

Financial Statements of

**COASTAL INDIGENOUS
PROSPERITY SOCIETY**

And Independent Auditor's Report thereon

Period ended December 31, 2024

Independent Auditor's Report

To the Directors of Coastal Indigenous Prosperity Society

Opinion

We have audited the financial statements of Coastal Indigenous Prosperity Society (the 'Society'), 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 Society as at December 31, 2024, and its results of operations and its cash flows for the period 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 Society 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 Society'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 Society'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 Society 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.

BDO Canada LLP

Chartered Professional Accountants
Vancouver, British Columbia
April 29, 2025

COASTAL INDIGENOUS PROSPERITY SOCIETY

Statement of Financial Position

Period ended December 31, 2024

Assets

Current assets:

Cash	\$	3,690,427
Prepaid expenses		167
Government receivables (Note 3)		120,000,000
Interest receivables		5,255
	\$	123,695,849

Liabilities and Net Assets

Current liabilities:

Accounts payable and accrued liabilities	\$	12,084
Due to related parties (Note 4)		391,275
		403,359

Net assets:

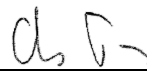
Unrestricted		481,047
Externally restricted:		
Community Prosperity Fund		120,000,000
Long-Term Sustainability Fund		2,811,443
		123,292,490
	\$	123,695,849

Approved on behalf of the Board:



Dallas Smith

Director



Chris Trumpy

Director

COASTAL INDIGENOUS PROSPERITY SOCIETY

Statement of Operations and Changes in Net Assets

Period ended December 31, 2024

	Unrestricted	Externally restricted		
	General Fund	Community Prosperity Fund	Long-Term Sustainability Fund	2024
Revenue:				
Grants (Note 2)	\$ 500,000	\$ 120,000,000	\$ 2,811,443	\$ 123,311,443
Interest income	5,255	-	-	5,255
	505,255	120,000,000	2,811,443	123,316,698
Expenses:				
Insurance	499	-	-	499
Professional fees	23,709	-	-	23,709
	24,208	-	-	24,208
Excess of revenue over expenses	481,047	120,000,000	2,811,443	123,292,490
Net assets, beginning of period	-	-	-	-
Net assets, end of period	\$ 481,047	\$ 120,000,000	\$ 2,811,443	\$ 123,292,490

See accompanying notes to the financial statements.

COASTAL INDIGENOUS PROSPERITY SOCIETY

Statement of Cash Flows

Period ended December 31, 2024

Cash provided by (used in):

Operating:

Excess of revenue over expenses	\$ 123,292,490
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Changes in non-cash operating working capital:

Government receivables	(120,000,000)
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Interest receivables	(5,255)
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Due to related parties	391,275
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Accounts payable and accrued liabilities	12,084
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Prepaid expenses	(167)
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(119,602,063)

Net increase in cash	3,690,427
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Cash, beginning of period	-
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Cash, end of period	\$ 3,690,427
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See accompanying notes to the financial statements.

COASTAL INDIGENOUS PROSPERITY SOCIETY

Notes to the Financial Statements

Period ended December 31, 2024

1. Operations:

Coast Indigenous Prosperity Society (the “Society”) is incorporated under the Societies Act (British Columbia). The Society commenced operations on June 14, 2024, with the appointment of the Board of Directors (the “Board”). During the partial year-ended December 31, 2024, the Society had limited operations.

The 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 including to strengthen communities and revitalize cultures, with self-determined projects by Nations in the central and northern coastal regions of British Columbia and Haida Gwaii.

The Society has established several funds whose purposes are to fund the Society’s operational and administrative activities, and project distributions. These funds are described in note 2(b). The Society’s investments and investment income will decrease as projects are disbursed, and hence net investment income may be less than operating expenses.

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 Society follows the restricted fund method of accounting for contributions. For accounting purposes, the following funds have been established:

(i) General Fund:

The general fund is used to manage and report on unrestricted revenue and expenses. 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. This fund includes a grant received from Coast Economic Development Society for unrestricted working capital.

(ii) Externally restricted funds:

Community Prosperity Fund:

This fund includes a one-time \$120,000,000 contribution from the Government of Canada. The contribution and future net investment income earned on this contribution are restricted to support the transition to a more sustainable and equitable conservation-based economy including investments to strengthen communities and revitalize cultures, with self-determined projects by Nations. The fund is a spend down fund and the Society expects to have all project funds distributed by 2035.

COASTAL INDIGENOUS PROSPERITY SOCIETY

Notes to the Financial Statements (continued)

Period ended December 31, 2024

2. Significant accounting policies (continued):

(b) Fund accounting (continued):

(ii) Externally restricted funds (continued):

Long-Term Sustainability fund:

This fund includes a grant received from Coast Economic Development Society to fund specific initiatives supporting the long-term sustainability of the Society.

(c) Revenue recognition:

(i) Restricted contributions:

Restricted contributions are recognized as revenue in the appropriate restricted fund when they can be reasonably estimated and collection is reasonably assured.

(ii) Interest income:

For the partial year-ended December 31, 2024, interest income is recorded when earned and recognized in the general fund. This is because no cash had been received in relation to the Community Prosperity Fund.

(iii) Unrestricted contributions:

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

(d) Financial instruments:

The Society's financial instruments include cash, government and other receivables, accounts payable and accrued liabilities and due to related parties. Financial instruments are recorded at fair value on initial recognition and are subsequently recorded at cost or amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

(e) Use of estimates:

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

COASTAL INDIGENOUS PROSPERITY SOCIETY

Notes to the Financial Statements (continued)

Period ended December 31, 2024

3. Government receivables:

At December 31, 2024, the Society had \$120,000,000 owing from the Government of Canada, under the Great Bear Sea Project Finance for Permanence Closing Agreement, dated June 21, 2024. This amount was received in full subsequent to year end.

4. Related party transactions:

The Society is related to Coast Conservation Endowment Fund Foundation (the "Foundation") and Coast Economic Development Society (the "Economic Development Society") as all of the directors of the Society are also directors of the Foundation and Economic Development Society. The Foundation is a registered charity incorporated under the Societies Act (British Columbia). The purpose of the Foundation 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.

The Economic Development Society is a not-for-profit organization under the Income Tax Act. Its purpose is to fund sustainable economic development initiatives in the central and northern coastal regions of British Columbia and Haida Gwaii in collaboration with First Nations.

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

	2024 Economic Development Society	2024 Foundation
Financial position:		
Total assets	\$ 1,097,355	\$ 338,167,000
Total liabilities	614,286	5,862,000
Total net assets	\$ 483,069	\$ 332,305,000
Results of operations:		
Total revenue	\$ 416,772	\$ 235,633,000
Total expenses	12,261,822	13,255,000
Excess of revenue over expenses	\$ 11,845,050	\$ 222,378,000
Cash flows:		
Operating activities	\$ (12,839,262)	\$ 143,953,000
Investing activities	\$ 4,708,540	\$ 932,000

COASTAL INDIGENOUS PROSPERITY SOCIETY

Notes to the Financial Statements (continued)

Period ended December 31, 2024

4. Related party transactions (continued):

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

		2024
Coast Conservation Endowment Fund Foundation	\$	12,290
Coast Economic Development Society		378,985
	\$	391,275

The Society had very limited operations in the fiscal year and did receive some administrative support from the Foundation, including the use of facilities, accounting systems, housekeeping and technology support. These amounts have not been recognized in these financial statements.

5. Financial instruments:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Society's accounts receivable is from the Government of Canada and credit risk is negligible.

(b) Liquidity risk:

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

6. Capital management:

The Society defines capital to be net assets.

The primary objective of the Society's capital management is to preserve capital and ensure availability of cash to fund projects that meet the objectives of the funds. This objective is balanced with the need to generate investment income to fund operating expenses of the Society.

The Society manages capital in accordance with the Great Bear Sea Project Finance for Performance Closing Agreement dated June 21, 2024. Under this agreement the Society has agreed to make its best efforts to expend the Community Prosperity Fund balances in their entirety by 2035. On an annual basis, the Board of Directors reviews the status of the restricted fund balances to assess the likelihood of these balances being fully expended. Based on the restricted fund balances remaining at December 31, 2024, the Board is expecting the funds to be fully expended by the end of 2035.

COASTAL INDIGENOUS PROSPERITY SOCIETY

Notes to the Financial Statements (continued)

Period ended December 31, 2024

7. Disclosure of director, employee and contractor remuneration:

For the Period ending December 31, 2024, the Society paid total remuneration of \$nil to employees and contractors for services.