	50,456	47,102	41,659	35,849		

2015 ECONOMIC DEVELOPMENT FUND PERFORMANCE



STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2015

		2015		2014
Assets				
Current assets				
Cash	\$	3,427,339	\$	2,888,303
Restricted deposit		-		772,132
Short-term investments		5,677,849		4,198,381
Due from the Foundation		56,002		143,826
Otherassets		7,762		6,150
		9,168,952		8,008,792
Investments		28,773,656		35,278,162
Property and equipment		3,289		3,631
Deposits	_	4,917	_	4,917
	\$	37,950,814	\$	43,295,502
Liabilities and Net Assets	-			
Current liabilities				
Accounts payable and accrued liabilities	\$	82,326	\$	123,515
Accrued award distribution	_	2,019,162		1,513,345
		2,101,488		1,636,860
Net assets	-			
Externally restricted				
Federal revenue fund		9,860,781		9,699,436
Provincial revenue fund		-		492,052
Regional economic development planning fund		284,918		284,918
Federal economic development fund		25,703,627		30,000,000
Provincial economic development fund	_	-		1,182,236
		35,849,326		41,658,642
	\$	37,950,814	\$	43,295,502
	-			

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 Net Assets Year Ended December 31

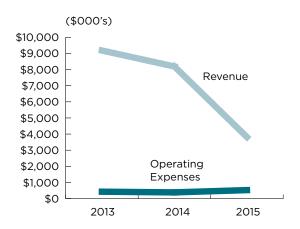
Teal Ended Secenider 51		Federal revenue fund	,	Provincial revenue fund		Regional economic development planning fund	c	Federal economic development fund		Provincial economic evelopment fund		015 otal		2014 Total
Revenue														
Net investment income	\$_	595,822	\$_	46,908	\$_	<u> </u>	\$_	\$	S	\$	6	42,730 \$		1,894,045
Expenses										-				
Administration		38,034		47,191		-		-		-		85,225		61,517
Awards		-		-		-		4,296,373		1,182,236	5,4	78,609		6,361,943
Board expenses		62,165		92,979		-		-		-	1	55,144		149,874
Capacity and support services		77,341		65,159		-		-		-	1	42,500		104,331
Communications		16,295		16,562		-		-		-		32,857		37,023
Facilities and equipment		41,587		55,927		-		-		=		97,514		113,855
Personnel		322,715		436,204		-		-		-	7	58,919		624,551
Professional fees	_	48,594	_	51,465		<u>-</u>		<u>-</u>			1	00,059		101,906
	_	606,731		765,487		-		4,296,373		1,182,236	6,8	50,827		7,555,000
Recovery from the Foundation		(172,254)	_	(226,527)				<u>-</u>			(3	98,781)		(218,043)
		434,477		538,960		<u>-</u>		4,296,373		1,182,236	6,4	52,046		7,336,957
Excess (deficiency) of revenue over expenses		161,345		(492,052)		-		(4,296,373)		(1,182,236)	(5,8	09,316)		(5,442,912)
Net assets, beginning of year	_	9,699,436		492,052		284,918		30,000,000		1,182,236	41,6	58,642	4	17,101,554
Net assets, end of year	\$	9,860,781	\$	- :	\$ _	284,918 \$	5	25,703,627 \$; _	- \$	35,8	49,326 \$	4	11,658,642

2015 CONSERVATION FUND PERFORMANCE



RESULTS FROM OPERATIONS

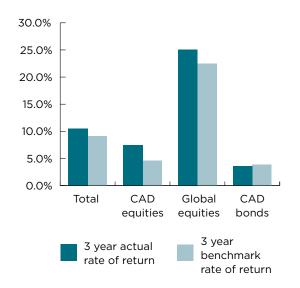
In 2015, the excess of revenue over operating expenses was \$3.3 million, a decrease of \$4.5 million from the prior year's \$7.8 million. While investment income has been volatile over the last three years, operating expenses remain relatively stable from year to year.



INVESTMENT INCOME

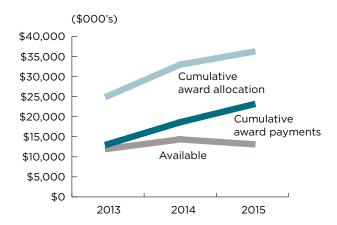
Over the past three years, earnings from all portfolios have been volatile. A new mortgage fund allocation was added to CCEFF in 2015; the investments are divided by 30.0% Canadian equities, 25.0% global equities, 35.0% fixed income (including 12.5% in mortgages), and 10.0% real estate.

In 2015 the overall rate of return was 5.6%, before the deduction of investment management fees. This is a decrease over the 2014 return of 12.0%. The annualized rate of return for the last three years was 10.5%, which is higher than the benchmark return of 9.1% per year.



ANNUAL AWARD ALLOCATION AND AWARD PAYMENTS

Although the annual payments to First Nations have generally increased year over year, many First Nations continue to hold allocations for future use. Coast Funds anticipates that this gap will continue to close as First Nations continue to build stewardship offices and identify conservation initiatives.



2015 CONSERVATION FUND PERFORMANCE

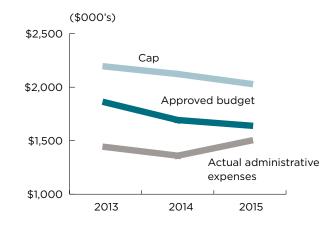


Of the revenue fund totalling \$17.3 million at December 31, 2015, \$13.4 million has been awarded to First Nations but not yet requested for award distribution. The remaining balance of \$3.9 million has been set aside for future distribution in the event that investment income is less than a target minimum in a future year.

(000's) CCEFF Yearly Fund Balances											
	2007	2008	2009	2010	2011	2012	2013	2014	2015		
Opening Fund Balance	0	2,034	58,371	64,823	68,258	66,829	69,305	73,783	75,425		
Contributions	2,000	55,829	15	4	10	11	13	11	11		
Net Investment Income	47	954	7,677	5,877	1,393	6,008	9,166	8,178	3,803		
Operating Expenses	13	208	228	316	399	478	427	384	525		
Awards Expense	0	238	1,012	2,130	2,433	3,065	4,275	6,163	5,278		
Closing Fund Balance	2,034	58,371	64,823	68,258	66,829	69,305	73,783	75,425	73,434		

COMBINED OPERATING EXPENSES OF BOTH FUNDS

Coast Funds' goal is to operate as efficiently as possible while meeting the standards for service and due diligence outlined in our governing documents. Over the last three years, the Board approved budgets which are substantially lower than the cap imposed by the funders. In addition, administration costs have been below budget for each of the three years.



2015 CONSERVATION FUND PERFORMANCE



STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2015

		2015	2014
Assets			
Current assets			
Cash	\$	638,345	\$ 2,107,625
Government and other receivables		38,303	37,838
Short-term investments		168,450	2,028,089
Property and equipment		72,032	77,680
		917,130	 4,251,232
Investments		74,232,058	 72,129,025
	\$	75,149,188	\$ 76,380,257
Liabilities and Net Assets			
Liabilities			
Accounts payable and accrued liabilities	\$	78,881	\$ 106,927
Due to Society		56,002	143,826
Accrued award distribution		1,580,609	 704,870
		1,715,492	955,623
Net assets			
General		60,087	49,387
Externally restricted			
Revenue fund		17,325,784	19,327,422
Regional conservation planning fund		219,210	219,210
Conservation endowment fund	_	55,828,615	 55,828,615
		73,433,696	 75,424,634
	\$	75,149,188	\$ 76,380,257
			-

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 Net Assets

Year Ended December 31		General	Revenue fund	Regional conservation planning fund	Conservation endowment fund	2015 Total	2014 Total	
Revenue								
Contributions	\$	10,700	- :	\$ - \$	- \$	10,700 \$	11,500	
Net investment income	_		3,802,527			3,802,527	8,178,439	
	_	10,700	3,802,527			3,813,227	8,189,939	
Expenses								
Administration		-	7,344	=	-	7344	8,798	
Awards		-	5,277,782	=	-	5,277,782	6,163,150	
Capacity		-	61,100	=	-	61,100	12,197	
Cost sharing with the Society		-	398,781	=	-	398,781	218,043	
Facilities and equipment		-	42,113	=	-	42,113	-	
Personnel		-	140	-	-	140	102,170	
Professional fees	_		16,905		<u>-</u> _	16,905	43,918	
	_		5,804,165			5,804,165	6,548,276	
Excess (deficiency) of revenue over expenses		10,700	(2,001,638)	-	-	(1,990,938)	1,641,663	
Net assets, beginning of year	_	49,387	19,327,422	219,210	55,828,615	75,424,634	73,782,971	
Net assets, end of year	\$_	60,087	17,325,784	\$ 219,210 \$	55,828,615 \$	73,433,696 \$	75,424,634	

BOARD OF DIRECTORS



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.



SAGE BERRYMAN (PREVIOUSLY BAKER) is the Chief Operating Officer of the Ralmax Group of Companies. Prior to this Sage founded a number of companies with the intent to bring impact based businesses into the areas that needed them the most. Before becoming an entrepreneur she was West Coast General Manager and Senior Managing Director with a global management consulting company called FTI Consulting. She has worked with a number of high growth companies where she led multiple successful business/strategic planning initiatives, private and public financings, and sales and marketing programs. Sage holds an MBA in international business from Queen's University. She serves on three corporate boards and is a mentor and advisor for numerous entrepreneurs and their businesses.



MERV CHILD Chair, is a 1994 graduate of the University of Victoria Law School and was called to the British Columbia Bar in 1995. He has practised in the areas of administrative and aboriginal law. He serves as the Executive Director for the Nanwakolas Council Society, a Campbell River-based society of seven First Nations addressing land and resource issues and related economic development opportunities.



PERCY CROSBY represents Skidegate at the Haida House as an elected official for the CHN. He has held an executive position on the boards of Gwaii Trust and Gwaii Forest Charitable Trust and sits on the board of Haida Gwaii Community Futures. He also works for the BC Ministry of Forests, Lands and Natural Resource Operations as a First Nations Liaison. He acts as the coordinator and board member for the Haida Gwaii Cultural Wood Advisory Board, representing the Province.



GARTH DAVIS is the CEO of New Market Funds and has spent more than 20 years in capital deployment. He has leadership experience in impact investing (Vancity Community Capital), private equity (Turtle Creek and Scotia Merchant Capital), and corporate and leveraged finance (Scotia Capital). He has a Master of Arts in International Economics from the Paul H. Nitze School for Advanced International Studies, Johns Hopkins University, a Master of Science from the London School of Economics and Political Science, and a Bachelor of Arts from Simon Fraser University.

BOARD OF DIRECTORS





DARCY J. DOBELL has over 20 years' experience in policy, strategic planning, and communications in public and non-profit sectors. As VP, Conservation and Pacific at WWF-Canada, she led conservation programs in BC and across Canada. She also served for a number of years as a director and co-Chair of the Clayoquot Biosphere Trust, and was the founding Chair of the Raincoast Education Society. Through her consulting company, Darcy currently works with First Nations, government agencies, businesses, and NGOs to advance sustainability initiatives.



WALLY EAMER was born and raised on Vancouver Island, and lives in Metchosin. He has a Bachelor of Arts from University of B.C. and Master of Business Administration from Harvard. He worked for over twenty years in the provincial government, including Ministry of Environment and BC Parks. In the Central Coast process from 2002, he was the provincial Table representative, provincial negotiator with First Nations in 2004 and 2005, and since 2006 has worked on EBM implementation with the Nanwakolas Council. In 2008, he was ordained as a deacon in the Anglican church.



LARRY GREBA has extensive experience and training in the field of fisheries, oceans and economic development. He has worked with 25 First Nations communities and organizations throughout British Columbia over the past 31 years primarily in wild fisheries enhancement, conservation, management, finfish and shellfish aquaculture, policy development, strategic planning, and negotiation. He has worked closely with the Kitasoo/Xai'xais Nation, Central Coast Indigenous Resources Alliance, the First Nations Fisheries Council and the Coastal First Nations-Great Bear Initiative, and has represented the interests of many of these organizations on a myriad of boards and committees. He has developed and serves as a managing director of several Kitasoo Band businesses.



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. He has also been Secretary to the Treasury Board. He currently sits on the boards of Puget Sound Energy, Coast Capital Savings Credit Union, and Pacific Sport Victoria.



GERALD WESLEY (Board member from 2013-2016) is the Vice-Chair of the Northern Development Initiative Trust, chief negotiator for the Tsimshian First Nations Treaty Society, and a consultant offering services to First Nations. He has served on numerous Boards in BC and is one of the original members for the University of Victoria, Administration of Aboriginal Governments Program Advisory Committee. He also has extensive experience in the forest industry and in band and tribal council administration. Gerald is a hereditary chieftain from the Kitsumkalum First Nation just outside of Terrace, BC. Gerald retired from Coast Funds' Board in early 2016.

2015 MEMBERS



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

ROSS MCMILLAN

President and CEO, Tides Canada Foundation

JENNY BROWN

Director of Conservation Programs, The Nature Conservancy of Canada

DALLAS SMITH

President, Nanwakolas Council

MARILYN SLETT

Chief Councillor, Heiltsuk Tribal Council

NEILANE MAYHEW

Assistant Deputy Minister, Ministry of Aboriginal Relations & Reconciliation

CRAIG SUTHERLAND

Assistant Deputy Minister, Coast Area, Ministry of Forest, Lands and Natural Resource Operations

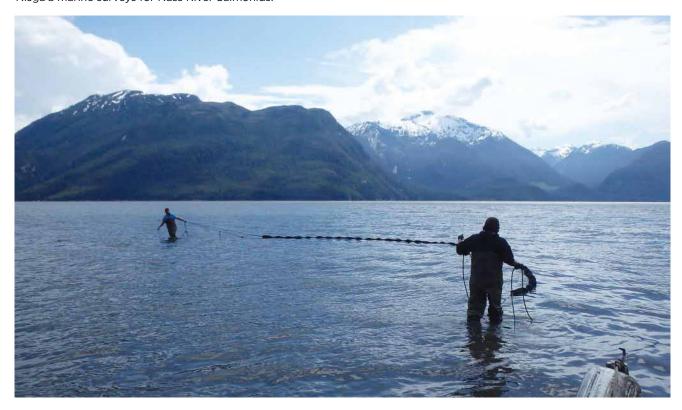
CYNTHIA SAMUELS

Old Masset Regional Representative, Council of the Haida Nation (non-voting)

BRUCE WATKINSON

Fisheries Manager, Gitxaala Environmental Monitoring (non-voting)

Nisga'a marine surveys for Nass River Salmonids.



STAFF





DAVID MANNIX Snuneymuxw First Nation, Past Executive Director (2009-2016), 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. Dave retired from Coast Funds in January 2015.



BRODIE GUY Executive Director, has held leadership positions in the environmental technology sector, with not-for-profit organizations, and in government. Most recently, he was British Columbia's private sector liaison to the World Bank and administered the Province's governance of BC Forestry Innovation Investment Ltd. Previously, Brodie jointly funded projects with Coast Funds since its inception while leading project investment for Northern Development Initiative Trust. In that role, Brodie focused on community economic diversification in response to the climate change-related devastation of British Columbia's interior forests caused by the Mountain Pine Beetle epidemic. Prior to his career in northern/rural development and conservation, Brodie worked with the US EPA, state agencies, and Fortune 500 companies while directing marketing for a water treatment and groundwater remediation technology company. Brodie received his Bachelor's degree in commerce from the University of Victoria, British Columbia in 2002 where he concentrated on sustainable and social entrepreneurship.



CHRIS EARLE Director of Finance and Administration, has practiced in both the public and private sectors of finance and accounting, primarily in the technology and not-for-profit sectors. He has extensive experience in start-ups, financial management, planning, financial reporting, costing, and administration. Most recently, he was Director of Finance for a leading hospital. Previously he was the National Director of a highly successful start up in the telecommunications industry. He is Treasurer and a Director of the MPA Society and a past member of the Management Practices Committee for Canada. He holds a Bachelor of Commerce degree from the University of Alberta and is a CPA, CMA.



MEAGHAN HUME Communications Officer, has formerly worked in international development, education, and leadership programming for First Nations youth. She has experience overseas as a Communications Manager at a gender rights non-government organization in Uganda, and has also worked as a Writing Fellow for the University of British Columbia Okanagan. Most recently, she was a project coordinator for VIDEA, where she worked on collaborations with First Nations in BC. She holds an MA with a concentration in indigenous topics from the University of British Columbia.

STAFF





ROBIN POIRIER Project Analyst, is responsible for reporting and measuring impacts of Coast Funds' conservation and economic development projects. She has worked in marine conservation and sustainable seafood, First Nations' economic development, and the Canadian inbound adventure tourism sector in business development and market research roles. She holds an MBA and Bachelor of Science from the University of British Columbia.



GRÀINNE MATHEWS Project and Board Administrator, completed a Masters in Political Lobbying and Public Affairs at the University of Ulster. She interned with a number of environmental charities and not-for-profit organizations including Stratagem, a public affairs consultancy. Gráinne joined Stratagem as a CRM Project Assistant and subsequently a Public Affairs Analyst, working mainly in the energy and environmental sectors but also in education and transport.



ANDREA HARRISON Accountant and Personnel Administrator, is a CMA and has a Bachelor of Science from the University of Alberta. Andrea has ten years' experience as an accountant in the not-for-profit sector, most recently working with the Canadian Cancer Society. Between 2000-2010 Andrea was Chief Financial Officer for the First Nations' Employment Society, which provides training and employment assistance to First Nations people.



Our logo was designed by artist Curtis Wilson, whose Hamat's aname, 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.



Suite 1455-409 Granville Street Vancouver, BC V6C 1T2

604.684.0223 info@coastfunds.ca

www.coastfunds.ca