

COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Financial Statements

December 31, 2025

COAST CONSERVATION ENDOWMENT FUND FOUNDATION

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For the Year Ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Coast Conservation Endowment Fund Foundation:

Report on the Audit of the Financial Statements

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, 2025, and the Statement of Operations, Statement of Changes in Net Assets and Statement of 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, 2025, and the results of its 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 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 or to cease operations, or has no realistic alternative but to do so.

(continues)



Independent Auditor's Report to the Directors of Coast Conservation Endowment Fund Foundation
(continued)

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

Auditor's Responsibilities for the Audit of 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 controls.
- 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 controls.
- 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 of British Columbia, we report that, in our opinion, these financial statements were prepared on a basis consistent with that of the preceding year.

BDO Canada LLP

Chartered Professional Accountants

Calgary, Alberta

April 27, 2026

COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Statement of Financial Position

(Presented in thousands \$)

As at December 31, 2025

	2025	2024
Assets		
Current		
Cash and cash equivalents	\$ 70,242	\$ 148,588
Short-term investment (Note 3)	2,637	-
Investment income receivable	378	975
Government and other receivable (Note 4)	4,170	86,454
Prepaid expenses	147	43
	<u>77,574</u>	<u>236,060</u>
Long-term investments (Note 3)	268,476	97,676
Government and other receivables (Note 4)	1,005	5,057
Capital assets (Note 5)	1,084	24
	<u>1,084</u>	<u>24</u>
	<u>\$ 348,139</u>	<u>\$ 338,817</u>
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 433	\$ 649
Accrued project funding distributions	1,393	913
Due to related parties (Note 8)	394	303
Deferred lease inducement	-	6
Deferred contributions	1,908	3,991
Deferred contributions related to capital asset (Note 7)	937	-
	<u>5,065</u>	<u>5,862</u>
Net assets		
Unrestricted	252	190
Operating reserve	1,017	-
Externally restricted		
Marine Plan Partnership	54,291	54,894
Revenue Fund (Note 11)	47,323	26,746
Great Bear Rainforest Endowment Fund	71,300	70,232
Marine Stewardship Fund	157,159	169,025
Other Endowment Funds	11,732	11,868
	<u>343,074</u>	<u>332,955</u>
	<u>\$ 348,139</u>	<u>\$ 338,817</u>

Commitments (Note 10)

On behalf of the Board

_____ Director

_____ Director

COAST CONSERVATION ENDOWMENT FUND FOUNDATION

**Statement of Operations
(Presented in thousands \$)**

For the Year Ended December 31, 2025

	Externally Restricted					
	Unrestricted	Marine Plan Partnership	Revenue Fund	Other Endowment Funds	2025	2024
Revenue						
Donations and grants	\$ 3,259	\$ 1,551	\$ -	\$ 76	\$ 4,886	\$ 239,822
Net investment income (Note 9)	-	166	14,810	-	14,976	11,461
	3,259	1,717	14,810	76	19,862	251,283
Expenses						
Administration	325	455	(67)	-	713	291
Capacity funding	685	1,240	150	-	2,075	5,389
Communications	68	-	9	-	77	309
Cost sharing with CIPS (Note 8)	-	-	285	-	285	290
Facilities and equipment	10	-	455	-	465	305
Personnel	759	-	144	-	903	822
Professional fees	82	160	255	-	497	1,437
Project funding	-	-	4,012	-	4,012	4,412
Purchased services	251	465	-	-	716	-
	2,180	2,320	5,243	-	9,743	13,255
Excess (deficiency) of revenue over expenses	\$ 1,079	\$ (603)	\$ 9,567	\$ 76	\$ 10,119	\$ 238,028

The accompanying notes are an integral part of these financial statements.

COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Statement of Changes in Net Assets

(Presented in thousands \$)

For the Year Ended December 31, 2025

	Internally Restricted		Externally Restricted						2025	2024
	Unrestricted	Operating Reserve	Marine Plan Partnership	Revenue Fund (Note 11)	Great Bear Rainforest Endowment Fund	Endowment Fund	Flex Fund	Other Endowment Funds		
Net assets - beginning of year	\$ 190	\$ -	\$ 54,894	\$ 26,746	\$ 70,232	\$ 154,025	\$ 15,000	\$ 11,868	\$ 332,955	\$ 94,927
Excess (deficiency) of revenue over expenses	1,079	-	(603)	9,567	-	-	-	76	10,119	238,028
Inflation allocation (Note 11)	-	-	-	(1,084)	1,068	-	-	16	-	-
Allocation of MSF net investment income (Note 11(ii))	-	-	-	1,405	-	(1,405)	-	-	-	-
Flex fund drawdown (Note 11(iii))	-	-	-	4,300	-	-	(4,300)	-	-	-
Allocation to revenue fund reserves (Note 11(ii))	-	-	-	6,389	-	(6,161)	-	(228)	-	-
Allocation to operating reserve (Note 11)	(1,017)	1,017	-	-	-	-	-	-	-	-
Net assets - end of year	\$ 252	\$ 1,017	\$ 54,291	\$ 47,323	\$ 71,300	\$ 146,459	\$ 10,700	\$ 11,732	\$ 343,074	\$ 332,955

The accompanying notes are an integral part of these financial statements.

COAST CONSERVATION ENDOWMENT FUND FOUNDATION**Statement of Cash Flows****(Presented in thousands \$)****For the Year Ended December 31, 2025**

	2025	2024
Operating activities		
Excess of revenue over expenses	\$ 10,119	\$ 238,028
Items not involving cash:		
Amortization of capital assets	20	8
Amortization of lease Inducement	(6)	(7)
Fair value adjustment on investments	(3,210)	(5,047)
Changes in non-cash operating working capital:		
Prepaid expenses	(104)	(33)
Investment income receivable	598	(871)
Government and other receivable	86,336	(91,477)
Accounts payable and accrued liabilities	(216)	551
Deferred contributions	(1,148)	2,325
Due to the CIPS	91	(294)
Accrued project funding distribution	480	120
Cash flow from operating activities	<u>92,960</u>	<u>143,303</u>
Investing activities		
Disposal (purchase) of investments, net	(170,226)	1,757
Purchase of capital assets	(1,080)	-
Cash flow from (used by) investing activities	<u>(171,306)</u>	<u>1,757</u>
Increase (decrease) in cash	(78,346)	145,060
Cash - beginning of year	<u>148,588</u>	<u>3,528</u>
Cash - end of year	\$ 70,242	\$ 148,588

The accompanying notes are an integral part of these financial statements.

COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Notes to Financial Statements

(Presented in thousands \$)

For the Year Ended December 31, 2025

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 participating First Nations' stewardship and resource management initiatives in the central and northern coastal regions of British Columbia and Haida Gwaii.

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 to support the core capacity needs of the Marine Plan Partnership (MaPP) including coordination with and support of the Great Bear Sea Marine Protected Areas (MPA) Network. The fund is planned to sustain related costs using 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, Great Bear Rainforest Endowment Fund and Stewardship Endowment Fund are recorded in the Revenue Fund. These amounts are restricted for stewardship initiatives connected with the project area, operational and administrative activities associated with these initiatives, and for transfers to the endowments to maintain their purchasing power. The project costs and related administrative costs are recorded as expenses of the fund.

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COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Notes to Financial Statements

(Presented in thousands \$)

For the Year Ended December 31, 2025

2. Significant accounting policies (*continued*)

Great Bear Rainforest Endowment Fund:

The Great Bear Rainforest Endowment Fund (previously named 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 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 Finance for permanence agreement, and 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 Marine Stewardship Fund comprises two components, the endowment contributions of \$146,459 including contributions from the federal government, the provincial government, and philanthropic donors, which is to be maintained in perpetuity and a Flex Fund of \$15,000, which can be spent down to support the overall fund's purpose in the first three years.

Other Endowment Funds:

Other Endowment Funds include the following:

- The 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 this 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 includes amounts that are restricted by the donors to fund projects for regionally focused conservation planning projects.
- Ahousaht Endowment Fund includes \$10,000, received in 2024, to be held 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.

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COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Notes to Financial Statements

(Presented in thousands \$)

For the Year Ended December 31, 2025

2. Significant accounting policies (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) Capital assets

Capital assets are recorded at cost and are amortized over the estimated useful lives of assets at the following rates and methods:

	Basis	Rate
Equipment	30%	declining balance method
Leasehold Improvements	Over lease terms	straight-line method

Amortization begins when the asset is available for its intended use and is not recorded for assets that are not yet available for use.

(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.

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COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Notes to Financial Statements

(Presented in thousands \$)

For the Year Ended December 31, 2025

2. Significant accounting policies (*continued*)

(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.

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 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.

COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Notes to Financial Statements

(Presented in thousands \$)

For the Year Ended December 31, 2025

3. Investments

	2025	2024
<u>Investments at fair value:</u>		
Fixed income	\$ 40,044	\$ 3,667
Global equities	37,057	8,521
Canadian pooled mortgage fund	19,265	3,930
Canadian pooled real estate fund	23,996	10,810
Infrastructure	68,744	40,828
Private debt	54,123	18,648
Private equity	27,884	11,272
Less:	271,113	97,676
Short-term investments	2,637	-
	<u>\$ 268,476</u>	<u>\$ 97,676</u>

Infrastructure investments are held in Axium Infrastructure NA Limited Partnership and CBRE Caledon Global Infrastructure Fund Holdings I, Limited Partnership. Under the terms of investment, units held in Axium 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 five if tendered for repurchase. CBRE units held cannot be tendered for repurchase until 36 months following the date of acquisition, of which \$12,600 is restricted until October 2026 and \$25,000 is restricted until October 2028.

Private debt investments are held in Fiera Comox NA Limited Partnership and Hamilton Lane Senior Credit Opportunities Fund. Under the terms of investment, Fiera Comox units held cannot be tendered for repurchase until 24 months following the date of acquisition of the units, of which \$27,200 is locked up until January 2027. Hamilton Lane units cannot be tendered for repurchase until three months following the date of acquisition, limited to 5% of the value and are subject to a 3% penalty if redeemed within 12 months of the date of acquisition.

Private equity includes 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.

Real estate investments are held in Fiera Real Estate Core Fund LP which is comprised of pooled real estate investments. Under the terms of the investment, units held in Fiera Real Estate Core Fund LP cannot be tendered for repurchase until 12 months following the date of acquisition, of which \$10,000 is restricted until February 2026 and \$7,200 is restricted until August 2026.

Classification of investments:

Investments with maturity dates within the next fiscal year are presented as short-term investments on the Statement of Financial Position.

COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Notes to Financial Statements

(Presented in thousands \$)

For the Year Ended December 31, 2025

4. Government and other receivables

As at December 31, 2025 the Foundation had restricted contributions receivable from select funders. Out of the total receivables outstanding at year end, \$4,170 (2024 - \$86,454) is expected to be received in the next 12 months.

	<u>2025</u>	<u>2024</u>
Grant funding receivables	\$ 5,109	\$ 91,477
GST receivables	66	34
	<u>5,175</u>	<u>91,511</u>
Less: Current portion of receivables	<u>4,170</u>	<u>86,454</u>
Non-current receivables	<u>\$ 1,005</u>	<u>\$ 5,057</u>

5. Capital assets

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2025 Net book value</u>	<u>2024 Net book value</u>
Equipment	\$ 243	\$ 8	\$ 235	\$ 5
Leasehold improvements	849	-	849	19
	<u>\$ 1,092</u>	<u>\$ 8</u>	<u>\$ 1,084</u>	<u>\$ 24</u>

6. Deferred contributions

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

	<u>2025</u>	<u>2024</u>
Opening balance	\$ 3,991	\$ 1,666
Contributions received	1,172	8,946
Revenue recognized to General Fund	<u>3,255</u>	<u>6,621</u>
Ending balance	<u>\$ 1,908</u>	<u>\$ 3,991</u>

COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Notes to Financial Statements

(Presented in thousands \$)

For the Year Ended December 31, 2025

7. Deferred contributions related to capital assets

Deferred contributions related to capital assets consist of externally restricted capital contributions with which the Foundation has purchased furniture and equipment and incurred leasehold improvements. These are recognized as revenue on the same basis as the amortization of the underlying purchases.

	Opening balance	Addition	Amortization	Ending balance
Furniture and equipment	\$ -	\$ 196	\$ 2	\$ 194
Leasehold improvements	-	743	-	743
	<u>\$ -</u>	<u>\$ 939</u>	<u>\$ 2</u>	<u>\$ 937</u>

8. Related party transactions

The Foundation is related to the Coastal Indigenous Prosperity Society ("CIPS") as all of the directors of the Foundation are also directors of CIPS. CIPS 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 by financing projects led by First Nations participating in the Great Bear Sea Projects Finance for permanence agreement.

The net assets and results from operations of CIPS have not been included in these financial statements. A financial summary of CIPS as at and for the year ended December 31, 2025 is as follows:

	2025	2024
Financial position:		
Total assets	\$ 118,211	\$ 123,695
Total liabilities	<u>5,659</u>	<u>403</u>
Total Net assets	<u>\$ 112,552</u>	<u>\$ 123,292</u>
Results of operations:		
Total revenue	\$ 4,528	\$ -
Total expenses	<u>(15,268)</u>	<u>-</u>
Deficiency of revenue over expenses	<u>\$ (10,740)</u>	<u>\$ -</u>
Cash flows:		
Operating activities	\$ 113,105	\$ 3,690
Investing activities	<u>(105,982)</u>	<u>-</u>

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COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Notes to Financial Statements

(Presented in thousands \$)

For the Year Ended December 31, 2025

8. Related party transactions (continued)

The Foundation and CIPS share operating resources under a cost sharing agreement. In accordance with the agreement, during the year ended December 31, 2025, the Foundation charged CIPS \$332 (2024 – \$nil), and CIPS charged the Foundation \$606 (2024 – \$nil) for their respective shares of expenses incurred by each organization. Cost sharing with CIPS of \$274 (2024 – \$nil), recorded in the statement of operations, excludes indirect taxes of \$18 (2024 – \$nil), representing a portion of services billed by CIPS to the Foundation.

As at December 31, 2025, balances owing are unsecured, non interest bearing, and have no specified terms of repayment. The balance owing to CIPS was \$403 (2024 – the balance owing from CIPS was \$12).

The Foundation was also related to the Coast Economic Development Society (“CEDS”) as all of the directors of the Foundation were also directors of CEDS. CEDS was a not-for-profit organization incorporated under the Societies Act (British Columbia). During the year, CEDS was dissolved following approval by its Board of Directors. As part of the dissolution process, all remaining net assets and liabilities of CEDS, totaling \$2,099 (2024 – \$nil), were granted to the Foundation.

9. Net investment income

	2025	2024
Interest income	\$ 7,751	\$ 4,775
Change in fair value	3,210	5,047
Realized gains on disposal of investments	4,760	2,779
Dividend income	1,059	97
	<u>16,780</u>	12,698
Less: investment manager and custodian fees	1,804	1,237
	<u>\$ 14,976</u>	\$ 11,461

Unrealized foreign exchange loss of \$1,782 (2024 - gain of \$1,447) is included in change in fair value.

10. Commitments

The Foundation has committed to investing \$54,100 in future investment purchases with its existing investment managers.

The Foundation has also entered into an operating lease agreement with respect to the premises used by the Foundation and related parties, with a lease term expiring on December 31, 2035. The minimum annual lease payments are as follows:

2026	\$ 239
2027	239
2028	245
2029	252
2030	258
2031 and thereafter	<u>1,359</u>
	<u>\$ 2,592</u>

COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Notes to Financial Statements

(Presented in thousands \$)

For the Year Ended December 31, 2025

11. Revenue fund

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

	<u>2025</u>	<u>2024</u>
Project distribution (i)	\$ 30,373	\$ 19,132
Reserve (ii)	10,461	4,072
Retention (iii)	6,489	3,542
	<u>\$ 47,323</u>	<u>\$ 26,746</u>

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

In accordance with Board-approved policy, the Flex Fund is a spend-down fund intended to support the overall purpose of the fund. Transfers to project distribution are calculated based on approved baseline allocations.

During the year, \$4,300 (2024 - \$nil) was transferred, representing the total 2025 baseline allocations for the Marine Stewardship Fund.

During the year, as the Marine Stewardship Program became fully operational, investment income of \$1,405 (2024 - \$nil) that had previously been recognized in the Endowment Fund was transferred to the Revenue Fund to align with the purpose for which the funds are now being utilized.

- (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 2025, \$6,389 (2024 - \$nil) was allocated to the revenue fund to maintain the fund's reserve.

- (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 founding document of the Foundation, requires that the Board of Directors 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 2025, the Board of Directors approved an interfund transfer of \$1,084 (2024 - \$1,200) from the earned net investment income, in excess of baseline funding within the Revenue Fund of which \$1,068 (2024 - \$1,174) was allocated to the Great Bear Rainforest Endowment Fund and \$16 (2024 - \$26) to the Stewardship Endowment Fund.

Net assets include an amount internally restricted by the Board of Directors as an Operating Reserve Fund, in accordance with the Foundation's Finance Policy and Operating Reserve Policy. During the year ended December 31, 2025, an amount of \$1,017 (2024 - \$nil) was transferred to establish the Operating Reserve Fund. The Operating Reserve Fund has been established to support operational stability during periods of economic uncertainty and in the final years of operation, and may be utilized, with Board approval, to support operations when investment returns are insufficient to fund subsequent years' activities.

COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Notes to Financial Statements

(Presented in thousands \$)

For the Year Ended December 31, 2025

12. 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 close monitoring of its investments, employing investment diversification, and ensuring compliance with 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 \$23,456 USD and \$4,808 CAD of global currencies (2024 - \$4,426 USD and \$2,074 CAD), infrastructure \$29,150 USD (2024 - \$9,921 USD), private equity \$20,405 USD (2024 - \$7,690 USD), and private debt \$20,442 USD (2024 - \$13,077 USD). The Foundation enters forward contracts to mitigate the risk on investments related to private debt valued at \$19,944 USD (2024 - \$13,353 USD).

(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 risks on its investments in CBRE, Fiera Comox, Hamilton Lane, and Partners Group investments as the terms of these investments require the Foundation to hold the investments for the period of 36 months for CBRE, 24 months for Fiera Comox, 3 months for Hamilton Lane, and 36 months for 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.

(continues)

COAST CONSERVATION ENDOWMENT FUND FOUNDATION

Notes to Financial Statements

(Presented in thousands \$)

For the Year Ended December 31, 2025

12. 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 described 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 this risk in the last year.

13. 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 participating First Nations' 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 Great Bear Sea Project Finance for Permanence agreements and related founding arrangements, as well as Board-approved investment and financial management policies which requires the use of socially responsible investment screens and the utilization of professional investment management services.

As of December 31, 2025, the Foundation has complied with all externally imposed capital restrictions.

14. Disclosure of director, employee and contractor remuneration

For the year ended December 31, 2025, \$nil (2024 - \$nil) individual employee or contractor for services received total annual remuneration of \$75 or greater.

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