

COASTAL INDIGENOUS PROSPERITY SOCIETY

Financial Statements

December 31, 2025

COASTAL INDIGENOUS PROSPERITY SOCIETY

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For the Year Ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of Coastal Indigenous Prosperity Society:

Report on the Audit of the Financial Statements

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, 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 Society 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 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 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 or to cease operations, or has no realistic alternative but to do so.

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Independent Auditor's Report to the Board of Governors of Coastal Indigenous Prosperity Society
(continued)

Those charged with governance are responsible for overseeing the Society'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 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 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 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

COASTAL INDIGENOUS PROSPERITY SOCIETY**Statement of Financial Position****(Presented in thousands \$)****As at December 31, 2025**

	2025	2024
Assets		
Current		
Cash and cash equivalents	\$ 10,813	\$ 3,690
Short-term investments (Note 3)	9,403	-
Government and other receivable (Note 4)	-	120,000
Investment income receivable	71	5
Prepaid expenses	9	-
Due from related party (Note 6)	403	-
	<u>20,699</u>	<u>123,695</u>
Long-term investments (Note 3)	97,512	-
	<u>\$ 118,211</u>	<u>\$ 123,695</u>
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 174	\$ 391
Accrued project funding distributions	5,485	-
Due to related parties (Note 6)	-	12
	<u>5,659</u>	<u>403</u>
Net assets		
General Fund	481	481
Operating reserve	1,120	-
Externally restricted		
Revenue Fund	3,159	-
Community Prosperity Fund	106,283	120,000
Long-term Sustainability Fund	1,509	2,811
	<u>112,552</u>	<u>123,292</u>
	<u>\$ 118,211</u>	<u>\$ 123,695</u>

On behalf of the Board


Director

Dallas Smith, Chair



Director

Chris Trumpy, Treasurer

COASTAL INDIGENOUS PROSPERITY SOCIETY
Statement of Operations
(Presented in thousands \$)
For the Year Ended December 31, 2025

	Externally Restricted				2025	2024
	Revenue Fund	Community Prosperity Fund		Long-term Sustainability Fund		
Revenue						
Grants	\$ 60	\$ -	\$ -	\$ 60	\$ 123,311	
Net investment income (Note 5)	4,468	-	-	4,468	5	
	4,528	-	-	4,528	123,316	
Expenses						
Administration	98	-	-	98	-	
Board	118	-	-	118	-	
Capacity funding	5	-	-	5	-	
Communications	44	-	141	185	-	
Facilities and equipment	16	-	-	16	-	
Personnel	1,295	-	-	1,295	-	
Professional fees	78	-	41	119	24	
Project funding	-	13,717	-	13,717	-	
Recovery from the Foundation (net) (Note 6)	(285)	-	-	(285)	-	
	1,369	13,717	182	15,268	24	
Excess (deficiency) of revenue over expenses	\$ 3,159	\$ (13,717)	\$ (182)	\$ (10,740)	\$ 123,292	

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

COASTAL INDIGENOUS PROSPERITY SOCIETY
Statement of Changes in Net Assets
(Presented in thousands \$)
For the Year Ended December 31, 2025

	Unrestricted		Internally Restricted		Externally Restricted			2024
	General Fund	Operating Reserve	Revenue Fund	Community Prosperity Fund	Long-term Sustainability Fund	2025	2024	
Net assets - beginning of year	\$ 481	\$ -	\$ -	\$ 120,000	\$ 2,811	\$ 123,292	\$ -	
Excess (deficiency) of revenue over expenses	-	-	3,159	(13,717)	(182)	(10,740)	123,292	
Interfund transfers (Note 9)	-	1,120	-	-	(1,120)	-	-	
Net assets - end of year	\$ 481	\$ 1,120	\$ 3,159	\$ 106,283	\$ 1,509	\$ 112,552	\$ 123,292	

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

COASTAL INDIGENOUS PROSPERITY SOCIETY**Statement of Cash Flows****(Presented in thousands \$)****For the Year Ended December 31, 2025**

	2025	2024
Operating activities		
(Deficiency) of revenue over expenses	\$ (10,740)	\$ 123,292
Items not involving cash		
Fair value adjustment on investments	(932)	-
Changes in non-cash operating working capital		
Investment income receivable	(65)	(5)
Government and other receivable	120,000	(120,000)
Accounts payable and accrued liabilities	161	12
Prepaid expenses	(9)	-
Due from/to a related party	(795)	391
Accrued projects funding distribution	5,485	-
Cash flow from operating activities	<u>113,105</u>	<u>3,690</u>
Investing activity		
Addition to investments, net	<u>(105,982)</u>	<u>-</u>
Cash flow used by investing activity	<u>(105,982)</u>	<u>-</u>
Increase in cash	7,123	3,690
Cash - beginning of year	<u>3,690</u>	<u>-</u>
Cash - end of year	<u>\$ 10,813</u>	<u>\$ 3,690</u>

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

COASTAL INDIGENOUS PROSPERITY SOCIETY

Notes to Financial Statements

(Presented in thousands \$)

For the Year Ended December 31, 2025

1. Operations

Coastal 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").

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 by financing self-determined projects led by participating 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. The Society's investments and investment income will decrease as projects are disbursed, 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:

Revenue Fund:

Externally restricted investment income earned on amounts held in the Community Prosperity Fund and the Long-term Sustainability Fund is recorded in the Revenue Fund. These amounts are restricted to support initiatives that advance the transition to a more sustainable and equitable conservation-based economy, strengthen communities, revitalize cultures, and support the long-term sustainability of the Society. Related administrative expenses (of up to 3% of invested funds annually) and project costs are recorded as expenses of the Revenue Fund.

COASTAL INDIGENOUS PROSPERITY SOCIETY

Notes to Financial Statements

(Presented in thousands \$)

For the Year Ended December 31, 2025

2. Significant accounting policies (continued)

Community Prosperity Fund:

This fund includes a one-time \$120,000 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.

Long-term Sustainability Fund:

This fund includes a \$2,811 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) Investment income:

Investment income on the restricted contributions is recorded when earned.

(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, investments, amounts due from related party, accounts payable and accrued liabilities, and accrued project funding distribution. Financial instruments are recorded at fair value on initial recognition and are subsequently recorded at cost or amortized cost.

All investments, including investments in 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.

COASTAL INDIGENOUS PROSPERITY SOCIETY

Notes to Financial Statements

(Presented in thousands \$)

For the Year Ended December 31, 2025

2. Significant accounting policies *(continued)*

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 Society 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 Society 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.

(e) 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 accrued project funding distribution. These estimated and assumptions also impact the 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.

(f) Cash and cash equivalents:

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

(g) Accrued projects 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.

COASTAL INDIGENOUS PROSPERITY SOCIETY

Notes to Financial Statements

(Presented in thousands \$)

For the Year Ended December 31, 2025

3. Investments

	2025	2024
Investments at fair value:		
Fixed income securities	\$ 40,044	\$ -
Global equities	19,011	-
Canadian pooled mortgage fund	47,860	-
	<u>106,915</u>	-
Less: Short-term investments	9,403	-
	<u>\$ 97,512</u>	\$ -

Fixed income investments consist of units held in pooled investment funds managed by AlphaFixe and are comprised of investment-grade bond securities. These investments are recorded at fair value based on observable market information and valuations provided by the fund manager.

Global equity investments consist of units held in pooled investment funds managed by Fiera Capital and Generation Investment Management. The funds invest in diversified global equity portfolios. These investments are recorded at fair value based on quoted market prices or observable market information.

Canadian pooled mortgage investments consist of units held in a pooled mortgage fund managed by ACM, which invests primarily in Canadian mortgage loans. The investment is recorded at fair value based on information provided by the fund manager.

Classification of investments:

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

4. Government receivables

At December 31, 2025, the Society had \$nil (2024- \$120,000) owing from the Government of Canada under the Great Bear Sea Project Finance for Permanence Closing Agreement, dated June 21, 2024.

COASTAL INDIGENOUS PROSPERITY SOCIETY

Notes to Financial Statements

(Presented in thousands \$)

For the Year Ended December 31, 2025

5. Net investment income

	2025	2024
Interest Income	\$ 2,983	\$ 5
Realized investment gain on disposal	624	-
Change in fair value	932	-
Dividend income	39	-
	<u>4,578</u>	<u>5</u>
Less: management fees	<u>110</u>	<u>-</u>
Total net investment income	<u>\$ 4,468</u>	<u>\$ 5</u>

6. Related party transactions

The Society is related to Coast Conservation Endowment Fund Foundation (the "Foundation") as all of the directors of the Society are also directors of the Foundation and The Foundation is a registered charity incorporated under the Societies Act (British Columbia). The purpose of the Foundation is to fund participating First Nations' stewardship and resource management initiatives in the central and northern coastal regions of British Columbia and Haida Gwaii.

The Foundation and the Society share operating resources under a cost sharing agreement.

In accordance with the cost sharing agreement, during the year ended December 31, 2025, the Foundation charged the Society \$332 (2024 - \$nil), and the Society charged the Foundation \$606 (2024 - \$nil) for their respective share of the expenses incurred by each of the two parties.

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

The Society was also related to the Coast Economic Development Society ("CEDS") as all of the directors of the Society 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 at December 31, 2025, balance owing by CEDS is \$nil (2024 - \$379)

7. 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 Permanence 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, 2025, the Board is expecting the funds to be fully expended by the end of 2035.

COASTAL INDIGENOUS PROSPERITY SOCIETY

Notes to Financial Statements

(Presented in thousands \$)

For the Year Ended December 31, 2025

8. Financial instruments

(a) Market risk

Market risk is the risk that the fair value of the Society'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 optimising return. This risk is managed by the Society through close monitoring of its investments, employing investment diversification, and ensuring compliance with Society'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 Society's financial instruments will fluctuate due to changes in foreign exchange rates. The Society is directly exposed to currency risk on its investments in global equity securities \$12,120 USD and \$2,379 CAD of global currencies (2024 - \$nil 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 Society's interest rate risk is mostly related to investments in fixed income instruments, and the Canadian pooled mortgage fund. The Society's interest rate risk is managed by the Society with an investment manager through construction of a diversified portfolio and monitoring of the investments by management.

(b) Credit risk

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

(c) 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 or its issuer, or by factors affecting all instruments traded in the market.

The Society is exposed to other price risk through its investments in pooled funds and fixed income securities that are measured at fair value. While the majority of the Society's investments are not subject to redemption restrictions and are redeemable daily or monthly, certain investments are subject to lock-up periods or notice requirements, including a one-year lock-up on one pooled equity investment. These restrictions may limit the Society's ability to respond to short-term market movements and, accordingly, changes in market conditions during the applicable restriction periods may impact the fair value of these investments.

COASTAL INDIGENOUS PROSPERITY SOCIETY

Notes to Financial Statements

(Presented in thousands \$)

For the Year Ended December 31, 2025

9. Interfund transfer

Net assets include an amount internally restricted by the Board of Directors as an Operating Reserve Fund, in accordance with the Society's Finance Policy and Operating Reserve Policy. During the year ended December 31, 2025, an amount of \$1,120 (2024 - \$nil) was transferred to establish the Operating Reserve Fund. The Operating Reserve Fund supports 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.

10. Disclosure of director, employee and contractor remuneration

For the year ending December 31, 2025, the Society paid total remuneration of \$2,104 (2024 - \$nil) to 14 employees and contractors (2024 - \$nil) for services, each of whom received total annual remuneration of \$75 or greater. This amount represents the gross remuneration paid by the Society and includes salaries, benefits, and payroll taxes.

During the year, the Society provided personnel and administrative services to the Foundation, a related entity under common control. In accordance with the cost-sharing agreement with the Foundation (note 6), a portion of these remuneration costs \$903 (2024 - \$nil) was recovered from the Foundation and recorded as a reduction of remuneration expense in the Statement of Operations.

For the year ending December 31, 2025, the Society remunerated the following directors for attending 22 meetings throughout the course of the year:

	2025	2024
Chair	\$23	\$0
Secretary	11	0
Treasurer	9	0
Director	11	0
Director	11	0
Director	10	0
Director	6	0
Director	4	0
Total	\$85	\$0

During the year ended December 31, 2024, the directors and employees of the Company were remunerated by another related entity under common control, CEDS (note 6).
