



ecotrust
canada

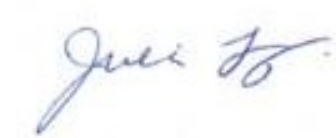


**SOCIAL INNOVATION STARTS
WITH PEOPLE AND PLACE**

2011 ANNUAL REPORT

Message from the Board > >

For this year's Board letter, I was asked to demonstrate Ecotrust Canada's commitment to information democracy by writing about the complexity of this organization's important work in a simple and straightforward way. I decided that the best way to do that was to use a story format to describe one of this year's exciting initiatives. Faced with the need to improve living conditions on reserve, create employment, and manage forestlands with an eye to future generations, the Ecotrust team worked with some of the Nuuchahnulth Nations to find a creative solution. The story below shows you, better than I can tell you, about our game-changing, triple bottom line work. I hope you will agree.



Julia Levy, Board Chair

We first met Terry Dorward-Seitcher and his family in 2008 through our work in Clayoquot Sound. For the past year, he, alongside other Nuuchahnulth leaders, have been working with the EC team to understand the social and environmental consequences of inadequate housing and to unlock a sensible and do-able solution. The challenge put forth to everyone was the need for a house design that included cultural dimensions, while simultaneously addressing concerns associated with west coast weather, energy conservation and financial constraints. Then, just to make it a wee bit MORE interesting, we threw in the need to use local materials and locally available trades. The starting question was "Is it possible to create a local economy from the need for better homes?" The answer — 'Without a doubt!'

The final design, authored by architect David Wong, includes space to accommodate multiple generations and larger gatherings; an area for seafood processing and storage; a safe children's play area; wide roof overhangs to create outdoor space in stormy weather; cross-ventilation to prevent mold; and room to practice cultural activities. The straightforward design is simple to build and includes the use of cedar siding, flooring and roofing provided by local sawmills and regional businesses.

Terry and his family generously agreed to be the guinea pig for this grand experiment and have invested their own money and sweat equity to build the first 'Standing Tree, Standing Home'. The family broke ground in March and are on track for occupancy this fall.

"Ecotrust Canada's idea clicked with a lot of people" Terry says. "They are proving that there is a different way to do housing in these communities that creates huge benefits."

"It helps instill pride when you have a 300 year old house post in your living room that you dragged out of the forest yourself" Terry laughs. "And cedar siding is a lot better looking and a lot more practical for this part of the world than pine from Alberta!"

Overall, the *Standing Tree Standing Home* initiative (locally called the Q^wii-q^wiq-sap project, which means 'Transformation' in Nuuchahnulth) has helped create the foundation of a home, and could prove to be the foundation of a new economy. Terry suggests, "Ecotrust Canada is thinking about our jobs at the same time as they're thinking about our houses and they are our allies, walking with us along the way."

Standing Tree Standing Home is just one example of Ecotrust Canada's work in 2011 as it focuses its energy and resources on creating regional economies that are locally envisioned, sourced, managed and sustained.

While a new family home on a small reserve in Clayoquot Sound may seem microscopic in the big picture, there is a vitally important economic shift going on underneath: pride of ownership, employment opportunity, the ability to participate in decisions about where and how you live. It changes people and it changes places.

That's what Ecotrust Canada is about.

Letter from Management > >

As a charitable organization with 17 years experience working at the crossroads (or in the crosshairs) of community, ecology and industry considerations, we are keenly aware that a new discourse is emerging. It is growing in pitch and clarity, in direct response to the urgency for solutions to the indisputable economic and environmental challenges of the 21st century. Building a new approach to economic development is becoming an imperative. At Ecotrust Canada we are focused on working from the ground-up to create alternatives that will simultaneously strengthen local and regional well-being, create jobs and encourage cultural revival without further degrading our environment.

Fostering innovative economic models that result in well-being for people and for places, and helping take these ideas to scale, is the work we do. In 2011 the team focused on place-based solutions to critical issues such as poor quality housing on reserve, the declining access to commercial fishing opportunities on the coast, and the need for analytical tools to support good decision making. These are complex 'wicked' problems and they keep us on the cutting edge of idea generation, innovation and invention. We are determined to have our work change-the-game at a regional, national and international scale.

Operationally, management is happy to report that our reordering and realigning of systems and staffing post-recession and post-leadership transition was completed this year and we have emerged with a much tighter and tidier ship. Administrative costs have been reduced significantly, we have dealt with a multi-year liability created from accrued leave time, and we have diversified our funding base to reduce the risk inherent in a strong dependency on philanthropy. Staffing levels and personnel for 2011 have remained constant and the dedication and creativity of our incredible team - our 'human capital' - remains an important key to our success.

Ecotrust Canada's 2011 balance sheet demonstrates continued improvement on several levels. Our cash reserves are strong (>\$1M); and we have been able to pay back almost \$500K in loans that underpinned the Coastal Lending Program, leaving only \$170K of which \$55K will gradually convert to a donation. Our operating loss this year was due in part to lower than anticipated revenues in our forestry program (\$570K instead of \$840K), combined with bad debts in some fee for service projects (\$60K), audit fees associated with our auditor transition, and write downs in the late stages of our loan recovery process.

Management has instituted a plan to deal with this operating shortfall by targeting investment to grow some initiatives that we believe can quickly become revenue-generators for Ecotrust Canada. The Board of Directors has agreed to a \$350K investment in 2012 that will help us to intensify our work in traceability, fisheries monitoring, consulting and forest carbon. Business modeling demonstrates that these four initiatives can not only further diversify the organization's revenue base, but also create some core units of work that will drive growth. This investment will put us in a planned deficit position for 2012 and a cash positive operating position by 2013.

continued > >

Letter from Management cont > >

On the governance side, our Board of Directors is establishing a governance committee to ensure they continue to be, in form and function, leaders and mentors for this complex organization at a complex time. We are developing an academic partnership with Simon Fraser University and the Center for Dialogue to act as a Social Innovation field school for Masters-level business students. We are also working on a retrospective review of our Coastal Lending program in order to add value to the emerging conversation on social entrepreneurship and social finance. And we will continue to take care of each other and our planet in as many ways as we can.

Management would like to thank our 2011 audit team from KPMG for their continued good work, professionalism and commitment. And also, a huge thank you to our donors, volunteers, partners and advisors for making 2011 a very full and impactful year.



BRENDA KUECKS

President



Photo/ Ahousaht Sawmill in Clayoquot Sound. The mill opened in Sept. 2010 to provide local employment and material to construction projects in the community.

Our 2011 initiatives > >

The wisdom of working with people in their places becomes increasingly apparent with each activity we undertake. No one is better positioned to assess what is out of alignment within our current economic system, or more able to inform the process of discovery and reinvention so very much needed for the 21st century.

Actively collaborating with people in their communities and work places to design innovation has been a central theme in all of our initiatives through 2011. We start by having fishermen or woodlot owners, or teachers, mayors or youth, describe the obstacles that they perceive to be getting in the way of community resilience and well-being. Then we work with them to define the future they want, and to create and demonstrate new ways to get them there. Because we are a small organization, and the work is intense, we rely heavily on these partners and allies to help us to take our innovations to scale. In 2011 our partners included academic institutions, ENGO's, retailers, restaurateurs, fishing, forestry and business associations, First Nations and governments.

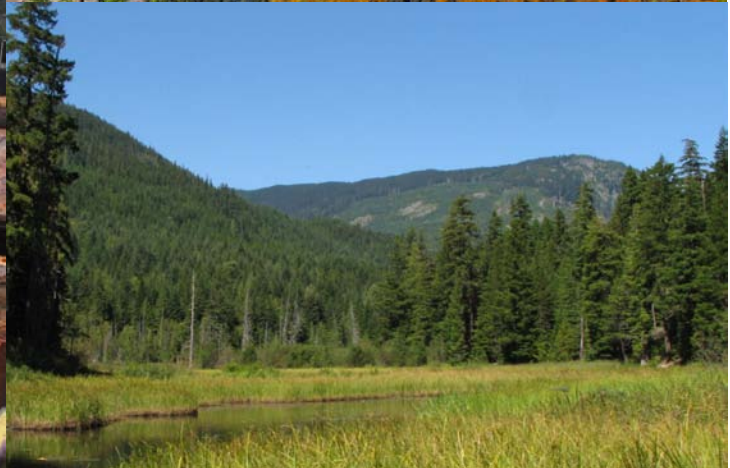
Through this work we have learned two important things: first, that people everywhere share a hunger for well-being and interestingly enough describe well-being in very similar ways – good livelihoods, safety, opportunity, personal and environmental health. And second, that it *is* possible to put the puzzle pieces together to build local and regional economies that deliver these things. We can, with a little imagination and good intention, develop economies that are more responsive, adaptable and integrated.

With the goal of maximizing effect, over the past year we have focused on six very promising initiatives:

- > > 'Standing Tree to Standing Home' (Q^wii-q^wiq-sap, 'Transformation' in the Nuu-chah-nulth language)
- > > Ecosystem Based Forest Management (including carbon)
- > > Traceability (in forests and fish)
- > > Forest Stewardship Certification
- > > Fisheries for communities (including decision support, observer training and monitoring)
- > > Community mapping and innovative decision support tools



Quantifying, valuing and planning for all the ecological and social values inherent in forest lands is key to future health and wealth



Ecosystem Based Forestry Management (EBM) > >

Our work in forestry is focused on managing lands and resources for multiple 'stacked' values – ecological, cultural, financial and social in order to maximize the benefits accrued from resource extraction. We believe this is essential for ecosystem health and for economic development.

Background

Currently, the forest industry is about timber management and most forest lands are managed only with an eye to the cost of extracting wood. The notion of quantifying, valuing and planning for the multiple ecological and social conditions inherent in these complex landscapes is rarely considered in policy or practice. We believe that managing our forest lands with intentionality around all of their attributes offers new opportunity for alternate streams of revenue, for employment, and for a more resilient ecosystem.

Ecotrust Canada's forestry team focuses on changing the way our forest resources are managed over time, combining timber harvesting with carbon sequestration, tourism, non-timber forest products, water and soil management, and cultural uses to create a much more vibrant, diversified and durable business model.

2011 work in practice

1. In collaboration with several Nuu-chah-nulth First Nations and their company Iisaak Forest Resources Ltd, we completed an analysis of the carbon sequestration potential on Tree Farm Licence 54 in Clayoquot Sound. With the help of a timber supply analyst, we are modeling future management scenarios for this region with an eye to understanding value and impact.
2. We worked closely with the board and staff of Cheakamus Community Forest in Whistler, BC to define and market a forest carbon project that can help municipalities to meet the goal of carbon neutrality.

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LOVERS

FOR SEAFOOD
BUSINESSES

UPDATES



CAPT. PAUL LOGAN
Lobster Fisherman, Caribou Harbour, Nova Scotia



DISCOVER THE STORY
OF YOUR SEAFOOD

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THISFISH CODE

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Trace

*Connecting small businesses to their
consumers with traceability tools that are
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thisforest is an initiative
designed to help consumers and
businesses trace the story of
forest products from the forest
of origin to the point of sale.

trace forest of origin

Enter your product code

trace

Learn about the origin of your forest products!
No code yet? [Try a sample code](#)

Traceability > >

We are intent on creating transparent value chains that create more value for producers and consumers. Our traceability initiative helps to make this change happen.

Background

There are multiple regulatory systems in the marketplace designed to monitor and manage the handling and/or movement of consumer goods. These systems, focused primarily on inventory management for health and safety purposes, were not designed with producers or consumers top-of-mind. Similarly, multiple product certifiers have appeared in recent years vying for space and attention. In both cases the burden of proof and the cost of system design, maintenance and management is borne largely by producers without significant added benefit.

In collaboration with all parts of the value-chain, our traceability initiative is aimed at a different result. Designed and built by Ecotrust Canada's technical team, our system is affordable and easy to use; it provides real benefits to all players in a value-chain including producers and consumers; and the costs of the system are fairly distributed amongst all involved. **Thisfish**[™](thisfish.info) – focused on seafood, and **Thisforest**(thisforest.net) – tracking forest products back to their forest of origin, are proving to be valuable and transformative in their respective fields.

2011 work in practice

1. **Thisfish** was officially launched in Canada in July 2011. By the end of the year, 230,000 fish had been tagged, 270 harvesters and processors had signed on, people in 540 locations in 23 countries had traced their lobster purchase, and Sobeys had launched **Thisfish** in 1,300 retail stores reportedly reaching over 27 million people. Then, just for the fun of it, we piloted the program internationally with a small boat business fishing seabass and grey mullet on the Dutch Wadden Sea!
2. The Beta test of **Thisforest**, built on the platform created for seafood, was launched as a prototype/ pilot, and industry partners and companies in Canada, Spain and Cameroon worked with us to test and refine the system for the wood products sector.



Provide forest managers with objective, performance-based standards. Encompass environmental, social and economic values



Forest Stewardship Council > >

In order to encourage and support excellence in forest management, Ecotrust Canada maintains a group certification program that allows smaller actors to participate in certification at a significantly reduced cost.

Background

The FSC group helps smaller forestland managers and chain of custody businesses to improve market opportunity associated with certification. Our day-to-day relationship with these resource stewards has helped Ecotrust Canada maintain an excellent understanding of the practices critical to success in this industry. In promoting our members' products and services, we hope to increase their revenue and open new markets. Our promotion of forest product traceability and our membership in the Canadian Model Forest Network grew out of our commitment to bringing forest practice in BC to the highest possible standard in terms of ecological and human benefits. A total of 2800 hectares of BC forestlands are now under the stewardship of this group, 1200 hectares of which are considered to be of high conservation value.

2011 work in practice

1. By the end of 2012, Ecotrust Canada had certified nine woodlots and 55 chain-of-custody businesses.
2. Our FSC Group has expanded to Ontario and New Brunswick.
3. We recently renewed both our FSC Chain-of-Custody and Forest Management Groups for a second five-year term.
4. Our staff have been elected to the board of FCS Canada and to the Chair position of the Canadian Model Forest Network.



Reimagining how fishing is managed to ensure long term stock health and to keep traditional fishing communities viable



Fisheries for communities > >

By providing tools for planning and analysis and by building core capacity at the community level, we are increasing the likelihood for coastal communities to retain and strengthen the role commercial fishing plays in local and regional economies.

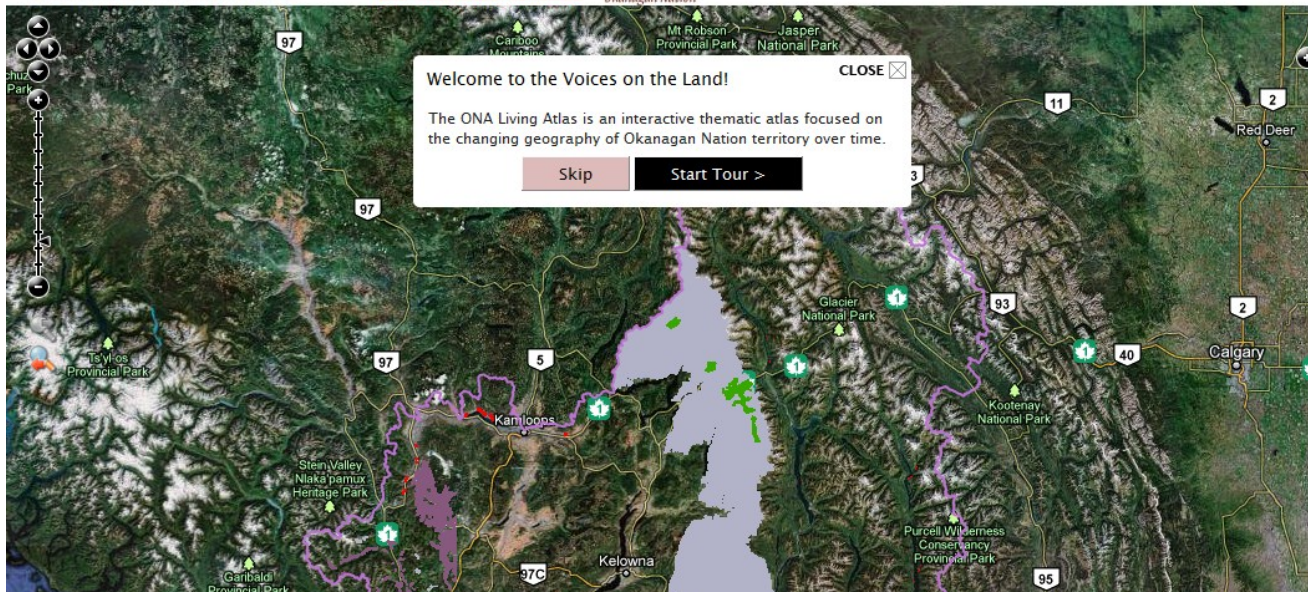
Background

Nobody knows better than the residents of traditional fishing communities in BC how difficult it is to run a viable fishing enterprise. Declines in fish populations, fluctuating market prices, increasing capital and operating costs, and consolidation are conspiring to end the possibility for an owner/operator, multi-generational, locally based commercial fleet to survive.

We believe that the health of BC's economy and culture, and the health of the fisheries resource, is closely linked to the viability of this coastal fleet and we have turned our attention to providing the tools and resources needed to chart this path.

2011 work in practice

1. Our Fisheries Diversification Decision-Support Tool (FDM) allows communities to test multiple scenarios about their fishing future, in order to support informed decision making about investment, partnerships, species, and marketing. A number of First Nations fishing communities 'test drove' the tool in 2011. In addition to finding it useful to their planning processes, they have provided excellent feedback to help us improve its utility in 2012.
2. We successfully designed, developed and installed an electronic monitoring system on 52 vessels in the Area A Crab fleet in time for the 2011 fishing season.
3. We facilitated the Sustainable Marine Fisheries & Communities Alliance throughout 2011, providing a safe space for First Nations, local governments, industry associations and community groups to explore issues of common concern and work towards shared solutions.
4. We delivered observer training and monitoring programs for several Skeena fisheries, as well as for Nuuchahnulth First Nation observers on Vancouver Island.



THEME
Wildlife Habitat Areas

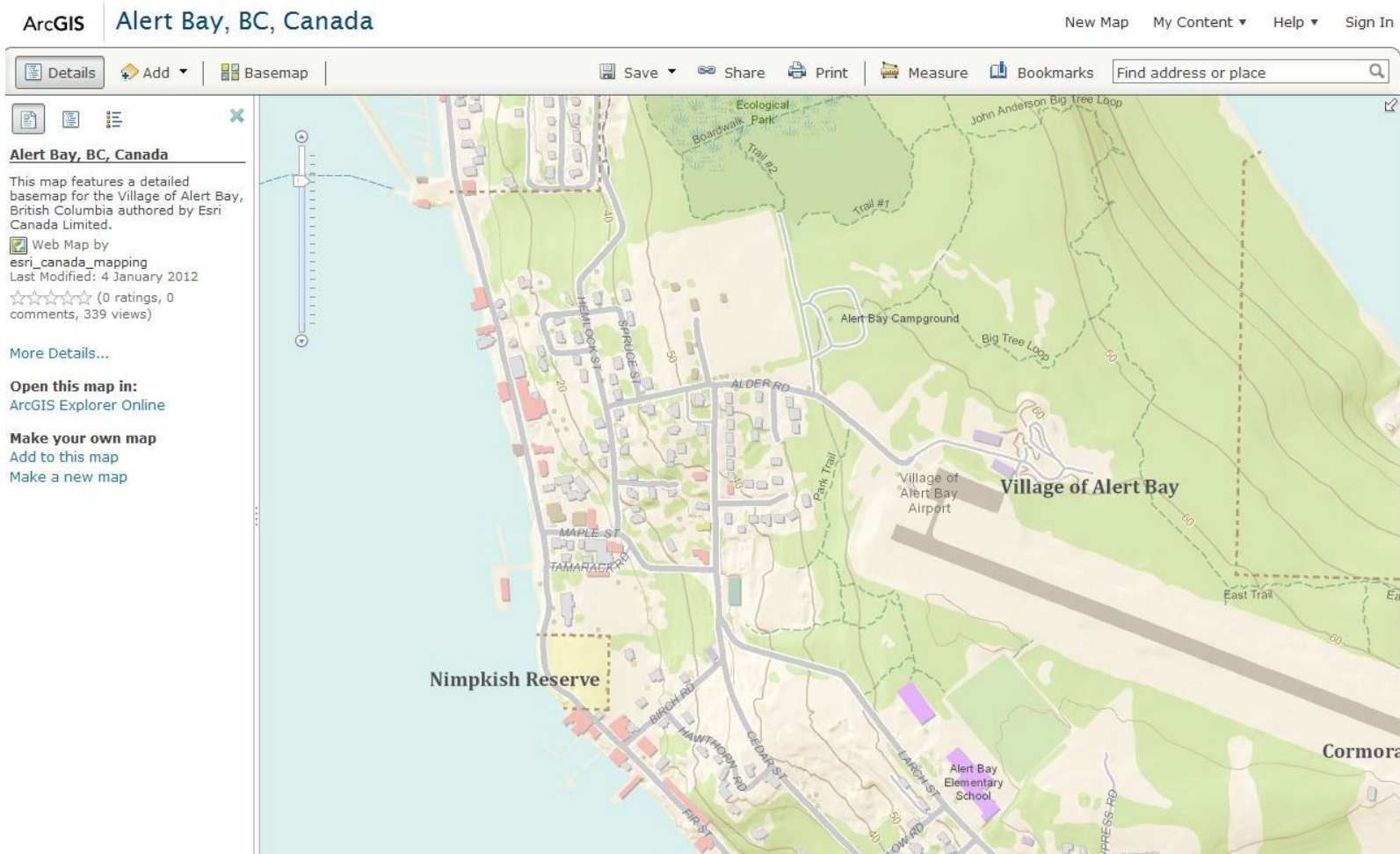
MAP
Okanagan Nation Territory

DESCRIPTION

LEGEND
 ONA LUP Boundary
 Mountain Caribou
 Data sensitive
 Blackfoot Sheep

MULTIMEDIA
 PHOTO
 Search Search

Information is key to decision-making, negotiations and consensus building for effective community and resource planning



Community mapping and innovative decision support tools > >

Providing data in forms and formats that support informed decision making has long been a defining aspect of our work. Innovations in technology that allow people to understand, analyse and share information create a powerful base for scenario building and storytelling.

Background

When it comes to resource management and community development, information provided in formats that allow people to consider alternative approaches is important, especially where multiple interests (often competing) are involved.

We design easy-to-use tools that provide all stakeholders with information in relevant formats that encourage people to participate actively in the process of exploration and decision making. Practically speaking, these tools may play a role in things like community mapping and planning, with a mind to better – more fair – land and/or marine use (such as with land referrals to accommodate Aboriginal Title and Rights).

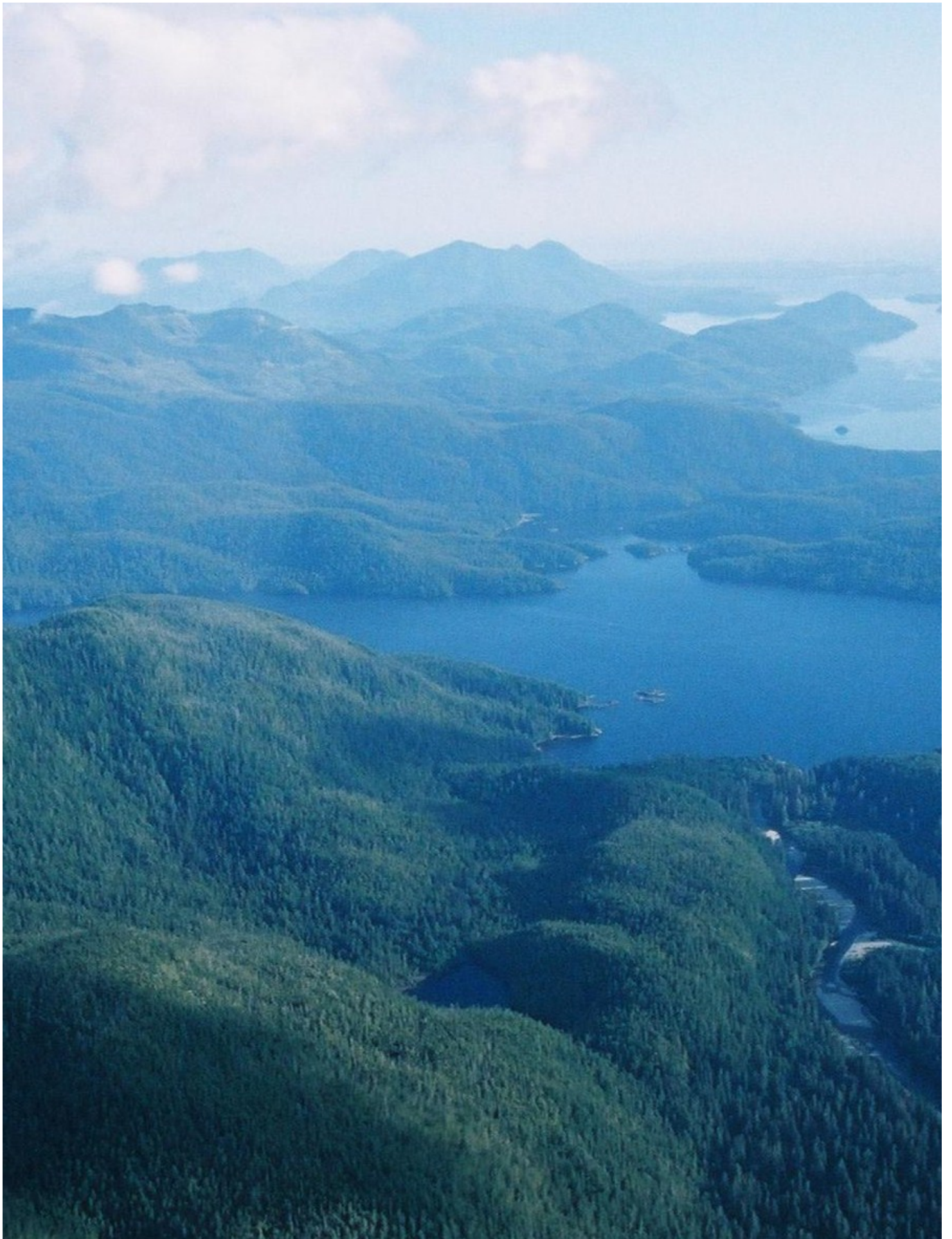
2011 work in practice

1. We completed technical enhancements on The Living Atlas and Terratruth in consultation with the Okanagan Nation Alliance and the Haida Nation. The First Nations Technology Council also commissioned us to add features to The Living Atlas and to support them to install the program in two additional First Nations communities.
2. Our Electronic Monitoring system was successfully implemented for the Area A crab fishery and we successfully completed the building of analytical software to produce the data reports required for fisheries management.
3. Our cartography department continued to support various clients throughout 2011, including CPAWS, Yinka Dene Alliance/ CSTC/WCEL and Esk'etemc First Nation. Work was also completed on a pilot project with the 'Namgis First Nation and ESRI to prepare data and create maps for the 'Namgis to be included in ESRI's online community mapping project.

Conclusion > >

While no two initiatives look exactly alike, it is clear from the foregoing descriptions of our work during 2011 that all six major areas of our work contain a 'red thread'. By actively engaging communities and stakeholders in the design of alternative approaches to their complex problems, and building solutions that meet their needs, we achieve enduring results.

Our formula has remained constant too – and testament to our overall mission: to use problem-solving and innovation in ways that position communities to benefit economically from their adjacent resources; to plan for sustainable resource use; and to increase the social and cultural benefits of economic growth.



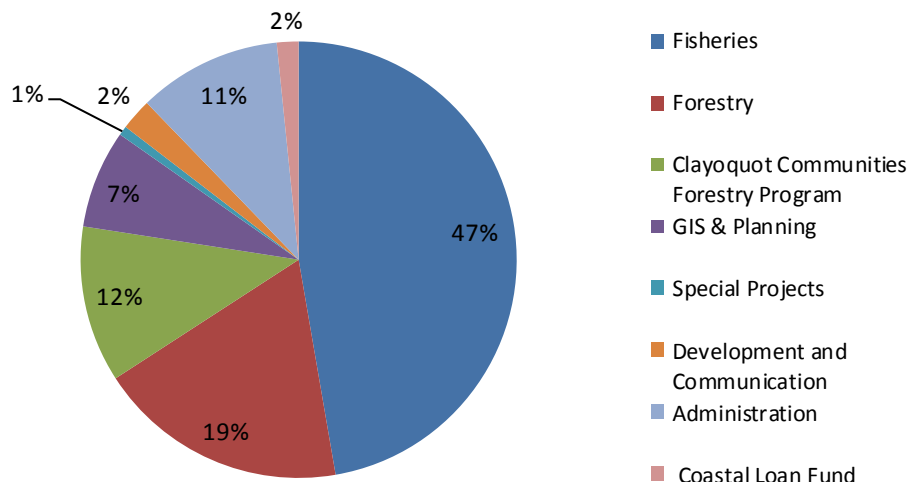
Financials > >

Consolidated Statement of Operations

for the year ended December 31

	2011	2010
REVENUE		
Contributions	1,441,020	1,472,692
Consulting	1,169,068	789,314
Dividend and investment income	47,910	93,495
Other income	54,739	133,181
	2,712,737	2,488,682
EXPENSES		
Audit and legal	103,107	84,473
Bank charges, interest and foreign exchange	15,907	27,485
Bad debts	34,196	
Contracts and consulting	606,964	612,354
Donations	7,000	54,500
Occupancy and office	289,185	297,545
Printing and supplies	56,871	2,193
Salaries	1,628,368	1,465,938
Travel	233,409	244,089
Loss (gain) on disposal of assets	7,672	(17,070)
Share of equity losses of long term investments		96,969
Revaluation and impairment of amounts receivable	(13,725)	(180,266)
	2,968,954	2,688,210
Deficiency of revenue over expenses	\$ (256,217)	\$ (199,528)

Program Expenditures 2011



Consolidated Statement of Financial Position

As at December 31

	2011	2010
ASSETS		
Current		
Cash	1,078,582	893,570
Accounts Receivable	474,970	560,300
Short Term Investments	14,224	96,668
Inventory	41,775	40,569
Prepaid expenses	17,544	11,328
Current portion of loans receivable	26,083	803,032
	1,653,178	2,405,467
Non Current		
Long term investments	-	370,151
Loans receivable	1,208,830	1,169,139
Capital assets	132,863	48,705
	\$ 2,994,871	\$ 3,993,462
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	310,313	447,545
Deferred contributions and revenue	301,926	516,454
Current portion of loans payable	170,482	619,088
Non Current Liabilities	782,721	1,583,087
Loans payable		20,000
Deferred capital contribution	77,992	
Total Liabilities	860,713	1,603,087
Net Assets	2,134,158	2,390,375
	\$ 2,994,871	\$ 3,993,462

Donors 2011 > >

CORPORATE

Microsoft
ESRI Canada
Skipp Design

GOVERNMENT

Canadian Forest Service,
Natural Resources Canada
Geoconnections,
Natural Resources Canada

INDIVIDUAL

Anonymous - In Memory of Katharine Pearson
Anonymous (2)
Brenda Kuecks
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Crawford Holling
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David Wong
Dennis Perry
Eirlys Rhiannon
Emily Beam
Jacqueline Koerner and Robert Safrata
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FOUNDATION

Bullitt Foundation given in 2010 for 2011 project
Butterfield Family Foundation
Community Foundation Whistler
Connor, Clark & Lunn Foundation
Gencon Foundation given in 2010 for 2011 project
Gordon & Betty Moore Foundation
J.W. McConnell Foundation
Koerner Foundation
Lighthouse Foundation
Oak Foundation
RBC Foundation
Real Estate Foundation
Sitka Foundation
Vancouver Community Foundation
Vancouver Foundation

PROGRAM RELATED INVESTMENTS

Ethical Investment Group
Illahie Foundation
Tides Canada

ORGANIZATIONS

Association of BC Forest Professionals
Association of Professional Biologists
Clayoquot Biosphere Trust given in 2010 for 2011 project
Island Coastal Economic Trust
Loyola Catholic School
North Island College
UBC Faculty of Forestry
Vancouver Island University

Human Resources 2011 > >

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