

A man and a woman are smiling and washing a bunch of carrots in a sink. The man is holding a black hose with a red trigger, spraying water onto the carrots. The woman is holding the carrots. The background is bright and out of focus, suggesting an outdoor or semi-outdoor setting.

Island Coastal Economic Trust Annual Report 2019–2020

icet ISLAND
COASTAL
ECONOMIC
TRUST

Letter from Chair & CEO

What a year! Ordinary in some respects and extraordinary in others, it is definitely one to remember.

Our region continues to show strong demand for funding support. Our Economic Infrastructure and Innovation Program (EIIP) has been fully subscribed for the past two years, focused on key drivers and emerging growth areas, such as remote tourism, innovation and agri-food.

Fiscal 2020 was the first full year with our new Board, after recent changes brought on by local government elections and new provincial appointments. We also created a new communications officer position to help amplify the region's strengths, successes and innovative approaches to economic diversification. One of the ways we plan to do this is through storytelling, as you'll read in the pages that follow.

What made this year extraordinary was nothing we could have planned for, let alone imagined. When the COVID-19 pandemic struck in mid-March 2020, it turned our lives and economies upside down. However, we also realized that we couldn't have been better prepared to do what we do than at that very moment.

Within a week of provincially mandated health and safety business closures, ICET launched into action. Our capacity to move quickly and to adapt our systems and programs amidst the intense and rapid pace of change was put to the test. We reached out to longstanding partners and jointly launched two business support and recovery programs: one designed to support the tourism sector, the other to support business transition to the digital economy.

As the economy moved to partial reopening, ICET launched a small capital business restart program offering a five-day turnaround for time-sensitive initiatives. Our goal was to support innovative approaches and invest in those organizations taking quick, bold new steps needed to restart business operations or create new revenue streams.

We continue to monitor consumer behaviour and business changes brought on by the pandemic. There is no doubt that we are all undergoing profound transformation.

The digital economy plays a key role in this transition. We can support positive change through leadership, encompassing tech, tourism, agri-food, industry and socioeconomic innovation. Remote work trends provide great new opportunities for resident attraction in our smaller communities. And tourism – one of our region's most important sectors – is undoubtedly changed forever. The pandemic's impacts have allowed us to reflect on how we do business; how we interact with visitors;



JOSIE OSBORNE, CHAIR



LINE ROBERT, CHIEF EXECUTIVE OFFICER

Letter from CEO & Chair

how we support a kinder, more sensitive and holistic approach to our environment and resources. And finally, the rise in agri-food is providing momentum for increased growth and strengthened local and regional food supply chains.

We know there is still much work to be done.

ICET always been a future-focused organization. Part of this pursuit has been to advocate for changes to our legislation to increase participation of Indigenous communities in our governance structure. We feel strongly that greater inclusion is the best way to create a truly collaborative regional economy.

Small communities continue to have big needs and infrastructure deficits to overcome, not the least of which is inadequate connectivity. There are extraordinary prospects now, and on the horizon, to use economic stimulus to provide support in new directions, such as a greener economic recovery.

Of the many things we are learning from the pandemic, we see clearly that our region has been moving down the right path with its focus on regional, collaborative and inclusive economies. ICET has an important role to play in continuing to ensure that "right-sized" opportunities are available for all communities, at the time that is right for them. ICET's programs and support have never been more valuable in these extraordinary times.





Elk Falls Suspension Bridge

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Our Vision.



Our vision is to be a future-focused, strategic partner and driving catalyst to create a diverse, innovative and sustainable Island and Coastal economy; to work alongside our region's communities with integrity, transparency and accountability; and to provide a flexible, nimble and responsive approach to our programming as we support communities along the economic development continuum.

Our Region.

- Central South Island
- North Island & Sunshine Coast
- Other



Denman Island Community Dock



Our Purpose.

The Island Coastal Economic Trust was created by the Province of British Columbia in 2006 as a novel mechanism to support economic diversification and growth in the Island and Coastal region. Capitalized with \$50 million in 2006 and an additional \$10 million in 2018, its role and programs have been continuously evolving to meet a wide range of need, in a rapidly changing economic environment.

The ICET region includes more than 480,000 residents in diverse communities, including larger metropolitan areas, mid-sized communities, smaller, rural and remote communities, as well as Indigenous communities. The legislated model features a collaborative, community-centred, decision-making model. This is complemented by our “concept to completion”, individualized service delivery approach.

Our funds are guided by governing legislation and funding agreements and are invested strategically to enhance the region’s competitive position in key economic sectors. This includes technology and innovation, small business, tourism, agriculture and aquaculture, transportation, forestry, mining and economic development.

To date, we have invested more than \$52 million working in partnership with more than 150 organizations including local governments, regional governments, Indigenous communities, non-profits, Industry organizations, educational institutions and other actors involved in the regional economic diversification eco-system.

Through this work, more than \$245 million in new initiatives has been leveraged, creating long-term employment, new and revitalized industries, improved quality of life and the sustainable and transformational change needed to fulfill community needs and aspirations.

Our Programs.



ICET invests in projects that enable community and regionally led economic development initiatives and enhance the region’s competitive position in key economic sectors. There are two funding programs available to local governments, Indigenous communities, non-profits and other eligible applicants.

Economic Infrastructure and Innovation Program (EIIP)

Supports the delivery of infrastructure and programs that foster regional growth and innovative practices. There are six funding streams available:

- INDUSTRY AND BUSINESS SUPPORT
- DOWNTOWN REVITALIZATION
- STRATEGIC TOURISM INFRASTRUCTURE
- DESTINATION TRAILS
- INNOVATION INFRASTRUCTURE
- INNOVATION SUPPORT

A unique attribute of the EIIP is its sliding scale funding formula. This is designed to adjust for variations in economic vitality between communities applying for funding.

Economic Development Readiness Program (EDRP)

Supports capacity building and investment readiness that help communities progress along the economic development spectrum. There are six funding streams available:

- ECONOMIC DEVELOPMENT STRATEGY
- QUICK START IMPLEMENTATION
- INVESTMENT ATTRACTION TOOLS
- TECHNOLOGY AND CONNECTIVITY STRATEGIES
- SECTORAL DEVELOPMENT STRATEGY
- REGIONAL COLLABORATION AND MARKETING STRATEGY

This program’s unique “find your fit” formula is adapted to specific community needs. Funding can be used to access expertise or resources which are not available within the organization.

Sponsorships

For regional events that promote economic development and diversification.

Bursaries

To support community participation in economic development training.

Internships

To support transition of new graduates into careers related to economic development.



Our Partnerships.



Partnerships are at the core of what we do. For that reason, funding may be approved on a case by case basis, to address unanticipated events which require support not available under current programs.

When the COVID-19 pandemic resulted in business closures, significantly affecting the tourism sector and small businesses in all of our communities, the ICET Board approved urgent partnership funding. Within one week of closures, two recovery support programs were in development with trusted regional partners, addressing the challenges facing the tourism sector as well as the opportunities for businesses to transition to the digital economy.

TVI's Tourism Resiliency Program provides direct one-on-one supports to the region's more than 3000 tourism and hospitality sector businesses to help them adapt and recover from the COVID crisis. This includes Tourism Advisors, as well as a suite of expert services, which will evolve as business need evolves. The program has already been recognized as a best-practices approach and scaled provincially.

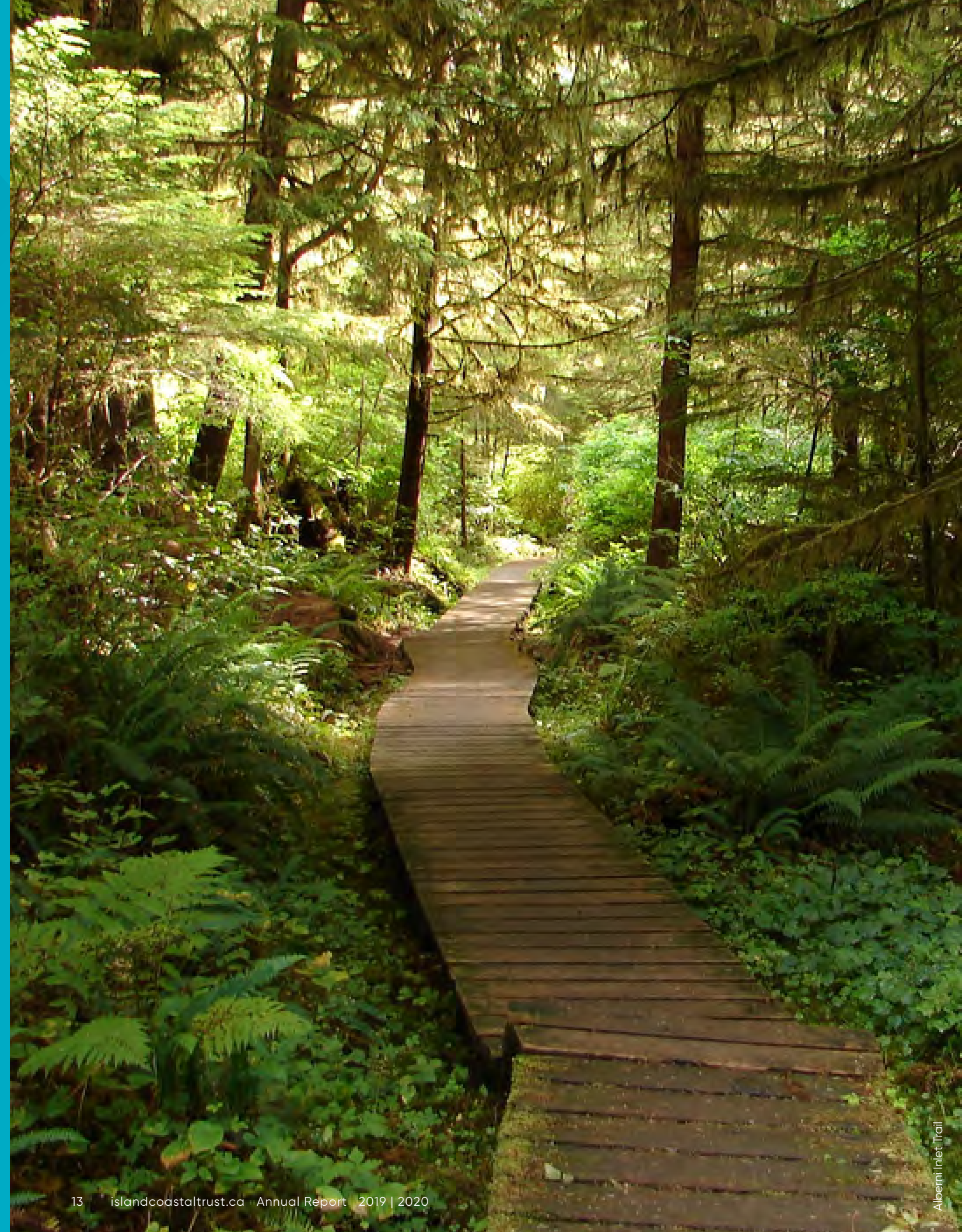
IITA's Digital Economy Response Program (DER3) offers one-to-one services and technical consultations for businesses that are considering entering or expanding their online presence or adopting technology-based tools to better serve their needs. The program also serves to curate regional service providers and experts providing a matching service when required.

"I had to learn how to rebuild our business to be economically feasible and continue operations with an estimated drop in park visitors of 75%. It was extremely helpful to get other perspectives and have a sounding board for ideas from someone who understands our industry, right here on Vancouver Island. VICTRP was there when we needed support the most."

Richard Varela, Horne Lake Caves
Provincial Park Director

"I really appreciate having the ability to work with a subject matter expert to guide us as we move our classroom training to a digital delivery model. The DER3 program expertise has saved me time (and money) and I don't feel like I have to 'go it alone'. We are early days in the process of pivoting and moving to a fully hybrid classroom/virtual model, but are thrilled so far with the progress and support."

Darren Hebert, Principal, Natural Resources
and Training Group (NRTG) in Nanaimo



Our Community Voices.



The Island and Coastal region includes a diverse range of communities of varying size, capacity and economic vitality. The following pages highlight some notable projects and stories, told through the lens of our communities and partners on the ground.

Read about how the Ditidaht First Nation at Nitinaht Lake and the Homalco First Nation at Bute Inlet are leveraging new tourism potential by expanding their visitor markets and encouraging longer stays in the region.

Learn about how infrastructure improvements at Heriot Bay Wharf on Quadra Island and a Food Innovation Hub in the Alberni Valley address challenges faced by small scale aquaculture and agri-food producers.

Follow the development of a long-awaited Arts Centre on Hornby Island as the community comes together to promote their vibrant cultural ethos.

On the North Island, see how traditional resource sector communities are diversifying their economies through a renewed downtown plan in Port McNeill and the construction of new tourism infrastructure highlighting Sointula's unique Finnish and boat-building history.

And finally, in Ladysmith, one of the fastest growing communities in British Columbia, read about how a partnered investment attraction tool aims to increase business and visitor interest through innovative digital applications.



Town of Port McNeill

Downtown Improvement Plan
Port McNeill
Population: 2064



The Downtown Improvement Plan is a community-led initiative to create an actionable strategy and coherent vision to enhance Port McNeill’s core.

2 Downtown Improvement Plan

The Improvement Plan looks at 60 key elements that influence a downtown’s quality and vitality. The Assessment Findings Report provides clear, structured and actionable steps that the Downtown Planning and Improvement Committee can make over the short and medium-term as part of the revitalization process.

3 ICET Partnership

Trust funding supported the engagement of an international development expert who worked with the community. Funding was also used to share findings at a public workshop and to develop the detailed action plan.

5 Community Impact

Business and commercial property owners and developers, as well as the entire community will benefit from having a more vibrant, attractive and economically prosperous downtown that retains and attracts new and existing workers and visitors. A local brew pub and renovated coffee shop are already underway.

1 Context

As a remote, North Island coastal community that was traditionally focused on fishing, logging and mining, the downtown core lacks vibrancy and has limited amenities and social gathering places.

4 Process

A broad range of Port McNeill community members met with the Destination Development expert in early March 2020. An Assessment Findings Report was delivered soon after and supplemented with committee and business input.

6 Regional impact

The North Island, as a whole, stands to benefit as Port McNeill solidifies a reputation as a service hub and launch point for smaller and more remote communities and attractions in the region.

7 Spin-off benefits

A more inviting downtown core will attract new residents and encourage those that live there to stay in the community.

“ This project is significant for us because we have a limited tax base and multiple needs with the community, so it gives us the ability to look forward and plan for the future. Port McNeill Mayor Gabriele Wickstrom





Meet Pita Rosback.

The seed was already in local business owner Pita Rosback's mind. But it was not until after Port McNeill held their town meeting with an international development expert that her idea really took life.

"We do all our talking in the grocery stores," says Pita, who runs the three ShopRite and Rona stores in this small North Island community. "It can take me an hour just to buy a jug of milk!"

After attending the downtown revitalization workshop, Pita was sure her vision of transforming the large empty parking lot, at her marina-based store, into a public space was needed.

"We don't sell our town very well," admits Pita, who runs the family-owned business initially started by her late father-in-law in 1956. "We don't talk about our trails. We don't talk about our history. We don't even have proper signs. We need to build on what the locals love – a space that doesn't need to be manned and isn't necessarily commercial, but that will draw people together. Then, the visitors will come."

The 53-year old mother of three has a very clear plan of how she would like to create an environment where people can "just grab a coffee and go for a walk along the water". She plans to clear out the property, put in picnic tables and an ice-cream shack that will employ students in the summer, then set up some planters with trees. She also envisions black and white photographs decorating the waterfront on panels that showcase this historic logging town.

"Curb appeal. Signage. Green space. These are just some of the little things that you don't notice when you actually live here," says Pita, who was born and raised on the North Island. "For me and my businesses, these are easy steps I can take to help make our area more appealing."

With an influx of new remote workers and younger families moving or returning to Port McNeill, the demographic change is also pushing a shift in mentality and a rethink of its community identity.

It's time to get with the times and be proud of where we live," says Pita. "We need to 'up our ante', but I don't think our town needs to be much different than it is. It's just about fixing up what we already have, bringing in new ideas and working hand-in-hand with one another."

Community 2

Quadra Island Harbour Authority

Heriot Bay Wharf
Facility Upgrade
Quadra Island
Population: 2400

25% \$ 450,000
ICET Funding

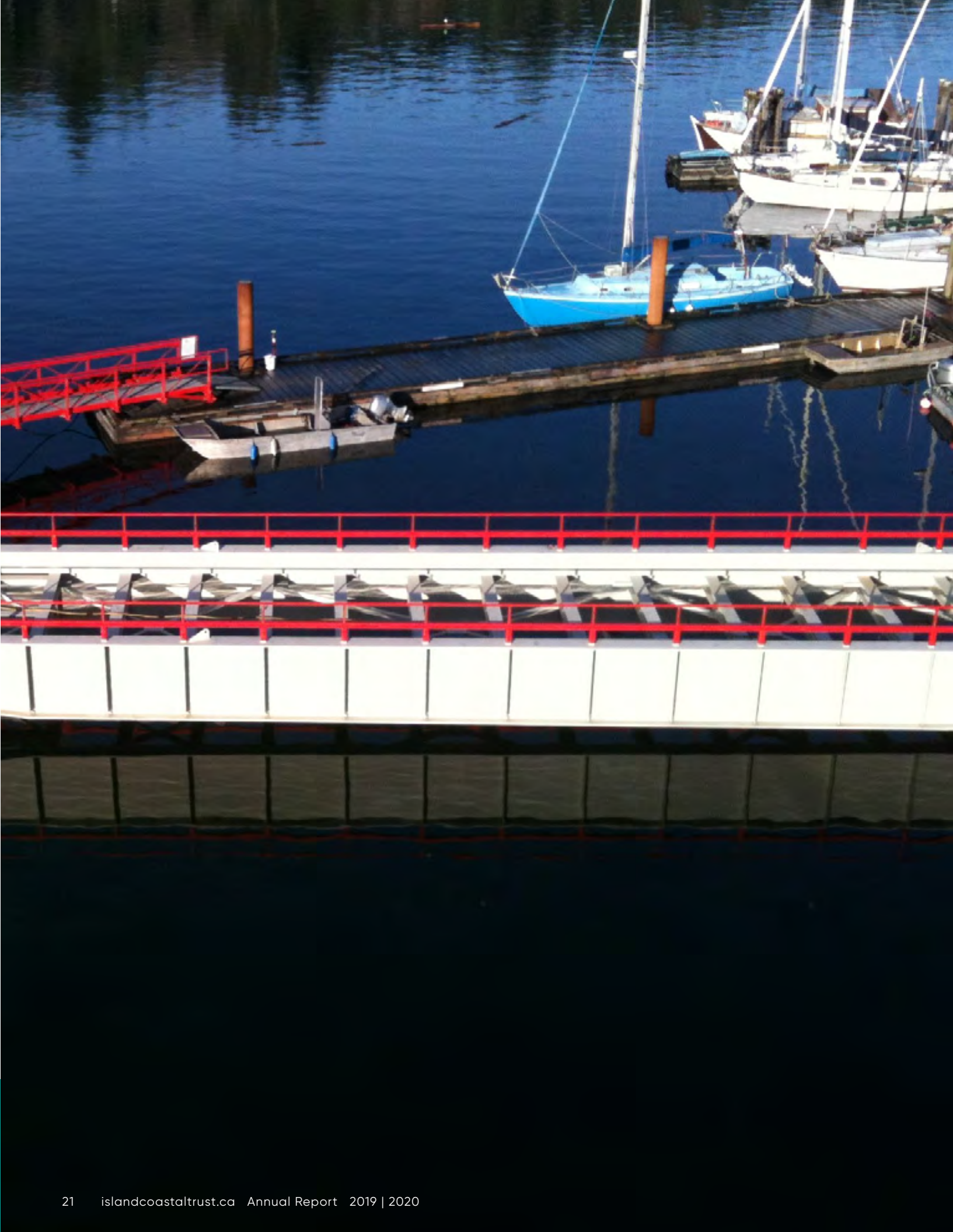
The Heriot Bay Wharf is an unloading facility that serves more than 50 wild fisheries and aquaculture producers as part of the area's thriving shellfish aquaculture sector.

2 Heriot Bay Wharf project

The idea to provide capital upgrades to the wharf facility was part of a larger, five-phase upgrade project initiated by the Quadra Island Harbour Authority (QIHA) to improve the offloading capacity and industry productivity.

3 ICET Partnership

The QIHA received ICET support to construct concrete loading floats, mooring and pile driving, transportation, habitat approval and remediation, abutment and a ramp.



“ This project created the infrastructure to ease pressure and build capacity among farmers. It was instrumental in expanding the shellfish industry for both existing famers and new businesses. ”
Kevin John, Executive Director, Community Futures Strathcona



Meet Victor McLaggan.

"Shellfish farming is great...until your lantern burns out," quips Victor McLaggan, a 62-year old oyster and clam grower on Quadra Island. "You have to keep your eyes on those propane mantles."

Since he was first introduced to shell-fishing with his neighbour, toting their Coleman lanterns off the beaches of Cortes Island, Victor and his wife Kathy have been avid aqua-culturists. No sooner did the couple move out from Ontario to the Discovery Islands, did they trade in their life working the soil for a life pulling from the sea. It was the 1980s, and BC's shellfish industry was still in its infancy.

"(Back then) it was such hard work. Kathy and I wanted to quit so many times," said Victor, who has since set up two Quadra-based businesses, Vic's Oysters and Outlandish Seafoods, a local processing company that distributes shellfish from Tofino to St. John's, with 'a few gaps in between'. "Before the changes, we would deliver our haul two or three times a week, bringing in around two tonnes each time. But then we had to unload everything by hand, onto our truck, as fast as we could. Finally, one summer, it just got too much. We had to hire two guys to help us."

After the Heriot Bay Wharf facilities got its upgrades, including the loading wharf and crane, ocean farmers like Victor and Kathy saw an immediate benefit.

"It was frigg'in' awesome," says Victor. "We could just pull in, use the crane to quickly move out our product and it was done. We were able to increase our volume to six totes of shellfish at three tonnes each. We increased our gross by 20%."

Alongside the increase in shellfish production, Victor says he has seen a few new shellfish operators start up and more visitor boats mooring along the Wharf. He says during prawn season, it gets even busier down at the Wharf, but overall people are very pleased with the improvements.

"We're all so happy with what has been done. It's made our lives much better, because it allows us to consider expansion instead of contraction," says Victor. "As they say: 'build it and they will come'. We really hope this will make the shellfish business more attractive to the younger generation. All we need now is a hotdog stand!"



Community 3

Ditidaht Economic Development Corporation (DEDC)

Caycuse Recreation Site
Nitinaht Lake
220 (on reserve)
800 total



Caycuse Recreation Site is a remote campground area located on Ditidaht territory and adjacent to Nitinaht Lake – a 23 km saltwater fjord that serves as the third access point to the West Coast Trail and is a world renowned wind and kite-surfing destination.

2 Recreation site project

The idea to expand the campground, provide beach access and build a 5.1km trail and restrooms is part of the larger “Unleash the Nitinaht” community-led initiative developed by the DEDC in 2000.

3 ICET Partnership

The DEDC received ICET support to expand the entire recreation site adding 52 more camp sites, a parking lot, a washroom and shower facilities, sewer treatment, water, electricity and waste facilities, signage and a 5.1 km multi-use trail that links to the Looper Creek Canyon.

5 Community Impact

Approximately five local jobs and 14 construction jobs are anticipated, and total spending to the area is expected to rise to \$62 per day, per visitor. New entrepreneurial activities within the community have already begun, including selling artisanal wares at the beach, providing guided tours and consigning First Nation branded t-shirts at the local store.

1 Context

The 65-site campground was operating at capacity during the high season, limiting tourism ventures and the development of new businesses that could expand (what was) a severely limited visitor market.

4 Process

The campsite expansion took place in the summer of 2019. The restroom, trail and other works remain in progress, though slowed due to COVID.

6 Regional impact

Improved and expanded amenities at Caycuse will expand the visitor market to include families and day-users, anticipated to be upwards of 5000 people per year. These visitors must pass through Duncan and Lake Cowichan, which will increase regional economic impact and growth potential.

7 Spin-off benefits

As Caycuse Recreation Site continues to expand, more opportunities for exploring housing and accommodation will arise. The community would like to bring more of their people home, provide staff housing and redesign the local hotel to provide additional visitor incentives.

“ Last summer, after the additional campsites, we doubled our revenue between July 1st and September 30th. People were lining up to get in like it was a sale! Bryan Cofsky, Executive Director, Ditidaht Economic Development Corporation



Meet Pat & Kim Patterson.

He is Ditidaht First Nation, from Victoria. She is Metis, from Manitoba. He loves to kitesurf. She hates the water. But what the Pat and Kim Patterson couple do have in common is their deep-seated love for people, their community and the land on which they run the recently expanded campground at the Caycuse Recreation Site on Nitinaht Lake, one of the world's most lauded kitesurf and windsurf areas.

"From the moment I started hanging around here, 25 years ago, I've been open to people coming onto our territory," says Pat, who has been running the campground with his wife for the last four or five years. "At the time, there was a total disconnect between the Ditidaht community and those who came in. People started calling me 'The Ambassador', because for the last quarter of a century I have been trying to close this gap. It is important that we share our respect for nature and our land with visitors. Over time, people on both sides have become very receptive to this idea."

Often the rise in visitors to remote, unspoiled areas creates alienation or disconnect between locals and newcomers. But the Nitinaht Lake case has proven quite the opposite. With the campground extension, last summer, to other projects in the works, the Caycuse Recreation Site has been solidifying relations both within and beyond the community.

"The impact has been huge for us," says Kim, who also works as a receptionist at the local school. "People are doing all kinds of things now like selling their crafts, paintings, baskets or even baked bread down by the water. Others are giving guided walking or water taxi tours. And for me, I love it, because I'm making friends from all over!"

As the "Unleash the Nitinaht" tourism initiative enters its second decade of development, this Ditidaht-led program is proving that transformation is about more than economic development.

"I think we'll see a lot of little branches coming off," says Pat, who provides local language classes at the school. "It's been a long, slow process. But when a visitor at the campground greets me in my local language and when I see community members gaining in confidence and self-worth because they are earning money for their family, then I know we're actually getting somewhere."

Homalco First Nation

Homalco Wildlife Tours
Orford River Valley
Population: no permanent residents



Homalco Wildlife Tours is an Indigenous tourism operation offering guided bear-watching, marine life and cultural tours through the Bute Inlet and along the Orford River for over a decade.

2 Project works
Upgrades include: 10 large signs, hand-carved by local artists in the Homalco language and a large 'Welcome' sign at the dock and entrance; two additional bear observation towers; reinforcement and rebuilding of the road leading to two towers; an interpretive centre; and a staging area.

3 ICET Partnership
Homalco Wildlife Tours received support to reinforce and capitalize on the Orford area's economic potential to use the resident Grizzly bear population as a unique and sustainable resource for their community's Economic Development Strategy.

5 Community Impact
The rebuilt and reinforced road helped secure the salmon spawning habit, which is a stable food supply for the bears. A consistent grizzly presence in August through October ensures regular guest bookings and the observation towers provide a safe viewing platform. The orientation centre is used to train staff and share cultural knowledge.

1 Context
Homalco Wildlife Tours needed infrastructure and facility upgrades to fully develop into a world class, sustainable and marketable wilderness site. Works have helped create an enjoyable, safe and educational experience for visitors, including during the shoulder seasons. Facilities are used by a range of regional wilderness tourism providers.

4 Process
The facility upgrades and construction took place from 2010 to 2012.

6 Regional impact
The facility is used by multiple wildlife operators. Other businesses, including tourism operators, have been impacted by the strengthening of the region's reputation as a world class destination for adventure wildlife experiences. There have been value-added benefits of including an early summer cultural tours component to the regular end of summer bear tours.

7 Spin-off benefits
Several private sector and training partnerships with high end eco-lodges have developed. Indigenous youth have benefitted through cultural and ethnobotany training (medicinal plants, drumming, storytelling...). A new gift shop in the interpretive centre provides a more seamless retail experience.

“The project has created a beneficial circle allowing us to encourage cultural knowledge sharing and development of new tour programs, which has increased employment, revenue and interest from other community members.” JP Obbagy, Tourism Development Officer, Homalco Wildlife and Cultural Tours





Meet Cheyanne Hackett.

In 2015, Cheyanne Hackett enrolled in her first cultural boot camp. It was a two-week induction; part of her new job as a Homalco First Nation Wildlife tour guide in Orford. At the time, the 22-year old knew almost nothing about her Indigenous roots, though she had spent her entire life on the Homalco 9 Reserve in Campbell River.

"When we first performed for our community – after learning how to drum, sing and dance – there wasn't a dry eye in the house. Everyone was so proud. I was amazed," says Cheyanne, who admits to losing the motivation to retain her culture after her grandparents passed away when she was a child. "Learning my culture and working at Homalco has really helped ground me. It's allowed me to grow my roots and better myself."

Apart from discovering her cultural heritage, Cheyanne's work with Homalco Wildlife Tours has allowed her to appreciate her other passions: nature and wildlife. From 2015 to 2017, the largely Indigenous-run company worked with a bear biologist to track grizzlies – a job the staff now does. Guides, like Cheyanne, give up to 10 tours daily during the bear season (August through October). Compared to when Homalco Wildlife Tours first started, in 2005, this is a two-fold increase.

"People obviously love seeing the bears and enjoy the guides, but they also want to know our stories and culture," says Cheyanne, whose traditional name is 'Clunn-Clunn Clawthumb' or 'Shywolf', though her colleagues call her 'NotSoShy'. "When they first arrive, we teach them greetings in Homalco, share some history and sing our Women's Warrior song. During their tour, we go by eight carved signs written in our local language. Each represents different animals or plants. Every time we see a new sign, I repeat the word in Homalco. On the bus ride down, we do a little quiz. People love it! They want to learn about our land."

Future plans for Cheyanne remain tied to nature, wildlife and culture. Her work with Homalco has inspired her to start her own visitor operation one day with her Navajo partner, a certified wilderness guide, and their two-year old daughter.

"I've always wanted this to be my work. It has helped me learn more about who I am and where I come from. I feel honored to pass this on."



Community 5

Sointula Museum & Historical Society

Sturgeon I
Malcolm Island
Queen Charlotte Strait
Population: 600



The Sturgeon I is a 34-foot wooden gillnet fishing boat originally built in Sointula in 1948. The Island was settled by Finnish settlers in 1901 and its economy was traditionally based on boat building and commercial fishing.

2 Pavilion project
The idea to rebuild the Sturgeon I and have it permanently housed in a historical pavilion at Sointula Harbour has been an entirely community-conceived and led project.

3 ICET Partnership
The Sointula Museum and Historical Society received ICET support to build the pavilion, cover transportation, labour and machine costs, employ a professional designer, project management team and create interpretative signage.

5 Community Impact
The project will benefit all tourism and non-profit related businesses in Sointula, not just those located at the harbour. Both short-term (construction and management) and long-term employment (student summer jobs) will also positively impact the community.

1 Context
Activity in commercial fishing and boat building has diminished over the last few decades. Tourism has become a key source of economic diversification for the community.

4 Process
It took a group of skilled and dedicated community volunteers two years to rebuild the Sturgeon I. The pavilion, built in the traditional Finnish post-and-beam style with entirely locally sourced materials, was completed in July 2020. A formal launch will take place as health authorities allow. Interpretive panels will highlight the Sturgeon I and Sointula's maritime history.

6 Regional impact
As Sointula's visitor rates continue to rise (between 5-20% year over year) and target those interested in cultural and historical attractions, other parts of the North Island will benefit from enhanced visitor experiences and increased length of stay. The project also builds on existing heritage tourism assets in this region.

7 Spin-off benefits
There are plans to use the display site as a focal point for other community events, workshops and programs that push the maritime stories of the community.

“The Sturgeon I represents who we are. We are people of the sea. This core industry was how we lived, what supported everything. It is what made Sointula itself.” Kathy Gibler, Sointula Museum Manager



Meet Vern Aro.

When Vern Aro was a young boy growing up in Sointula, his grandfather told him to become a bookkeeper. Instead, he became a fisherman. Like his Finnish-born grandfather, Vern opted for a life of the sea, following three generations of Aro fishermen before him. But unlike his grandfather, and unlike many of the other young boys and girls growing up in this small northern coastal community in the 1950s, Vern was not a boat builder.

"I just didn't have the artistic talent of my grandfather," says Vern about the man who built the original Sturgeon I gillnet wooden fishing boat in 1948, a year before he was born. "I can't even believe they built so many boats back in those days. These are skills that very few people have today."

When the idea of restoring the original Sturgeon I first started evolving within Sointula's community, Vern wasn't even aware that it was his grandfather's boat. After some historical sleuthing, he learned that the same man who did the face make-up for the town plays and carved tiny wooden home decorations was also the mastermind behind, what will soon be, Malcolm Island's newest cultural heritage draw for both visitors and locals.

"It's my hope that the Sturgeon I project helps keep the fishing part of our community alive. It's been a part of us for over 70 years and hopefully the pavilion will help educate people on this history," says Vern.

Over the last few years, Sointula has seen a rise in the number of visitors as more people are drawn to the rugged landscape and versatile outdoor activities on offer on the North Island and in the Broughton Archipelago. This bodes well for many of the smaller, resource-based Island communities, like Sointula, whose economies have suffered over the last few decades with the downturn in the fishing industry.

"We know this project will be popular with visitors," says Vern, who also sits on the Museum Board and serves as the Town's (unofficial) historian. "Already we get lots of questions about the past – people are sympathetic about our loss. This will help future generations keep our heritage."

Town of Ladysmith

Investment
Attraction Project
Ladysmith
Population: 8,537



This investment attraction tool includes a website and mobile app. Both platforms support the attraction of residential and commercial developers and local start-ups. The tools also inform companies of opportunities where they may fill gaps in the local market.

2 Investment Attraction Tool

The website includes a database of key business, commercial and industrial property investment opportunities; labour force indicators; enhanced community profile; development of approval process and tax incentive information; key investment contacts; Ladysmith waterfront project profile; and investment attraction profiles for Oyster Bay and the Nanaimo Airport. The mobile app supports investment exposure and provide investors, residents and visitors with information on cultural history, business and investment opportunities, First Nations and industrial heritage of the community.

3 ICET Partnership

Funding built a robust website, a community profile and a mobile app for Ladysmith.



“ This tool allows us to capture people’s interest as they come from across the Island and really highlight what sets us apart as a community. Mark Drysdale, Executive Director Ladysmith Chamber of Commerce





Meet Kamal & Therese Saab.

When Kamal and Therese Saab took over the local kitchen shop in downtown Ladysmith, over six years ago, it was with a strong vision for the store.

"We wanted to create a destination place for visitors; a place that people would talk about, with supplies, products and gadgets people wouldn't normally find," says Kamal, who immigrated to Canada from Lebanon with his wife Therese over 30 years ago. "When we first started, the community didn't immediately grasp what we were trying to do. Now we know the whole town and have tons of support."

While Kamal and Therese both have lengthy backgrounds in the retail and hospitality industry in Canada and across the Middle East, their decision to settle into this "retirement project" on Vancouver Island came as a result of wanting to own their own business. When the space came up for rent, they jumped at the opportunity and made the move from Nanaimo to Ladysmith. Today, they own the building and are expanding next door, updating the windows and tiles, continually expanding their inventory, all the while maintaining the heritage look and feel of the space.

"Ladysmith is becoming a hot market, but prices are still in a range that people can afford," says Kamal, who worked in Toronto's tech industry before moving out West. "Just a few years ago, there were nearly a dozen empty buildings on this block. Today, everything is sold and the parking lots are full."

With the launch of the Town's new investment attraction tool, Kamal is keen to see how the app supports the adoption of technology within the business community and encourages more visitors and investors. This could provide big benefits to small businesses, like his own.

When we first started, 70% of our customers came from Nanaimo and local communities. Over the years, through our website, digital and local marketing, many of our clientele now come from all over Vancouver Island and across Canada, with the States and overseas tourists making us a destination," says Kamal. "It will be interesting to watch how the app adds even more value. Already it showcases the city, tourism, Chamber of Commerce and local stores in a business friendly way. This makes it a one-stop promotion of our community, which is important for everyone."



Community 7

Hornby Island Arts Council

Hornby Island Arts Centre
Hornby Island
Population: 1100



The Arts Centre is a multi-use, cultural facility to accommodate exhibits, markets or large performances of up to 200 attendees and create year-round economic and cultural opportunities.

2 Arts Centre project

The project seeks to promote, showcase and develop the Island's arts sector by strengthening and supporting existing traditions, while inspiring new generations of artists. The Centre is the culmination of decades of community-led discussions and two decades of grassroots fundraising that include over \$110,000 in auctioned artwork from Island artists and \$65,000 in private donations.

3 ICET Partnership

ICET support will help build a flexible multidisciplinary facility that includes a large exhibition space, secondary presentation and workshop room, a gift shop, offices, kitchen, washrooms, partially covered patio, and parking spaces.

5 Community Impact

Hornby Islanders will have improved access to arts programming and Island artists will have greater opportunities to create and share works in a purpose-built space. The expected revenue impact through direct sales and related services, like workshops, is estimated at \$700,000 in additional revenue for the arts sector. The increase in off-season visitors will allow local businesses and entrepreneurs to stabilize year-round operations and job security.

1 Context

Hornby Island has a reputation as a destination for arts, culture and nature. Charles Hepburn Scott, a founder of Emily Carr, brought students for visits as early as the 1920s. The lack of a dedicated arts space, however, has impeded progress in a sector that employs nearly half of its residents.

4 Process

Design and construction work are currently underway with an expected opening in the summer of 2021.

6 Regional impact

The Centre's programming will encourage residencies and allow for visiting exhibitions. New artists will benefit from educational and mentorship opportunities. The visibility and reputation of the Comox Valley arts scene will see a significant boost with this Centre, one of the only modern arts facilities north of Nanaimo.

7 Spin-off benefits

The Centre's capacity will allow HIAC to access a wider variety of funding that can further support operations and allow development of other festivals and events throughout the year. The new facility will provide a cultural space to help develop new relationships with Indigenous peoples and all nations.

“ This Arts Centre is creating a public good, just like operating a library, and it will have a desirable, healthy and balancing influence on the Island's economy. Andrew Mark, Executive Director Hornby Island Arts Council (HIAC)



Meet Rachelle Chinnery.

Rachelle Chinnery fell in love with ceramics in Japan.

"Being linguistically illiterate made me more aware of visual and tactile literacy that happens in art," says Rachelle, who studied linguistics before pursuing a formal arts education in Canada. "Through ceramics I was able to function perfectly well, even though I was an English speaker in a Japanese world."

Fast-forward many years later and Rachelle's creative practice continues, albeit from an entirely different setting. In 2007, she and her husband traded in their urban life in Vancouver for an "empty plot of land" on Hornby Island, a ten-minute walk from the beach. Drawn to the Island's distinct sense of community, Rachelle turned her ceramic practice into a full-time profession.

"Hornby presents something quite unique – art as part of the community's fabric," says Rachelle, who is also a writer and photographer. "Everyone here is both a participant and a consumer of art."

After decades of effort, the Hornby Island Arts Council came to a pivotal moment. They could no longer rely on the Atco trailer or community hall to promote their art and culture. Annual events, such as the Herring Festival and Music Festival, were getting so popular that people were literally bumping paintings off the walls and spaces were double-booked with concert and exhibits.

"Arts are not just decoration for something else," says Rachelle, who has been volunteer organizing the Island's Arts Council exhibits for several years. "Art has a reason to exist on its own. It's not as a secondary event."

The new Arts Centre provides the vital infrastructure and programming needs to host exhibits from local, regional and international artists and enables residencies, teaching and selling opportunities. It also fulfills an invaluable social function.

"This Arts Centre will serve as a community anchor to help dissipate more arts funding as the underpinning of a social need," says Rachelle. "This space should be a welcoming place for social exchange where people come away feeling energized."

As both an artist and community member, Rachelle believes this project's effect on the creative psyche is huge.

"For locals, having this space – that is theirs to fill – means rising to the occasion. It is very much a privilege for a small community to thrive and create a cultural identity. The arts help change how we feel and how we are in the world."

Port Alberni Port Authority (PAPA)

Sea to Forest
Food Hub
Port Alberni,
Alberni Valley
Population: 17,678



The Food Hub is a food processing centre catering to small scale, local food businesses allowing them to properly handle and process their products onsite, better utilize crops in the region, add value, increase production and meet growing demand for local food.

2 Food Hub project

The PAPA committed \$500K, the Province contributed \$750K and ICET funded \$300K to support the creation of a regional food processing centre. The project is among the first four food hubs in BC to receive government funding and designation.

3 ICET Partnership

ICET came in to support the revitalization of a 17,000 square foot former fish processing and commercial ice plant to meet industry standards (CFIA*), including separate sections for shellfish, seaweed and fin fish processing and a fourth space for sharing processing and packaging equipment.

5 Community Impact

Local small food businesses will benefit through affordable access to production facilities, specialized equipment, new technology, expertise and networking services. More than 75 full-time jobs are expected and the market sale of value-added products is expected to rise exponentially.

1 Context

While rich in agricultural and marine products, the Alberni Valley has never had a food operating facility allowing start up and small scale producers to harvest and process their goods locally.

4 Process

Renovation projects started in December 2019 and were completed in mid-July 2020. PAPA reached out to small aquaculture and terrestrial operators throughout the region encouraging their membership. Construction efforts, following physical distancing practices continued despite COVID. A public opening is expected in the fall of 2020.

6 Regional impact

The PA Food Hub is exploring partnership with a Lower Mainland-based food hub facility to build on their expertise, enabling them to provide more mentorship possibilities to entice small scale producers from across the country.

7 Spin-off benefits

The communal pride in seeing a “Made in Port Alberni” solution to a long-standing challenge is more than symbolic and can inspire other entrepreneurs to get their small food businesses up and running.

* Canadian Food Inspection Agency

“ We want to see small (food) businesses, that are short on capital investment and who have a product that consumers want, to come here and flourish. Zoran Knezevic, Port Authority CEO & President





Meet Celia & Ben Patarin.

When Celia heard morel picking in Alberta was incredible, she did not hesitate. She and her partner, Benjamin Patarin, packed up and left Quebec for the wild west of mushrooming harvesting, first in Northern Alberta then out to Vancouver Island in 2013.

The young French couple were hardly newcomers to the foraging scene. Benjamin had grown up picking nettle in the French Alps alongside his grandmother, while Celia has been plucking wild blueberries in Grenoble since the time she could walk.

"We were very surprised, when we got to the Island, to see the thousands of pounds of mushrooms growing everywhere, but few people actually picking them," says 38-year old Benjamin who has a Masters in Agro-Forestry. "We immediately saw a local market to develop."

Over the last eight years, the couple has dedicated themselves to harvesting chanterelles and morels, setting up two companies: Forest for Dinner sells fresh goods at local farmers' markets and restaurants and Wild West Foragers exports dried morels to France. But for all the work invested in picking and selling, the couple found locals hesitant to buy fresh, unprocessed mushrooms, particularly unfamiliar varieties.

Three years ago, Benjamin and Celia started experimenting with smaller batches of ready-to-eat jams and pickles from their kitchen.

"We started thinking about scaling up, but was it worth investing? Could we buy a dehydrator or a smoking machine? Could we make the contacts? Where could we find a place?" says Benjamin. "Then one day, we heard about the Food Hub project."

Forest for Dinner is one of five companies signed up to use the Alberni Valley Food Hub. Even before the Hub's opening, they attended food processing workshops.

"This Hub is an amazing opportunity for us," says 32-year old Celia, who studied business. "We can expand our projects by testing, collaborating with different people who have other expertise, building our own expertise and gaining visibility and support."

The couple also plan to help revalue mushrooms – both socially, by encouraging and purchasing from community harvesters and, personally, by continuing to educate their own children.

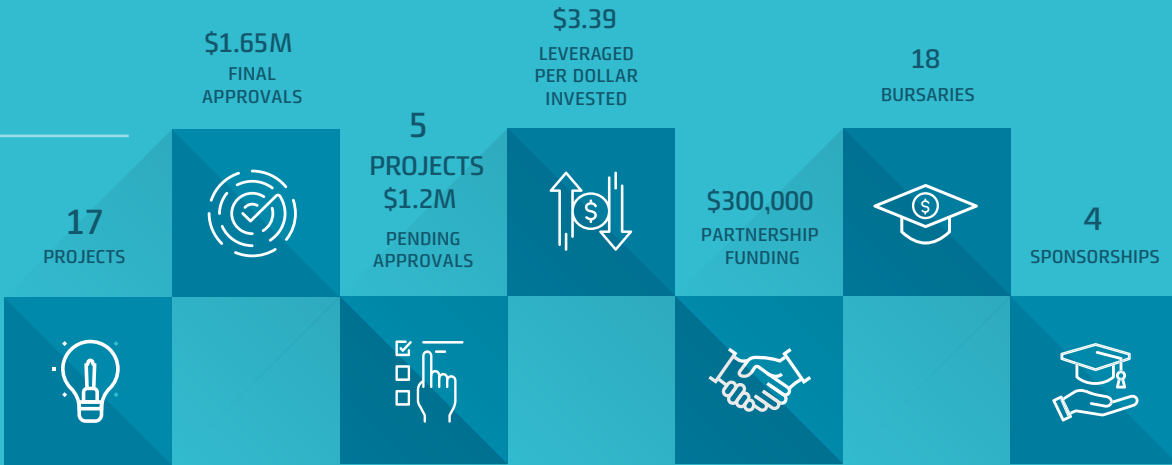
"It's not just about food for us," says Celia. "Our four-year old son knows 10 different species of mushrooms already. He's not allowed to pick them on his own, but it's about teaching him a larger value of becoming sensitive to the environment around him."



Our Achievements.

ICET continues to focus on its core business – investing in economic development and diversification – through its Economic Infrastructure and Innovation Program, as well as investing in community economic development planning and readiness with its Economic Development Readiness Program and Regional Support Programs.

2020 highlights



Since ICET's inception



Our Achievements.

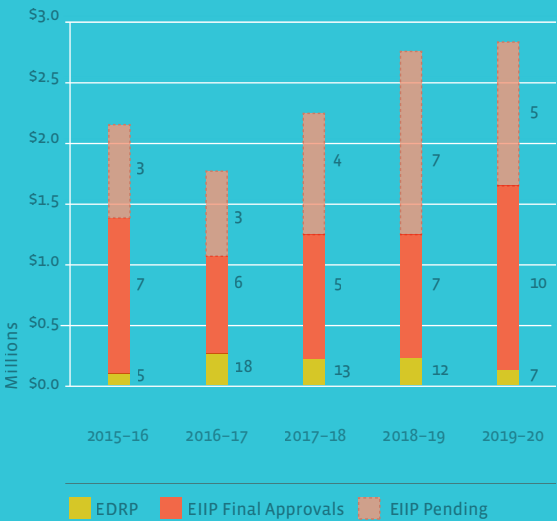
Measuring our achievements

A wide range of assessment criteria are used to measure ICET organization and project performance. Both immediate and long-term benefits are considered as they may impact within the community or regional context.

This report's qualitative and quantitative performance measures have been chosen for their probative value and are presented in relation to the Trust's objectives and strategic priorities. Every effort has been made to provide comparative data and transparency. The intent is to allow the reader to assess ICET's performance from a historic and holistic perspective.

Historic data may not match previous annual reports due to project reclassification, cancellation or smaller funding disbursements than initially approved.

Approvals and Project Numbers





Our Project Approvals.

ECONOMIC INFRASTRUCTURE AND INNOVATION PROGRAM

In Fiscal 2020, over \$1,500,000 in grant funding was approved for economic infrastructure projects and innovation programs. These investments create sustainable incremental economic benefits at both the local and regional levels, in addition to other community benefits for the region's residents.

	FINAL APPROVAL	APPLICANT	ICET COMMITMENT	TOTAL BUDGET
	Hornsby Crawler Interpretive Program	Regional District of Mount Waddington	\$15,000	\$30,000
	Sturgeon 1 Pavilion	Sointula Museum and Historical Society	\$18,300	\$39,790
	Elk Falls Alive App	Museum at Campbell River	\$42,500	\$128,300
	Cowichan Bay Patio Portal	Cowichan Wooden Boat Society	\$25,000	\$101,200
	Community Unity Trail	Village of Tahsis	\$387,080	\$774,160
	Parksville Outdoor Theatre	City of Parksville	\$204,750	\$1,047,510
	Gibsons Landing Harbour Dock Expansion	Gibsons Landing Harbour Authority	\$165,000	\$1,200,000
	Benson Creek Falls Park Improvements	Regional District of Nanaimo	\$103,125	\$668,365
	Port Alberni Regional Food Hub	Port Alberni Port Authority	\$300,000	\$1,496,387
	Qualicum Beach East Village Revitalization	Town of Qualicum Beach	\$250,000	\$1,153,458
	TOTAL		\$1,510,755	\$6,639,170
	5 Pending Projects		\$1,182,200	\$7,111,820

Our Project Approvals.

ECONOMIC DEVELOPMENT READINESS PROGRAM

In Fiscal 2020, \$142,750 in grant funding was approved for 7 economic development readiness projects. ICET's investments in these initiatives help communities advance the planning required to facilitate the implementation of longer-term strategic priorities and develop the tools they need for investment attraction.

	FINAL APPROVAL	APPLICANT	ICET COMMITMENT	TOTAL BUDGET
	Ka:yuu:k't'h'/Che:k'tles7et'h' Economic Development Strategy	Ka:yuu:k't'h'/Che:k'tles7et'h' First Nations	\$29,500	\$59,000
	Cowichan Food Processing Action Plan	Small Scale Food Processor Association	\$6,000	\$45,500
	Port McNeill Downtown Improvement Plan	Town of Port McNeill	\$15,000	\$35,000
	Home-based Knowledge Worker Research Study	Regional District of Mount Waddington	\$30,000	\$60,600
	Yuułıꞵıꞵath Economic Development Strategy	Yuułıꞵıꞵath First Nation	\$17,250	\$34,500
	Gold River Downtown Improvement Plan	Village of Gold River	\$15,000	\$30,125
	Regional Economic Industrial and Commercial Land Strategy	District of Ucluelet	\$30,000	\$117,500
	TOTAL		\$142,750	\$382,225

LEGEND

	INDUSTRY AND BUSINESS SUPPORT		INNOVATION INFRASTRUCTURE		INVESTMENT ATTRACTION TOOLS
	DOWNTOWN REVITALIZATION		INNOVATION SUPPORT		TECHNOLOGY AND BROADBAND STRATEGY
	STRATEGIC TOURISM INFRASTRUCTURE		ECONOMIC DEVELOPMENT STRATEGY		SECTORAL DEVELOPMENT
	DESTINATION TRAILS		QUICK STARTS		REGIONAL COLLABORATION AND MARKETING



Our Goals.

- 1 Build Community & Regional Economic Development Capacity
- 2 Invest in Economic Infrastructure and Innovation
- 3 Support Regional Collaboration and Learning
- 4 Leverage Economic Investment in the ICET Region
- 5 Maximize the Impact of Trust Resources



Objective One

Build Community & Regional Economic Development Capacity

ICET invests in projects, planning and training to support the sustainable development of attractive, liveable and investment ready communities and a thriving and collaborative region. This is achieved through the **Economic Development Readiness Program** and the **Regional Support Programs**.

In Fiscal 2020, almost half of total capital funding allocations went to communities with less than 5,000 residents.

Support community economic development capacity-building

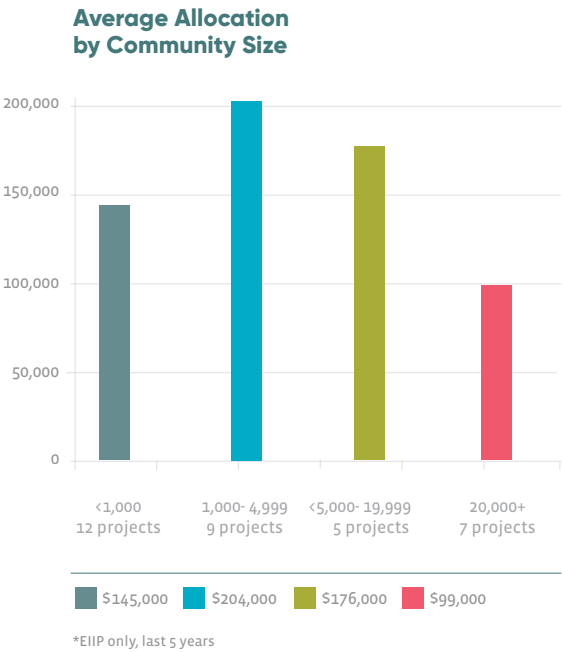
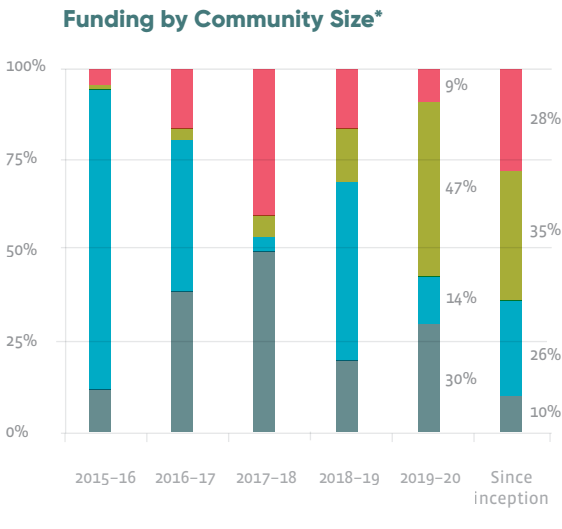
Over the past six years, the ICET team has prioritized engagement with smaller, rural and remote communities. In Fiscal 2020, almost half of total capital funding allocations went to communities with less than 5,000

residents. While this is lower than in the previous five years, it is important to note that over 95% of the Economic Development Readiness Program funding went to areas with less than 5,000 residents.

In communities with more than 5,000 residents, a greater availability of senior government funding, coupled with thriving economies, has generated more focus on implementing large scale projects. In smaller, rural communities, however, the emphasis has remained on strategic economic diversification planning and strategic capital project implementation.

Foster efficient use of capital through collaboration

To help strengthen the agri-food industry, ICET has supported small-scale food producers by increasing their opportunities to expand food processing in the region, grow innovative food sector opportunities and create more robust and efficient procurement and distribution systems. New projects, such as the Alberni Valley Food Hub (profiled in the Community section of this report) and the Cowichan Food Processing Action Plan, are both examples demonstrating best practices in the efficient use of capital and regional resources through collaboration.



Objective One

Monitor and support emerging community and regional economic development planning trends

The Trust avidly supports strong regional collaboration within the economic development community. This includes serving on the VICEDA (Vancouver Island and Coast Economic Developers Association) Executive and providing administrative in-kind support to both the organization and its regional tech attraction initiative. The “Tech Island” project was developed as a joint strategy between eight coastal communities. It has since evolved into a tech attraction website branding Vancouver Island (outside of the Capital Region) as a “tech corridor”.

ICET has also been a member of the Community Connectivity Co-lab. This Province of BC “think tank” initiative tackles connectivity challenges

and supports community-based connectivity planning. These efforts strongly align with the Trust’s EDRP Connectivity Funding stream, focusing on connectivity planning to advance community aspirations.

The organization has also been involved on a national project advisory team that promotes access to financing for women in small scale food processing

The organization has also been involved on a national project advisory team that promotes access to financing for women in small scale food processing. ICET also provided in-kind support for various initiatives related to the social enterprise sector, and participated in consultations on broad scale

initiatives such as the New Economy Task Force, national consultations related to connectivity with CIRA (Canadian Internet Registration Authority), regional development of the Clean Tech sector and other emerging regional and sectoral priorities.



Objective Two

Invest in Economic Infrastructure and Innovation

ICET supports strategic investment in key local and regional economic infrastructure and innovation, with a strong focus on incremental economic benefits, economic growth and diversification, regional cooperation and long-term economic and environmental sustainability. This is primarily achieved through the **Economic Infrastructure and Innovation Program**.

Prioritize gap and growth areas and emerging sectors

There was strong demand for funding in Fiscal 2020, resulting in full subscription of the EIIP program.

Over 60% of approved funding went to projects that addressed gaps in the tourism sector, including the creation of sustainable year-round and barrier-free amenities. Tourism continues to be a key tool to support asset-based economic diversification in the region, particularly in smaller and more remote communities.

Tourism continues to be a key tool to support asset-based economic diversification in the region.

In Fiscal 2020, the agri-food sector has been gaining momentum, including, the ICET-supported Alberni Valley Food Hub initiative. Behind the scenes, the Trust has worked with other regional food hub proponents to support concept development and funding opportunities. The Cowichan Agricultural Processing Strategy, which identified barriers and opportunities for increasing local processing and storage of Cowichan agricultural products, is leading to the development of new concepts supporting local food procurement and distribution systems. In the Comox Valley, the Agri-food Innovation Strategy has shown early results with implementation of a modern training program for future food producers. ICET is further involved in a national project led by the Small Scale Food Processors Association to bolster new agri-food innovation and business development initiatives.

Behind the scenes, the Trust has worked with other regional food hub proponents to support concept development and funding opportunities.



Denman Island Community Dock

Objective Two

Support regional development of a robust regional tech and innovation eco-system

In Fiscal 2020, 23% of total EIIP funding went towards innovation focused initiatives. The number of projects in this area is rising consistently in response to local and global challenges and opportunities.

The Trust has been championing leadership in the tech and innovation spheres and encouraging the adoption of technology by business and industry.

The Trust has been championing leadership in the tech and innovation spheres and encouraging the adoption of technology by business and industry. The pandemic, and related physical business closures, demonstrated that digital operations offered an additional layer of sustainability for many business models. This created the opportunity to move forward with a partnership program focused

on increasing participation in the digital economy, the Digital Economy Rapid Response Recovery program (DER3), and to further support COVID related business restart and sustainability.

The pandemic, and related physical business closures, demonstrated that digital operations offered an additional layer of sustainability for many business models.

Funding by Project Category, Since Inception



- 5% Innovation Infrastructure
- 1% Innovation Support
- 32% Strategic Tourism Infrastructure
- 4% Other
- 3% EDRP
- 10% Destination Trails
- 3 % Downtown Revitalization
- 42% Industry and Business Support



Objective Three

Support Regional Collaboration & Learning

ICET facilitates and supports regional collaboration, key networking or learning events, as well as regional or sectoral planning initiatives. This is done primarily through the Regional Support Programs, target partnerships and operational assistance.

Support economic development training, networking and regional collaboration

Recognizing that economic collaboration is heavily reliant on strong relationships, networking and knowledge, ICET provides funding and assistance to foster and catalyse these connections. This begins with our own Regional Advisory Committees (RACs) who meet to exchange key regional information and set priorities.

The development of strong, long-term relationships with Indigenous communities is a key priority for ICET and the region at large.

The development of strong, long-term relationships with Indigenous communities is a key priority for ICET and the region at large. The Board continues to engage with the Province to increase Indigenous participation in the legislated governance model. In the meantime, outreach and sustained relationship building has resulted in a growing number of project related collaborations and funding approvals in small, rural and remote Indigenous communities. In the past four years, project investments in Indigenous communities have represented approximately 20% of total ICET annual investments.

Bursaries support community participation in regional economic development training. This past year, 18 bursaries were awarded to local leaders to participate in the Vancouver Island Economic Summit, Rural Islands Economic Forum and the Social Venture Training Bootcamp. This includes providing bursaries to younger people, supporting the strategic priority to increase the number of younger people involved in economic development.

This past year, 18 bursaries were awarded to local leaders to participate in the Vancouver Island Economic Summit, Rural Islands Economic Forum and the Social Venture Training Bootcamp.



Objective Three

Sponsorships of select conferences and events held in the ICET region help to foster the growth and emergence of economic sectors by supporting education, sharing of best practices and opportunities for connection and partnership development. In Fiscal 2020, the Trust provided sponsorship funding for the following events:

- Vancouver Island Economic Summit
- Social Enterprise Catalyst: Connect, Money, Impact
- BC Seafood Expo
- Islands Agriculture Show

The most impactful best practices initiated by the Trust, over the last year, are in support of urgent economic recovery and providing stimulus while supporting emerging economic and policy priorities.

Champion and share regional aspirations and best practices

The most impactful best practices initiated by the Trust, over the last year, are in support of urgent economic recovery and providing stimulus while supporting emerging economic and policy priorities. The two new rapid recovery business programs developed with our partners,

have been recognized or scaled provincially, anchoring the region's reputation as a leader in nimble, collaborative and innovative practices.

ICET's CEO was invited to speak and moderate at events in BC and to share regional best practices. On a panel organized by Destination BC at the BCEDA conference in Kelowna, the Trust shared key learnings related to successful development of strategic tourism infrastructure. At the Indigenous Resource Opportunities Conference in Nanaimo, the organization moderated a panel focused on successful approaches to collaboration between Indigenous communities, private sector and businesses involved in BC's resource sectors.

The region's needs and aspirations are shared on an ongoing annual basis in meetings, advisory groups and consultations. This past year the key focus was tech, innovation and connectivity and included participation in the New Economy Task Force consultations, the CIRA national consultation outreach related to rural connectivity, as well as targeted meetings with Ministers, senior government staff or key personnel, such as the Innovation Commissioner.



VANCOUVER ISLAND ECONOMIC SUMMIT



SOCIAL ENTERPRISE CATALYST



BC SEAFOOD EXPO



ISLANDS AGRICULTURE SHOW

Objective Four

Leverage Economic Investment in the ICET Region

ICET uses its capital and organizational expertise as a lever to attract incremental investment from other levels of government, non-government sources of funding, community and private sector investment, in individual project investments, regional investments or beneficial service delivery opportunities.

Pursue sustainable funding opportunities

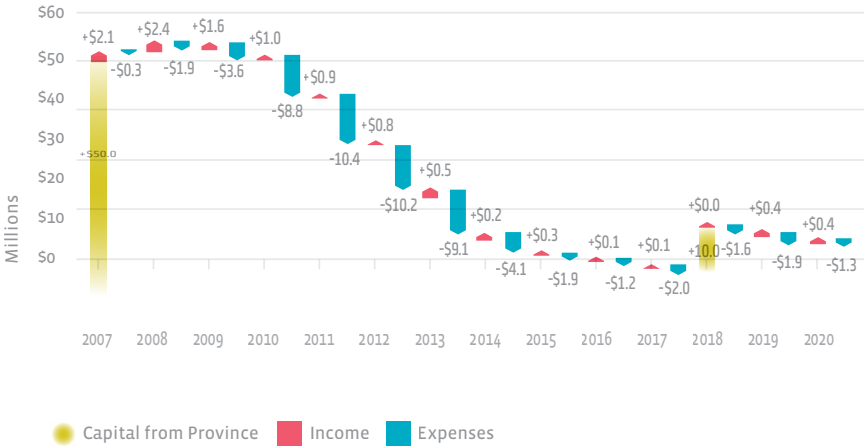
Ensuring long-term sustainability of the organization continues to be a priority. The 2018 funding allocation of \$10 million is expected to serve regional needs through to March 2022, as per the terms of the contribution agreement with the Province of BC.

During the past year, ICET has been conducting research to evaluate different revenue generation models and sustainability mechanisms in similar organizations, as well as assessing how various financial scenarios could sustainably support the ICET region and its needs over the longer term.

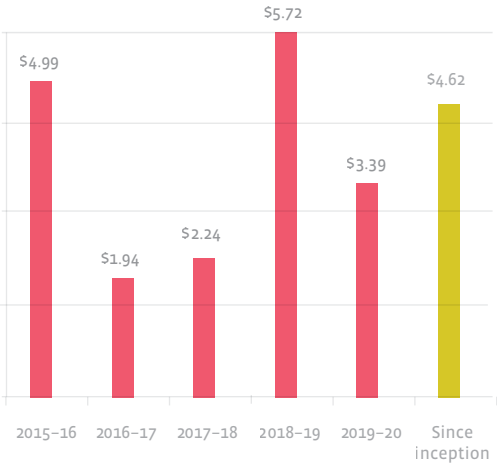
As a complement to this research and analysis, ICET staff and Board have been reaching out to senior governments, funding programs, sectoral groups and other potential partners to assess all feasible opportunities to complement Province of BC funding with other resources.

This has included reaching out to the Province of BC with suggestions for the collaborative development of stimulus and long-term sustainable funding frameworks, which could support senior government priorities and policy objectives while meeting the unique needs of our region's diverse communities.

Capital Base and Changes, Since Inception (\$ Millions)



Average Funding Leverage, Economic Infrastructure & Innovation Program



Objective Four

New funding through leveraging

In Fiscal 2020, Economic Infrastructure and Innovation Program projects leveraged \$3.39 per dollar invested. This represents a decrease compared

to the previous year (\$5.56). The difference in leveraging from year to year can usually be attributed to the matching funding criteria, which allows for varying levels of ICET funding based on community vitality.

This past year, for example, nearly half of all EIIP projects went to 1:1 communities, which represents mostly small, rural and remote communities. Since inception, more than half of all funding has gone to communities with the greatest need.

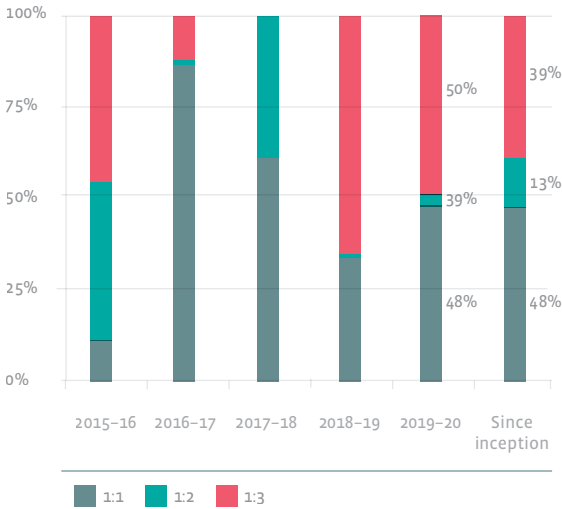
While the contributions of senior government funders are down from the highs of Fiscal 2019, they represent 50% of total project budgets in Fiscal 2020.

Diversity of matching funding partners and funding sources

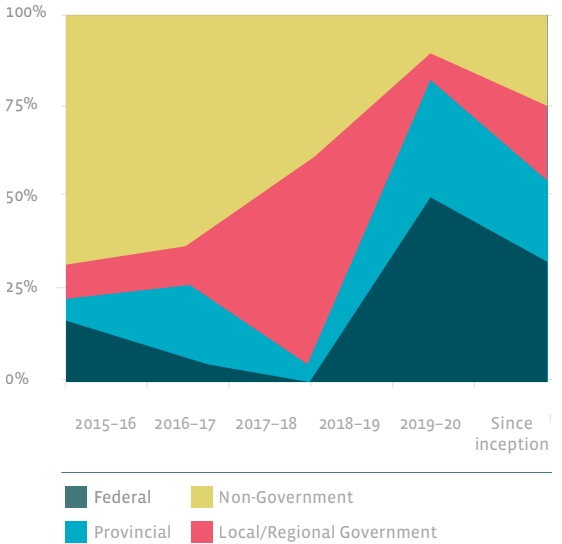
While the contributions of senior government funders are down from the highs of Fiscal 2019, they represent 50% of total project budgets in Fiscal 2020. The ebb and flow of senior government funding sources will impact the volume and scope of funding applications to ICET, given that the Trust is often the only alternative source of matching funding for communities facing economic challenges. This creates important opportunities to leverage senior government funding into the region and into communities with greater needs. However, it also creates significant competition for limited funds, leading to oversubscription of the EIIP program in Fiscal 2019 and full subscription in Fiscal 2020.

One of the organization's key performance targets has been to ensure that at least 25% of matching project funding is sourced from non-government sources. This was achieved in Fiscal 2020.

Funding by Matching Level, Economic Infrastructure & Innovation Program



Share of Matching Funding, Economic Infrastructure Program



Objective Five

Maximize the Impact of Trust Resources

ICET ensures that its resources are maximized with responsible and innovative administrative practices, continuous improvement of operations and programs, strong accountability and risk management, effective use of modern communications and governance best practices leadership.

The progressive shift to a digital economy has created greater need for communication, transparency and information.

project stories, sharing of best practices and storytelling are all part of the organization's ongoing efforts to amplify the region's strengths and successes.

The progressive shift to a digital economy has created greater need for communication, transparency and information. In response, the Trust has adapted its staffing model and, in February 2020, created a new communications position to address changing communications practices.

Since inception, the organization has supported over 225 projects, through which valuable lessons-learned have been generated. Applicants can search best practices through our online **Funded Projects Database**, which showcases the summaries, funding sources and final reports of all ICET funded initiatives.

Continuous operational improvement and best practices

Assessing better ways of working, both internally and externally, remain consistent areas of focus for the organization.

In response to increased funding requests – which exceed available

Increase the region's profile with targeted communications

ICET has continued to prioritize communications through the sharing of key economic development news and progress to stakeholders. Regular news releases, media interviews, social media posts, digital updates,

Assessing better ways of working, both internally and externally, remain consistent areas of focus for the organization.



Objective Five

funding – changes were implemented to mitigate the impacts of oversubscription. Funding maximums were reduced and new processes were developed to manage oversubscription with transparency and equity.

A new Corporate Operations Handbook and Business Continuity Plan were developed to mitigate operational risk and improve onboarding of new team members. Information technology upgrades and new security measures were also implemented to minimize cyber-risk.

During the COVID pandemic, the Trust seamlessly implemented its Business Continuity Plan

The Board regularly reviews its own skills, knowledge and experience to determine any gaps and to ensure the highest quality Board composition. Currently, the Board is working with CABRO (Crown Agencies and Board Resourcing Office) to ensure the vacant Provincial Appointee position is filled, with diversity and needed skillsets as key considerations.

During COVID, the Trust seamlessly implemented its Business Continuity Plan. This included adopting new health and safety measures and adapting most governance, operations, communications, Board and RAC meetings to a digital format, complying with provincial health and safety orders and guidelines.

The Trust continues to share best practices and resources with other like-minded organizations. In Fiscal 2020, ICET hosted a face-to-face meeting with other Trust CEOs and, during the pandemic, hosted weekly digital get-togethers. The goal of these in-person and virtual meetings has been to share best practices and information about regional innovation, economic response and recovery or other issues of common interest to BC's regional Trusts.





Our Governance.

The North Island Coast Development Initiative Trust Act defines the governance structure for the Island Coastal Economic Trust (ICET). This arms’ length decision making model includes two Regional Advisory Committees (RACs) who provide strategic advice to the Board. The Board of Directors is the final decision-making voice for the organization and is responsible for governance and oversight.

Board of Directors

Consists of 13 directors, eight of whom are appointed by the two RACs, representing the Central South Island Region and the North Island Sunshine Coast Region. The remaining five directors are appointed by BC’s Lieutenant Governor in Council.

The Board includes representatives from communities and rural areas throughout the region. This diverse Board, complimented by the specific expertise of the provincial appointees, brings an exceptional skill set and wide range of perspectives to the table. The Board of Directors usually meets seven to 10 times per year.

Regional Advisory Committees

Comprised of the mayors, Regional District Chairs and MLAs from the region, the RACs meet two to three times a year to review funding requests and provide strategic advice to the Board. The Chairs from each of the committees attend Board meetings as ex officio members.

Our Governance.

The RACs play a key role in operations. Their regional knowledge and ground truth perspective provides the Board with valuable information about local needs, regional priorities and economic environment. The RACs provide all participating communities with an equal voice in regional decision-making and development of strategy and policy.

Management Team

Regional funding delivery is provided through a cost-effective, responsive approach. The core staffing model is lean and is supplemented with contract professionals and consultants on an as-needed basis. This ensures the highest level of expertise and flexibility, adapted to the fluctuating nature of operations.

Board of Directors

	MAYOR JOSIE OSBORNE Tofino, Board Chair		DANA THORNE Provincial Appointee, Member at Large		IAN MORRISON Director, Cowichan Valley Regional District
	MAYOR AARON STONE Ladysmith, Vice Chair		MEGAN HANACEK Provincial Appointee		BARRY O'NEILL Provincial Appointee
	MAYOR ANDY ADAMS Campbell River, Board Treasurer		JOHN JACK Chair, Alberni-Clayoquot Regional District		MAYOR AL SIEBRING North Cowichan
	MAYOR LESLIE BAIRD Cumberland, Board Secretary		ROGER KISHI Provincial Appointee		MAYOR MICHELLE STAPLES Duncan
	MAYOR JOHN MACDONALD Sayward, NISCRAC Chair Ex officio		MAYOR ROD PETERS Lake Cowichan, CSIRAC Chair Ex officio		

Central South Island Regional Advisory Committee

MAYOR ROD PETERS Lake Cowichan, CSIRAC Chair	SHEILA MALCOLMSON MLA, Nanaimo	MAYOR MARK SWAIN Lantzville	MICHELLE STILWELL MLA, Parksville-Qualicum
IAN MORRISON Director, Cowichan Valley Regional District, CSIRAC Vice-Chair	MAYOR ED MAYNE Parksville	DOUG ROUTLEY MLA, Nanaimo- North Cowichan	MAYOR AARON STONE Ladysmith
SONIA FURSTENAU MLA, Cowichan Valley	MAYOR MICHELLE STAPLES Duncan	MAYOR AL SIEBRING North Cowichan	IAN THORPE Chair, Regional District of Nanaimo
MAYOR LEONARD KROG Nanaimo			

Our Governance.

NISCRAC Members

MAYOR JOHN MACDONALD Sayward, NISCRAC Chair	PATRICK BRABAZON Chair, qathet Regional District	ANDREW HORY Chair, Mount Waddington Regional District	NICHOLAS SIMONS MLA, Powell River- Sunshine Coast
MAYOR BOB WELLS Courtenay, NISCRAC Vice-Chair	MAYOR KEVIN CAMERON Port Alice	JOHN JACK Chair, Alberni-Clayoquot Regional District	MAYOR DARNELDA SIEGERS Sechelt
MAYOR ANDY ADAMS Campbell River	MAYOR JULIE COLBORNE Zeballos	RONNA RAE LEONARD MLA, Comox Valley	HONOURABLE CLAIRE TREVENA MLA, North Island
MAYOR RUSS ARNOTT Comox	MAYOR MARTIN DAVIS Tahsis	MAYOR SHARIE MINIONS Port Alberni	MAYOR BRAD UNGER Gold River
MICHELE BABCHUK Chair, Strathcona Regional District	MAYOR DENNIS DUGAS Port Hardy	MAYOR MAYCO NOEL Ucluelet	MAYOR GABRIELE WICKSTROM Port McNeill
MAYOR LESLIE BAIRD Cumberland	JESSE KETLER Chair, Comox Valley Regional District	MAYOR JOSIE OSBORNE District of Tofino	MAYOR BRIAN WIESE Qualicum Beach
MAYOR BILL BEAMISH Gibsons	MAYOR DAVE FORMOSA Powell River	CHIEF WARREN PAULL Sechelt Nation	
MAYOR DENNIS BUCHANAN Alert Bay	HONOURABLE SCOTT FRASER MLA, Alberni-Qualicum	LORI PRATT Chair, Sunshine Coast Regional District	

Management Team

LINE ROBERT Chief Executive Officer	DENICE REGNIER Manager Programs and Corporate Affairs	KATI STROH Accounting Technician
DONNA CLOUTIER Chief Financial Officer	AMANDA FORTIER Communications Officer	JAMIE VANN STRUTH Consulting Economist

Our Risk Mitigation.



Risk is mitigated through the development of internal controls, continuous improvement of organizational policies and procedures and development of risk management tools. These management practices have a positive influence on decision making, accountability and transparency.

Operational

Governance and risk management policies are reviewed annually and detailed plans are developed to address short and medium-term risks. These include:

- PERSONNEL RETENTION
- SUCCESSION PLANNING
- BOARD RESOURCING
- DIGITAL SECURITY AND TECHNOLOGY USE

Organizational

Transparency is a core Trust value. Stakeholders and the general public are regularly informed of key initiatives, investment decisions and performance reporting through communications (digital and traditional). Other organizational risk mitigation efforts include:

- STRONG EXECUTIVE COMMITTEE AND GOVERNANCE PLANNING
- REGULAR PROJECT MONITORING AND MEASUREMENT PRACTICES
- CLEAR AND ROBUST POLICIES AND PROCEDURES
- TRACKED PROJECT DATABASE

Reputational

Protecting people's privacy and ensuring responsible information management practices are paramount concerns. To preserve the Trust's reputation and credibility, the following measure are in place:

- COMPLIANCE WITH THE FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY ACT
- SECURITY MEASURES FOR ALL IT SYSTEMS AND TECHNOLOGY
- MULTIPLE CHECKS AND BALANCES ON ALL DECISION-MAKING PROCESSES
- MEDIA MONITORING AND STAKEHOLDER MANAGEMENT

Financial

Ensuring that funds are used as intended and are attaining expected results demands a thorough due diligence process with documented protocols and systems. The following measures help support financial risk management:

- ROBUST ACCOUNTING PROCEDURES, INCLUDING THIRD PARTY AUDITS
- BOARD OVERSIGHT OF PROJECT DISBURSEMENTS AND FINANCIAL STATEMENTS
- REGULAR PUBLICATION OF FINANCIAL STATEMENTS AND SUMMARIES OF FINANCIAL CONTROLS

Our Financial Highlights.



The following analysis reflects events known to management up to June 30, 2020. It is intended to help the reader understand ICET operations, financial performance, as well as present and future obligations. It should be read in conjunction with the annual audited statements and related notes.

Our Financial Highlights.

Fund Summary as of March 31, 2020

ICET achieves its objectives by investing its capital and interest in economic development initiatives, using the \$60 million allocation plus interest income earned. Operational expenses have been financed by interest income and operational reserves allocated from the capital amount.

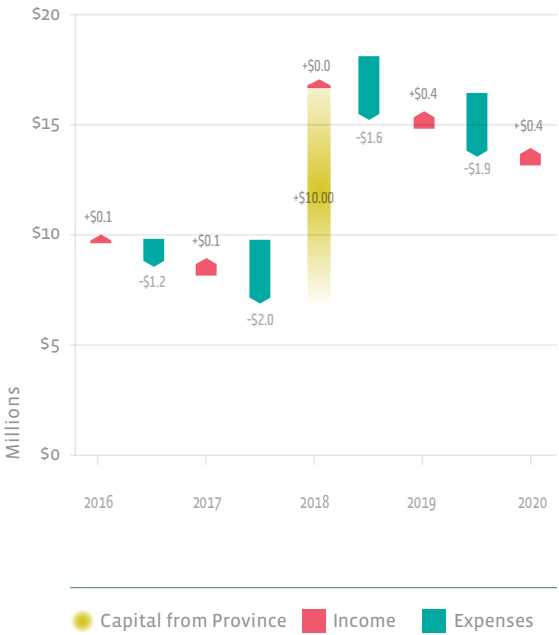


Investments

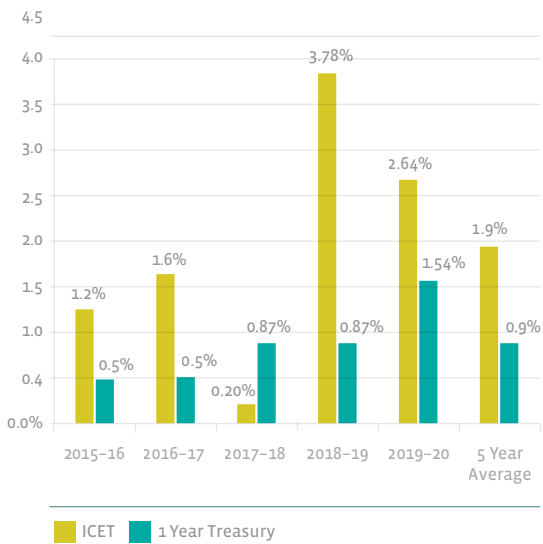
A conservative investment approach has been used since inception, to preserve capital availability for short-term allocation. Based on current market conditions and professional advice, all capital is currently invested in the Municipal Finance Authority Short-Term Bond Fund. The MFA funds generated \$330,368 in interest income and realized a gain of \$10,612, as a result of redemptions. The realized return on investment for the past year is 2.64%. This is well in excess of the benchmark one-year treasury rate of return of 1.54%.

Fund performance will continue to be monitored closely by contract professionals, staff and Board to ensure a balance between maximum earnings and the preservation of capital and availability of funds for the organization’s short-term financial needs.

Capital Base and Changes, Last Five Years (\$ Millions)



Rate of Return on MFA Investments (Note: Excludes unrealized gains/losses)



Our Financial Highlights.

Project Disbursements

During the 2020 fiscal year, \$704,288 was disbursed to approved projects, partnerships and sponsorships. This represents a decrease from the previous year’s disbursements, due primarily to delayed project start dates and pandemic related delays in requests for reimbursements. Disbursements are subject to applicant reimbursement requests for work which has been completed and may not occur in the same year as project funding commitments. Disbursements are inconsistent from year-to-year, subject to reasons unique to each applicant, and may not accurately reflect the actual value and volume of project work completed by applicants in that fiscal year.

Operations

In Fiscal 2020, operating expenses totaled \$562,081, more than \$58,000 under budget. This represents an increase of 6.8% from Fiscal 2019, primarily due to annual cost of living increases and the addition of a new staff position. Most of the organization’s operating costs are fixed in nature and fluctuate very little from year-to-year, based on the current model of operations.

Operations and Expenditures Forecast

For the 2021 fiscal year, management anticipates the approval of approximately \$2.0 million in new program funding, as well as disbursements of approximately \$2 million to previously approved projects.

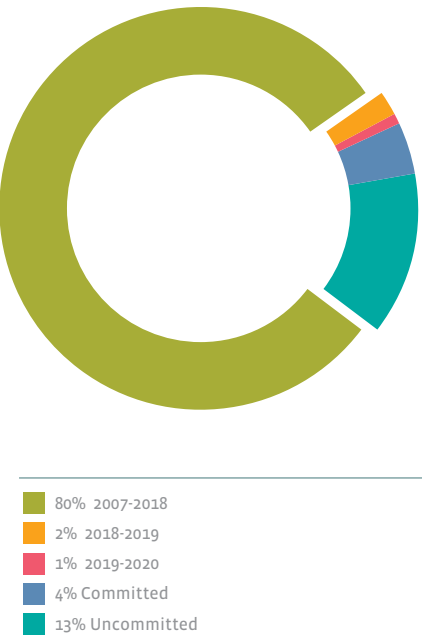
Management expects there will be significantly more demand for funding than there are program funds available in Fiscal 2021. Despite the recent economic uncertainty, demand for grant funding remains strong as communities choose to move forward with projects developed prior to the pandemic. Anticipated senior government stimulus funding is also expected to create additional demand on ICET grant funding resources, as these new matching funding sources create opportunities for communities to realize larger scope capital initiatives.

Management is also anticipating a higher volume of funding requests for the Economic Development Readiness Program, as communities rethink their economic development strategies and priorities in light of the rapid changes in economic conditions and consumer behaviours due to the pandemic.

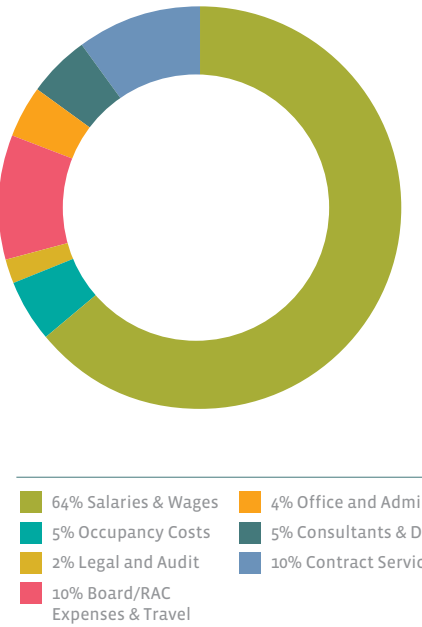
The uncertainty created by the pandemic, particularly for the most affected sectors, such as tourism, culture and small business, is expected to further exacerbate demand for new programs to address immediate and urgent pandemic related change management.

Based on the current operational and financial structure, operating and staffing costs are expected to fluctuate very little from 2020.

Funds Disbursed to Approved Projects



2020 Operating Expenses



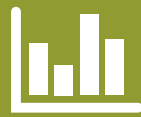
Our Statement of Accountability.

The 2019–2020 Island Coastal Economic Trust Annual Report was prepared under the direction of the CEO and the Board, according to the British Columbia Performance Reporting Principles and the North Island Coast Development Initiative Trust Act. The Board is accountable for the contents of the report and how it has been prepared.

The information presented represents the actual performance of the Island Coastal Economic Trust for the 12 months ending March 31, 2020.

The Board is responsible for ensuring internal controls are in place so that performance information is measured and reported accurately and in a timely fashion.

The measures presented are consistent with the organization's mission, goals and objectives and focus on aspects critical to understanding our performance. The report contains estimates and interpretive information that represents the best judgement of management. Any significant limitations in the reliability of the data are identified in the report.



CHAN NOWOSAD BOATES
CHARTERED PROFESSIONAL ACCOUNTANTS



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Island Coastal Economic Trust

Opinion

We have audited the accompanying financial statements of Island Coastal Economic Trust (the "Trust"), which comprise the statement of financial position as at March 31, 2020, the statements of net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion, the Trust's financial statements present fairly, in all material respects, the financial position of the Trust as at March 31, 2020, and of its financial performance and its cash flows for the year then ended. The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

Basis of 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 Trust 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 of our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the Trust'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 intends for the Trust to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for over-seeing the Trust's financial reporting process.

Auditors' Responsibilities for the Audit of the 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 the users taken on the basis of these financial statements.

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Courtenay Office: #201 – 1532 Cliffe Avenue, Courtenay, BC V9N 2K4 | Tel: 778.225.1010 | Fax: 778.225.1011
Email: cnb@cnbcpa.ca | www.cnbcpa.ca



Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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 the Trust'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 Trust'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 Trust 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.
- 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.

Chan Nowosad Boates

Chartered Professional Accountants
Campbell River, BC

May 29, 2020

ISLAND COASTAL ECONOMIC TRUST

Statement of Financial Position

March 31, 2020

2020

2019

ASSETS

Current Assets

Cash	\$ 184,510	\$ 153,948
GST receivable	11,703	7,858
Prepaid expenses	<u>9,364</u>	<u>9,445</u>
	205,577	171,251

Tangible Capital Assets (Note 3)

Long Term Investments (Note 4)	<u>6,892</u>	<u>4,328</u>
	12,480,991	13,371,725

	<u>\$ 12,693,460</u>	<u>\$ 13,547,304</u>
--	----------------------	----------------------

LIABILITIES

Current Liabilities

Accounts payable and accrued liabilities	\$ 7,266	\$ 5,756
Government remittances payable	<u>11,715</u>	<u>10,006</u>
	18,981	15,762

Deferred Contributions (Note 5)

	<u>11,258,996</u>	<u>12,184,385</u>
	11,277,977	12,200,147

NET ASSETS

Operating Fund

	1,408,591	1,342,829
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Capital Asset Fund

	<u>6,892</u>	<u>4,328</u>
	1,415,483	1,347,157

	<u>\$ 12,693,460</u>	<u>\$ 13,547,304</u>
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Approved by the Directors:

Josie Osborne, Chair

Andy Adams, Treasurer

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CHAN NOWOSAD BOATES
CHARTERED PROFESSIONAL ACCOUNTANTS

ISLAND COASTAL ECONOMIC TRUST

Statement of Changes in Net Assets

Year ended March 31, 2020

	Operating Fund	Capital Asset Fund	2020	2019
Net assets beginning of year	\$ 1,342,829	\$ 4,328	\$ 1,347,157	\$ 1,257,253
Surplus (deficiency) of revenues over expenditures	69,923	(1,597)	68,326	89,904
Purchase of tangible capital assets	(4,161)	4,161	-	-
Net assets end of year	\$ <u>1,408,591</u>	\$ <u>6,892</u>	\$ <u>1,415,483</u>	\$ <u>1,347,157</u>

CHAN NOWOSAD BOATES
CHARTERED PROFESSIONAL ACCOUNTANTS

ISLAND COASTAL ECONOMIC TRUST

Statement of Operations

Year ended March 31, 2020

	Budget 2020	2020	2019
Revenue			
Province of BC contributions	\$ -	\$ 221,101	\$ 179,434
Investment income	211,151	330,368	350,651
Miscellaneous	-	-	3,905
	\$ <u>211,151</u>	\$ <u>551,469</u>	\$ <u>533,990</u>
Expenditures			
Advertising, travel and communications	37,000	30,419	26,795
Amortization	-	1,597	1,185
Consultants and due diligence	55,000	29,570	38,125
Contract services	35,000	39,678	39,056
Directors' expenses	36,000	26,578	27,747
Insurance	8,500	8,176	7,663
Interest and bank charges	800	543	582
Internet and website	20,000	6,534	9,585
Memberships	1,500	750	1,262
Office and sundry	11,000	10,140	8,955
Professional fees	11,000	7,980	12,906
Regional advisory committee expenses	33,500	15,620	27,262
Rent	23,500	22,510	21,935
Telephone	4,000	3,360	3,233
Wages, benefits and training	338,386	358,626	299,811
Capital expenditures	5,000	-	-
	<u>620,186</u>	<u>562,081</u>	<u>526,102</u>
	(409,035)	(10,612)	7,888
Gain (Loss) on Disposition of Investments	-	10,612	(7,888)
Unrealized Gains on Investments	-	68,326	89,904
Surplus (Deficiency) of Revenues over Expenditures from Operations	\$ <u>(409,035)</u>	\$ <u>68,326</u>	\$ <u>89,904</u>
Project Revenues			
Province of BC Contributions	<u>3,302,635</u>	<u>704,288</u>	<u>1,389,414</u>
Project Expenditures			
EDRP funding	369,040	98,608	262,478
Economic infrastructure program funding	2,828,595	580,383	1,086,228
Regional support programs	<u>105,000</u>	<u>25,297</u>	<u>40,708</u>
	<u>3,302,635</u>	<u>704,288</u>	<u>1,389,414</u>
Surplus (Deficiency) of Revenue over Expenditures	\$ <u>(409,035)</u>	\$ <u>68,326</u>	\$ <u>89,904</u>

CHAN NOWOSAD BOATES
CHARTERED PROFESSIONAL ACCOUNTANTS

ISLAND COASTAL ECONOMIC TRUST

Statement of Cash Flows

Year Ended March 31, 2020	2020	2019
Cash Flows From Operating Activities:		
Surplus of Revenues over Expenditures	\$ 68,326	\$ 89,904
Items not involving cash:		
Amortization of tangible capital assets	1,597	1,185
Unrealized Gains on Investments	(68,326)	(89,904)
	<u>1,597</u>	<u>1,185</u>
Changes in non-cash working capital		
Prepaid expenses	81	1,064
Accounts receivable	(3,845)	5,967
Accounts payable and accrued liabilities	1,510	(66,811)
Government remittances payable	1,709	1,520
Deferred contributions	(221,101)	(179,434)
	<u>(221,646)</u>	<u>(237,694)</u>
	<u>(220,049)</u>	<u>(236,509)</u>
Cash Flows From Investing Activities:		
Purchase of Tangible Capital Assets	(4,161)	(708)
Project Expenditures	(704,288)	(1,389,414)
Proceeds from Redemption of Investments	<u>959,060</u>	<u>1,707,434</u>
	<u>250,611</u>	<u>317,312</u>
Net Increase in Cash	30,562	80,803
Cash - Beginning of Year	<u>153,948</u>	<u>73,145</u>
Cash - End of Year	<u>\$ 184,510</u>	<u>\$ 153,948</u>

CHAN NOWOSAD BOATES
CHARTERED PROFESSIONAL ACCOUNTANTS

ISLAND COASTAL ECONOMIC TRUST

Notes to Financial Statements

March 31, 2020

1. Organization and Purpose:

The Island Coastal Economic Trust (the "Trust") is a not-for-profit organization incorporated under the North Island Coast Development Initiative Trust Act on February 27, 2006. The Trust is exempt from tax under Paragraph 149(1)(c) of the Income Tax Act.

The Trust is a partner and catalyst to build a diverse, innovative and sustainable Island and Coastal economy.

2. Significant Accounting Policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and their significant accounting policies include the following:

Tangible Capital Assets

Tangible capital assets are recorded at cost and in the year of acquisition, are amortized at one-half the below annual rates. Tangible capital assets are amortized using the following annual rates:

Furniture, fixtures and equipment	20% declining balance
Computer equipment	30% declining balance

Revenue Recognition

The Trust follows the deferral method of accounting for contributions. Government funding and grants, initially recognized as deferred contributions on receipt, are recognized as revenue when the resulting project, operating or investment costs associated with their intended use are recognized. Investment income is recognized when the income is realized and becomes due to the Trust.

Project Expenses

Amounts which are awarded to third parties by the Trust are recognized when the conditions of the signed funding agreement are met.

Accounting Estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Those estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. Estimates made by management include the useful life of tangible capital assets.

Financial Instruments

Measurement of financial instruments

The Trust measures its financial assets and liabilities at fair value. The Trust subsequently measures all of its financial assets and liabilities at amortized cost. Financial assets measured at amortized cost include cash. Financial liabilities measured at amortized cost include accounts payable and government remittances payable. Financial assets measured at their fair value at year-end include long term investments and accounts receivable.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of revenue and expenditures. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

CHAN NOWOSAD BOATES
CHARTERED PROFESSIONAL ACCOUNTANTS

ISLAND COASTAL ECONOMIC TRUST

Notes to Financial Statements

March 31, 2020

3. Tangible Capital Assets:

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Furniture, fixtures and equipment	\$ 23,961	\$ 21,357	\$ 2,604	\$ 3,255
Computer equipment	<u>32,615</u>	<u>28,327</u>	<u>4,288</u>	<u>1,073</u>
	<u>\$ 56,576</u>	<u>\$ 49,684</u>	<u>\$ 6,892</u>	<u>\$ 4,328</u>

4. Long Term Investments:

Long Term Investments are held with the Municipal Finance Authority of BC.

	2020	2019
Money market fund	\$ 64,927	\$ 63,783
Short term bond fund	<u>12,416,064</u>	<u>13,307,942</u>
	<u>\$ 12,480,991</u>	<u>\$ 13,371,725</u>

The book value of the short term bond fund at March 31, 2020 is \$12,257,802 (2019 - \$13,218,038). The book value of the money market fund at March 31, 2020 and March 31, 2019 approximates its market value on those dates.

5. Deferred Contributions:

	2020	2019
Deferred contributions beginning of year	\$ 12,184,385	\$ 13,753,233
Revenue recognized - Project Revenue	704,288	1,389,414
Revenue Recognized - Operational Revenue	<u>221,101</u>	<u>179,434</u>
Deferred contributions end of year	<u>\$ 11,258,996</u>	<u>\$ 12,184,385</u>

At March 31, 2020 the Trust had committed funds totaling \$2,536,319 (2019 - \$1,625,631) to Board approved projects. Because the costs for the above referenced projects have not yet been expended, the funds remain in deferred contributions at year-end.

Total uncommitted funds at March 31, 2020 were \$8,722,677 (2019 - \$10,558,754).

6. Lease Agreement:

The Trust leases its office space. The lease has a term of 3 years and expires August 31, 2021. The annual lease rate under the lease term is \$14.15 a square foot or approximately \$14,150 a year exclusive of strata fees and taxes.

CHAN NOWOSAD BOATES
CHARTERED PROFESSIONAL ACCOUNTANTS

ISLAND COASTAL ECONOMIC TRUST

Notes to Financial Statements

March 31, 2020

7. Financial Risks:

Liquidity risk

Liquidity risk is the risk that the Trust will be unable to fulfil its obligations on a timely basis or at a reasonable cost. The Trust manages its liquidity risk by monitoring its operating requirements. The Trust prepares budget and cash forecasts to ensure it has sufficient funds to fulfil its obligations. There has been no change to the risk exposures during the year ended March 31, 2020.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. In seeking to minimize the risks from interest rate fluctuations, the Trust manages exposure through its normal operating and financing activities. The Trust is exposed to interest rate risk primarily through its long term investments held with the Municipal Finance Authority of BC.

8. Subsequent Events:

The Trust evaluated its March 31, 2020 financial statements for subsequent events to the date the financial statements were issued. As of this date, the global outbreak of the coronavirus disease (COVID-19) has caused economic uncertainties that are likely to have a material negative impact on the net income of the Trust for the year ending March 31, 2021.

The COVID-19 outbreak has caused business disruptions through the closure of non-essential services, which may hinder the Trust's ability to achieve their operational objectives in fiscal 2021. While the disruption is expected to be temporary and the Trust continues to operate, there is considerable uncertainty regarding the duration of the disruption to non-essential services. Additionally, there is uncertainty regarding the effect of the pandemic on the investments held by the Trust and the economy as a whole. The extent that the effects of COVID-19 may have on the Trust and its operations during the year ending March 31, 2021 cannot be determined at this time.

CHAN NOWOSAD BOATES
CHARTERED PROFESSIONAL ACCOUNTANTS

ISLAND COASTAL ECONOMIC TRUST

Notes to Financial Statements

March 31, 2020

SCHEDULE 1 - PROJECT EXPENDITURES:

	Approved and Committed	2006-2018 Spent	2019 Spent	2020 Spent	Future Committed
Completed prior to 2019 fiscal year	\$ 47,368,902	\$ 47,368,902	\$ -	\$ -	\$ -
Anacla Bamfield Walking Trail	263,970	220,286	43,684	-	-
Campbell River Broadband Network	47,584	45,000	2,584	-	-
Comox Marine Centre	306,245	288,040	18,205	-	-
Cowichan Lake Mobile Visitor Unit	11,959	-	11,959	-	-
Economuseum 2 - Artisans at Work	56,650	43,650	13,000	-	-
Extending Mt. Cain Operating Season	12,000	-	12,000	-	-
MARS Wildlife Eco Centre	236,000	12,585	199,815	23,600	-
Norovirus Detection Tool	5,629	-	5,629	-	-
Ragged Edge Community Network	50,000	38,005	6,995	5,000	-
Secret Beach Marina	400,000	-	291,742	108,258	-
Texada Food Hub	19,207	8,850	10,357	-	-
Vancouver Island Alpine Hut	90,000	81,000	9,000	-	-
Wild Pacific Trail Connector	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>-</u>
Total Completed Projects	<u>48,943,146</u>	<u>48,106,318</u>	<u>624,970</u>	<u>211,858</u>	<u>-</u>
Alberni Valley Regional Food Hub	\$ 300,000	\$ -	\$ -	\$ 58,067	\$ 241,933
Benson Creek Falls Access	103,125	-	-	-	103,125
Caycuse Recreation Site	237,440	-	-	94,124	143,316
Community Benefit Hub	86,559	-	-	26,086	60,473
Community Unity Trail	387,080	-	-	-	387,080
Cowichan Bay Patio Portal	25,000	-	-	-	25,000
Elk Falls Alive App	42,500	-	-	-	42,500
Forests Forever Exhibit	400,000	-	295,885	58,817	45,298
Gibsons Landing Harbour Dock Expansion	165,000	-	-	-	165,000
Hornby Island Arts Centre	175,000	-	-	-	175,000
Hornsby Crawler Interpretive Programs	15,000	-	-	-	15,000
Parksville Outdoor Theatre	204,750	-	-	-	204,750
Qualicum Beach East Village Revitalization	250,000	-	-	-	250,000
Sayward Working Waterfront Trail	183,750	-	165,375	-	18,375
Sturgeon Pavilion	18,300	-	-	13,697	4,603
Tofino PRNP Connector	385,122	-	-	117,734	267,388
Upper SC Entrepreneurial Eco-System	<u>95,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,000</u>
Total Uncompleted Projects	<u>\$ 3,073,626</u>	<u>\$ -</u>	<u>\$ 461,260</u>	<u>\$ 368,525</u>	<u>\$ 2,243,841</u>
Total Economic Infrastructure Program Funding	<u>52,016,772</u>	<u>48,106,318</u>	<u>1,086,230</u>	<u>580,383</u>	<u>2,243,841</u>
Completed EDRP Projects (Schedule 2)	954,137	681,323	231,660	41,154	-
Uncompleted EDRP Projects (Schedule 2)	<u>380,750</u>	<u>-</u>	<u>30,818</u>	<u>57,454</u>	<u>292,478</u>
Total EDRP Spending	<u>1,334,887</u>	<u>681,323</u>	<u>262,478</u>	<u>98,608</u>	<u>292,478</u>
Regional Support Programs	<u>367,063</u>	<u>301,058</u>	<u>40,708</u>	<u>25,297</u>	<u>-</u>
Total Project Spending	<u>\$ 53,718,722</u>	<u>\$ 49,088,699</u>	<u>\$ 1,389,415</u>	<u>\$ 704,288</u>	<u>\$ 2,536,319</u>

CHAN NOWOSAD BOATES
CHARTERED PROFESSIONAL ACCOUNTANTS

ISLAND COASTAL ECONOMIC TRUST

Notes to Financial Statements

March 31, 2020

SCHEDULE 2 - ECONOMIC DEVELOPMENT READINESS PROGRAMS

	Approved and Committed	2006-2018 Spent	2019 Spent	2020 Spent	Future Committed
Completed Prior to 2019 Fiscal Year	\$ 623,393	\$ 623,393	\$ -	\$ -	\$ -
Campbell River Employment Lands Strategy	10,000	-	-	10,000	-
Campbell River Tech Strategy	10,000	-	-	10,000	-
Cormorant Island ED Quick Start	15,000	-	15,000	-	-
Cortes Island EAP	11,068	4,823	6,245	-	-
Cowichan Lake Tourism Action Plan	9,238	-	9,238	-	-
CVRD Industrial Attraction Strategy	15,000	-	15,000	-	-
CVRD Tech Strategy	10,000	9,000	1,000	-	-
Discovery Islands Marine Trail Plan	9,061	-	9,061	-	-
FDI Attraction Tools	29,005	-	27,000	2,005	-
Gabriola Island ED Quick Start	5,000	-	2,980	2,020	-
Ladysmith ED Strategy	14,411	-	14,411	-	-
Lantzville ED Strategy	30,000	-	30,000	-	-
Made on VI Marketing	29,688	-	29,688	-	-
MWRD Workforce Attraction	30,000	-	23,670	6,330	-
Powell River Sectoral Dev Strategy	24,625	-	24,625	-	-
Reg Marketing Educational Tourism	29,000	26,100	2,900	-	-
Rural Business Exchange	18,368	6,250	12,118	-	-
UBERE Program	12,175	2,982	8,124	1,069	-
Ucluelet Econ Development Web Tools	9,731	-	-	9,731	-
Van Island Coast Tourism Research	<u>9,375</u>	<u>8,775</u>	<u>600</u>	<u>-</u>	<u>-</u>
Total Completed EDRP Projects	<u>954,137</u>	<u>681,323</u>	<u>231,660</u>	<u>41,154</u>	<u>-</u>
BC Farmers' Market Trail Expansion	\$ 30,000	\$ -	\$ -	\$ 21,661	\$ 8,339
Campbell River Sector Profiles	9,000	-	-	-	9,000
Comox Valley Agri-Food Innovation	30,000	-	15,000	12,000	3,000
Comox Valley Tech Strategy	10,000	-	2,500	2,500	5,000
Cowichan Small Scale Food Processing	6,000	-	-	4,535	1,465
Gabriola Econ Development Website	14,000	-	-	-	14,000
Gold River Downtown Improvement Plan	30,000	-	-	-	30,000
Home Based Knowledge Worker Study	30,000	-	-	-	30,000
Hornby and Denman Digital Road Map	20,000	-	-	16,759	3,241
KCFN Econ Development Strategy	29,500	-	-	-	29,500
Ladysmith Invest Attraction Portal	27,500	-	-	-	27,500
Port Alberni Industrial Land Strategy	30,000	-	-	-	30,000
Port Alberni Invest Attraction Digital Hub	22,500	-	-	-	22,500
Port McNeill Downtown Improvement	15,000	-	-	-	15,000
SRD Last Mile Broadband Strategy	30,000	-	-	-	30,000
West Coast Land Strategy	15,000	-	-	-	15,000
YFN Economic Development Strategy	17,250	-	-	-	17,250
Zeballos ED Quick Start	<u>15,000</u>	<u>-</u>	<u>13,318</u>	<u>-</u>	<u>1,682</u>
Total Uncompleted EDRP Projects	<u>380,750</u>	<u>-</u>	<u>30,818</u>	<u>57,454</u>	<u>292,478</u>
Total EDRP Spending	<u>\$ 1,334,887</u>	<u>\$ 681,323</u>	<u>\$ 262,478</u>	<u>\$ 98,608</u>	<u>\$ 292,478</u>

CHAN NOWOSAD BOATES
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