



Financial Statements

Coast Conservation Endowment Fund Foundation

December 31, 2008

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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 statement of financial position of Coast Conservation Endowment Fund Foundation as at December 31, 2008 and the statements of operations and changes in fund balances and cash flows for the year 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, 2008 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

April 13, 2009

Chartered accountants

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## Coast Conservation Endowment Fund Foundation Statement of Financial Position

December 31	2008	2007
<b>Assets</b>		
Cash	\$ 58,447,681	\$ 2,030,861
Interest receivable	94,188	7,770
Other receivable	<u>533</u>	<u>200</u>
	<b>\$ 58,542,402</b>	<b>\$ 2,038,831</b>
<b>Liabilities</b>		
Payables and accruals	\$ 7,893	\$ 5,000
Due to Society (Note 5)	46,111	-
Accrued award distribution	<u>117,007</u>	<u>-</u>
	<u>171,011</u>	<u>5,000</u>
<b>Fund Balances</b>		
General	780,826	33,831
Externally restricted (Note 4)		
Regional conservation planning fund	1,761,950	2,000,000
Conservation endowment fund	<u>55,828,615</u>	<u>-</u>
	<u>58,371,391</u>	<u>2,033,831</u>
	<b>\$ 58,542,402</b>	<b>\$ 2,038,831</b>

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On behalf of the Board of Directors

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# Coast Conservation Endowment Fund Foundation

## Statement of Operations and Changes in Fund Balances

Year Ended December 31

	<u>Unrestricted</u>	<u>Externally Restricted</u>		<u>2008 Total</u>	<u>2007 Total</u>
	<u>General</u>	<u>Regional Conservation Planning Fund</u>	<u>Conservation Endowment Fund</u>		
Revenue					
Contributions	\$ -	\$ -	\$ 55,828,615	\$ 55,828,615	\$ 2,000,000
Interest	<u>954,967</u>	<u>-</u>	<u>-</u>	<u>954,967</u>	<u>46,460</u>
	<u>954,967</u>	<u>-</u>	<u>55,828,615</u>	<u>56,783,582</u>	<u>2,046,460</u>
Expenses					
Awards	-	238,050	-	238,050	-
Cost sharing with the Society	182,036	-	-	182,036	4,538
Professional fees	<u>25,936</u>	<u>-</u>	<u>-</u>	<u>25,936</u>	<u>8,091</u>
	<u>207,972</u>	<u>238,050</u>	<u>-</u>	<u>446,022</u>	<u>12,629</u>
Excess (deficiency) of revenues over expenses	746,995	(238,050)	55,828,615	56,337,560	2,033,831
Fund balances, beginning of year	<u>33,831</u>	<u>2,000,000</u>	<u>-</u>	<u>2,033,831</u>	<u>-</u>
Fund balances, end of year	<u>\$ 780,826</u>	<u>\$ 1,761,950</u>	<u>\$ 55,828,615</u>	<u>\$ 58,371,391</u>	<u>\$ 2,033,831</u>

See accompanying notes to the financial statements

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# Coast Conservation Endowment Fund Foundation

## Statement of Cash Flows

Year Ended December 31 2008 2007

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Cash derived from (applied to)

**Operating**

Excess of revenue over expenses	\$ 56,337,560	\$ 2,033,831
Changes in:		
Receivables	(86,751)	(7,970)
Payables and accruals	2,893	5,000
Due to Society	46,111	-
Accrued award distribution	117,007	-
	<hr/>	<hr/>
Net increase in cash	56,416,820	2,030,861
Cash, beginning of year	2,030,861	-
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Cash, end of year	\$ 58,447,681	\$ 2,030,861

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See accompanying notes to the financial statements

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# Coast Conservation Endowment Fund Foundation

## Notes to the Financial Statements

December 31, 2008

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### 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.

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### 2. Summary of 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 and to fund First Nation projects in accordance with the Foundation's mandate.

#### 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 fund*

These amounts are restricted by the donors to fund grants and awards 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.

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# Coast Conservation Endowment Fund Foundation

## Notes to the Financial Statements

December 31, 2008

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### 2. Summary of significant accounting policies (Continued)

#### Awards

Awards are recorded upon completion of a funding agreement when the amount payable can be reasonably estimated and payments reasonably assured. Payment of these awards may be conditional on the recipient meeting certain criteria and providing certain supporting information.

#### 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.

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# Coast Conservation Endowment Fund Foundation

## Notes to the Financial Statements

December 31, 2008

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### 2. Summary of significant accounting policies (Continued)

#### Future accounting standards

The Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3862 *Financial Instruments – Disclosure* and Section 3863 *Financial Instruments – Presentation* are effective for not for profit organizations with fiscal periods beginning on or after October 1, 2008. Section 3862 requires the disclosure of information with regard to the significance of financial instruments for the Foundation's financial position and performance, and the nature and extent of risks arising from financial instruments to which the Foundation is exposed during the year and at the balance sheet date, and how the Foundation manages those risks. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and liabilities are offset.

Recent amendments to CICA Handbook Section 4400 *Financial Statement Presentation by Not-for-Profit Organizations* will modify the requirements with respect to various elements of financial statement presentation. These amendments include:

- reporting certain revenues gross in the statement of revenues and expenditures;
- making Section 1540 *Cash Flow Statements* applicable to not for profit organizations;
- amortizing capital assets reported as assets in the balance sheet, regardless of the size of the organization;
- when a not for profit organization classifies its expenses by function and allocates some of its fundraising and general support costs to another function, disclosing the policy adopted for expenses and amounts allocated from each of these two functions to other functions; and
- the elimination of the requirement to treat net assets invested in capital assets as a separate component of net assets.

Section 4460 *Disclosure of Related Party Transactions by Not-for-Profit Organizations* has been amended to align the definition of related parties to CICA 3840 *Related Party Transactions*. Related parties exist when one party has the ability to exercise, directly or indirectly, control, joint control or significant influence over the other. Two or more parties are related when they are subject to common control, joint control or significant influence. Two not for profit organizations are related parties if one has an economic interest in the other. Related parties also include management and immediate family members.

Section 4470 *Disclosure of Allocated Expenses by Not-for-Profit Organizations* establishes disclosure standards for a not for profit organization that classified its expenses by function and allocates its expenses to a number of functions to which the expenses relate.

These standards will be effective for the Foundation's 2009 fiscal year end. Management does not expect the adoption of these sections to have a material effect on the Foundation's financial statements.

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# Coast Conservation Endowment Fund Foundation

## Notes to the Financial Statements

December 31, 2008

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### 3. Change in accounting policies

Effective January 1, 2008 the Foundation adopted the following new accounting standards:

(a) Capital management

CICA Handbook Section 1535 *Capital Disclosures* requires the disclosure of both qualitative and quantitative information that enables users of the financial statements to evaluate the Foundation's objectives, policies and process for managing capital. Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the Foundation regards as capital; (iii) whether the Foundation has complied with any capital requirements and (iv) if it has not complied with the consequences of such non-compliance. The Foundation has included disclosures recommended by Section 1535 in Note 7.

(b) General standards of financial statement presentation

CICA revised Handbook Section 1400 *General Standards of Financial Statement Presentation* provides additional guidance related to management's assessment of the Foundation's ability to continue as a going concern. Management believes the Foundation is able to continue as a going concern for the foreseeable future.

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### 4. Restricted funds

#### Regional conservation planning fund

At December 31, 2008, \$1,761,950 (2007: \$2,000,000) is available to fund regional conservation planning projects in accordance with the terms and conditions of the Conservation Investments and Incentives Agreement ("C.I.I.A."), dated May 2, 2007.

#### Conservation endowment fund

During 2008 private donors provided funding in the amount of \$55,828,615. The donation is held as a permanent endowment and only the revenue in excess of expenses may be expended in accordance with the terms and conditions of the C.I.I.A. Interest income earned in 2008 is \$890,679 (2007: \$Nil) and is recorded in the general fund.

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### 5. Related party transactions

The Foundation and the Coast Economic Development Society (the "Society") have a common board of directors and share operating resources including personnel. For the year ended December 31, 2008, expense incurred by the Society on behalf of the Foundation totalled \$182,036 (2007: \$4,538). As at December 31, 2008, the balance owed by the Foundation to the Society was \$46,111 (2007: \$Nil). The amount due to the Society is non-interest bearing and has no specific terms of repayment.

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# Coast Conservation Endowment Fund Foundation

## Notes to the Financial Statements

December 31, 2008

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### 6. Financial instruments

The fair values of the Foundation's financial instruments approximate their carrying values due to their short term maturity or capacity of prompt liquidation. It is management's opinion that the Foundation is not exposed to significant interest, currency or credit risk arising from these financial instruments.

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### 7. Capital management

The capital structure of the Foundation consists of restricted and unrestricted fund balances totalling \$58,371,391 as at December 31, 2008 (2007: \$2,033,831).

The primary objective of the Foundation's capital management is to generate investment income to fund awards to the First Nations for conservation 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 C.I.I.A. which specifies the use of socially responsible investment screens, and the utilization of professional investment management services.

As a registered charity, the Foundation is obliged under the Income Tax Act (the "ITA") to annually expend certain amounts for charitable activities. In future years, the Foundation plans to expend incremental amounts for charitable activities to achieve compliance with the ITA.

As at December 31, 2008, except for non-compliance with the ITA, the Foundation has substantially complied with all externally imposed capital restrictions.

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### 8. Start-up costs

Start-up costs for the Foundation and Society were provided by a grant from the Gordon and Betty Moore Foundation and managed by the Tides Canada Foundation through its affiliate, Tides Canada Initiative. The funds were administered by Tides Canada Initiative in order to facilitate the start-up of the Foundation and Society and are not included in these financial statements. At December 31, 2008, \$222,677 (2007: \$87,336) in start-up costs (net of Tides Canada Initiative and Tides Canada Foundation management fees) were incurred by Tides Canada Initiative in connection with the Foundation and Society.

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### 9. Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.



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