



Grant Thornton

Financial Statements

Coast Economic Development Society

December 31, 2007

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Grant Thornton

## Auditors' report

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To the Board of Directors of  
Coast Economic Development Society

We have audited the balance sheet of Coast Economic Development Society 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 Society'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 Society 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.

*Grant Thornton LLP*

Vancouver, Canada

May 7, 2008

Chartered accountants

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# Coast Economic Development Society

## Balance Sheet

December 31, 2007

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### Assets

#### Current

Cash	\$ 60,856,102
Interest receivable	241,500
Other receivables	<u>583</u>
	<b>\$ 61,098,185</b>

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### Liabilities

#### Current

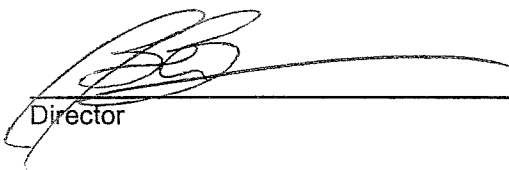
Payables and accruals	\$ <u>44,477</u>
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### Fund Balances

General	1,020,769
Externally restricted	
Government of British Columbia start-up grant	32,939
Regional economic development planning projects	2,000,000
Economic development projects	<u>58,000,000</u>
	<u>61,053,708</u>
	<b>\$ 61,098,185</b>

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On behalf of the Board of Directors

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# Coast Economic Development Society

## 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>Government of British Columbia Start-up Grant</u>	<u>Regional Economic Development Planning Projects</u>	<u>Economic Development Projects</u>	
Revenue					
Contributions	\$ -	\$ 50,000	\$ 2,000,000	\$ 58,000,000	\$ 60,050,000
Interest	1,069,784	-	-	-	1,069,784
	<u>1,069,784</u>	<u>50,000</u>	<u>2,000,000</u>	<u>58,000,000</u>	<u>61,119,784</u>
Expenses					
Professional fees	5,000	17,007	-	-	22,007
Board expenses	44,015	-	-	-	44,015
Office expense	-	54	-	-	54
	<u>49,015</u>	<u>17,061</u>	<u>-</u>	<u>-</u>	<u>66,076</u>
Excess of revenue over expenses	1,020,769	32,939	2,000,000	58,000,000	61,053,708
Fund balances					
Beginning of period	-	-	-	-	-
End of period	\$ <u>1,020,769</u>	\$ <u>32,939</u>	\$ <u>2,000,000</u>	\$ <u>58,000,000</u>	\$ <u>61,053,708</u>

See accompanying notes to the financial statements

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# Coast Economic Development Society

## Statement of Cash Flows

Period Ended December 31, 2007

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Cash derived from (applied to)

**Operating**

Excess of revenue over expenses	\$ 61,053,708
Changes in:	
Receivables	(242,083)
Payables and accruals	<u>44,477</u>

Net increase in cash 60,856,102

Cash, beginning of period -

Cash, end of period \$ 60,856,102

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# Coast Economic Development Society

## Notes to the Financial Statements

December 31, 2007

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### 1. Nature of the organization

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

The Society is a not for profit organization under the Income Tax Act. Its purpose is to fund sustainable economic development initiatives in the Central and Northern coastal regions of British Columbia and Haida Gwaii in collaboration with First Nations.

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### 2. Significant accounting policies

#### Fund accounting

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

#### General fund

The general fund is used to manage and report on the Society's administrative and operational activities.

#### Restricted funds

The Society has the following restricted funds:

##### *Government of British Columbia start-up grant*

This amount is a donation for the Province of British Columbia to fund certain start-up costs for the Society.

##### *Regional economic development planning projects*

These amounts represent donations that have been restricted for the funding of grants for regional economic development planning projects by First Nations in the central and northern coast of British Columbia and Haida Gwaii.

##### *Economic development projects*

These amounts represent donations that have been restricted for the funding of grants for economic development projects by First Nations in the project area over the next seven years.

Restricted donations were jointly funded by the Province of British Columbia and the Government of Canada. All income earned on project funds are allocated to the general fund.

#### 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 Economic Development Society

## Notes to the Financial Statements

December 31, 2007

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### 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 Society 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.

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### 3. Start-up costs

Additional start-up costs for the Society and the Coast Conservation Endowment Fund Foundation (the "Foundation") were provided by a grant from the Gordon and Betty Moore Foundation and managed by the Tides Canada Foundation and its affiliate, the Sage Centre. The funds were administered by the Sage Centre in order to facilitate the start-up of the Society and Foundation 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 Society and Foundation with an additional \$135,341, available for future start-up costs.



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