

>> Message from the Chair

OVER 2010, ECOTRUST CANADA EMERGED FROM THE NADIR OF THE GLOBAL ECONOMIC RECESSION MORE FOCUSED AND STRATEGIC IN ITS WORK TO BUILD THE CONSERVATION ECONOMY. THE PROCESS OF RENEWAL WITHIN ECOTRUST CANADA IS CONSISTENT WITH THE COMMON THREAD OF RESILIENCE: "THE ABILITY OF A [SYSTEM] TO TOLERATE DISTURBANCE WITHOUT COLLAPSING INTO A QUALITATIVELY DIFFERENT STATE... AND TO REBUILD ITSELF AS NECESSARY" (RESILIENCE ALLIANCE KEY CONCEPTS, 2008).

Ecotrust Canada's approach in working with communities is based on this belief of resilience and adaptability. In working with local partners in various sectors, including fisheries, forestry and knowledge systems and planning, Ecotrust Canada seeks to act collectively, bringing together the skills and knowledge of our partners with our own expertise, developing robust solutions to local and regional challenges. It is this combination of local wisdom and practice with right-sized experiments that leads to the innovative work of Ecotrust Canada — focused on people and place, and economic approaches that support both.

I believe that the core mission of Ecotrust Canada has never had more resonance than today. A heartfelt thank you to all those part of the Ecotrust Canada family for your ongoing support and dedication to our work.

JACQUELINE KOERNER

Chair

>> Letter from Management

ECOTRUST CANADA DEMONSTRATED RESILIENCE IN 2010 AS WE REBOUNDED SUCCESSFULLY AFTER A COMPLEX TIME AND REALIGNED OURSELVES FROM BOTTOM TO TOP TO BETTER SERVE OUR IMPORTANT MISSION. COMMITMENT AND DEDICATION ACROSS THE BOARD SAW US THROUGH AND I WILL BE FOREVER GRATEFUL TO THE TALENTED STAFF, WISE BOARD MEMBERS, CONSCIENTIOUS PARTNERS AND SUPPORTIVE DONORS WHO MADE IT SO.

Looking back over this past year, we recognize that our own internal challenges were reflected repeatedly across our world of work — rural communities, businesses, industry sectors and institutions at all levels feeling the pinch of challenging economic times, destabilized systems, and an unpredictable future. The fact that our partners' experiences mirrored our own internal one has had an interesting effect. We are more than ever convinced that there are answers to be had; that solutions can be found through innovation; and that restructuring and reinventing ourselves and our work is not as terrifying or impossible as we always like to think it will be.

Ecotrust Canada's overall financial picture in 2010 showed significant improvement over 2009, although diligent financial management and ongoing work to rationalize the organization's long term investments and to wind up coastal lending is required before we are fully back on solid ground. In general operations, revenues were down by approximately \$350,000 from the previous year. Management held steady by reducing spending an almost equivalent amount, and ended the year with an operating loss of \$192,000. In the natural capital fund, the organization recovered \$180,000 from loans written down in 2009 and recorded considerably lower equity losses on long term investments. These factors, together with no impairment loss on investments for 2010, improved the financial picture by approximately \$100,000, leaving Ecotrust Canada overall in a deficiency of revenue over expenses position of \$98,996. It must be noted that a further equity investment of \$115,000 was made in Climate Smart Business Inc. and, as in 2009, was recorded as nil because Climate Smart performed at a loss. The Board of Climate Smart and the board of Ecotrust, together with our partners at Working Enterprises, continue to monitor the business closely and remain confident that the challenges we are experiencing here are due only to predictable, early-stage growth. Management would like to thank our 2010 audit team from KPMG for their continued good work, professionalism and commitment.

On the staffing side, we had some wins and losses in 2010. Jaime Sanchez joined the Knowledge Systems & Planning team, bringing with him a professional background in land and resource planning together with long work experience in indigenous communities. We reorganized in finance, welcoming two strong additions to our team — CFO, Kerry Smithies and Financial Manager, David Tsang. Sadly, the organization said goodbye to Bill Girard after 11 years of service as Program Director Capital Management and manager of the First Nations Regeneration Fund; to CFO, Adriana Ruso; and to Finance Assistant Niki Westman. Greg Kehm, our Knowledge Systems & Planning Manager, also moved on, fortunately leaving a very talented team of cartographers, data analysts and web developers behind to carry on. Finally, Ecotrust Canada said goodbye to our long time mentor, friend and champion, President Ian Gill, who became the founding CEO of Ecotrust Australia in July, launching another member of the global Ecotrust family.

Resilience thinking has underpinned much of our management and programming approach in 2010 and it has taught us a great deal about taking care of each other, moving cautiously, continuously adapting and expecting the unexpected at all times. Now embedded into the fabric of our methodology, our global Ecotrust family has agreed to take another bold step: in September 2011 (9.10.11), as part of the 20th anniversary celebration of Ecotrust, we have invited a half a hundred international resilience leaders and practitioners to join us for three days in Portland. Our intention is to coalesce a small but intractable leadership group that will take the core idea of resilience in regional development to scale.

BRENDA KUECKS

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President

>> Program Highlights 2010

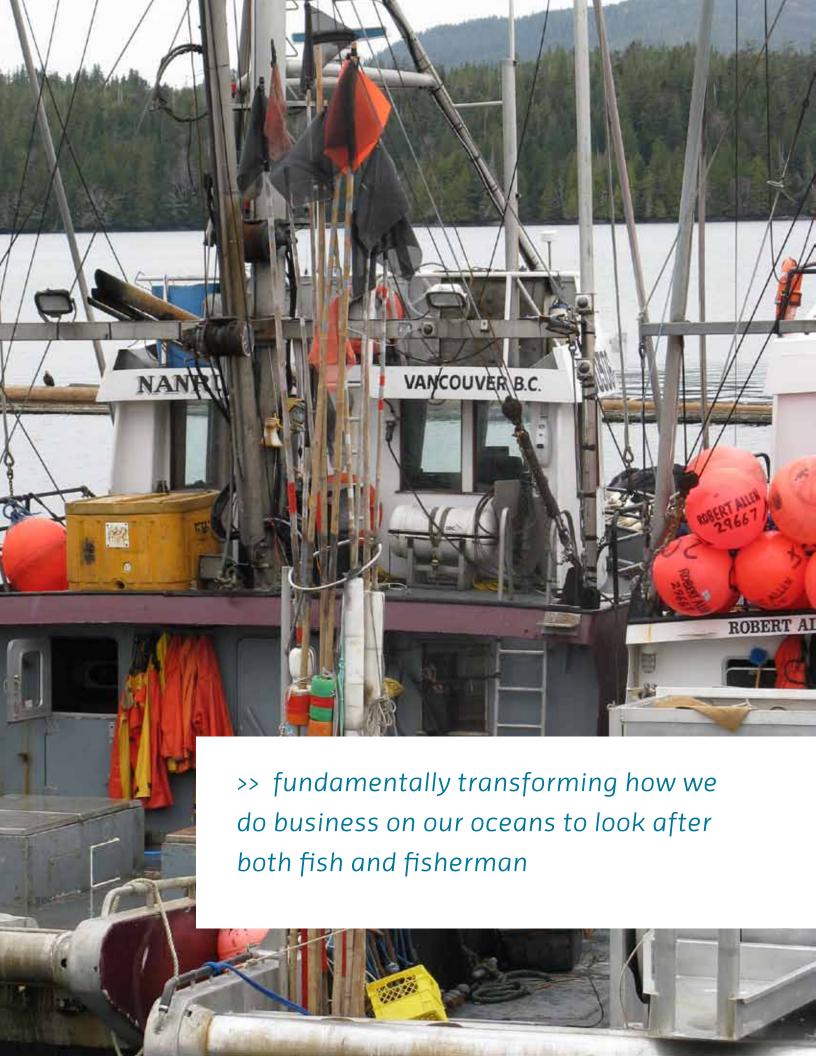
We have a great deal to learn about resilience from communities on our coast.

IN SPITE OF SHOCK AFTER SHOCK TO THEIR ECONOMIC STRUCTURES, THESE COMMUNITIES CONTINUE TO SURVIVE AND THRIVE. THEY ARE REINVENTING THEIR ECONOMIES CONSTANTLY — MOVING FROM COMMERCIAL FISHING TO MARINE MONITORING; FROM MANUFACTURING TO TOURISM; FROM TIMBER HARVESTING TO NON-TIMBER FOREST PRODUCTS.

These people-connected-to-place, as we refer to them at EC, have learned through direct experience that the future is unpredictable. They are teaching us that resilience has some common attributes at its core. Resilient communities, as a matter of course, incorporate both traditional knowledge and modern science to understand ecosystem change; exert effort to revive lost languages; respect a diversity of cultures; address issues of food security and public safety; and design economic systems that add value to natural resources and use products closer to their place of origin.

Because they teach us so much about what we need for our common future, Ecotrust Canada has maintained two very long term and embedded community programs — one in the Skeena Region and one in Clayoquot Sound. Our mission in these places is to create and demonstrate new ways of doing business in every sector, so that business, the environment and the people are able to adapt and thrive. Year over year, these communities and the partnerships we have made within them are woven into our daily work and inform our strategic thinking as an organization. They provide a safe place to test ideas, to launch experiments, to get sound feedback, to regroup, to build resilience.

Throughout this annual report, threading its way through all our programs and initiatives, you will see reflections of our people-in-place approach.



>> Fisheries

OUR FISHERIES TEAM IS BUILDING MODELS THAT FUNDAMENTALLY TRANSFORM THE WAY WE DO BUSINESS ON OUR OCEANS TO LOOK AFTER BOTH OUR FISH AND OUR FISHERMAN. RESILIENCE.

In 2010, our work supported the repatriation of fishing opportunities to First Nations and small coastal communities because we believe that small boat, local fishing fleets are a keystone for healthy coastal economies — for cultural survival, for marine stewardship and for job creation. Our work includes building community fishing plans that incorporate 3E principles; providing training for observers; building less expensive marine monitoring systems; and implementing market initiatives that link consumers directly to their producers.

BUILDING RESILIENCE IN 2010

Thisfish

With consumers growing increasingly concerned about where their food comes from, both for their own safety and for the sustainability of the planet, our fisheries and knowledge systems teams collaborated with local fishermen, processors and retailers in British Columbia and Atlantic Canada to produce a fish tracking tool. Using online technology that begins with a coded tag on each fish at harvest, Thisfish (https://thisfish.info/) enables the tracing of seafood products through the value-chain and provides information to support consumer spending decisions. It creates an unprecedented level of transparency and trust across the seafood supply chain, turns our fishermen into stars, and allows consumers to make wise choices about the fish they eat. In 2010, we developed the innovation and tested the system from a number of perspectives to make sure it worked. Thisfish is slated for a formal launch across Canada in 2011.



Observer Training and Fisheries Monitoring

In 2010, Ecotrust Canada began, and will continue, to work with DFO and First Nations in the North Coast region to train community members as Fisheries Observers and/or Biosampling Technicians. This strategy provides employment opportunities for local residents, and increases the capacity within Nations for managing their own monitoring, compliance and traceability (MCT) programs in future. Our work in 2010 included successfully certifying 20 First Nations observers on the North Coast and putting them to work during the fishing season.

'Basket-of-Fish' Diversification Tool

In 2010, Ecotrust Canada developed and presented our Fisheries Diversification Tool to the 'Namgis Nation and to the Sustainable Marine Fisheries and Communities Alliance on the North Coast. The tool allows communities to compile relevant data about their fisheries and to model alternative scenarios for licencing and management based on their statement of interests and intent. This is a community planning tool that for the first time translates the complexity of federal fishing regulations, species information, vessel size, gear type, market activity, and ecology projections in order to support the design of commercial fisheries that will work for communities, for economies, and for long term marine and species health.



>> Forestry

OUR FORESTRY TEAM IS DEMONSTRATING HOW TO MANAGE OUR LANDS AND RESOURCES DIFFERENTLY THAN HAS BEEN DONE IN THE PAST WHEN TIMBER WAS THE ONLY RECOGNIZED THING OF VALUE. ECOTRUST CANADA IS PROVING IT IS POSSIBLE TO MANAGE FOR A DIVERSE MIX OF REVENUES FROM THE FOREST, THEREBY STRENGTHENING BOTH THE ECONOMICS OF FOREST PRACTICE AND THE BENEFITS DERIVED FROM OUR FORESTED LANDS. RESILIENCE.

In spite of reports early in 2010 that forest companies on private lands were "logging the heck out of [our forests]" (Mike Hicks, Juan de Fuca Electoral Area Director), Ecotrust Canada is convincing forest managers and owners to think long term. Managing for recreation, water, fish, non-timber forest products such as medicinal and mushrooms, and carbon sequestration in addition to timber, is the way of the future. By analyzing specific landscapes using complex modeling tools, Ecotrust Canada is able to offer individualized business solutions that 'layer' revenue streams to increase economic viability and improve the ecology.

BUILDING RESILIENCE IN 2010

Forest Stewardship Council (FSC) Group Certification Program

With the increasing trend towards value over volume, our FSC Group Certification program (www.fsccanada.org), offers small woodlot owners and chain of custody businesses the opportunity to strengthen their market access by certifying their wood and wood products. This program showed remarkable growth in 2010: the group now boasts more than 30 members, expanded geographically and encompasses a diverse array of specialty manufacturers; Ecotrust Canada opened marketing channels between woodlot managers and specialty manufacturers, which allowed group members to see a premium for their FSC-certified logs; and the very first Canadian built FSC-certified log home was built by one of our group members.

Owii-gwig-sap 'Standing Tree to Standing Home'

The Qwii-qwiq-sap (pronounced Quay-qwiik-suup and meaning 'transformation' in the Nuu-chah-nulth language) 'Standing Tree to Standing Home' project aims to close the loop between resource extraction and local construction – ensuring that communities benefit directly from resource wealth. In 2010, Ecotrust Canada's Clayoquot team worked with local First Nations on a transformative project to maximize the value of the timber harvested from their forest; design practical buildings for the wet west coast; train local people in construction trades; apply for funding; and plan for greater energy efficiency in new homes. Of particular note was the success the Ecotrust Canada team had in facilitating and supporting a collaboration of interested Clayoquot Sound parties which saw them successfully completing and submitting an application for education and training over three years, to be carried out within the region by a partnership of three Educational Institutes, and accredited training to support the project. This collaboration was unprecedented in uniting, among others, the five Central Region First Nations, various industry members, government bodies, non profits and environmental organizations in a common goal.

Value Added Production

On September 7, 2010, the Ahousaht Sawmill started cutting their local timbers for the very first time. Our Clayoquot team worked closely with local leadership to develop a business plan and partnered with FPInnovations (www.fpinnovations.ca/) for technical assistance and training. This initiative is part of the NRCan-funded strategy to diversify forest community economies across Canada (www.nrcan.gc.ca). The program is directed by The Clayoquot Forest Communities Program, co-managed by Ecotrust Canada and the Central Region Nuu-chah-nulth Nations.

SOCKEYE



The health and long-term well-being of our WILD PACIFIC SALMON is inextricably linked to the availability of diverse and productive freshwater, coastal, and marine habitats.

HIGH-VALUE HABITAT

THE SKEENA WATERSHED

Canada's "Policy for the Conservation of Wild Pacific Salmon places conservation of salmon and their habitats as the first priority for resource management. The Skeena is one of the most important and diverse salmon watersheds in the world Of the five salmon species within the watershed, sockeye solmon are the most important commercially.

dentifying, protecting, restoring and rehabilitating aquatic habitats are critical to maintaining their integrity and sustain ecosystems. These habitats range from the vast North Pacific Ocean to gravel peds in shallow streams hundreds of kilometres upstream, from tidal sedge-grass refuges to deep takes, and from freshwater to saltwater, with the ever-changing Skeena River forming the critical link between them all

CONSERVATION UNITS

Sockeye Salmon bearing Streams

Comervation Unit Watershi

& HIGH-VALUE HABITAT

in addition to their important role in human culture, salm also play an important role in maintaining the health of aquatic ecosystems. In freshwater ecosystems, returning salmon transport marine-derived nutrients inland, sustaining aquatic and terrestrial animals and nourishing the entire ecosystem including subsequent generations of wild salmon.

CONSERVATION UNITS

DENTIFTING UNIQUE AND IRREPLACEABLE GROUPS OF SOCKEYS



>> inventing technologies that allow communities to achieve change in how lands & waters are managed





>> Knowledge Systems & Planning

TO SUPPORT COMMUNITY BASED PLANNING AND INTEGRATIVE DECISION MAKING, OUR KS&P TEAM CONTINUES TO MAKE AND USE MAPS IN ADDITION TO INVENTING NEW TECHNOLOGY-BASED TOOLS THAT ARE EASY-TO-USE, COST-EFFECTIVE AND PRACTICAL. RESILIENCE.

The KS&P program collaborates with communities to achieve change in how lands and waters are managed. By incorporating local knowledge and science, participating in structured planning processes, building strategic partnerships and using our technical tools to promote information democracy, Ecotrust Canada turns complex information into powerful stories that define the possible. This year saw major breakthroughs in the development of sophisticated yet simple planning tools that are easily deployed at the community level.

BUILDING RESILIENCE IN 2010

Living Atlas

The Living Atlas, an interactive thematic atlas focused on the changing geography of place, was successfully deployed in 2010. A web-based atlas, which allows users to view rich spatial data and multimedia without the high cost of commercial software or training, Living Atlas assists communities to understand, for instance, how climate change may affect them; how land use changes have impacted the environment; and how human /wildlife interactions have changed. The atlas also provides a means to store and share photos, videos and historical documents. The Living Atlas has been customized for Nuu-chah-nulth First Nations in Clayoquot Sound (www.livingatlas.org) and for the Okanagan Nation Alliance (www.voicesontheland.org).

Traceability

The KS&P team, in collaboration with the Fisheries team, developed the web-based technology infrastructure that underpins Thisfish (see in more detail in the fisheries section of this report). This technology was designed to be implemented in other industry sectors also interested in tracking their products from source to sale.

Terratruth

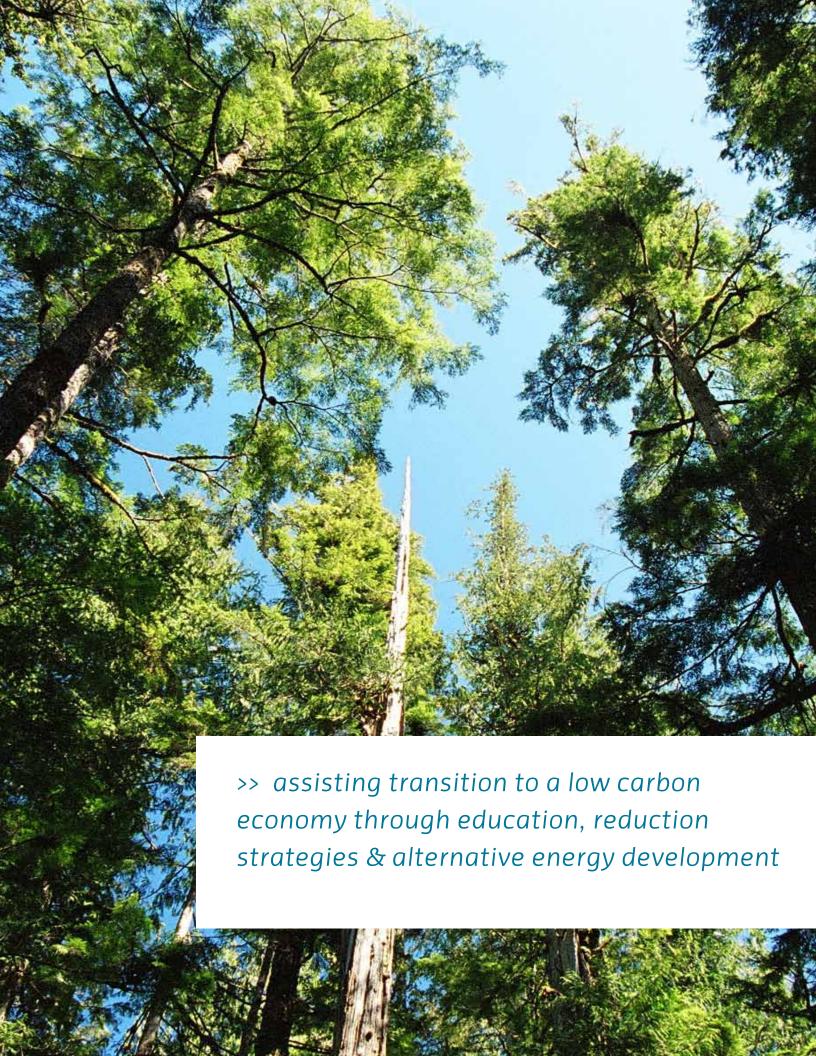
For the past three years, our technology team has been creating, and fine tuning, an online tool — called Terratruth (https://terratruth.info/) — that assists communities to manage their land and resource information and to deal efficiently with the government mandated process of land use referrals. The tool is designed to improve informed local decision making, and improve information management and access. Built on open source technology, resulting in low development and implementation costs, and usable in standard web browsers by non-technical users, Terratruth offers an accessible alternative to high priced, privately licensed software in this field.

Skeena Sockeye Salmon Habitat Mapping

In 2010, we were asked by the Pacific Salmon Foundation to map Skeena watershed sockeye salmon habitat. Working closely with local salmon experts in the region, including the Habitat Subcommittee of the Skeena Watershed Initiative, our team developed a collection of data on important sockeye habitats, including spawning and rearing grounds. This research, data compilation and design work translated into a large format map, 24 area maps assembled into a hardcopy atlas, a poster, and a data compilation CD.

Living Proof

Published in late 2009 by Ecotrust Canada and the Union of BC Indian Chiefs, Living Proof: The Essential Data-Collection Guide for Indigenous Use-and-Occupancy Map Surveys by Terry Tobias was launched to critical acclaim in March 2010. The book offers a peer-reviewed in-depth methodology for a collection of high quality Indigenous cultural data. Deemed "a major contribution to Canada" and "of enormous significance in Canada's claim to Arctic sovereignty," Living Proof gained international exposure as recipient of the prestigious 2010 Alcuin Society Award for Best Book Design in Canada.



>> Energy

ECOTRUST CANADA WORKS WITH COMMUNITIES, SECTORS AND BUSINESSES TO BUILD ENERGY EFFICIENCY AND REDUCE ENERGY CONSUMPTION. RESILIENCE.

The transition to a low carbon economy is central to achieving a conservation economy. Getting there from here involves working on a number of fronts simultaneously: improving energy efficiency, reducing energy consumption and shifting to environmentally sustainable energy sources. Ecotrust Canada continues to engage, through our ownership in Climate Smart Business Inc. (www.climatesmarbusiness.com), in the business of building leadership around this issue within small/medium sized enterprises. We support alternative energy development through our co-ownership of the First Nations Regeneration Fund (http://ecotrust.ca/energy/investing), and we are participating with local communities as they plan for and design energy efficient homes and infrastructure.

BUILDING RESILIENCE IN 2010

Climate Change Adaptation

Ecotrust Canada, ECOLIBRIO (www.ecolibrio.ca) and the Clayoquot Sound First Nations completed a research project exploring impact scenarios resulting from climate change. The work was focused on the values that the Nations identified as more critical to protect. A series of maps were created to visually demonstrate the changes anticipated to the region's lands and resources over time. This information frames the starting place for mitigation strategies.

Clean Energy First Nations Workshop

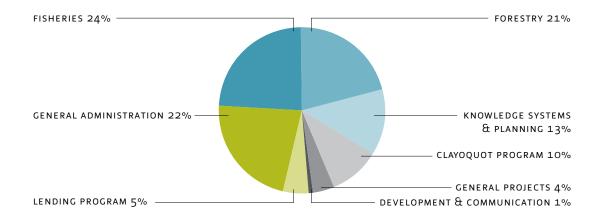
In October 2010, Ecotrust Canada and Clean Energy BC (www.cleanenergybc.org) partnered to deliver a training session to First Nations on the subject of Financing Alternative Energy Projects. Attendance of over 100 people confirmed that this is an ongoing topic of interest and concern.

Carbon Modeling

In 2010, our forestry team modeled potential carbon values on Vancouver Island, proving that a plan for carbon sequestration and sale in conjunction with selective timber harvest could radically improve the business forecast for the forest industry and improve the health of degraded forests.

>> Financials

Program Expenditures 2010



Consolidated Statement of Operations

As at December 31

	2010	2009
REVENUE		
Contributions	1,515,298	1,957,644
Consulting	807,139	622,080
Dividend and investment income	93,495	304,864
Other income	132,906	-
	2,548,838	2,884,588
EXPENSES		
Audit and legal	84,473	71,184
Bank charges, interest and foreign exchange	27,485	17,849
Contracts and consulting	611,931	506,311
Donations	54,500	82,373
Occupancy and office	285,565	376,974
Printing and supplies	2,193	123,344
Salaries	1,437,875	1,616,279
Travel	244,089	199,674
Loss (gain) on disposal of assets	(16,980)	160,101
Share of equity losses of long term investments	96,969	336,239
Revaluation and impairment of amounts receivable	(180,266)	984,081
	2,647,834	4,474,409
Deficiency of revenue over expenses	\$ (98,996)	\$ (1,589,821)

Consolidated Statement of Financial Position

As at December 31

	2010	2009
ASSETS		
Current		
Cash	896,420	1,362,535
Accounts receivable	687,776	441,231
Short term investments	96,668	532,681
Inventory	40,569	-
Prepaid expenses	6,329	19,346
Current portion of loans receivable	718,062	269,032
	2,445,824	2,624,825
Non Current		
Long term investments	370,151	472,903
Loans receivable	1,117,536	2,296,376
Capital assets	65,594	50,109
	\$ 3,999,105	\$ 5,444,213
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	280,688	317,033
Other liabilities	-	517,562
Deferred contributions and revenue	473,848	794,151
Current portion of loans payable	619,088	593,778
	1,373,624	2,222,524
Non Current Liabilities		
Loans payable	20,000	517,212
Total Liabilities	1,393,624	2,739,736
Net Assets	2,605,481	2,704,477
	\$ 3,999,105	\$ 5,444,213

For a copy of the complete audited financial statements for 2010 please contact Ecotrust Canada at info@ecotrust.ca

>> Donors 2010

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PROGRAM RELATED

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>> Human Resources 2010

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