

Grant Thornton

Financial Statements

Coast Conservation Endowment Fund Foundation

December 31, 2007

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Auditors' report

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To the Board of Directors of
Coast Conservation Endowment Fund Foundation

We have audited the balance sheet of Coast Conservation Endowment Fund Foundation as at December 31, 2007 and the statements of operations and changes in fund balances and cash flows for the period then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2007 and the results of its operations, changes in fund balances and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Vancouver, Canada

May 7, 2008

Chartered accountants

Coast Conservation Endowment Fund Foundation

Balance Sheet

December 31, 2007

Assets

Current	
Cash	\$ 2,030,861
Receivables	<u>7,970</u>
	<u>\$ 2,038,831</u>


Liabilities

Current	
Payables and accruals	\$ <u>5,000</u>

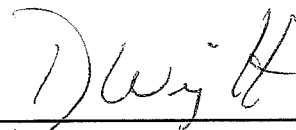
Fund Balances

General	33,831
Externally restricted (Note 3)	
Regional conservation planning projects	2,000,000
Conservation Endowment Fund	<u>-</u>
	<u>2,033,831</u>
	<u>\$ 2,038,831</u>

On behalf of the Board of Directors



Director



Director

Coast Conservation Endowment Fund Foundation

Statement of Operations and Changes in Fund Balances

Period Ended December 31, 2007

	<u>Unrestricted</u>	<u>Externally Restricted</u>		<u>Total</u>
	<u>General</u>	<u>Regional Conservation Planning Projects</u>	<u>Conservation Endowment Fund</u>	
		<u>General</u>	<u>Planning Projects</u>	
Revenue				
Contributions	\$ -	\$ 2,000,000	\$ -	\$ 2,000,000
Interest	46,460	-	-	46,460
	<u>46,460</u>	<u>2,000,000</u>	<u>-</u>	<u>2,046,460</u>
Expenses				
Professional fees	7,959	-	-	7,959
Board expenses	4,538	-	-	4,538
Office expense	132	-	-	132
	<u>12,629</u>	<u>-</u>	<u>-</u>	<u>12,629</u>
Excess of revenue over expenses	33,831	2,000,000	-	2,033,831
Fund balances				
Beginning of period	-	-	-	-
End of period	<u>\$ 33,831</u>	<u>\$ 2,000,000</u>	<u>\$ -</u>	<u>\$ 2,033,831</u>

See accompanying notes to the financial statements

Coast Conservation Endowment Fund Foundation

Statement of Cash Flows

Period Ended December 31, 2007

Cash derived from (applied to)

Operating	
Excess of revenue over expenses	\$ 2,033,831
Changes in:	
Receivables	(7,970)
Payables and accruals	<u>5,000</u>
Net increase in cash	2,030,861
Cash, beginning of period	<u>-</u>
Cash, end of period	<u>\$ 2,030,861</u>

See accompanying notes to the financial statements

Coast Conservation Endowment Fund Foundation

Notes to the Financial Statements

December 31, 2007

1. Nature of the organization

The Coast Conservation Endowment Fund Foundation (the "Foundation") was incorporated under the Society Act of British Columbia on December 24, 2004. The Foundation commenced operations in September 2007 with the appointment of the board of directors.

The Foundation is a not for profit organization and a registered charity under the Income Tax Act, with US Internal Revenue Agency equivalent status. Its purpose is to fund conservation and resource management initiatives in the Central and Northern coastal regions of British Columbia and Haida Gwaii in collaboration with First Nations.

2. Significant accounting policies

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions.

General fund

The general fund is used to manage and report on the Foundation's operational and administrative activities, including project grants. The Foundation will endeavour to fund First Nation projects in accordance with the Foundation's mandate.

Endowment funds

Restricted Funds

Conservation Endowment Fund

These amounts represent donations that have been restricted as a permanent endowment by the donors. Investment income earned on resources of the endowments is reported in the General Fund and will be used to fund approved conservation projects.

Regional conservation planning projects

These amounts are restricted by the donors to fund grants for regionally focused conservation planning projects.

Revenue recognition

Restricted donations

Contributions to the restricted funds are recorded when received or receivable when the amount to be received can reasonably be estimated and collection is reasonably assured.

Interest income

Interest income is recorded as it is earned.

Coast Conservation Endowment Fund Foundation

Notes to the Financial Statements

December 31, 2007

2. Significant accounting policies (Continued)

Cash and cash equivalents

Cash and cash equivalents may consist of cash on hand, balances with banks and short term cash deposits with maturities of three months or less and bank overdrafts repayable on demand. Currently, there is no cash equivalents and cash consists of a demand deposit at a chartered bank.

Operational cost allocations

Operating costs are allocated to the general fund.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial instruments

The Foundation has classified their financial instruments as follows:

- Cash as held for trading (measured at fair value through the statement of operations)
- Receivables as loans and receivables (measured at amortized cost using the effective interest method)
- Payables and accruals as other financial liabilities (measured at amortized cost using the effective interest method)

Fair values are based on quoted market values where available from active markets, otherwise fair values are estimated using a variety of valuation techniques and models.

The fair value of cash, receivables, and accounts payable and accrued liabilities approximate their carrying amounts, due to the short term nature of these financial instruments. The fair values of restricted and unrestricted investments are reflected in the statement of financial position.

3. Restricted funds

Regional conservation planning projects

At December 31, 2007, \$2,000,000 is available to fund regional conservation planning projects, subject to meeting certain conditions of the Conservation Investments and Incentives Agreement ("C.I.I.A."), dated May 2, 2007.

Conservation Endowment Fund

At December 31, 2007, private donors have committed to funding in the amount of \$58,000,000 in accordance with the C.I.I.A. These funds were released by the donors into escrow subsequent to year end and are expected to be released to the Foundation in 2008, subject to meeting the requirements of the C.I.I.A.

Coast Conservation Endowment Fund Foundation

Notes to the Financial Statements

December 31, 2007

4. Start-up costs

Start-up costs for the Foundation and the Coast Economic Development Society (the "Society") were provided by a grant from the Gordon and Betty Moore Foundation and managed by the Tides Canada Foundation through its affiliate, the Sage Centre. The funds were administered by the Sage Centre in order to facilitate the start-up of the Foundation and Society and are not included in these financial statements. At December 31, 2007, \$87,336 in start-up costs (net of Sage Centre and Tides Canada Foundation management fees) were incurred by the Sage Centre in connection with the Foundation and Society, with an additional \$135,341 available for future start-up costs.



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