

Annual Report 2006





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Message from the Chair



I am proud to report that the Board of Directors has successfully met all the requirements to launch the Island Coastal Economic Trust as required in Bill 7 — our founding legislation. As of February 27, 2007 the Trust was in full operation with all its resources in place to commence approval of projects.

During 2006, we accomplished a great deal highlighted by the following activities:

- Received \$50 million from the Province of British Columbia and invested these funds in Municipal Finance Authority's pooled money market funds
- Elected the permanent board of directors on July 14, 2006
- Received appointed Provincial board members in July 2006
- Recruited Al Baronas as CEO in August 2006
- Opened an office in Courtenay at 2435 Mansfield Drive as a tenant of the Comox Valley Economic Development Society
- Held a Strategic Planning Conference in Mount Washington in November 2006 for a participatory planning session with Regional Advisory Committee members, economic development officers, industrial sector leaders, and other stakeholders to help formulate the Strategic Plan and Application Guidelines
- Appointed Colleen Powell as Administrative Secretary in February 2007
- Launched Strategic Plan and Application Guidelines on February 27, 2007
- Launched Trust website at www.islandcoastaltrust.ca
- Began to receive and review applications on February 28, 2007
- To date we have received over 30 applications

I also attach in this report the Audited Financial Statements from inception to March 31, 2007.

I am encouraged by the many excellent economic development proposals we are receiving. I want to acknowledge the involvement and support by the members of the two Regional Advisory Committees in the project review process. I am confident that there will be substantial action underway in fiscal 2007/2008.

I would also like to acknowledge and thank the assistance and support provided by the Northern Development Initiative Trust and the Southern Interior Development Initiative Trust.

I look forward to an exciting year.

W.J. (Jack) Peake
Chair

July 2007

About the North Island-Coast Development Initiative Trust

The Island Coastal Economic Trust (The Trust) was created by the government of British Columbia on February 27, 2006 under Bill 7 — North Island-Coast Development Initiative Trust — to help grow and diversify the economy of the North Island-Coast area — including the Sunshine Coast — by leveraging new investment and partnerships for regional economic development.

The government of British Columbia contributed \$50 million to the Regional Account of the Trust. The Board of Directors invested these funds in Municipal Finance Authority's Money Market pooled account to grow the Trust funds safely and with prudence. Bill 7 sets out that the purpose of the Regional Account is to support investment within the following sectors in the Trust area:

- Forestry
- Transportation
- Tourism
- Mining
- Olympic Opportunities
- Small Business
- Economic Development
- Agriculture and Aquaculture
- Energy

The intent of the Trust is to give communities, including First Nations, the funding and the ability to support strategic investment in the regional economy.

The Trust provides funding to create new and sustainable economic growth and jobs through strategic investment in targeted sectors with the regional economy. Communities control the Trust and make the decisions regarding the most prudent approach to realize economic benefits. This unique initiative benefits communities north of the Malahat on Vancouver Island and on the Sunshine Coast.





Trust Governance

Bill 7 established the North Island-Coast Development Initiative Trust consisting of 13 Directors, eight of which are appointed by the two Regional Advisory Committees (RACs) representing the Central South Island region and the North Island-Sunshine Coast region. The remaining five directors are appointed by the provincial government.

Board of Directors

Mayor W.J. (Jack) Peake, Lake Cowichan
– Board Chair
Mayor Barry Janyk, Gibsons
– Board Vice-Chair
Mayor Gerry Furney, Port McNeill
Mayor Roger McDonell, Campbell River
Mayor Ken McRae, Port Alberni
Mayor Sandy Herle, Parksville

Mayor Rob Hutchins, Ladysmith
Mayor Gary Korpan, Nanaimo
Bob Bennie
Dallas Smith
Dave Mannix
Camela Tang
Brook Kiddle

Regional Advisory Committees

Two Regional Advisory Committees (RAC) have been formed consisting of local government officials and members of the legislative assembly, based on provincial electoral district boundaries:

- North Island-Sunshine Coast Committee: electoral districts of Alberni-Qualicum, Comox Valley, North Island, and Powell River-Sunshine Coast.
- Central-South Island Committee: electoral districts of Malahat-Juan de Fuca (north of Malahat), Cowichan-Ladysmith, Nanaimo, and Nanaimo-Parksville.

The role of the RACs is to appoint members as directors to the Trust Board; to provide advice to the board on projects suitable for Trust funding; to establish the terms of office for members; and to provide representation for communities and regional district areas under 500 population.

The current Chairs of the Regional Advisory Committees are: Starr Winchester, Mayor of Courtenay and Jon Lefebure, Mayor of North Cowichan.

Members of the North Island-Sunshine Coast Regional Advisory Committee

Starr Winchester – Mayor, Courtenay
(Chair)
Stewart Alsgard – Mayor, Powell River
Craig Anderson – Mayor, Gold River
Fred Bates – Mayor, Cumberland
Lou Biggeman – Director, Regional District
of Nanaimo, District F
Hank Bood – Mayor, Port Hardy
Jim Brass – Mayor, Comox
Hira Chopra – Chair, Alberni-Clayoquot
Regional District
Stan Dixon – Chief, Sechelt Indian Govern-
ment District
John Fraser – Mayor, Tofino
Scott Fraser – MLA, Alberni Qualicum
Gerry Furney – Mayor, Port McNeill
Stan Hagen – MLA, Comox Valley
Barry Janyk – Mayor, Gibsons
Roger McDonell – Mayor, Campbell River
Dave McIntosh – Mayor, Tahsis

Ken McRae – Mayor, Port Alberni
Colin Palmer – Chair, Powell River
Regional District
Cliff Pederson – Mayor, Zeballos
Larry Pepper – Mayor, Port Alice
Barbara Price – Director, Comox Strathcona
Regional District
Cameron Reid – Mayor, Sechelt
John Rowell – Mayor, Alert Bay
Nicholas Simons – MLA, Sunshine Coast
Heather Sprout – Mayor, Sayward
Dianne St. Jacques – Mayor, Ucluelet
Ed Steeves – Chair, Sunshine Coast
Regional District
Brenda Swanson – Chair, Mt. Waddington
Regional District
Claire Trevena – MLA, North Island
Teunis Westbroek – Mayor, Qualicum
Beach



Members of the Central South Island Regional Advisory Committee

Jon Lefebure – Mayor, North Cowichan
(Chair)

Ron Cantelon – MLA, Nanaimo Parksville

Gerry Giles – Past Chair of Electoral Area
Services, Cowichan Valley Regional
District

Colin Haime – Mayor, Lantzville

Sandy Herle – Mayor, Parksville

George Holme – Director, Nanaimo
Regional District

John Horgan – MLA, Malahat-Juan de Fuca

Rob Hutchins – Mayor, Ladysmith

Phil Kent – Mayor, Duncan

Gary Korpan – Mayor, Nanaimo

Leonard Krog – MLA, Nanaimo

Jack Peake – Mayor, Lake Cowichan

Doug Routley – MLA, Cowichan Ladysmith

Joe Stanhope – Chair, Nanaimo Regional
District



Staff

On August 15, 2006, the Board appointed Al Baronas, as the Trust's Chief Executive Officer.

On February 19, 2007, the Board appointed Colleen Powell as the Administrative Assistant for the Trust.

Initial Mission Statement and Concepts for the Strategic plan

The Board of Directors appointed held it first meeting on February 28, 2006. On July 13 and 14, 2006, the Regional Advisory Committees elected their representatives to the Board. At this meeting the Board adopted the following initial mission statement for the Trust and provided direction regarding the preparation of the Three Year Strategic Plan.

The Island Coastal Economic Trust's primary objective is to be a catalyst to build a diverse and sustainable Island Coastal economy

Development of the Strategic Plan

Prior to the Trust investing in the nine sectors, it was required to establish a three-year (2007-2010) strategic plan with goals for each year relating to the fulfillment of the purposes identified in the Act. This Strategic Plan was developed from the bottom-up, representing advice provided by “economic stakeholders” to the Board about how best to proceed.



The Round Table Strategic Planning Conference

On November 17 and 18, 2006 the Trust held a Round Table Strategic Planning Conference at Mount Washington. This meeting was held to provide all participants with a full opportunity to provide advice in developing the strategic plan for the Trust. It was attended by the representatives of the Regional Advisory Committees (RACs) which included Mayors, Chairs of Regional Districts, the Board of Directors from the Island Coastal Economic Trust, several MLAs, representatives from key economic sectors, regional development officers, Malaspina University College and the Minister of Economic Development.



Sector representatives provided an overview of current conditions, constraints and opportunities. A “work book” round table session allowed all participants to express their views on how the Trust funding should be organized in detail, which led to the development of the Application Guidelines.



Completion and Public Launch of Strategic Plan

The Strategic Planning Conference led to the development of the Strategic Plan and the Application Guidelines which were made public on February 27, 2007. The Trust also launched its website at this time at www.islandcoastaltrust.ca which provides all relevant information to the public about the Trust’s mandate, governance, Strategic Plan, application guidelines, application process and forms and related information. The website features photo galleries for participating communities and Regional Districts in the region and highlights local economic development strategies and linkages with participating local governments.

Strategic Plan Messages

- The Mission of the Trust is to be a partner and catalyst to build a diverse and sustainable Island and Coastal Economy.
- Economic recovery, while very strong generally, has been variable for sub-regions, masking

economic challenges in a number of communities and sub-regions resulting from declining resource based economic activities

- There is significant support for economic diversification and strategic regional alliances and regional cooperation and partnerships to maximize opportunities
- Trust funding needs to be strategically directed at projects and programs that result in increased economic activity for targeted sectors and which have broad regional economic benefits
- Preference will be given to partnerships and leveraged investments that achieve the measurable economic development benefits for the broader region, while recognizing that there is a need for local economic development initiatives
- The opportunity for economic development to proceed in a sustainable manner will be a significant competitive advantage for the region
- Greater regional cooperation is required to develop a broad-based integrated regional economic development strategy to ensure sound sector investments
- The Trust's major objective is to be a partner and catalyst to build a diverse and sustainable Island Coastal economy



General Goals

- The investment goal of the Trust is to leverage economic development and diversification investments in the economies of the regions. For every dollar the Trust invests, it expects that an additional \$3.00 will be invested.
- The Trust will be managed judiciously, consistent with the intent of the Act, Vision and Mission with an emphasis on sound strategic and operational planning and will be responsive to changing circumstances and opportunities.
- Preference will be given to partnerships and leveraged investments that achieve the projected economic and diversification impacts for the broader region, with a bias for projects which have a broad regional impacts while recognizing that local benefits are of projects are also valuable.

Year One Goals

- Implement Strategic Plan
- Receive, review and approve project applications
- Establish implementation framework
- Encourage the development of partnerships
- Develop communications plan
- Establish website
- Complete governance policies

NORTH ISLAND - COAST DEVELOPMENT INITIATIVE TRUST

Financial Statements

March 31, 2007

FINANCIAL STATEMENTS

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R. B. BALLAM
CERTIFIED GENERAL ACCOUNTANT

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PORT ALBERNI, B.C.
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AUDITOR'S REPORT

To the Board of Directors of
North Island – Coast Development Initiative Trust

I have audited the balance sheet of North Island – Coast Development Initiative Trust as at March 31, 2007 and the statements of operations and fund balance and cash flow for the year then ended. These financial statements are the responsibility of the Trust's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

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



Certified General Accountant

June 4, 2007

NORTH ISLAND - COAST DEVELOPMENT INITIATIVE TRUST

BALANCE SHEET

AS AT March 31, 2007

ASSETS

2007

Current assets	
Cash and short-term deposits	\$ 7,385
Accounts receivable	2,715
Prepaid expenses	<u>951</u>
Total current assets	11,051
Investments (Note 3)	51,831,506
Capital Assets (Note 4)	<u>18,365</u>
	<u>\$ 51,860,922</u>

LIABILITIES

Current liabilities	
Accounts payable and accrued liabilities	\$ <u>7,010</u>

FUND BALANCES

Invested in Capital Assets	18,365
Externally Restricted - Uncommitted	50,000,000
Unrestricted	<u>1,835,547</u>
	<u>51,853,912</u>
	<u>\$ 51,860,922</u>

APPROVED BY THE BOARD



W.J. (Jack) Peake *Director*



Gerry Furney *Director*

NORTH ISLAND - COAST DEVELOPMENT INITIATIVE TRUST

STATEMENT OF OPERATIONS AND FUND BALANCE

FOR THE PERIOD ENDED March 31, 2007

	<u>2007</u>	<u>2007</u>	<u>2007</u>
	<u>Operating</u>	<u>Development</u>	<u>Total</u>
REVENUE			
Investment income	\$ 2,088,913	\$ -	\$ 2,088,913
Sponsorships & Other	4,115	-	4,115
Province of BC Grant	<u>-</u>	<u>50,000,000</u>	<u>50,000,000</u>
Total Revenue	<u>2,093,028</u>	<u>50,000,000</u>	<u>52,093,028</u>
EXPENSES			
Advertising, travel and promotion	5,642	-	5,642
Audit	2,000	-	2,000
Bank charges and interest	152	-	152
Capital expenditures	21,294	-	21,294
Computer costs	1,965	-	1,965
Conference costs	28,013	-	28,013
Consultants	11,917	-	11,917
Contract accounting services	8,200	-	8,200
Contract administrative services	2,716	-	2,716
Directors per diem	22,075	-	22,075
Directors travel & meeting costs	29,406	-	29,406
Employee benefits	5,127	-	5,127
Insurance	1,438	-	1,438
Internet and web site	7,837	-	7,837
Legal fees	14,496	-	14,496
Office and sundry	8,387	-	8,387
Operation and maintenance	485	-	485
Regional advisory committee per diem	9,000	-	9,000
Regional advisory committee travel & meeting costs	6,769	-	6,769
Rent	2,750	-	2,750
Salaries	65,865	-	65,865
Telephone and utilities	<u>1,947</u>	<u>-</u>	<u>1,947</u>
Total Expenses	<u>257,481</u>	<u>-</u>	<u>257,481</u>
EXCESS OF REVENUE OVER EXPENDITURE AND FUND BALANCE	\$ <u>1,835,547</u>	\$ <u>50,000,000</u>	\$ <u>51,835,547</u>

NORTH ISLAND - COAST DEVELOPMENT INITIATIVE TRUST

STATEMENT OF CASH FLOW

FOR THE PERIOD ENDED March 31, 2007

	<u>2007</u>
OPERATING ACTIVITIES	
Cash provided by operations	
Net income	\$ 51,835,547
Add (deduct): charges to income not involving cash	
Capital expenditures included in operations	<u>21,294</u>
	51,856,841
Net change in non-cash working capital	
Accounts receivable	(2,715)
Accounts payable and accrued liabilities	7,010
Prepaid expenses	<u>(951)</u>
	<u>51,860,185</u>
INVESTING ACTIVITIES	
Additions to capital assets	(21,294)
Net increase in investments	<u>(51,831,506)</u>
	<u>(51,852,800)</u>
INCREASE IN CASH	<u>7,385</u>
CASH, end of year	<u><u>\$ 7,385</u></u>

NORTH ISLAND - COAST DEVELOPMENT INITIATIVE TRUST

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2007

1. AUTHORITY

The North Island - Coast Development Initiative Trust is a not-for profit organization incorporated under the North Island - Coast Development Initiative Trust Act October 2005.

The Trust is partner and catalyst to build diverse and sustainable Island and coastal communities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

Fund Accounting

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

The Operating Fund accounts for the organizations general activities.

The Restricted Fund reports contributions restricted to activities outlined in the Trust's strategic plan.

Revenue recognition

Externally restricted contributions received for the Operating Endowment Account are recognized as revenue in the year received. All other externally restricted contributions received are recognized in the Operating Fund as revenue in the year in which the related expenses are incurred.

Investment income is recognized when the income becomes due.

Externally restricted - committed funds

Externally committed restricted funds represent funds at year end for specific project proposals that have been approved by the Board of Directors, and the cash disbursement will not occur until a future date after year end once the conditions of the signed funding agreement are met.

Externally restricted - uncommitted funds

Uncommitted externally restricted funds represent funds not committed at year end to specific project proposals.

Grants and repayable grants

Grants and repayable grants awarded by the Trust are recognized when the conditions of the signed funding agreement are met.

NORTH ISLAND - COAST DEVELOPMENT INITIATIVE TRUST

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2007

Capital Assets

Capital assets are recorded at cost. Depreciation and amortization are provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Computer equipment	30%	diminishing balance
Furniture, fixtures & equipment	20%	diminishing balance

Income taxes

No provision has been made for income taxes in these financial statements as the Trust is exempt under Paragraph 149(1) of the Income Tax Act.

Use of estimates

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

3. INVESTMENTS

The Trust's investments are held with the Municipal Finance Authority in the following fund:

	<u>2007</u>
Money Market Fund	\$ <u>51,831,506</u>

4. CAPITAL ASSETS AND ACCUMULATED DEPRECIATION

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net 2007</u>
Computer equipment	\$ 16,001	\$ 2,400	\$ 13,601
Equipment, furniture & fixtures	<u>5,293</u>	<u>529</u>	<u>4,764</u>
	<u>\$ 21,294</u>	<u>\$ 2,929</u>	<u>\$ 18,365</u>



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