



FINANCE POLICY

COASTAL INDIGENOUS PROSPERITY SOCIETY AND COAST CONSERVATION ENDOWMENT FUND FOUNDATION

CONFLICT OF INTEREST

Coast Funds' Codes of Conduct policy for Directors and Employees address standards for conduct and disclosure for transactions where there is either a real or perceived conflict of interest. To ensure fair and competitive processes, adhering to Coast Funds best interests, where real or perceived conflicts of interest are identified, the CEO will raise these conflicts with the board Treasurer or board Secretary to determine the appropriate course of action necessary.

ANNUAL BUDGET

Budget Process

1. The budget provides:
 - a) A financial plan for the year in line with the strategic plan of Coastal Indigenous Prosperity Society ("CIPS" or the "Society") and Coast Conservation Endowment Fund Foundation ("CCEFF" or the "Foundation"), jointly referred to as Coast Funds;
 - b) A means for setting priorities and allocating resources; and
 - c) A means for monitoring Coast Funds' fiscal performance.
2. The annual budget must comply with the governing documents including Conservation Investments and Incentives Agreement (CIIA) Section 6 which governs operational and administrative costs.
 - a) The Society's definition of operational and administrative costs: Costs which contribute to the achievement of the Society's purpose to support participating First Nation environmentally sound and sustainable economic development activities.
 - b) The Foundation's definition of operational and administrative costs: Costs which contribute to the achievement of the Foundation's purpose to support participating First Nation conservation initiatives.
3. Investment, Finance and Audit Committee (IFAC) will review the annual budget proposed by management for presentation and approval by the board. The annual budget will include operating, grant programs, and capital budgets.
 - a) An operating budget is the financial plan that outlines the projected revenues and expenses over the fiscal year, to guide Coast Funds' core operations and serves as a tool for managing and monitoring the ongoing financial activities.



COAST FUNDS

- b) A grant program budget specifically allocates financial resources to support a particular grant program. It outlines the revenues and expenses associated with that program, enabling effective financial management and tracking of resources dedicated to its success.
 - c) A capital budget focuses on allocating funds for significant, long-term investments in assets. A capital acquisition is an individual asset that has a useful life of more than one year and a cost of \$3,000 or more.
- 4. During the fiscal year, new grant programs and/or costs not included in the annual budget may be identified. IFAC will review new grant program budgets and additional costs proposed by management for presentation and approval by the board.
 - 5. The board must approve the annual budget no later than the end of the first quarter of the new fiscal year.
 - 6. The reallocation of more than \$9,999 between approved budget line items must be approved by IFAC.

CEO Authority

- 7. The board authorizes the CEO to manage the organization in accordance with the approved annual budget in-line with the board approved strategic plan.

FINANCIAL REPORTING

- 1. Financial statements will be prepared monthly by the finance department and approved by the CEO.
- 2. On a quarterly basis, IFAC will review Coast Funds' financial statements and recommend approval by the board.
- 3. Quarterly financial reporting to IFAC and the board includes:
 - a) Summary of financial highlights;
 - b) Financial statements;
 - c) Capital expenditures;
 - d) Explanation of material variances between budget and actual;
 - e) Consolidated statement of operations; and
- 4. Summary of grant program expenditures.
In the presentation of the Q3 financial report, staff will reforecast the annual budget.



FINANCIAL AND INTERNAL CONTROLS

General

1. Limits of signing authorization for purchases, contracts, cheques, and orders for payment or withdrawal of money, will be determined by the board.
2. All funds received by Coast Funds will be deposited as expeditiously as possible.
3. Financial assets and funds held in trust will be managed in accordance with the Investment Policy and Guidelines.
4. The CEO working with the CFO will ensure reliable accounting and information systems, and internal controls are properly designed, implemented and maintained.
5. Finance and Administration Policies and Operations Manual will be maintained to reflect operating practices and procedures and updated as required.
6. Coast Funds will take reasonable steps to ensure compliance with all laws, permits, regulations, and orders.
7. Coast Funds will comply with the terms of its funding agreements, including the Conservation Investments and Incentives Agreement (CIIA) dated May 2, 2007, and subsequent amendments, and the Performance and Accountability Funding Agreement (PAFA) dated March 30, 2007, and subsequent amendments.
8. Operational and administrative costs will be minimized while meeting operational objectives established by the board.
9. IFAC will review quarterly compliance report.

Cheques and Electronic Transfers

10. The authorized signatories for cheques and electronic transfers are as follows:
 - a) Any 2 of board Chair, Treasurer, Secretary, CEO or CFO.

Transfers to and from Investment Management Portfolios

11. The authorized signatories for instructions to our custodian and investment managers are as follows:
 - a) Any 2 of board Chair, Treasurer, Secretary, CEO or CFO.

Disbursements

12. An authorized signatory will sign cheques or approve electronic transfers only upon review and approval of the underlying transaction. This will include review of the existence of proper supporting documentation, such as an invoice and evidence of the receipt of the goods and services.



COAST FUNDS

13. In the case of approved funding disbursements, the signatory will review and confirm that all conditions precedent to funding as per the funding agreement have been met.
14. On a quarterly basis, IFAC will review a list of all operational, grant program and capital disbursements in excess of \$9,999. Reporting to include payee, amount, and description.

Borrowing

15. Except for company credit cards, borrowing by Coast Funds is prohibited. Individual card limit not to exceed \$10,000 for the CEO and the Executive Assistant and \$5,000 for all other Staff.

Loans to Directors or employees

16. Loans to Directors and employees are prohibited.

Employee Expenses

17. Employee expenses, either on company credit card or submitted for reimbursement, must include appropriate documentation for all expenditures. The CFO to review and approve all expenses. CFO expenses to be reviewed and approved by the CEO.
18. All employee expenses will also be approved by the CEO. CEO expenses will be approved by the Treasurer or the Secretary.

FINANCIAL STATEMENT AUDIT

1. Coast Funds will have its financial statements audited by an independent external auditor on an annual basis.
2. IFAC will review and recommend the selection of an external auditor to the board and the board will recommend the selection of an external audit to the members.
3. The appointment of the external auditor will be approved by the members at Coast Funds' annual general meeting.
4. The responsibility to prepare the annual external financial statements and manage the audit process itself lies with the CEO and the CFO.
5. The external auditor will report directly to IFAC. The auditor's report and management letter will be reviewed by IFAC and presented to the board for approval.
6. The audited financial statements will also be made public and distributed to stakeholders as required by Coast Funds' governing documents.
7. The external auditor may not be hired to perform significant non-auditing services without the prior approval of IFAC. The external auditor will not perform substantial services for any officer or Director personally.



COAST FUNDS

TAX RETURNS

1. The CEO working with the CFO will ensure that tax payments and other payments or filings required by applicable legislation are filed in a timely and accurate manner, in full compliance with applicable regulatory requirements and law.
2. The CEO will review the annual tax returns and IFAC will approve the annual tax filings prior to submission.
3. Annual tax returns will be posted on Coast Funds' website.

PROCUREMENT

General

1. It is the organization's goal that the procurement process is transparent and equitable, and that fiduciary responsibilities are met. The procurement policy governs expenditures by Coast Funds but does not extend to expenditures by the participating First Nations from approved project funding disbursements or subgrants.
2. When visiting First Nation communities, Coast Funds will maximize local purchases of goods and services, utilizing First Nations goods and services where practical.

Comparative Pricing

3. For goods or services less than \$10,000 (measured on an annual basis for the Society and the Foundation combined), staff will regularly obtain comparative pricing.

Supplier Selection

4. For goods or services equal to or greater than \$10,000 (measured on an annual basis or in aggregate for a multi-year contract for the Society and the Foundation combined), the competitive process for supplier selection includes:
 - a) Receipt of a minimum of 2 written quotes;
 - b) Receipt of references and follow up with same for preferred supplier(s);
 - c) Evaluation of suppliers and choice of preferred supplier based on the following considerations:
 - i. Nature of goods and services being procured;
 - ii. Number of potential suppliers;
 - iii. Price;
 - iv. Ability to deliver within required timeframe;
 - v. Past procurement experience with suppliers (if any); and



COAST FUNDS

- vi. Available information about suppliers, for example references.
- d) Supplier selection will be approved by the CEO and CFO.
- e) Use of Services or Contractor Agreement with detailed terms of engagement and fee schedule.

IFAC may approve omitting one or more of the above noted steps for supplier selection.

Supplier Evaluation

- 5. For goods or services (measured on an annual basis or in aggregate for a multi-year contract for the Society and Foundation combined) equal to or greater than \$10,000:
 - a) Periodically (but not less than annually), staff to provide a Supplier Evaluation Report to IFAC.
 - b) Evaluation Report to include: Overall rating/ Description/ Recommendation

GRANT PROGRAMS

Grant Program Identification and Evaluation

- 1. Coast Funds maintains a systematic process for identifying and evaluating potential grant programs based on alignment with its vision, mission, and strategic objectives. The evaluation process shall consider the grant program's financial viability, potential impact, and alignment with Coast Funds values and strategic objectives.
- 2. The CEO is responsible for reviewing the grant program evaluations and signing grant funding agreements on behalf of Coast Funds up to and including \$300,000. The Strategic Advising Committee (SAC) will review and approve grant agreements over \$300,000.
- 3. Strategic grant programs that do not fully align with Coast funds mission and strategic objectives will be presented to SAC for approval.

SUBGRANTING

- 1. Subgranting involves the allocation of a portion of grant program funds to engage participating First Nation governments or their regional alliances' expertise or resources in support of a specific program.
- 2. Coast Funds will not subgrant monies where the purpose of funds granted are not in alignment with our stated vision, mission, and core values.
- 3. Coast Funds' subgranting practices follow three criteria - Strong Relationships, Agreements and Reporting.
 - i. Strong Relationships - As an Indigenous-led organization, Coast Funds ensures that subgrantee organizations have a strong and collaborative relationship with Coast Funds before engaging with them. This is especially important to allow



COAST FUNDS

- for seamless and open communication channels throughout the granting period as well as ensuring the successful completion of outcomes.
- ii. Agreements – As fiduciaries of the funds, Coast Funds formalizes all sub-granting outcomes through agreements with the subgrantee, establishing the scope of work, timelines as well as the reporting requirements.
 - iii. Reporting – Reporting provides an opportunity to hear back from the subgrantee on the successful completion of the outcomes outlined in the scope of work, better understand lessons learned, and to ensure that the subgrantee have met their financial spending plan (or return the unspent portion of the funds).
4. The CEO is responsible for reviewing and approving subgrant agreements up to and including \$100,000. Subgrant agreements over \$100,000 will be reviewed by IFAC and presented to the board for approval. All subgrant agreements entered into will be reported to the board on a quarterly basis.

RISK MANAGEMENT

General

1. Coast Funds is committed to protecting its human, financial, tangible and intangible assets and resources through the practice of effective risk management. Coast Funds' board and management are dedicated to safeguarding the safety and dignity of its staff, clients, and anyone who has contact with the organization.

Coast Funds will:

- a) Protect the organization, its board, and staff from exposure leading to claims of liability;
- b) Ensure that its assets are adequately safeguarded;
- c) Protect intellectual property, information, and files from loss or significant damage; and
- d) Not endanger the organization's public image or credibility, particularly in ways that would hinder its accomplishment of mission, except when necessary to accomplish its mission.

Insurance

2. The following insurance policies will be maintained:
 - a) Crime Coverage;
 - b) Commercial General Liability;
 - c) Property; and
 - d) Directors' and Officers' Liability



COAST FUNDS

3. Staff will maintain an inventory of all property and equipment including office equipment, computers, and printers.

Strategic Risk Management Plan

4. IFAC working with staff, will recommend an annual strategic risk management plan for board approval.
5. IFAC will review the strategic risk management plan on a bi-annual basis and present material changes to the board.

Other

6. Staff to develop and maintain an emergency response and recovery plan. This plan will establish contingencies and anticipate threats that could harm Coast Funds' personnel, property and records, clientele, and reputation. IFAC is responsible for the periodic review and approval of this plan.

FOUNDING ENDOWMENT FUND ANNUAL INVESTMENT INCOME ALLOCATION

The Founding Endowment Fund consists of the Founding Endowment and the Founding Revenue Fund (including the Founding Reserve).

Policy Objectives

1. Seek to preserve the original value of the Founding Endowment capital contribution;
2. Seek to maintain the purchasing power of the Founding Endowment in perpetuity;
3. Provide stable and certain funding to Participating First Nations (PFNs) ensuring the PFNs can achieve the objective of maintaining a permanent base of jobs; and
4. Maximize annual allocations in order to help both PFNs and the Foundation achieve their conservation objectives as quickly as possible, and to ensure that the Foundation complies with regulatory requirements.

How Does the Policy Support These Objectives?

5. Preservation of capital

When the Founding Endowment Fund incurs capital losses in excess of realized capital gains for the year, future annual net investment income in excess of 5% of the Founding Endowment will be used to offset these losses.

6. Stable and certain funding

The policy establishes a target minimum annual investment income allocation ("annual allocation") and a reserve. The target minimum is based on net investment income at 4% of the Founding Endowment, or \$2,250,000. When net investment income is less than 4% of the Founding Endowment, the Founding Reserve will fund the shortfall between actual returns and the 4% target.



7. Maintain Purchasing Power

Where the target minimum annual distribution allocation and reserves and capital loss replenishment goals have been met, the purchasing power of the Founding Endowment Fund should be maintained by retaining, in each calendar year in which there are sufficient investment earnings to do so, a portion of the Foundation Contribution Income calculated by reference to the latest calendar year percentage change in the Consumer Price Index for British Columbia published by Statistics Canada.

8. Maximize annual allocations

Except for investment income used to fund the Founding Reserve and offset capital losses, as well as realized gains and losses on hedging, the annual allocation will be equal to the Founding Endowment Fund's pro-rated share of the Foundation's investment income less fees and operating costs. The Founding Endowment Fund's pro-rated share is calculated based on the Foundation's externally restricted net assets value as presented on the year-end audited financial statements.

Procedures

9. The target for a minimum annual approved funding allocation is \$2,250,000.
10. The Foundation will establish and seek to maintain a reserve balance for the Founding Endowment Fund totalling \$4,000,000. The Founding Reserve balance is available for drawdown in fiscal years when earnings are less than the minimum annual allocation (less management fees and administrative and operations costs). In fiscal years when earnings result in an annual allocation in excess of the minimum, the Founding Reserve balance must be fully recapitalized prior to increasing the annual allocation.
11. The annual approved funding allocation is not reduced by the amount that current year capital losses exceed current year capital gains.
12. Cumulative prior year capital losses must be offset by earnings in excess of the minimum annual allocation and recapitalization of the Founding Reserve balance prior to increasing the annual allocation in excess of the minimum.
13. The Founding Endowment, where sufficient net investment income is available, should be increased by inflation as calculated by latest calendar year percentage change in the Consumer Price Index for British Columbia published by Statistics Canada.
14. In Q1 of each year, the annual allocation will be calculated using prior year financial statements, based on the Founding Endowment Fund's pro-rated share of the following formula to be used:

| | |
|--|-----|
| Excess (deficiency) of revenue over expenses (Founding Revenue fund) | xxx |
| Add project funding expensed (Founding Revenue fund) | xxx |
| Add capital losses in excess of capital gains | xxx |
| Add drawdown on Founding Reserve balance | xxx |



| | |
|---|-------|
| Less recapitalization of Founding Reserve balance | <xxx> |
| Less earnings to offset cumulative prior year capital losses | <xxx> |
| Less realized gains and losses on hedging | <xxx> |
| Less Earnings allocated to maintain the Founding Endowment by inflation | <xxx> |
| Annual investment income allocation | xxx |
| 15. Staff to maintain a calculation of Foundation Contribution Income. Periodic reporting, not less than annual, regarding cumulative Foundation Contribution Income and annual investment allocation to be provided to IFAC. IFAC will review and approve the annual allocation to maintain the Founding Endowment with inflation. | |
| 16. The annual investment allocation is apportioned in accordance with each Participating First Nation's proportionate allocation in CIIA Schedule G. | |

STEWARDSHIP ENDOWMENT FUND ANNUAL INVESTMENT INCOME ALLOCATION

The Stewardship Endowment Fund consists of the Stewardship Endowment, the Stewardship Revenue Fund, and the Stewardship Reserve.

Policy objectives

1. Seek to preserve the value of the Stewardship Endowment capital contribution;
2. Provide stable and certain funding to First Nations ensuring they can achieve the objective of maintaining a permanent base of jobs;
3. Seek to maintain the purchasing power of the Stewardship Endowment in perpetuity; and
4. Maximize annual allocations in order to help both the First Nations and the Foundation achieve their stewardship objectives as quickly as possible, and to ensure that the Foundation complies with regulatory requirements.

How Does the Policy Support These Objectives?

5. Preservation of capital

When the Stewardship Endowment Fund incurs capital losses in excess of realized capital gains for the year, future annual net investment income in excess of 5% of the Stewardship Endowment will be used to offset these losses.

6. Stable and certain funding

The policy establishes a target minimum annual investment income allocation ("annual allocation") and a reserve. The target minimum annual allocation is based on net investment income at 4% of the Stewardship Endowment. When net investment income is less than 4% of the Stewardship Endowment, the Stewardship Reserve will fund the shortfall between actual returns and the 4% target.



7. Maintain Purchasing Power

Where the target minimum annual allocation, reserves and capital loss replenishment goals have been met, the purchasing power of the Stewardship Endowment Fund should be maintained by retaining, in each calendar year in which there are sufficient investment earnings to do so, a portion of the annual allocation calculated by reference to the latest calendar year percentage change in the Consumer Price Index for British Columbia published by Statistics Canada.

8. Maximize annual allocations

Except for investment income used to fund the Stewardship Reserve, offset capital losses and to maintain the Stewardship Endowment's purchasing power, as well as realized gains and losses on hedging, the annual allocation will be equal to the Stewardship Endowment Fund's pro-rated share of the Foundation's investment income less fees and operating costs. The Stewardship Endowment Fund's pro-rated share is calculated based on the Foundation's externally restricted net assets value as presented on the year-end audited financial statements.

Procedures

9. The target for a minimum annual allocation is 4% of the Stewardship Endowment.
10. The Stewardship Reserve is established through the allocation of 5% of the capital contribution. The Foundation's board of directors may further amend the required reserve levels and seek to maintain the reserve. The reserve balance would be available for drawdown in fiscal years when earnings are less than the minimum annual allocation (less management fees and administrative and operations costs). In fiscal years when earnings result in an annual allocation in excess of the minimum, the Stewardship Reserve balance must be fully recapitalized prior to increasing the annual allocation.
11. The annual allocation is not reduced by the amount that current year capital losses exceed current year capital gains.
12. Cumulative prior year capital losses must be offset by earnings in excess of the minimum annual allocation and recapitalization of the Stewardship Reserve balance prior to increasing the annual allocation in excess of the minimum.
13. The Stewardship Endowment, where sufficient net investment income is available based on the formula identified below, should be increased by inflation as calculated by latest calendar year percentage change in the Consumer Price Index for British Columbia published by Statistics Canada.
14. In Q1 of each year, the annual allocation is calculated using prior year financial statements, based on the Stewardship Endowment Fund's pro-rated share of the following formula to be used:

| | |
|---|-----|
| Excess (deficiency) of revenue over expenses (Stewardship Revenue fund) | xxx |
| Add project funding expensed (Stewardship Revenue fund) | xxx |
| Add capital losses in excess of capital gains | xxx |



COAST FUNDS

| | |
|--|-------|
| Add drawdown on Stewardship Reserve balance | xxx |
| Less recapitalization of Stewardship Reserve balance | <xxx> |
| Less earnings to offset cumulative prior year capital losses | <xxx> |
| Less: realized gains and losses on hedging | <xxx> |
| Less earnings allocated to maintain the Stewardship Endowment with inflation | <xxx> |
| Annual investment income allocation | xxx |

15. In Q1 of each fiscal year, staff will report a calculation of annual allocation to IFAC. IFAC will review and approve the annual allocation to maintain the Stewardship Endowment with inflation.

16. The annual allocation is apportioned in accordance with each First Nation's proportionate capital invested in the Stewardship Endowment.

ONE GENERATION FUND ANNUAL INVESTMENT INCOME ALLOCATION

The One Generation Fund includes the One Generation Capital Fund, the One Generation Revenue Fund and the One Generation Fund Reserve.

Policy objectives

1. Seek to preserve the value of the One Generation Fund capital contribution;
2. Provide stable and certain funding to First Nations ensuring they can achieve the objective of maintaining a permanent base of jobs;
3. Seek to maintain the purchasing power of the One Generation Fund over the term of the fund; and
4. Maximize annual allocations in order to help both the First Nations and the Foundation achieve their stewardship objectives as quickly as possible, and to ensure that the Foundation complies with regulatory requirements.

How Does the Policy Support These Objectives?

5. Preservation of capital

When the One Generation Fund incurs capital losses in excess of realized capital gains for the year, future annual net investment income in excess of 5% of the One Generation Fund will be used to offset these losses.

6. Stable and certain funding

The policy establishes a target minimum annual investment income allocation ("annual allocation") and a reserve. The target minimum annual allocation is based on net investment income at 4% of the One Generation Fund. When net investment income is



COAST FUNDS

less than 4% of the One Generation Fund, the One Generation Fund Reserve will fund the shortfall between actual returns and the 4% target.

7. Maintain Purchasing Power

Where the target minimum annual allocation, reserves and capital loss replenishment goals have been met, the purchasing power of the One Generation Fund should be maintained by retaining, in each calendar year in which there are sufficient investment earnings to do so, a portion of the annual allocation calculated by reference to the latest calendar year percentage change in the Consumer Price Index for British Columbia published by Statistics Canada.

8. Maximize annual allocations

Except for investment income used to fund the One Generation Fund Reserve, offset capital losses and to maintain the One Generation Fund's purchasing power, as well as realized gains and losses on hedging, the annual allocation will be equal to the One Generation Fund's pro-rated share of the Foundation's investment income less fees and operating costs. The One Generation Fund's pro-rated share is calculated based on the Foundation's externally restricted net assets value as presented on the year-end audited financial statements.

Procedures

9. The target for a minimum annual allocation is 4% of the One Generation Fund.
10. The One Generation Fund Reserve is established through the allocation of 5% of the capital contribution. The Foundation's board of directors may further amend the required reserve levels and seek to maintain the reserve. The reserve balance is expected to be available for drawdown in fiscal years when earnings are less than the minimum annual allocation (less management fees and administrative and operations costs). In fiscal years when earnings result in an annual allocation in excess of the minimum, the One Generation Fund Reserve balance must be fully recapitalized prior to increasing the annual allocation.
11. The annual allocation is not reduced by the amount that current year capital losses exceed current year capital gains.
12. Cumulative prior year capital losses must be offset by earnings in excess of the minimum annual allocation and recapitalization of the One Generation Fund Reserve balance prior to increasing the annual allocation in excess of the minimum.
13. The One Generation Fund, where sufficient net investment income is available based on the formula identified below, should be increased by inflation as calculated by latest calendar year percentage change in the Consumer Price Index for British Columbia published by Statistics Canada.
14. In Q1 of each year, the annual allocation is calculated using prior year financial statements, based on the One Generation Fund's pro-rated share of the following formula to be used:

Excess (deficiency) of revenue over expenses (One Generation Revenue fund) xxx



COAST FUNDS

| | |
|---|-------|
| Add project funding expensed (One Generation Revenue fund) | xxx |
| Add capital losses in excess of capital gains | xxx |
| Add drawdown on One Generation Fund Reserve balance | xxx |
| Less recapitalization of One Generation Fund Reserve balance | <xxx> |
| Less earnings to offset cumulative prior year capital losses | <xxx> |
| Less: realized gains and losses on hedging | <xxx> |
| Less earnings allocated to maintain the One Generation Fund with inflation | <xxx> |
| Annual investment income allocation | xxx |
| 15. In Q1 of each fiscal year, staff will report a calculation of annual allocation to IFAC for IFAC's approval. IFAC will review and approve the annual allocation to maintain the One Generation Fund with inflation. | |
| 16. The annual allocation is apportioned in accordance with each First Nation's proportionate capital invested in the One Generation Fund. | |

OTHER

1. The Founding Revenue Fund, the Stewardship Revenue Fund and the One Generation Revenue Fund are consolidated as the Revenue Fund for financial presentation purposes.
2. The Finance Policy is to be reviewed by IFAC on an annual basis.

CIPS Operating Reserve Policy

Purpose:

1. The Operating Reserve fund is an internally restricted fund meant to provide operational consistency and stability in times of economic uncertainty and during the final years of CIPS 10-15 year horizon for the sinking fund. The purpose of the CIPS Operating Reserve is to provide a source of funding for organizational expenses in the following circumstances:
 - a) during a period when investment returns are not adequate to fund the next year's base allocation and operating expenses; and/or
 - b) when the organizational costs required exceed 3% of the sinking fund value, in the final years of operations.

Source of Funding:

2. An initial grant of \$1.12 million from the Coast Economic Development Society (CEDs) was provided to establish an Operating Reserve within CIPS. The grant includes an additional amount of \$444,990 to be allocated to respective First Nations to adopt Land Use Agreements with the Province of British Columbia. Should the conditions not be met by



COAST FUNDS

the respective First Nations by December 3, 2026, the amount will be allocated to the Operating Reserve.

3. Management will review the variance of the Operating Reserve balance relative to the target level and make a recommendation to the Investment, Finance and Audit Committee (IFAC) to see if additional funds should be restricted to increase the level.

Investment of Funds:

4. The reserve funds are to be invested in accordance with the CIPS Investment Policy and Guidelines.

CCEFF Operating Reserve Fund

Purpose:

1. The CCEFF Operating Reserve fund is an internally restricted fund meant to provide operational consistency and stability in times of economic uncertainty. The purpose of the Coast Conservation Endowment Fund Foundation (CCEFF) Operating Reserve is to provide a source of funding for organizational expenses in the following circumstances during a period when investment returns are not adequate to fund the next year's base allocation and operating expenses.

Source of Funding:

2. An initial grant of \$800,000 from the Coast Economic Development Society (CEDS) was provided to establish an Operating Reserve within CCEFF.
3. Management will review the variance of the Operating Reserve balance relative to the target level and make a recommendation to the Investment, Finance and Audit Committee (IFAC) to see if additional funds should be restricted to increase the level.

Investment of Funds:

4. The reserve funds are to be invested in accordance with the CCEFF Investment Policy and Guidelines.