

Financial Statements of

**COAST CONSERVATION ENDOWMENT  
FUND FOUNDATION**

And Independent Auditor's Report thereon

Year ended December 31, 2024

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## Independent Auditor's Report

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To the Directors of Coast Conservation Endowment Fund Foundation

### Opinion

We have audited the financial statements of Coast Conservation Endowment Fund Foundation (the 'Foundation'), which comprise the statement of financial position as at December 31, 2024, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for not-for-profit organizations.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Report on Other Legal and Regulatory Requirements**

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

*BDO Canada LLP*

Chartered Professional Accountants  
Vancouver, British Columbia  
April 29, 2025

# COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Statement of Financial Position  
(Presented in thousands \$)  
December 31

	2024	2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 148,588	\$ 3,528
Great Bear Sea funds held (note 15)	-	63,210
Prepaid expenses	43	10
Investment income receivable	975	105
Government and other receivables (note 16)	86,454	34
	236,060	66,887
Tangible capital assets (note 4)	24	32
Investments (note 3)	97,676	94,386
Government and other receivables (note 16)	5,057	-
	\$ 338,817	\$ 161,305

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 649	\$ 98
Accrued projects distributions	913	793
Deferred Great Bear Sea funds (note 15)	-	63,210
Due to related parties (note 7)	303	598
Deferred lease inducement (note 6)	6	7
Deferred contributions (note 5)	3,991	1,666
	5,862	66,372
Deferred lease inducement (note 6)	-	6
	5,862	66,378
Net assets:		
Unrestricted	190	147
Externally restricted:		
Marine planning and partnership	54,894	-
Revenue fund (note 12)	26,746	23,913
Founding endowment fund	70,232	69,058
Marine stewardship fund	169,025	-
Other externally restricted funds	11,868	1,809
	332,955	94,927
Commitments (note 9)		
Funds held in trust (note 14)		
Subsequent Event (note 17)		
	\$ 338,817	\$ 161,305

See accompanying notes to the financial statements.

Approved on behalf of the Board:

  
Dallas Smith

Director

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Chris Trumpy

Director

**COAST CONSERVATION ENDOWMENT FUND FOUNDATION**  
**Statement of Operations and Changes in Net Assets**  
(Presented in thousands \$)  
Year ended December 31

	<u>Unrestricted</u>		<u>Externally Restricted</u>						
	<u>General Fund</u>	<u>Marine Plan Partnership</u>	<u>Revenue Fund</u>	<u>Founding Endowment Fund</u>	<u>Marine Stewardship Fund</u>		<u>Other Endowment Funds</u>	<u>2024</u>	<u>2023</u>
					<u>Endowment Fund</u>	<u>Flex Fund</u>			
<b>Revenue</b>									
Donations and grants	\$ 6,690	\$ 55,479	\$ -	\$ -	\$ 152,620	\$ 15,000	\$ 10,033	\$ 239,822	\$ 2,501
Net investment income (note 8)	-	1,102	8,954	-	1,405	-	-	11,461	5,039
	<u>6,690</u>	<u>56,581</u>	<u>8,954</u>	<u>-</u>	<u>154,025</u>	<u>15,000</u>	<u>10,033</u>	<u>251,283</u>	<u>7,540</u>
<b>Expenses</b>									
Administration	416	17	(142)	-	-	-	-	291	338
Project funding	-	-	4,412	-	-	-	-	4,412	1,962
Communications	286	12	11	-	-	-	-	309	147
Cost sharing with CEDS (note 7)	-	-	290	-	-	-	-	290	205
Facilities and equipment	109	-	196	-	-	-	-	305	193
Personnel	822	-	-	-	-	-	-	822	747
Professional fees	685	598	154	-	-	-	-	1,437	1,090
Capacity funding	4,329	1,060	-	-	-	-	-	5,389	-
	<u>6,647</u>	<u>1,687</u>	<u>4,921</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,255</u>	<u>4,682</u>
<b>Excess of revenue over expenses</b>	<b>43</b>	<b>54,894</b>	<b>4,033</b>	<b>-</b>	<b>154,025</b>	<b>15,000</b>	<b>10,033</b>	<b>238,028</b>	<b>2,858</b>
<b>Net assets, beginning of period</b>	<b>147</b>	<b>-</b>	<b>23,913</b>	<b>69,058</b>	<b>-</b>	<b>-</b>	<b>1,809</b>	<b>94,927</b>	<b>92,069</b>
Interfund Transfers (Note 12)		-	(1,200)	1,174	-	-	26	-	-
<b>Net assets, end of period</b>	<b>\$ 190</b>	<b>\$ 54,894</b>	<b>\$ 26,746</b>	<b>\$ 70,232</b>	<b>\$ 154,025</b>	<b>\$ 15,000</b>	<b>\$ 11,868</b>	<b>\$ 332,955</b>	<b>\$ 94,927</b>

See accompanying notes to financial statements

# COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Statement of Cash Flows

Year ended December 31

(Presented in thousands \$)

	2024	2023
Cash provided by (used in):		
Operating:		
Excess of revenue over expenses	\$238,028	\$ 2,858
Items not involving cash:		
Amortization of tangible capital assets	8	11
Amortization of lease inducement	(7)	(7)
Fair value adjustment on investments	(5,047)	11,767
Changes in non-cash operating working capital:		
Prepaid expenses	(33)	2
Investment income receivable	(871)	(105)
Government and other receivables	(91,477)	6
Accounts payable and accrued liabilities	551	16
Deferred revenue	2,325	647
Due to the Society	(294)	(264)
Accrued project funding distribution	120	(336)
	143,303	14,595
Investing:		
Sale (purchase) of investments, net	1,757	(13,377)
Decrease in cash and cash equivalents	145,060	1,218
Cash and cash equivalents, beginning of year	3,528	2,310
Cash and cash equivalents, end of year	\$ 148,588	\$ 3,528

See accompanying notes to the financial statements.

# COAST CONSERVATION ENDOWMENT FUND FOUNDATION

## Notes to the Financial Statements

Year ended December 31, 2024  
(Presented in thousands \$)

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### 1. Operations:

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

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

### 2. Significant accounting policies:

#### (a) Basis of presentation:

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

#### (b) Fund accounting:

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

##### (i) General fund:

The general fund is used to manage and report on revenue and expenses related to unrestricted contributions and grants. The fund balance represents net assets that are not subject to externally imposed restrictions and any externally restricted contributions where there is no appropriate restricted fund.

##### (ii) Externally restricted funds:

###### *Marine plan partnership:*

The amounts in this fund are restricted by private funders for the Marine plan partnership fund to support the core capacity needs of the Marine Plan Partnership (MaPP) including coordination with and support of the Marine Protected Areas (MPA) Network. The fund is planned to sustain related costs from the initial funding and net investment income earned over an estimated 20-years.

###### *Revenue fund:*

Externally restricted investment income earned on the amounts held in the regional conservation planning fund, founding endowment fund and stewardship endowment fund are recorded in the revenue fund. These amounts are restricted for projects for stewardship initiatives connected with the project area, operational and administrative activities associated with these initiatives, and for transfers to the endowments to maintaining their purchasing power. The project costs and related administrative costs are recorded as expenses of the fund.

# COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Notes to the Financial Statements (continued)

Year ended December 31, 2024

(Presented in thousands \$)

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## 2. Significant accounting policies (continued):

### (b) Fund accounting (continued):

#### (ii) Externally restricted funds (continued):

##### *Founding endowment fund:*

The founding endowment fund represents contributions received by the Foundation from private funders in 2007, the principal of which is to be maintained on a permanent basis. Investment income earned on the endowment fund is externally restricted, reported in the revenue fund and used to fund operational and administrative costs and approved conservation initiatives.

##### *Marine Stewardship fund:*

The Marine stewardship fund (MSF) represents contributions received from private funders, the Province of British Columbia and Government of Canada in 2024, as part of the Great Bear Sea Project for Permanence agreement, which is primarily intended to support ongoing management and stewardship activities by the Nations, including collaborative governance and implementation of new Marine Protected Areas (MPA) and the MPA Network as a whole. The MSF comprises of two components, the endowment contributions of \$152,619 including contributions from federal government (note 16), provincial government (note 15) and various other philanthropic donors, which is to be maintained in perpetuity and a flexible fund of \$15,000, which can be spent down to support the overall fund's purpose in the first three years.

##### *Other Endowment Funds*

Includes Stewardship endowment fund, the regional conservation fund and Ahousaht endowment fund. This Stewardship endowment fund represents contributions received by the Foundation, the principal of which is to be maintained on a permanent basis. Investment income earned on the endowment fund is externally restricted, reported in the revenue fund, and used to fund operational and administrative costs and approved stewardship initiatives. The Regional conservation planning fund amounts in this fund are restricted by the donors to fund projects for regionally focused conservation planning projects. In 2024, the Foundation received \$10,000 to be held under the Ahousaht endowment fund on a permanent basis.

### (c) Revenue recognition:

#### *Restricted contributions:*

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

#### *Investment income:*

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



# COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Notes to the Financial Statements (continued)

Year ended December 31, 2024

(Presented in thousands \$)

## 2. Significant accounting policies (continued):

### (c) Revenue recognition (continued):

#### *Unrestricted contributions:*

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

### (d) Cash and cash equivalents:

Cash and cash equivalents include fixed income investments with maturity dates within 90 days of acquisition.

### (e) Accrued project funding distribution:

Accrued project funding distribution is recorded upon execution of a funding agreement, when the amount payable can be reasonably estimated, and disbursements reasonably assured.

### (f) Tangible capital assets:

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

Asset	Basis	Rate
Equipment	Declining balance	30%
Leasehold improvements	Straight-line	Over 5-year lease term

### (g) Lease inducements:

Deferred lease inducements include financial inducements for tenant improvements to the office space. Amortization of deferred lease inducements is recognized on a straight-line basis as a reduction of facilities and equipment expense over the lease term.

### (h) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, including the fair market value of certain investments, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the year. Actual results could differ from those estimates.

### (i) Financial instruments:

The Foundation's financial instruments include cash and cash equivalents, investment income receivables, government and other receivables, investments, amounts due to related parties, accounts payable and accrued liabilities and accrued project funding distribution. Arm's length financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value.

# COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Notes to the Financial Statements (continued)

Year ended December 31, 2024

(Presented in thousands \$)

## 2. Significant accounting policies (continued):

### (i) Financial instruments (continued):

All investments, including investments in partnership units and pooled funds, are recorded at the trade date and subsequently measured at fair value. All other financial instruments are subsequently reported at cost or amortized cost.

Related party financial instruments quoted in an active market or those with observable inputs significant to the determination of fair value or derivative contracts are recorded at fair value at initial recognition. All other related party financial instruments are recorded at cost at initial recognition.

Transaction costs incurred on the acquisition of the financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized over the term of the instrument.

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

### (j) Foreign currency translation:

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

## 3. Investments:

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

	2024	2023
Investments at fair value:		
Fixed income securities	\$ 3,667	\$ 4,779
Canadian equities	-	-
Global equities	8,521	8,685
Canadian pooled mortgage fund	3,930	4,715
Canadian pooled real estate fund	10,810	15,240
Infrastructure	40,828	34,315
Private debt	18,648	16,877
Private equity	11,272	9,775
Total non-current investments	\$ 97,676	\$ 94,386

# COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Notes to the Financial Statements (continued)

Year ended December 31, 2024

(Presented in thousands \$)

## 3. Investments (continued):

Infrastructure investments are held in Axiom Infrastructure NA Limited Partnership and CBRE Caledon Global Infrastructure Fund Holdings I, Limited Partnership. Under the terms of investment, units held in Axiom Infrastructure NA Limited Partnership are subject to a penalty of 7.5% in year 1, with a 1.5% reduction for every subsequent year up to year 5 if tendered for repurchase. CBRE units held cannot be tendered for repurchase until 36 months following the date of acquisition which expires in October 2026.

Private debt investments are held in Fiera Comox NA Limited Partnership. Under the terms of investment, units held cannot be tendered for repurchase until 24 months following the date of acquisition of the units which is January 2025.

Private equity is made up of units held in Partners Group Private Equity II (TEI) - Class A, Limited Liability Corporation, which is comprised of pooled private equity investments held in Partners Group Private Equity II (TEI) – Class A, Limited Liability Corporation. Under the terms of investment, units held cannot be tendered for repurchase until 36 months following the date of acquisition of the units which expires May 2026.

Investments with maturity dates within the next fiscal year are presented as short-term investments on the statement of financial position.

## 4. Tangible capital assets:

	2024		2023	
	Cost	Accumulated amortization	Net book value	Net book value
Equipment	\$ 17	\$ 12	\$ 5	\$ 7
Leasehold improvements	50	31	19	25
	\$ 67	\$ 43	\$ 24	\$ 32

## 5. Deferred contributions:

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

	2024		2023	
Opening balance	\$	1,666	\$	1,019
Contributions received, net		8,946		2,948
Revenue recognized to General Fund		(6,621)		(2,301)
	\$	3,991	\$	1,666

# COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Notes to the Financial Statements (continued)

Year ended December 31, 2024

(Presented in thousands \$)

## 6. Deferred lease inducement:

The deferred lease inducement represents the reimbursement by the lessor of certain expenditures for leasehold improvements made by the Foundation.

	2024		2023	
Opening balance	\$	13	\$	20
Amortization recorded net of facilities and equipment expense		(7)		(7)
	\$	6	\$	13
Current portion	\$	6	\$	7
Long-term portion		-		6
	\$	6	\$	13

## 7. Related party transactions:

The Foundation is related to the Coast Economic Development Society (the "Economic Development Society") and the Coastal Indigenous Prosperity Society (the "Indigenous Prosperity Society") as all of the directors of the Foundation are also directors of the Economic Development Society and Coastal Indigenous Prosperity Society. The Economic Development Society is a not-for-profit organization incorporated under the Societies Act (British Columbia). The purpose of the Economic Development Society is to fund sustainable economic development initiatives in the central and northern coastal regions of British Columbia and Haida Gwaii in collaboration with First Nations. The Indigenous Prosperity Society is a not-for-profit organization under the Income Tax Act. Its purpose is to support the transition to a more sustainable and equitable conservation-based economy with self-determined projects by Nations in the central and northern coastal regions of British Columbia and Haida Gwaii.

The net assets and results from operations of the Economic Development Society and the Indigenous Prosperity Society have not been included in these financial statements. A financial summary of the societies as at and for the year ended December 31, 2024 is as follows:

	2024		2023	
	Indigenous Prosperity Society	Economic Development Society	Economic Development Society	
Financial position:				
Total assets	\$ 123,696	\$ 1,097	\$	13,856
Total liabilities	403	614		1,528
Total net assets	\$ 123,293	\$ 483	\$	12,328

# COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Notes to the Financial Statements (continued)

Year ended December 31, 2024

(Presented in thousands \$)

## 7. Related party transactions (continued):

	2024		2023
	Indigenous Prosperity Society	Economic Development Society	Economic Development Society
Results of operations:			
Total revenue	\$ 123,317	\$ 417	\$ 812
Total expenses	24	12,262	3,023
Excess of revenue over expenses	\$ 123,293	\$ (11,845)	\$ (2,211)
Cash flows:			
Operating activities	\$ (119,602)	\$ (12,839)	\$ (3,447)
Investing activities	\$ -	\$ 4,709	\$ 8,741

The Foundation and the Economic Development Society and Indigenous Prosperity Society share operating resources under a cost sharing agreement.

In accordance with the cost sharing agreement, during the year ended December 31, 2024, the Foundation charged the Economic Development Society \$206 (2023 - \$162), and the Economic Development Society charged the Foundation \$496 (2023 - \$366) for their respective share of the expenses incurred by each of the two parties. Cost sharing with the Economic Development Society of \$290 (2023 - \$204) recorded on the statement of operations excludes indirect taxes paid of \$11 (2023 - \$8) on a portion of services billed by the Economic Development Society to the Foundation.

Cost sharing with the Economic Development Society is comprised of the following:

	2024	2023
Expenses charged by the Society:		
Administration	\$ 21	\$ 24
Board	21	8
Communications	6	5
Facilities and equipment	2	-
Personnel	439	314
Professional fees	7	15
	496	366
Less: expenses recovered from the Society:		
Administration	(42)	(16)
Facilities and equipment	(142)	(124)
Insurance	(12)	(12)
Professional fees	(10)	(10)
	(206)	(162)
	\$ 290	\$ 204

# COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Notes to the Financial Statements (continued)

Year ended December 31, 2024

(Presented in thousands \$)

## 7. Related party transactions (continued):

As at December 31, 2024, balances owing are unsecured, non-interest bearing and has no specific terms of repayment, the balance owing by related parties is comprised of the following:

	2024	2023
Coast Economic Development Society	\$ 315	\$ 598
Coastal Indigenous Prosperity Society	(12)	-
	\$ 303	\$ 598

## 8. Net investment income:

	2024	2023
Interest income	\$ 4,775	\$ 933
Dividend income	97	959
Realized gains on sale of investments	2,779	15,908
Change in fair value adjustments on investments	5,047	(11,767)
	12,698	6,034
Less investment manager and custodian fees	1,237	995
	\$ 11,461	\$ 5,039

## 9. Commitments:

The Foundation entered into an operating lease agreement with respect to the Foundation and related parties' premises. The minimum annual payments under the lease are as follows:

2025	\$ 70
2026	6
	\$ 76

The Foundation has committed to investing \$9,499 in future investments purchases within existing investment managers.

# COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Notes to the Financial Statements (continued)

Year ended December 31, 2024

(Presented in thousands \$)

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## 10. Financial instruments:

### (a) Market risk:

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

### (i) Currency risk:

Currency risk is the risk that the fair value of the Foundation's financial instruments will fluctuate due to changes in foreign exchange rates. The Foundation is directly exposed to currency risk on its investments in global equity securities \$4,426 USD and \$2,074 CAD of global currencies (2023 - \$4,898 USD), infrastructure \$9,921 USD (2023 - \$9,619 USD), private equity \$7,690 USD (2023 - \$7,390 USD), and private debt \$13,077 USD (2023 - \$12,874 USD). The Foundation enters forward contracts to mitigate this risk.

### (ii) Interest rate risk:

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

### (iii) Other price risk:

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

The Foundation is exposed to other price risk on its investments in CBRE, Fiera Comox and Partners Group investments as the terms of the investments requires the Foundation to hold the investments for the period of 24 months for Fiera Comox and 36 months for both CBRE and Partners Group, which may impact the fair value of the investments.

### (b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Foundation's cash and cash equivalents and investments are held with reputable institutions and its investments are diversified within various asset pools. The Foundation is not exposed to any significant credit risk.

# COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Notes to the Financial Statements (continued)

Year ended December 31, 2024

(Presented in thousands \$)

## 10. Financial instruments (continued)

### (c) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. Certain investments held by the Foundation contain provisions that require investments to be held for a period of time before divestiture as listed in Note 3. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no changes to risk since prior year.

## 11. Capital management:

The Foundation defines capital to be net assets.

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

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

As of December 31, 2024, the Foundation has complied with all externally imposed capital restrictions.

## 12. Revenue fund:

Net assets of the revenue fund is comprised of the following amounts:

	2024	2023
Project distribution (i)	\$ 19,132	\$ 19,813
Reserve (ii)	4,072	4,072
Retention (iii)	3,542	28
	\$ 26,746	\$ 23,913

(i) Project distribution amounts are available to be drawn down for future project distribution.

(ii) The reserve has been established to meet the Board's policy of ensuring that there is a balance available to be drawn down for project distribution when investment income is less than a target minimum in a future year.

Stewardship endowment fund contributions have a reserve requirement of 5% upon contributions transferred to the revenue fund. In 2024, \$NIL (2023 - \$4) was allocated to the revenue fund to establish the fund's reserve.



# COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Notes to the Financial Statements (continued)

Year ended December 31, 2024

(Presented in thousands \$)

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## 12. Revenue fund (continued):

- (iii) The retention is based on the Foundation's financial results for the year and has been calculated in accordance with the Foundation's Finance Policy. This retention amount is established for the purpose of minimizing year-over-year variability in funds available to be drawn down for future project distributions.

The Conservation Investments and Incentives Agreement, the founding document of the Foundation, requires that the Board endeavor to maintain the founding endowment's purchasing power in perpetuity by growing the endowment by the rate of inflation as defined by the British Columbia Consumer Price Index ("BC CPI") where sufficient investment earnings are available.

In 2024, the Board approved an interfund transfer of \$1,200 (2023 – \$11,051) from the retention balance within the revenue fund of which \$1,174 was allocated to the founding endowment fund and \$26 to the stewardship endowment fund.

## 13. Disclosure of director, employee and contractor remuneration:

For the year ended December 31, 2024, no individual employee or contractor for services received total annual remuneration of \$75 or greater (2023 - none).

While the bylaws of the Foundation allow for director remunerations, no remuneration was paid to any directors of the Foundation during the year.

## 14. Funds held in trust:

First Nations from coastal British Columbia are currently engaged with the federal and provincial governments through regional marine conservation planning and conservation initiatives. The Coast Solutions Task Group (the "CSTG") was established to draft a regional marine finance strategy. The CSTG has designated the Foundation to hold all interest earned on all contributions received in advance of the Great Bear Sea Project Finance for Permanence (PFP), until the closing agreement was completed June 21, 2024. In 2024, up until the closing agreement date, \$373 (2023 \$755) was earned in interest on this amount.

As part of the Great Bear Sea PFP closing agreement, the \$13,600 of donations held in escrow has been recognized as revenue related to the Marine Stewardship Fund and under the direction of the CSTG, the accumulated interest earned of \$1,128 has been recognized as a restricted contribution to support the work of the CSTG in supporting the Great Bear Sea PFP transition.

# COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Notes to the Financial Statements (continued)

Year ended December 31, 2024

(Presented in thousands \$)

## 15. Great Bear Sea Funds held:

The Foundation received funds from various funders to further support the Great Bear Sea PFP, which met its closing agreement conditions June 21, 2024. As at December 31, 2023, deferred contributions include a \$60,000 grant from the Provincial Government of British Columbia, alongside contributions from various philanthropic donors were received in advance of the closing agreement. These funds are restricted, with any interest income accrued available for use as determined by the CSTG (Note 14).

	2024	2023
Opening balance	\$ 63,210	\$ -
Contributions received	818	60,820
Interest Earned on contributions received	1,655	2,390
Contributions recognized for Deferred Contributions	(4,045)	-
Contributions recognized for Great Bear Sea PFP		
- Under Marine Plan Partnership Fund	(48,000)	-
- Under Marine Stewardship Fund	(13,638)	-
	\$ -	\$ 63,210

## 16. Government and other receivables:

As at December 31, 2024 the Foundation had restricted contributions receivable from select funders, that were part of the Great Bear Sea PFP Closing Agreement. Out of the total receivables outstanding at year end, \$86,454 is expected to be received in the next 12 months.

	2024	2023
Grant funding receivables	\$ 91,477	\$ -
GST receivables	34	34
	\$ 91,511	\$ 34
Less: Current portion of receivables	86,454	34
Non-current receivables	\$ 5,057	\$ -

## 17. Subsequent Event:

- The Foundation signed a 10-year operating lease agreement with respect to the Foundation and related parties office location, with yearly lease costs of \$232 beginning January 1, 2026.
- Subsequent to December 31, 2024 the world economy faced unique volatility as a result of changes in global trade agreements. This may result in changes in the valuation of investments held by the Foundation. It is not known at this time whether these changes are permanent in nature.