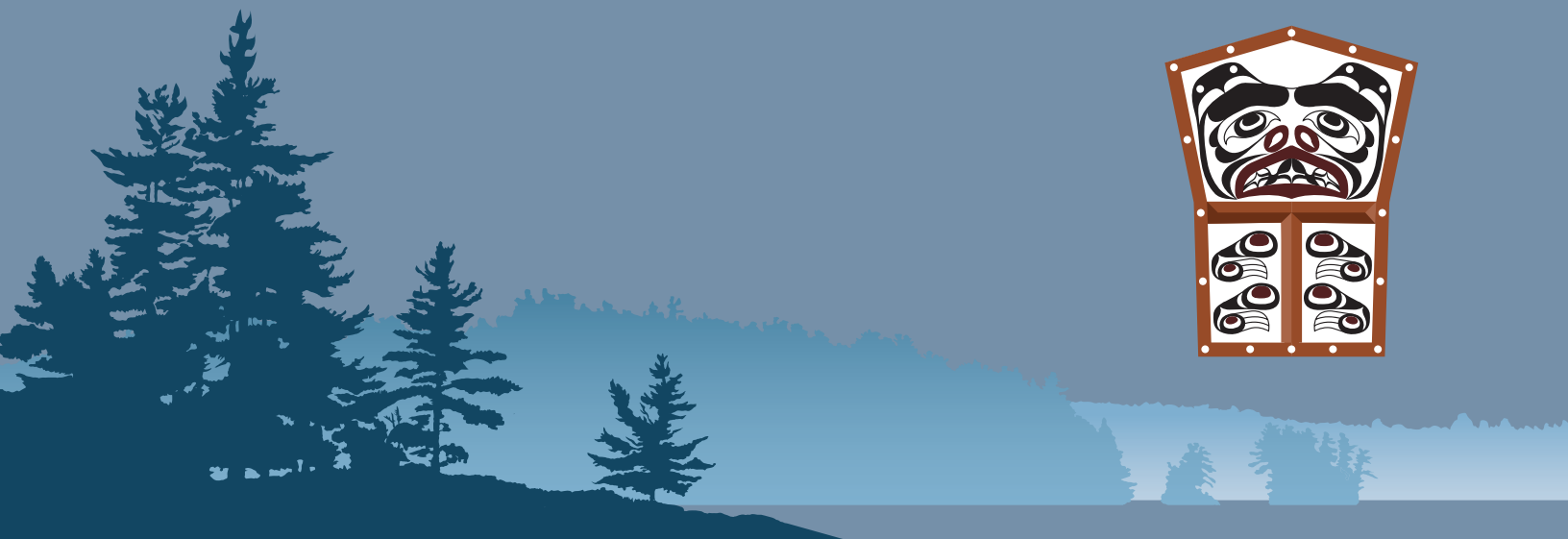




COAST OPPORTUNITY FUNDS

ANNUAL REPORT 2009

COAST CONSERVATION ENDOWMENT FUND FOUNDATION AND COAST ECONOMIC DEVELOPMENT SOCIETY



Our Vision

is to be a world class model of how empowered aboriginal peoples and communities can achieve meaningful economic development and community health while conserving the integrity of the ecosystems in which they live.

Our Mission

is to work collaboratively with First Nations to support sustainable economic development and conservation management in the Central Coast, North Coast and Haida Gwaii areas of coastal British Columbia.



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About us: Coast Opportunity Funds

Coast Opportunity Funds is a unique organization born in 2007 out of mutual recognition by conservationists, First Nations' governments, resource industries and governments alike that a sustainable economy for First Nations is vital to conservation efforts in the Central Coast, North Coast and Haida Gwaii areas of the Great Bear Rainforest of coastal British Columbia.

Those First Nations are the K'ómoks, Council of the Haida Nation, Da'naxda'xw Awaetlala, Gitanyow, Gitga'at, Gitxaala, Gwa'sala-Nakwaxda'xw, Gwawaenuk, Haisla, Heiltsuk, Xwémalhkwu, Kitasoo/Xaixais, Kitselas, Kwiakah, Kwicksutaineuk-Ah-Kwa-mish (Gilford Island), Lax Kw'alaams, Mamalilikulla-Qwe'Qwa'Sot'Em, Metlakatla, 'Namgis, Nisga'a Nation, Nuxalk, Tlowitsis, Tsawataineuk, Ulkatcho, We Wai Kai (Cape Mudge), Wei Wai Kum (Campbell River) and Wuikinuxv.

Why Is This So Important?

First Nations communities have cared for and depended on their traditional territories within this region for their cultural, social and economic wellbeing since time immemorial. The region also has compelling conservation values. The

Great Bear Rainforest is a magnificent old growth forest ecosystem representing one-quarter of the world's remaining coastal temperate rainforest, and supporting wild Pacific salmon, grizzly bears, wolves and the white Kermode or "spirit" bear among many other species.

Protection of these unique territories and the social and cultural wellbeing of the people who depend upon them is vital. Coast Opportunity Funds was created to make the vital connection between sustainable development projects that embrace conservation values; the social, cultural and economic wellbeing of the First Nations communities; and long-term conservation of the region.

Designed as a global model of what conservation must become—an inherent part of healthy economies, environments and cultures—our Conservation and Economic Development Funds are dedicated to empowering the First Nations in the Central and North Coasts and Haida Gwaii in achieving healthy and vibrant economies and communities in tandem with the conservation of their homelands for the benefit of future generations.

WEAVING TOGETHER THE THREADS OF CONSERVATION AND COMMUNITY WELLBEING



Message from the Chair

2009 was an important year in the development and growth of Coast Opportunity Funds, and it was my privilege to oversee its continuing progress as it moved from the last stages of its start up phase into becoming fully operational.

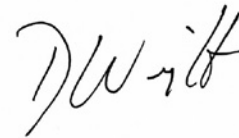
A key part of the transition was to develop a comprehensive three year Strategic Plan which will take the Funds through to 2012. In the course of developing the Plan and establishing our core goals, the board also considered the core values which should guide the operation of the Funds. Those core values, which are embedded in the Strategic Plan, include transparency and accountability; respect for First Nations' history and land use principles and rights; responsive, enabling and supportive decision-making; integrity and consistency in our decisions; and collaboration and inclusiveness.

We also identified as a core value the building of First Nations' capacity to undertake projects, a fundamental cornerstone for the success of Coast Funds' vision, mission and strategic

goals, and have made this a priority to be addressed in 2010 and the coming years.

2010 will be my last year as a director and Chair of Coast Funds. I would like to thank my fellow board members for the commitment and enthusiasm they have brought to the task of shepherding the Funds through their early days and the great care they have devoted to ensuring the Funds are healthy, strong and ready to serve the communities they were created to support. It has been an honour to be part of the Coast Funds team.

With great pleasure, on behalf of the board I submit the 2009 Annual Report and financial statements of both Funds.



Don Wright, Chair
Coast Conservation Endowment Fund
Foundation
Coast Economic Development Society
April 2010

WEAVING TOGETHER THE THREADS OF CONSERVATION AND COMMUNITY WELLBEING



Structure of the Funds

Coast Funds is comprised of two separate organizations, namely the Coast Conservation Endowment Fund Foundation (CCEFF, or the “Foundation”) and Coast Economic Development Society (CEDS, or the “Society”). These organizations are managed by boards comprised of the same group of individuals with a broad range of relevant expertise and First Nations representation. This was by design to ensure critical partnering and strategic leveraging of conservation management with economic development initiatives, to be implemented through the leadership of First Nations communities.

The Foundation is a registered Canadian charity (with US 501c3 equivalency) responsible for managing a \$2 million regional conservation planning fund and a permanent endowment fund of approximately \$56 million. The income generated from this fund provides ongoing funding to First Nations to support conservation science, resource planning, capacity development and related conservation management

activities. Specific dollar amounts will be allocated annually to each participating First Nation for eligible projects on the basis of each First Nation’s original funding allocation and the performance of the fund.

The Society is a not-for-profit corporation responsible for managing a \$2 million regional economic development planning fund and a \$58 million economic development fund for First Nations communities and businesses. The capital in this fund is being invested in job creation and business development initiatives over a seven year time horizon, targeting economic sectors identified as having good potential for sustainable development in the region.

While the Foundation and the Society each have some unique goals as regards their respective mandates, their vision, mission and work are integrally linked. In general therefore the work of the Foundation and the Society is undertaken jointly under the banner of Coast Opportunity Funds.

Our Core Business

We partner with First Nations to develop successful applications that fund sound, high quality projects. To that end, we work with First Nations to support essential capacity strengthening efforts, and engage in the development of relationships and networking with sister agencies,

financial institutions and potential partners to leverage additional resources and maximize the impact of Coast Funds’ investments. Integral to all our work is the responsible administration and investment of the funds entrusted to us by private funders and the governments of British Columbia and Canada.

2009 Board of Directors

The two funds are run by separate societies who share a common board of directors. The board manages the affairs of the organization and reports to the members.

CINDY BOYKO

is on the Council of the Haida Nation and is Chair of the Secretariat of the Haida Nation Board. She co-chairs the Archipelago Management Board, working with Government of Canada representatives to cooperatively manage the southern part of Haida Gwaii, the Gwaii Haanas National Park Reserve and Haida Heritage Site.

BEVERLY BRISCOE

is a Chartered Accountant with extensive industry experience in the transportation and industrial equipment sectors, the principal of Briscoe Management, and a director of Goldcorp, Ritchie Bros. Auctioneers, the Boys and Girls Clubs of Greater Vancouver and the Forum for Women Entrepreneurs.

CAMERON BROWN, M.B.A.

is a citizen of the Heiltsuk First Nation and an independent management consultant specializing in Aboriginal management and economic

development and training and education. Cameron has practiced as an active management consultant since 2000. Prior to that, he served as the National Director, Aboriginal Banking (Toronto) for the CIBC. Cameron was also a professor at Trent University in Peterborough, Ontario, in the Native Management and Economic Development Program. He also managed and led a job readiness training program for Aboriginal trainees in Peterborough, Ontario. He has previously served as Band Manager for his First Nation. Cameron has served on the boards of an Aboriginal Financial Institution and an urban Aboriginal Child & Family Services organization.

MERV CHILD

is a lawyer specializing in administrative law, aboriginal rights, consultation and accommodation, land and resource management, band governance, economic development and treaty negotiations, and acts as the Executive Director for the Nanwakolas Council, a Campbell River-based society of eight First Nations addressing land and resource use issues and related economic development opportunities.

BOARD OF DIRECTORS



HAROLD LEIGHTON

is the Elected Chief of the Metlakatla First Nation. He has served his community for more than twenty-five years, including as Band Administrator, treaty negotiator, and CEO of the Metlakatla Development Corporation. He has also acted as President of the North Coast Tribal Council for seven years and served on a wide variety of business and non-profit boards.

THOMAS OLSEN

is an owner and President of the Olsen Management Group, which has subsidiaries in logging, road building, marine transportation and property development. Thomas has worked in cooperative ventures with First Nations' communities to build sustainable infrastructure and long-term employment on the North Coast of British Columbia. He is a past President of the TLA and served as a Director of their board since 2009. Thomas lives in Campbell River with his wife Louise and daughter Levon.

PAUL RICHARDSON

has co-managed the Renewal Partners' venture portfolio since 2003. From 2004 to 2006, Paul also led an international consortium of philanthropic foundations and private investors in multi-level discussions on conservation financing for the region. He practised law at Fasken Martineau in Toronto for four years before co-founding Strathy

& Richardson, a leading Canadian litigation firm, where he was senior partner for eight years. Paul is active on a variety of investee company boards.

MERRAN SMITH

was a leader in the campaign to protect the ecological integrity of Canada's Great Bear Rainforest, which raised \$120 million in public and private funds to ensure that the ecological gains in the Great Bear Rainforest are coupled with sustainable economic growth for First Nation coastal communities. She is now working with Tides Canada Foundation developing a climate and energy solutions initiative. She is on BC Hydro's advisory committee and sits on the board of Rights Action Canada.

DON WRIGHT

is the President of the British Columbia Institute of Technology. Prior to joining BCIT in March 2008, he was a university professor, senior government official and private sector executive. His government service included positions as deputy minister of finance, forests, economic development, and education in the Saskatchewan and B.C. governments. From 1997 to 2001, Don was Vice-president of Forestry, Environment and Corporate Affairs with Weldwood of Canada. Between 2003 and 2008 Don provided advice to public and private sector clients through his firm, Analytica Consulting.



BOARD OF DIRECTORS



Left to right: Cindy Boyko, Beverly Briscoe, Cameron Brown, Merv Child, Harold Leighton, Thomas Olsen, Paul Richardson, Merran Smith, Don Wright.

2009 Members

The members represent the interests of the eligible First Nations communities and of the original funders.

ROSS McMILLAN President and CEO, Tides Canada Foundation

RICHARD JEO Director, Canada Program, The Nature Conservancy

DALLAS SMITH President, Nanwakolas Council

ART STERRITT Executive Director, Coastal First Nations

KATHY CHOPIK Assistant Deputy Minister, Competitiveness and Innovation, B.C. Ministry of Forests

STEVE CARR President and CEO, Integrated Land Management Bureau

ARNIE BELLIS Vice-President, Council of the Haida Nation (until December 16, 2009) (non-voting)

BRUCE WATKINSON Executive Director, North Coast-Skeena First Nations Stewardship Society (non-voting)

DAVID MANNIX

Snuneymuxw First Nation, is the Chief Executive Officer of Coast Economic Development Society. He has a background in private enterprise, having owned his own forest company for twenty years, and managed economic development for Snuneymuxw First Nation for thirteen years.

SCOTT REHMUS

is the Chief Executive Officer of the Coast Conservation Endowment Fund Foundation. He has a background in philanthropy, having run two conservation and science grant programs for a large U.S. foundation for seven years, and in international conservation. Most recently he worked on conservation and sustainable development in Micronesia.

NEIL PHILCOX

Director of Economic Development Projects, has more than ten years' experience in international finance and business development and in sustainable economic development

and resource and environmental management. Most recently he worked on initiatives and strategies to improve the human well being of coastal communities on the North and Central Coasts of British Columbia.

ELISA KRELLER

Director of Finance and Administration, is a Chartered Accountant with a background in financial management, having held senior finance positions with both public and private companies for fifteen years, and in commercial banking, undertaking credit analysis and loan structuring for a national chartered bank for eight years.

MARY SPEER

Accounting, Payroll and Board Administrator, has a background in insurance, having worked in underwriting and accounting for five years.

In 2010, to support the transition of Coast Funds into full operational capacity, a Project Administrator and a part time Administrative Assistant will be joining the staff.

Staff

Message from the CEOs

In last year's Annual Report, we forecast the development of a focussed, strong Strategic Plan for 2010–2012 to support the vision and mission of Coast Funds as we moved from our start-up phase to full-fledged operations. The process of developing the Strategic Plan was also very important in terms of identifying and assessing what Coast Funds has learned in its first two years of operations, and what needs to be done in the future as we carry out our mandate.

One thing that became very clear to us is that over that period of time project proponents have been dealing with a constantly fluctuating economy, especially in the realm of resource markets, and political responses to those fluctuations. That has required the First Nations not only to consider how best to proceed with moving targets, but to constantly adjust their decisions as to whether to proceed with a particular project at all.

In addition, we recognized our responsibility to be aware of and take steps to address a reality that faces many funding organizations: the challenge of matching the pace of disbursement of funds to the capacity and readiness of the communities to take advantage of funding to the fullest potential, and to best meet their objectives.

Both of these issues are reflected in the fact that while a number of sound projects were approved in 2009, there was a gap between what was approved and what was disbursed (see Awards, Page 10). While we cannot control the markets, fiscal prudence and commitment to our mandate to support sustainable projects demand that we address these realities through using best efforts to support capacity strengthening and readiness levels for when circumstances support proceeding with sound projects. As we implement the 2010–2012 Strategic Plan, we will be making this a priority.

In the meantime, we are pleased that 2009 proved to be a year in which the operational effectiveness of Coast Opportunity Funds grew with the transfer of capital to professional investment managers, completion of requisite policy initiatives, the development of effective compliance reporting, and of course, the completion of our first three-year Strategic Plan. We look forward to a year in which we continue to make progress in supporting conservation management and sustainable economic development projects benefiting the First Nations communities of the Great Bear Rainforest.

David Mannix and Scott Rehms
April 2010

WEAVING TOGETHER THE THREADS OF CONSERVATION AND COMMUNITY WELLBEING



2009 GOALS AND OUTCOMES

General

In 2009, Coast Funds continued to implement goals identified in the strategic plan adopted by special resolution on April 28, 2008, including establishment of a comprehensive website. The Board also identified other goals for action during 2009, as the organization transitioned from start-up phase into full operational mode. Cornerstones of the year's operations included adoption of a comprehensive compliance monitoring and implementation strategy for regulatory, internal and funding agreement requirements. Coast Funds also successfully converted \$118 million of its cash holdings into equity and fixed income investments. In addition, a Strategic Plan for 2010–2012 with six core strategic goals and accompanying objectives was adopted.

Strategic Plan 2010–2012

The 2010 strategic plan is the result of what we have learned from our discussions with the First Nations' communities and our experiences over the course of 2008 and 2009. In particular, Coast Funds clearly understands that First Nations' capacity and positive relationship-building are our highest priorities if we are to achieve our goals. The plan includes six core strategic goals, which will guide our detailed organizational work plans:

- 1 To promote robust and diverse community economies throughout the region. Over the long term, this work will catalyze a shift to a more sustainable regional economy based on preserving ecological integrity of the coastal temperate rainforest and the adoption of ecosystem-based management (EBM) practices.**
- 2 To contribute to conservation goals that include a substantial network of effectively-managed protected areas and the adoption of EBM practices.**
- 3 To increase the capacity in First Nations' communities to realize sustainable economic development opportunities and participate in conservation management, project development and job development.**
- 4 To build relationships and support partnerships and integrated regional planning and collaboration with non-government organizations and agencies, local governments and business groups involved in conservation and sustainable economic and community development in the region.**
- 5 To exchange information, knowledge, expertise and lessons with conservation and sustainable economic development investment programs in BC, Canada and world wide.**
- 6 To ensure that Coast Funds has the capacity and capability as an organization to support First Nations' efforts throughout the region.**

Specific 2009 Goals and Outcomes

Operational

GOAL Outstanding key policies and procedures to be approved and implemented.

OUTCOME In addition to goals and priorities established in the 2010–2012 Strategic Plan, detailed work plans identifying specific initiatives and mechanisms to implement the Plan were developed; retroactive funding policy approved; CCEFF policy established setting annual award amounts; staff group benefits negotiated and implemented; commenced development of employee manual and performance appraisal system.

GOAL Develop monitoring strategy for regulatory, internal policy and funding agreement compliance.

OUTCOME Conducted review and assessment of compliance requirements and developed monitoring and reporting process; worked with the Province of British Columbia to address questions arising from interpretation of funding agreement.

Finances

GOAL Investment policies and strategies reviewed and implemented.

OUTCOME Investment policies finalized and guidelines developed in support of policies; agreements with investment managers signed; transferred capital totalling \$118 million from cash to equity and fixed income investments; implementation of quarterly monitoring of investment manager performance and compliance with investment policies and guidelines.

Program

GOAL Continue to provide proactive communication and interaction with First Nations to generate eligible high quality project applications.

OUTCOME Staff met with most First Nations leaders and visited majority of communities. Staff worked with applicants on proposals to provide assistance, advice and mentorship where needed.

GOAL Research and information sharing with First Nations on sustainable economic development options.

OUTCOME Research into alternative energy options and draft report prepared; feedback from First Nations enabled identification of priority sectors to work on: aquaculture, energy, infrastructure, finance (access to), and tourism.

GOAL Continue networking with potential partners on capacity development and financing options to leverage Coast Funds' awards and increase total funding available.

OUTCOME Capacity development identified as core value and priority in 2010–2012 Strategic Plan; outreach to potential partners and sources of additional capital prioritized; pilot partnership concluded with the Centre for Sustainability and Social Innovation, UBC, to provide First Nation clients with business-oriented skills and capacity to develop economic development strategies and operational plans.

Programs (continued)

GOAL Begin investigation of options for creation of a capacity strengthening fund to support the goals identified in the 2009 Strategic Plan.

GOAL Install awards management system software and undertake staff training.

OUTCOME Work started on capacity gaps/needs assessment that a capacity strengthening fund could effectively address.

OUTCOME Awards management system installed and training undertaken September 2009; implemented in December 2009.

Awards

GOAL Maximize potential for distribution of individual awards through supportive, responsive and flexible process, encouraging applications and mentoring application process.

OUTCOME CEDS approved 32 awards of \$5.8 million and disbursed \$1.9 million; CCEFF approved 13 awards of \$1.5 million, disbursing \$1.1 million.

Communications

GOAL Complete start up work by Communications Committee and delegate communications management to staff.

GOAL Appoint formal Board spokespersons for Coast Funds.

GOAL Development of website and website updates.

OUTCOME Communications Committee completed tasks from 2008 Strategic Plan and disbanded June 2009.

OUTCOME Spokespersons appointed are Don Wright, Merv Child, Paul Richardson and Merran Smith.

OUTCOME Designed and implemented comprehensive website with detailed information packages and guidelines for external and internal use.



2009 Condensed Financial Statements and Highlights

Coast Economic Development Society Statement of Financial Position December 31

| | 2009 | 2008 |
|---|----------------------|----------------------|
| Assets | | |
| Current | | |
| Cash | \$ 3,862,715 | \$ 61,795,523 |
| Interest receivable | 1,750 | 99,394 |
| Receivable from the Foundation | 35,123 | 46,111 |
| Other receivables | 21,752 | 10,316 |
| Prepaid expenses and deposits | 2,550 | 8,075 |
| | <u>3,923,890</u> | <u>61,959,419</u> |
| Investments | 59,756,973 | - |
| Property and equipment | 37,423 | 13,152 |
| Deposits | 4,917 | 4,917 |
| | <u>\$ 63,723,203</u> | <u>\$ 61,977,488</u> |
| Liabilities | | |
| Current | | |
| Payables and accruals | \$ 116,910 | \$ 140,626 |
| Accrued award distribution | 360,843 | 167,743 |
| | <u>477,753</u> | <u>308,369</u> |
| Fund Balances | | |
| General | 6,176,367 | 2,464,553 |
| Externally restricted | | |
| Government of British Columbia start-up grant | - | 3,916 |
| Regional economic development planning fund | 899,838 | 1,200,650 |
| Economic development fund | 56,169,245 | 58,000,000 |
| | <u>63,245,450</u> | <u>61,669,119</u> |
| | <u>\$ 63,723,203</u> | <u>\$ 61,977,488</u> |

Financial information extracted from the audited financial statements of Coast Economic Development Society.

A complete copy of the audited financial statements is available upon request.

Coast Economic Development Society Statement of Operations and Changes in Fund Balances Year Ended December 31

| | Unrestricted | | Externally restricted | | 2009 Total | 2008 Total |
|---|---------------------|--|---|------------------------------------|----------------------|----------------------|
| | General | | Government of British Columbia Start-up Grant | Economic Development Planning Fund | | |
| Revenue | | | | | | |
| Investment income | \$ 2,264,680 | | \$ - | \$ - | \$ - | \$ 2,264,680 |
| Expenses | | | | | | |
| Administration | 89,499 | | - | - | - | 89,499 |
| Awards | - | | - | 300,812 | 1,830,755 | 2,131,567 |
| Board expenses | 85,259 | | - | - | - | 85,259 |
| Facilities and equipment | 82,783 | | - | - | - | 82,783 |
| Personnel | 628,315 | | - | - | - | 628,315 |
| Professional fees | 130,808 | | 3,916 | - | - | 134,724 |
| | <u>1,016,664</u> | | <u>3,916</u> | <u>300,812</u> | <u>1,830,755</u> | <u>3,152,147</u> |
| Recovery from the Foundation | 192,475 | | - | - | - | 192,475 |
| | <u>824,189</u> | | <u>3,916</u> | <u>300,812</u> | <u>1,830,755</u> | <u>2,959,672</u> |
| Excess (deficiency) of revenue over expenses | 1,440,491 | | (3,916) | (300,812) | (1,830,755) | (694,992) |
| Unrealized gains on investments | 2,271,323 | | - | - | - | 2,271,323 |
| Fund balances, beginning of year | 2,464,553 | | 3,916 | 1,200,650 | 58,000,000 | 61,669,119 |
| Fund balances, end of year | <u>\$ 6,176,367</u> | | <u>\$ -</u> | <u>\$ 899,838</u> | <u>\$ 56,169,245</u> | <u>\$ 63,245,450</u> |

- The Society's assets increased by \$1.7 million, from \$62.0 million at the end of 2008 to \$63.7 million at the end of 2009. The increase is due to realized and unrealized investment income (\$4.5 million) in excess of both operating costs (\$.8 million) and awards disbursements (\$1.9 million).
- Commencing in early 2009, funds held on deposit with a chartered bank were transferred to professional investment managers in accordance with the Society's investment policy and guidelines.
- Including both realized and unrealized gains from investments, the average rate of return for funds invested throughout the year is 7.2%.
- Although total awards approved in 2009 totalled \$5.8 million, awards expense at \$2.1 million was substantially less. In the past year the focus of the organization has been on First Nation planning, development of organization infrastructure, and capacity strengthening.

2009 Condensed Financial Statements and Highlights

Coast Conservation Endowment Fund Foundation

Statement of Financial Position

December 31

| | 2009 | 2008 |
|-------------------------------------|----------------------|----------------------|
| Assets | | |
| Cash | \$ 236,931 | \$ 58,447,681 |
| Interest and other receivables | 5,191 | 94,721 |
| Investments | 64,710,159 | - |
| | <u>\$ 64,952,281</u> | <u>\$ 58,542,402</u> |
| Liabilities | | |
| Payables and accruals | \$ 85,164 | \$ 7,893 |
| Due to Society | 35,123 | 46,111 |
| Accrued award distribution | 8,557 | 117,007 |
| | <u>128,844</u> | <u>171,011</u> |
| Fund Balances | | |
| General | 7,448,422 | 780,826 |
| Externally restricted | | |
| Regional Conservation Planning Fund | 1,546,400 | 1,761,950 |
| Conservation Endowment Fund | 55,828,615 | 55,828,615 |
| | <u>64,823,437</u> | <u>58,371,391</u> |
| | <u>\$ 64,952,281</u> | <u>\$ 58,542,402</u> |

Financial information extracted from the audited financial statements of Coast Conservation Endowment Fund Foundation.

A complete copy of the audited financial statements is available upon request.

Coast Conservation Endowment Fund Foundation

Statement of Operations and Changes in Fund Balances

Year Ended December 31

| | Unrestricted | | Externally restricted | | 2009 Total | 2008 Total |
|---|---------------------|-------------------------------------|-----------------------------|--|----------------------|----------------------|
| | General | Regional Conservation Planning Fund | Conservation Endowment Fund | | | |
| Revenue | | | | | | |
| Contributions | \$ 15,000 | \$ - | \$ - | | \$ 15,000 | \$ 55,828,615 |
| Investment income | 2,721,636 | - | - | | 2,721,636 | 954,967 |
| | <u>2,736,636</u> | <u>-</u> | <u>-</u> | | <u>2,736,636</u> | <u>56,783,582</u> |
| Expenses | | | | | | |
| Awards | 796,337 | 215,550 | - | | 1,011,887 | 238,050 |
| Cost sharing with Society | 192,475 | - | - | | 192,475 | 182,036 |
| Professional fees | 35,358 | - | - | | 35,358 | 25,936 |
| | <u>1,024,170</u> | <u>215,550</u> | <u>-</u> | | <u>1,239,720</u> | <u>446,022</u> |
| Excess (deficiency) of revenue over expenses | 1,712,466 | (215,550) | - | | 1,496,916 | 56,337,560 |
| Unrealized gains on investments | 4,955,130 | - | - | | 4,955,130 | - |
| Fund balances, beginning of year | 780,826 | 1,761,950 | 55,828,615 | | 58,371,391 | 2,033,831 |
| Fund balances, end of year | <u>\$ 7,448,422</u> | <u>\$ 1,546,400</u> | <u>\$ 55,828,615</u> | | <u>\$ 64,823,437</u> | <u>\$ 58,371,391</u> |

- The Foundation's assets increased by \$6.4 million, from \$58.5 million at the end of 2008 to \$64.9 million at the end of 2009. The increase is due to realized and unrealized investment income (\$7.7 million) in excess of both operating costs (\$.2 million) and awards disbursements (\$1.1 million).
- Commencing in early 2009, funds held on deposit with a chartered bank were transferred to professional investment managers in accordance with the Foundation's investment policy and guidelines.
- Including both realized and unrealized gains from investments, the average rate of return for funds invested throughout the year is 12.4%.
- Awards expense in 2009 totalled \$1.0 million. Fiscal 2009 was a foundational year for the commencement of the development of First Nation conservation and resource management infrastructure.

MAKING THE CONNECTION

The directors and staff of Coast Funds understand how important it is to get to know the communities and people we work with. The CEOs and project staff have made it a priority to travel frequently to the Project Area and spend as much time as possible learning about the objectives and priorities of the First Nations, engaging in an ongoing dialogue about the Funds with the communities and their leadership.

To support these connections, the directors and all the staff attended the quarterly board meeting in September 2009 in Hartley Bay. We spent a night with our Gitga'at hosts, feasting on traditional seafood and having discussions about the area, its history and their vision of the future. We had the great fortune to see a Kermode Bear in the company of Gitga'at wildlife tourism guide Marvin Robinson: a rare privilege that (despite the pouring rain!) left us in a state of awe, respect, joy and even greater understanding of the importance of our work.

We also spent time in Kitimaat with Chief Dolores Pollard of the Haisla Nation and some Haisla Council members, as well as visiting Kitselas Canyon, in Tsimshian territory, and holding a meeting on economic development with Lax Kw'alaams representatives. After reviewing the many benefits to the board's knowledge and understanding arising from this visit, the board plans to hold at least one meeting annually in the Project Area on an ongoing basis.



Front cover photograph by Douglas Neasloss

Inside photographs by Scott Rehmus, Neil Philcox, Cory Stephens and Katherine Gordon

Design and production by Annie Weeks, Beacon Hill Communications Group



Our logo was designed by artist Curtis Wilson, whose Hamat'sa name, passed down to him through potlatch, is Tayanaxwalis (his everyday name is Mulidzas) and whose English given name is Curtis Wilson. Curtis was born and raised in Campbell River and his families are traditionally from the four corners of the Kwakwak'awakw territory. The roots of his family can be traced to the Axwamees (Wakeman Sound), 'Nakwaxda'xw (Ba'as-Blunden Harbour) and to the Leqwiltokw Nations.

Curtis has a BA in First Nations Studies from Vancouver Island University and has been part of the Laichwiltach Culture Group for many years. In his carving career, he utilizes many techniques and styles learned from his grandfather Sam Henderson Sr. and from his uncles and cousins, while developing a unique style of his own. His goal is to learn as much about his culture and heritage as he can to pass it on to the next generation.

COAST OPPORTUNITY FUNDS 2009 ANNUAL REPORT

COAST OPPORTUNITY FUNDS

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