Form **990-PF**

Department of the Treasury
Internal Revenue Service

Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation

Note The foundation may be able to use a copy of this return to satisfy state reporting requirements.

OMB No 1545-0052

2010

For calendar year 2010, or tax year beginning , and ending

G Check all that apply: ☐ Initial return ☐ Initial return of a former public charity ☐ Final return ☐ Amended return ☐ Address change ☐ Name change

Name of foundation
ISLANDS FUND
C/O JOHN MUNN

A Employer identification number
91-1663838

Number and street (or P O box number if mail is not delivered to street address)
6523 CALIFORNIA AVENUE SW

Room/suite
#137

B Telephone number
(206) 283-4790

City or town, state, and ZIP code
SEATTLE, WA 98136

C If exemption application is pending check here ☐

D 1 Foreign organizations, check here ☐

2 Foreign organizations meeting the 85% test, check here and attach computation ☐

H Check type of organization: [X] Section 501(c)(3) exempt private foundation
☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation

E If private foundation status was terminated under section 507(b)(1)(A), check here ☐

I Fair market value of all assets at end of year *(from Part II, col (c), line 16)* ▶$ 106,268,066.

J Accounting method: [X] Cash ☐ Accrual ☐ Other (specify) *(Part I, column (d) must be on cash basis)*

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a))	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue				
1 Contributions, gifts, grants, etc., received	8,000,000.		N/A	
2 Check ▶ ☐ if the foundation is not required to attach Sch B				
3 Interest on savings and temporary cash investments	1,165,208.	1,082,166.		STATEMENT 1
4 Dividends and interest from securities	2,165,316.	2,087,259.		STATEMENT 2
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10	185,502.			
b Gross sales price for all assets on line 6a 18,302,642.				
7 Capital gain net income (from Part IV, line 2)		185,502.		
8 Net short-term capital gain				
9 Income modifications				
10a Gross sales less returns and allowances				
b Less Cost of goods sold				
c Gross profit or (loss)				
11 Other income	2,163.	2,163.		STATEMENT 3
12 **Total** Add lines 1 through 11	11,518,189.	3,357,090.		
Operating and Administrative Expenses				
13 Compensation of officers, directors, trustees, etc	0.	0.		0.
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16a Legal fees STMT 4	15,000.	0.		15,000.
b Accounting fees STMT 5	10,378.	10,378.		0.
c Other professional fees				
17 Interest				
18 Taxes				
19 Depreciation and depletion				
20 Occupancy				
21 Travel, conferences, and meetings				
22 Printing and publications				
23 Other expenses STMT 6	351,885.	351,313.		572.
24 **Total operating and administrative expenses** Add lines 13 through 23	377,263.	361,691.		15,572.
25 Contributions, gifts, grants paid	4,200,000.			4,200,000.
26 **Total expenses and disbursements.** Add lines 24 and 25	4,577,263.	361,691.		4,215,572.
27 Subtract line 26 from line 12:				
a Excess of revenue over expenses and disbursements	6,940,926.			
b **Net investment income** (if negative, enter -0-)		2,995,399.		
c **Adjusted net income** (if negative, enter -0-)			N/A	

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Part II Balance Sheets Attached schedules and amounts in the description column should be for end-of-year amounts only

		Beginning of year (a) Book Value	End of year (b) Book Value	End of year (c) Fair Market Value
Assets	1 Cash - non-interest-bearing			
	2 Savings and temporary cash investments	1,468,697.	3,223,405.	3,223,405.
	3 Accounts receivable ▶			
	Less: allowance for doubtful accounts ▶			
	4 Pledges receivable ▶			
	Less: allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons			
	7 Other notes and loans receivable ▶			
	Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments - U.S. and state government obligations			
	b Investments - corporate stock STMT 9	24,556,942.	23,695,409.	37,849,449.
	c Investments - corporate bonds STMT 10	17,911,354.	13,102,381.	13,822,227.
	11 Investments - land, buildings, and equipment basis ▶			
	Less accumulated depreciation ▶			
	12 Investments - mortgage loans			
	13 Investments - other STMT 11	44,260,375.	47,118,307.	51,372,985.
	14 Land, buildings, and equipment: basis ▶			
	Less accumulated depreciation ▶			
	15 Other assets (describe ▶)			
	16 **Total assets** (to be completed by all filers)	88,197,368.	87,139,502.	106,268,066.
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable			
	22 Other liabilities (describe ▶ STATEMENT 12)	38,962.	118,750.	
	23 **Total liabilities** (add lines 17 through 22)	38,962.	118,750.	
Net Assets or Fund Balances	**Foundations that follow SFAS 117, check here ▶ ☐ and complete lines 24 through 26 and lines 30 and 31**			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ [X] and complete lines 27 through 31			
	27 Capital stock, trust principal, or current funds	263,158.	263,158.	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund	0.	0.	
	29 Retained earnings, accumulated income, endowment, or other funds	87,895,248.	86,757,594.	
	30 **Total net assets or fund balances**	88,158,406.	87,020,752.	
	31 **Total liabilities and net assets/fund balances**	88,197,368.	87,139,502.	

Part III Analysis of Changes in Net Assets or Fund Balances

1	Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	88,158,406.
2	Enter amount from Part I, line 27a	2	6,940,926.
3	Other increases not included in line 2 (itemize) ▶ SEE STATEMENT 7	3	84,060.
4	Add lines 1, 2, and 3	4	95,183,392.
5	Decreases not included in line 2 (itemize) ▶ SEE STATEMENT 8	5	8,162,640.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	87,020,752.

Part IV Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.)	(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a				
b	SEE ATTACHED STATEMENTS			
c				
d				
e				

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a				
b				
c				
d				
e	18,302,642.		18,117,140.	185,502.

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

	(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
a				
b				
c				
d				
e				185,502.

2 Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7; If (loss), enter -0- in Part I, line 7 } — 2 — 185,502.

3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter -0- in Part I, line 8 — 3 — N/A

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☒ No

If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see instructions before making any entries

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2009	5,286,675.	85,594,253.	.061764
2008	6,031,910.	103,198,940.	.058449
2007	5,056,994.	118,382,598.	.042717
2006	5,434,604.	111,885,125.	.048573
2005	5,293,662.	109,695,145.	.048258

2	Total of line 1, column (d)	2	.259761
3	Average distribution ratio for the 5-year base period - divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	.051952
4	Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	4	79,458,836.
5	Multiply line 4 by line 3	5	4,128,045.
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	29,954.
7	Add lines 5 and 6	7	4,157,999.
8	Enter qualifying distributions from Part XII, line 4	8	4,215,572.

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see instructions)

1a Exempt operating foundations described in section 4940(d)(2), check here ▶ ☐ and enter "N/A" on line 1. Date of ruling or determination letter: ______ (attach copy of letter if necessary-see instructions)				
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ [X] and enter 1% of Part I, line 27b			1	29,954.
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).				
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)			2	0.
3 Add lines 1 and 2			3	29,954.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)			4	0.
5 **Tax based on investment income** Subtract line 4 from line 3. If zero or less, enter -0-			5	29,954.
6 Credits/Payments:				
a 2010 estimated tax payments and 2009 overpayment credited to 2010	6a	28,360.		
b Exempt foreign organizations - tax withheld at source	6b			
c Tax paid with application for extension of time to file (Form 8868)	6c	16,000.		
d Backup withholding erroneously withheld	6d			
7 Total credits and payments. Add lines 6a through 6d			7	44,360.
8 Enter any **penalty** for underpayment of estimated tax. Check here [X] if Form 2220 is attached			8	35.
9 **Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ▶			9	
10 **Overpayment** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶			10	14,371.
11 Enter the amount of line 10 to be: **Credited to 2011 estimated tax** ▶		14,371. **Refunded** ▶	11	0.

Part VII-A Statements Regarding Activities

		Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		X
b Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see instructions for definition)?	1b		X
If the answer is "Yes" to **1a** *or* **1b**, *attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities*			
c Did the foundation file **Form 1120-POL** for this year?	1c		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. ▶ $ 0. (2) On foundation managers. ▶ $ 0.			
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ $ 0.			
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? *If "Yes," attach a detailed description of the activities.*	2		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? *If "Yes," attach a conformed copy of the changes*	3		X
4a Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		X
b If "Yes," has it filed a tax return on **Form 990-T** for this year? N/A	4b		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If "Yes," attach the statement required by General Instruction T*	5		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6		X
7 Did the foundation have at least $5,000 in assets at any time during the year? *If "Yes," complete Part II, col. (c), and Part XV*	7	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ WA			
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by *General Instruction G? If "No," attach explanation*	8b	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2010 or the taxable year beginning in 2010 (see instructions for Part XIV)? *If "Yes," complete Part XIV*	9		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses STMT 13	10	X	

Part VII-A Statements Regarding Activities *(continued)*

			Yes	No
11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	

Website address ▶ N/A

14 The books are in care of ▶ MR. JOHN MUNN Telephone no. ▶ (206) 283-4790

Located at ▶ 6523 CALIFORNIA AVENUE SW, NO. 137, SEATTLE, WA ZIP+4 ▶ 98136

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here ▶ ☐

and enter the amount of tax-exempt interest received or accrued during the year ▶ 15 N/A

			Yes	No
16	At any time during calendar year 2010, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?	16		X
	See page 20 of the instructions for exceptions and filing requirements for Form TD F 90-22 1. If "Yes," enter the name of the foreign country ▶			

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

			Yes	No
1a	During the year did the foundation (either directly or indirectly):			
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ Yes ☒ No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ Yes ☒ No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☐ Yes ☒ No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☐ Yes ☒ No			
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? ☐ Yes ☒ No			
	(6) Agree to pay money or property to a government official? (**Exception** Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) ☐ Yes ☒ No			
b	If any answer is "Yes" to 1a(1)-(6), did **any** of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 22 of the instructions)? N/A	1b		
	Organizations relying on a current notice regarding disaster assistance check here ▶ ☐			
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2010?	1c		X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):			
a	At the end of tax year 2010, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2010? ☐ Yes ☒ No			
	If "Yes," list the years ▶ ______, ______, ______, ______			
b	Are there any years listed in 2a for which the foundation is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer "No" and attach statement - see instructions.) N/A	2b		
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here. ▶ ______, ______, ______, ______			
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ Yes ☒ No			
b	If "Yes," did it have excess business holdings in 2010 as a result of (**1**) any purchase by the foundation or disqualified persons after May 26, 1969; (**2**) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or (**3**) the lapse of the 10-, 15-, or 20-year first phase holding period? *(Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2010.)* N/A	3b		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a		X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2010?	4b		X

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required *(continued)*

5a During the year did the foundation pay or incur any amount to:

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☒ No

(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☒ No

(3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☒ No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? ☒ Yes ☐ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☒ No

b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? | 5b | | X |

Organizations relying on a current notice regarding disaster assistance check here ▶ ☐

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? ☐ Yes ☒ No

If "Yes," attach the statement required by Regulations section 53 4945-5(d)

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? | 6b | | X |

If "Yes" to 6b, file Form 8870

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☒ No

b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? N/A | 7b | | |

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation.

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
SEE STATEMENT 14		0.	0.	0.

2 Compensation of five highest-paid employees (other than those included on line 1). If none, enter "NONE."

(a) Name and address of each employee paid more than $50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
NONE				

Total number of other employees paid over $50,000 ▶ 0

Part VIII **Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors** *(continued)*

3 Five highest-paid independent contractors for professional services. If none, enter "NONE."

(a) Name and address of each person paid more than $50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over $50,000 for professional services ▶		0

Part IX-A **Summary of Direct Charitable Activities**

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.	Expenses
1 N/A	
2	
3	
4	

Part IX-B **Summary of Program-Related Investments**

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.	Amount
1 N/A	
2	
All other program-related investments. See instructions. 3	
Total. Add lines 1 through 3 ▶	0.

Part X Minimum Investment Return (All domestic foundations must complete this part Foreign foundations, see instructions)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	80,473,364.
b	Average of monthly cash balances	1b	195,505.
c	Fair market value of all other assets	1c	
d	**Total** (add lines 1a, b, and c)	1d	80,668,869.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) — 1e: 0.		
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	80,668,869.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	1,210,033.
5	**Net value of noncharitable-use assets** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	79,458,836.
6	**Minimum investment return** Enter 5% of line 5	6	3,972,942.

Part XI Distributable Amount (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ▶ ☐ and do not complete this part.)

1	Minimum investment return from Part X, line 6	1	3,972,942.
2a	Tax on investment income for 2010 from Part VI, line 5 — 2a: 29,954.		
b	Income tax for 2010. (This does not include the tax from Part VI.) — 2b:		
c	Add lines 2a and 2b	2c	29,954.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	3,942,988.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	3,942,988.
6	Deduction from distributable amount (see instructions)	6	0.
7	**Distributable amount** as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	3,942,988.

Part XII Qualifying Distributions (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc. - total from Part I, column (d), line 26	1a	4,215,572.
b	Program-related investments - total from Part IX-B	1b	0.
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	**Qualifying distributions** Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	4,215,572.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b	5	29,954.
6	**Adjusted qualifying distributions**. Subtract line 5 from line 4	6	4,185,618.

Note. The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years

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Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2009	(c) 2009	(d) 2010
1 Distributable amount for 2010 from Part XI, line 7				3,942,988.
2 Undistributed income, if any, as of the end of 2010				
a Enter amount for 2009 only			0.	
b Total for prior years: ____ , ____ , ____		0.		
3 Excess distributions carryover, if any, to 2010:				
a From 2005					
b From 2006				
c From 2007				
d From 2008 652,376.				
e From 2009 1,063,612.				
f **Total** of lines 3a through e	1,715,988.			
4 Qualifying distributions for 2010 from Part XII, line 4: ▶ $ 4,215,572.				
a Applied to 2009, but not more than line 2a			0.	
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)	0.			
d Applied to 2010 distributable amount				3,942,988.
e Remaining amount distributed out of corpus	272,584.			
5 Excess distributions carryover applied to 2010 (If an amount appears in column (d), the same amount must be shown in column (a))	0.			0.
6 **Enter the net total of each column as indicated below:**				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	1,988,572.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b. Taxable amount - see instructions		0.		
e Undistributed income for 2009. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2010. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2011				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
8 Excess distributions carryover from 2005 not applied on line 5 or line 7	0.			
9 **Excess distributions carryover to 2011.** Subtract lines 7 and 8 from line 6a	1,988,572.			
10 Analysis of line 9:				
a Excess from 2006				
b Excess from 2007				
c Excess from 2008 652,376.				
d Excess from 2009 1,063,612.				
e Excess from 2010 272,584.				

Part XIV Private Operating Foundations (see instructions and Part VII-A, question 9) N/A

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2010, enter the date of the ruling ▶

b Check box to indicate whether the foundation is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)

	Tax year	Prior 3 years			
	(a) 2010	(b) 2009	(c) 2008	(d) 2007	(e) Total
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon: a "Assets" alternative test - enter: (1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test - enter: (1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the foundation had $5,000 or more in assets at any time during the year-see the instructions.)

1 **Information Regarding Foundation Managers:**

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than $5,000). (See section 507(d)(2).)

SARAH R. WERNER

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

NONE

2 **Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:**

Check here ▶ ☒ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

a The name, address, and telephone number of the person to whom applications should be addressed:

b The form in which applications should be submitted and information and materials they should include:

c Any submission deadlines:

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient: Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year				
SEE STATEMENT 15				
Total			▶ 3a	4,200,000.
b Approved for future payment				
NONE				
Total			▶ 3b	0.

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.	Unrelated business income (a) Business code	Unrelated business income (b) Amount	Excluded by section 512, 513, or 514 (c) Exclusion code	Excluded by section 512, 513, or 514 (d) Amount	(e) Related or exempt function income
1 Program service revenue:					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments	523000	1,165,208.			
4 Dividends and interest from securities	523000	2,165,316.			
5 Net rental income or (loss) from real estate:					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income	523000	2,163.			
8 Gain or (loss) from sales of assets other than inventory	523000	55,393.			130,109.
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue:					
a					
b					
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e)		3,388,080.		0.	130,109.

13 **Total** Add line 12, columns (b), (d), and (e) 13 3,518,189.

(See worksheet in line 13 instructions to verify calculations.)

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes).
4	EARNINGS USED TO MEET TAX EXEMPT PURPOSE

Part XVII **Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations**

			Yes	No
1	Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?			
a	Transfers from the reporting foundation to a noncharitable exempt organization of:			
	(1) Cash	1a(1)		X
	(2) Other assets	1a(2)		X
b	Other transactions:			
	(1) Sales of assets to a noncharitable exempt organization	1b(1)		X
	(2) Purchases of assets from a noncharitable exempt organization	1b(2)		X
	(3) Rental of facilities, equipment, or other assets	1b(3)		X
	(4) Reimbursement arrangements	1b(4)		X
	(5) Loans or loan guarantees	1b(5)		X
	(6) Performance of services or membership or fundraising solicitations	1b(6)		X
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c		X

d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
		N/A	

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☒ No

b If "Yes," complete the following schedule.

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true correct, and complete Declaration of preparer (other than taxpayer or fiduciary) is based on all information of which preparer has any knowledge

George S Sutton 7-13-11 VP
Signature of officer or trustee | Date | Title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Lee O. Hedge	Lee O. Hedge	6/27/11		

Firm's name ▶ HEDGE + DETHLEFS, P.S. Firm's EIN ▶

Firm's address ▶ 10900 NE 4TH STREET SUITE 2300 BELLEVUE, WA 98004 Phone no. (425) 637-3026

023622
12-29-10

Schedule B
(Form 990, 990-EZ, or 990-PF)
Department of the Treasury
Internal Revenue Service

Schedule of Contributors

▶ Attach to Form 990, 990-EZ, or 990-PF.

OMB No 1545-0047

2010

Name of the organization	Employer identification number
ISLANDS FUND C/O JOHN MUNN	91-1663838

Organization type (check one)

Filers of:	Section:
Form 990 or 990-EZ	☐ 501(c)( ) (enter number) organization
	☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
	☐ 527 political organization
Form 990-PF	☒ 501(c)(3) exempt private foundation
	☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation
	☐ 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule.**
Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule See instructions

General Rule

☒ For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, $5,000 or more (in money or property) from any one contributor Complete Parts I and II

Special Rules

☐ For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of **(1)** $5,000 or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h or (ii) Form 990-EZ, line 1 Complete Parts I and II

☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, aggregate contributions of more than $1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals Complete Parts I, II, and III

☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc , purposes, but these contributions did not aggregate to more than $1,000 If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc , purpose Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc , contributions of $5,000 or more during the year ▶ $ ______________

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2 of its Form 990, or check the box on line H of its Form 990-EZ, or on line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization
ISLANDS FUND
C/O JOHN MUNN

Employer identification number
91-1663838

Part I **Contributors** (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	SARAH R. WERNER P.O. BOX 503 BELLEVUE, WA 98009	$ 86,049.	Person [X] Payroll [ ] Noncash [X] (Complete Part II if there is a noncash contribution.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)

Name of organization	Employer identification number
ISLANDS FUND C/O JOHN MUNN	91-1663838

Part II Noncash Property (see instructions)

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
1	86,049 SHARES OF FEDEX COMMON STOCK (FDX) AND $24.47 CASH	$ 8,000,000.	12/30/10

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

Name of organization

ISLANDS FUND
C/O JOHN MUNN

Employer identification number

91-1663838

Part III **Exclusively religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations aggregating more than $1,000 for the year.** Complete columns **(a)** through **(e)** and the following line entry For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc , contributions of **$1,000 or less** for the year (Enter this information once See instructions) ▶ $

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

Part IV Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold, e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co	(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a	SPDR GOLD TRUST - 16,500 SHARES	P	01/30/09	01/07/10
b	SPDR GOLD TRUST - 181,500 SHARES	P	01/30/09	VARIOUS
c	SEE ATTACHED ML SCHEDULE - #04014	P	VARIOUS	VARIOUS
d	SEE ATTACHED ML SCHEDULE - #04014	P	VARIOUS	VARIOUS
e	SEE ATTACHED ML SCHEDULE - #04014	P	VARIOUS	VARIOUS
f	SEE ATTACHED ML SCHEDULE - #04014	P	VARIOUS	VARIOUS
g	SEE ATTACHED ML SCHEDULE - #04308	P	VARIOUS	VARIOUS
h	SEE ATTACHED ML SCHEDULE - #04308	P	VARIOUS	VARIOUS
i	SEE ATTACHED ML SCHEDULE - #04308	P	VARIOUS	VARIOUS
j	SEE ATTACHED ML SCHEDULE - #04387	P	VARIOUS	VARIOUS
k	SEE ATTACHED ML SCHEDULE - #04387	P	VARIOUS	VARIOUS
l	SEE ATTACHED ML SCHEDULE - #04387	P	VARIOUS	VARIOUS
m	SEE ATTACHED ML SCHEDULE - #04393	P	VARIOUS	VARIOUS
n	SEE ATTACHED ML SCHEDULE - #04393	P	VARIOUS	VARIOUS
o	SEE ATTACHED ML SCHEDULE - #04393	P	VARIOUS	VARIOUS

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a	596.		482.	114.
b	7,088.		5,247.	1,841.
c	88,632.		76,312.	12,320.
d	14,678.		17,439.	<2,761.>
e	962,606.		750,323.	212,283.
f	1,923,643.		2,262,924.	<339,281.>
g	6,112,961.		5,982,198.	130,763.
h	1,865,838.		1,875,000.	<9,162.>
i	700,000.		700,000.	0.
j	67,057.		50,921.	16,136.
k	271,456.		188,544.	82,912.
l	211,742.		303,738.	<91,996.>
m	316,401.		274,789.	41,612.
n	28,100.		29,771.	<1,671.>
o	1,008,722.		674,204.	334,518.

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

	(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-")
a				114.
b				1,841.
c				12,320.
d				<2,761.>
e				212,283.
f				<339,281.>
g				130,763.
h				<9,162.>
i				0.
j				16,136.
k				82,912.
l				<91,996.>
m				41,612.
n				<1,671.>
o				334,518.

2 Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 / If (loss), enter "-0-" in Part I, line 7 }	2	
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter "-0-" in Part I, line 8	3	

Part IV . Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold, e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co	(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a	SEE ATTACHED ML SCHEDULE - #04393	P	VARIOUS	VARIOUS
b	SEE ATTACHED ML SCHEDULE - #04393	P	VARIOUS	VARIOUS
c	SEE ATTACHED ML SCHEDULE - #04395	P	VARIOUS	
d	SEE ATTACHED ML SCHEDULE - #04395	P	VARIOUS	
e	SEE ATTACHED ML SCHEDULE - #04395	P		
f	SEE ATTACHED ML SCHEDULE - #04395	P		
g	SEE ATTACHED ML SCHEDULE - #04395	P		
h	SEE ATTACHED ML SCHEDULE - #04396	P	VARIOUS	
i	SEE ATTACHED ML SCHEDULE - #04396	P	VARIOUS	
j	SEE ATTACHED ML SCHEDULE - #04396	P	VARIOUS	
k	SEE ATTACHED ML SCHEDULE - #04396	P		
l	SEE ATTACHED ML SCHEDULE - #04396	P		
m	CAPITAL GAINS DIVIDENDS			
n				
o				

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a	193,759.		231,770.	<38,011.>
b	15.			15.
c	871,776.		726,524.	145,252.
d	267,750.		305,602.	<37,852.>
e	624,427.		455,723.	168,704.
f	1,324,006.		1,900,457.	<576,451.>
g	31.			31.
h	339,874.		267,088.	72,786.
i	335,343.		370,262.	<34,919.>
j	491,836.		378,167.	113,669.
k	218,895.		289,655.	<70,760.>
l	17.			17.
m	55,393.			55,393.
n				
o				

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

	(i) F.M.V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-")
a				<38,011.>
b				15.
c				145,252.
d				<37,852.>
e				168,704.
f				<576,451.>
g				31.
h				72,786.
i				<34,919.>
j				113,669.
k				<70,760.>
l				17.
m				55,393.
n				
o				

2	Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 / If (loss), enter "-0-" in Part I, line 7 }	2	185,502.
3	Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter "-0-" in Part I, line 8	3	N/A

ISLANDS FUND

2010 ANNUAL STATEMENT SUMMARY

Your Tax Reporting Statement information that follows is a personal summary of your account activity and is not reported to the IRS.

The Capital Gain and Loss Transaction section is provided to facilitate your review and the preparation of your tax return. In calculating gain (loss), unless otherwise noted, it was assumed that the oldest position was liquidated first, and that an election was in effect to amortize the premium paid on the purchase of taxable bonds. The gain (loss) information may not include return of capital, sales load deferral or wash sales adjustments. RICs (which may include mutual funds and unit investment trusts) may reclassify principal distributions as capital gains. The Cost Basis for these securities may not have been adjusted on your statement to reflect such reclassifications. Please refer to information provided by the RIC and discuss with your tax advisor. Securities distributed from a retirement account reflect the tax basis on the date of distribution. Other methods for calculating gain (loss) are available. The cost basis for most Original Issue Discount (OID) obligations includes the accretion of OID. For purposes of allocating original purchase price to the components of an equity unit consisting of a purchase contract and a debt security subject to a remarketing event, we assumed that the fair market value of the debt security on purchase date was equal to its adjusted issue price. The difference between your original cost and the amount allocable to the debt component was allocated to the purchase contract. In making adjustments to the cost basis of the purchase contract, it was assumed that the unit holder included contract adjustment payments in income when received.

Data from Forms 1099 (reportable Dividend and Interest) is also repeated in this summary for your convenience. Additionally, we have included items such as margin interest and select account fees if applicable. Please discuss the deductibility of these items with your tax advisor. For select clients, we have also included a summary of Visa charges and checking activity.

Merrill Lynch is neither a tax return preparer nor tax advisor. Please see your tax advisor for more information.

2010 CAPITAL GAIN AND LOSS TRANSACTIONS

Security Description	Quantity	Date Acquired Cover of Short	Date Liquidated Short Sale	Amortization/Accretion Year-to-Date	Amortization/Accretion Life-to-Date	Sales Price	Cost Basis	Gain or (Loss)
SHORT TERM CAPITAL GAINS								
COVIDIEN PLC SHS	668.0000	11/24/09	02/04/10			33,641.85	31,271.95	2,369.90
QUEST DIAGNOSTICS INC	246.0000	02/13/09	02/04/10			13,724.79	12,822.99	901.80
TIME WARNER INC SHS	114.0000	02/04/10	02/24/10			3,268.14	3,093.65	174.49
WALGREEN CO	1089 0000	02/13/09	02/04/10			37,996.91	29,123.34	8,873.57
		Short Term Capital Gains Subtotal				**88,631.69**	**76,311.93**	**12,319.76**
SHORT TERM CAPITAL LOSSES								
STAPLES INC	738.0000	02/04/10	08/03/10			14,677.91	17,438.87	(2,760.96)
		Short Term Capital Losses Subtotal				**14,677.91**	**17,438.87**	**(2,760.96)**
NET SHORT TERM CAPITAL GAIN (LOSS)								**9,558.80**
LONG TERM CAPITAL GAINS								
AOL INC	98 0000	10/14/08	02/04/10			2,407.60	1,683.26	724.34
	15.0000	11/14/08	02/04/10			368.52	229 26	139.26
		Security Subtotal				***2,776.12***	***1,912.52***	***863.60***

ISLANDS FUND

2010 ANNUAL STATEMENT SUMMARY

2010 CAPITAL GAIN AND LOSS TRANSACTIONS

Security Description	Quantity	Date Acquired Cover of Short	Date Liquidated Short Sale	Amortization/Accretion Year-to-Date	Amortization/Accretion Life-to-Date	Sales Price	Cost Basis	Gain or (Loss)
AVON PROD INC	940.0000	11/14/08	04/20/10			31,883.88	21,242.21	10,641.67
	2200.0000	01/30/09	04/20/10			74,621.87	44,968.00	29,653.87
	600.0000	01/30/09	04/20/10			20,351.42	12,270.00	8,081.42
	82.0000	01/30/09	04/20/10			2,781.36	1,677.72	1,103.64
	100.0000	01/30/09	04/20/10			3,391.90	2,042.50	1,349.40
	100.0000	01/30/09	04/20/10			3,391.91	2,043.00	1,348.91
		Security Subtotal				***136,422.34***	***84,243.43***	***52,178.91***
BAKER HUGHES INC	821.0000	11/14/08	02/04/10			37,437.78	25,278.51	12,159.27
	1043.0000	01/30/09	02/04/10			47,561.04	35,966.81	11,594.23
	100.0000	01/30/09	02/04/10			4,560.44	3,448.40	1,112.04
		Security Subtotal				***89,559.26***	***64,693.72***	***24,865.54***
DONALDSON CO INC	121.0000	11/06/08	02/04/10			4,685.06	4,111.51	573.55
ISHARES DJ US TELCOMMUNI	735 0000	01/30/09	02/04/10			13,472.39	11,671.79	1,800.60
	1206.0000	01/30/09	02/04/10			22,117.76	19,151.28	2,966.48
		Security Subtotal				***35,590.15***	***30,823.07***	***4,767.08***
GENERAL MILLS	15.0000	08/01/08	02/04/10			1,039.04	967.65	71.39
HEWLETT PACKARD CO DEL	268.0000	08/01/08	02/04/10			12,856.52	11,745.90	1,110.62
MCDONALDS CORP COM	313.0000	01/30/09	02/04/10			20,333.07	18,257.28	2,075.79
HEALTH CARE SELECT SPDR	500.0000	05/17/04	02/04/10			15,609.80	15,320.00	289.80
	3020.0000	05/17/04	02/04/10			94,286.82	92,532.80	1,754.02
		Security Subtotal				***109,896.62***	***107,852.80***	***2,043.82***
SECTOR SPDR CONSMRS STPL	1346.0000	05/17/04	02/04/10			35,523.18	30,486.89	5,036.29
SECTOR SPDR ENERGY	68.0000	10/02/06	02/04/10			3,757.82	3,637 99	119.83
SECTOR SPDR UTILITIES	3883.0000	12/23/03	02/04/10			114,393.28	90,007.94	24,385.34
	2217.0000	12/23/03	02/04/10			65,312.88	51,478.74	13,834.14
		Security Subtotal				***179,706.16***	***141,486.68***	***38,219.48***
STAPLES INC	4028.0000	02/24/09	08/03/10			80,111.94	63,544.92	16,567.02
TIME WARNER INC SHS	1073 0000	10/14/08	02/24/10			30,760.59	23,973.57	6,787.02
	170:0000	11/14/08	02/24/10			4,873.53	3,265.20	1,608.33
		Security Subtotal				***35,634.12***	***27,238.77***	***8,395.35***

ISLANDS FUND

2010 ANNUAL STATEMENT SUMMARY

2010 CAPITAL GAIN AND LOSS TRANSACTIONS

Security Description	Quantity	Date Acquired Cover of Short	Date Liquidated Short Sale	Amortization/Accretion Year-to-Date	Amortization/Accretion Life-to-Date	Sales Price	Cost Basis	Gain or (Loss)
TORCHMARK CORP COM	48 0000	11/14/08	02/04/10			2,173.12	1,825 44	347.68
	626.0000	11/14/08	02/24/10			28,362.00	23,806.78	4,555.22
	300.0000	11/14/08	02/24/10			13,592.01	11,412.00	2,180.01
	411.0000	11/14/08	02/24/10			18,621.06	15,638.55	2,982.51
	100.0000	11/14/08	02/24/10			4,530.67	3,801.50	729.17
	144.0000	01/30/09	02/24/10			6,524.16	4,377.60	2,146.56
	900.0000	01/30/09	02/24/10			40,776.06	27,369.00	13,407.06
	500.0000	01/30/09	02/24/10			22,653.36	15,210.00	7,443.36
	800.0000	01/30/09	02/24/10			36,245.39	24,344.00	11,901.39
	400.0000	01/30/09	02/24/10			18,122.70	12,176.00	5,946.70
		Security Subtotal				***191,600.53***	***139,960.87***	***51,639.66***
WADDELL & REED FINL A	177.0000	03/03/08	02/04/10			5,610.83	5,573.73	37.10
	23.0000	03/03/08	02/04/10			729.32	724.27	5.05
	351.0000	03/03/08	02/04/10			11,130.07	11,060.01	70.06
	78.0000	11/14/08	02/04/10			2,470.39	876.71	1,593.68
	100.0000	11/14/08	02/04/10			3,173 46	1,124.00	2,049.46
		Security Subtotal				***23,114.07***	***19,358.72***	***3,755.35***
		Long Term Capital Gains Subtotal				**962,606.00**	**750,322.72**	**212,283.28**
LONG TERM CAPITAL LOSSES								
AVON PROD INC	956 0000	01/25/08	02/04/10			29,677.68	33,345.28	(3,667.60)
	414.0000	01/25/08	04/20/10			14,042 47	14,440.32	(397.85)
	100.0000	03/03/08	04/20/10			3,391.90	3,874.00	(482.10)
	497.0000	03/03/08	04/20/10			16,857.75	19,258.75	(2,401.00)
		Security Subtotal				***63,969.80***	***70,918.35***	***(6,948.55)***
BAKER HUGHES INC	200.0000	01/25/08	02/04/10			9,119.88	14,606.00	(5,486.12)
	200.0000	01/25/08	02/04/10			9,119.89	14,614.00	(5,494.11)
	93.0000	01/25/08	02/04/10			4,240.82	6,795.51	(2,554.69)
	256.0000	03/03/08	02/04/10			11,673.65	17,308.16	(5,634.51)
		Security Subtotal				***34,154.24***	***53,323.67***	***(19,169.43)***
FPL GROUP INC	388.0000	01/25/08	02/04/10			18,848.80	23,881.17	(5,032.37)
	191.0000	03/03/08	02/04/10			9,278.66	11,578.42	(2,299 76)
	121 0000	08/01/08	02/04/10			5,878.11	7,532.24	(1,654.13)
	272.0000	08/01/08	02/04/10			13,214.10	16,932.01	(3,717.91)
	71.0000	08/01/08	02/04/10			3,449.27	4,419.74	(970.47)
	188 0000	01/30/09	02/04/10			9,133 29	9,796.68	(663.39)
		Security Subtotal				***59,802.23***	***74,140.26***	***(14,338.03)***

ISLANDS FUND

2010 ANNUAL STATEMENT SUMMARY

2010 CAPITAL GAIN AND LOSS TRANSACTIONS

Security Description	Quantity	Date Acquired Cover of Short	Date Liquidated Short Sale	Amortization/Accretion Year-to-Date	Amortization/Accretion Life-to-Date	Sales Price	Cost Basis	Gain or (Loss)
ISHARES RUSSELL 1000	8300 0000	12/29/05	07/20/10			391,421 38	428,528.99	(37,107.61)
	5700.0000	12/29/05	07/20/10			268,864.46	294,291.01	(25,426.55)
		Security Subtotal				***660,285.84***	***722,820.00***	***(62,534.16)***
ISHARES DJ US TELCOMMUNI COR	5463.0000	05/17/04	02/04/10			100,135.51	115,378.56	(15,243.05)
	894.0000	05/17/04	02/04/10			16,395.75	18,870.17	(2,474.42)
	1252.0000	08/06/04	02/04/10			22,948.87	27,468.88	(4,520.01)
	3384.0000	08/01/08	02/04/10			62,027.93	78,035.04	(16,007.11)
		Security Subtotal				***201,508.06***	***239,752.65***	***(38,244.59)***
EATON VANCE RISK MANAGED	100.0000	10/27/08	09/03/10			1,354.36	1,600.00	(245.64)
	100.0000	10/27/08	09/03/10			1,354.36	1,596.00	(241.64)
	100.0000	10/27/08	09/03/10			1,354.36	1,601.00	(246.64)
	100 0000	10/27/08	09/03/10			1,354.36	1,602.00	(247.64)
	1600 0000	10/27/08	09/03/10			21,669.87	25,664.00	(3,994.13)
	850 0000	11/14/08	09/03/10			11,512.12	14,025.00	(2,512.88)
	150.0000	11/14/08	09/03/10			2,031.55	2,481.00	(449 45)
	700.0000	01/30/09	09/03/10			9,480.57	12,222.00	(2,741.43)
	400.0000	01/30/09	09/03/10			5,417.46	7,004.00	(1,586.54)
	200.0000	01/30/09	09/03/10			2,708.73	3,504.00	(795.27)
	700.0000	01/30/09	09/03/10			9,480.57	12,271.00	(2,790.43)
	600.0000	01/30/09	09/03/10			8,126.20	10,524.00	(2,397.80)
	700.0000	01/30/09	09/03/10			9,480.57	12,285.00	(2,804.43)
	200.0000	01/30/09	09/03/10			2,708.73	3,512.00	(803.27)
	1800.0000	01/30/09	09/03/10			24,378.62	31,626.00	(7,247.38)
	500.0000	01/30/09	09/03/10			6,771.84	8,790.00	(2,018.16)
	800.0000	01/30/09	09/03/10			10,834.94	14,072.00	(3,237.06)
	1600.0000	01/30/09	09/03/10			21,669.88	28,160.00	(6,490.12)
	400.0000	01/30/09	09/03/10			5,417.47	7,044.00	(1,626.53)
	714.0000	01/30/09	09/03/10			9,670.20	12,580.68	(2,910.48)
	386.0000	01/30/09	09/07/10			5,137.49	6,801.32	(1,663.83)
	600 0000	01/30/09	09/07/10			7,985.74	10,578.00	(2,592.26)
	2400.0000	01/30/09	09/07/10			31,942.98	42,336.00	(10,393.02)
	4300.0000	01/30/09	09/07/10			57,231.18	75,895.00	(18,663 82)
		Security Subtotal				***269,074.15***	***347,774.00***	***(78,699.85)***
MCKESSON CORPORATION COM	282.0000	01/25/08	02/04/10			16,907.81	17,137.14	(229.33)
MICROSOFT CORP	204.0000	01/25/08	02/04/10			5,746.61	6,785.03	(1,038.42)

ISLANDS FUND

2010 ANNUAL STATEMENT SUMMARY

2010 CAPITAL GAIN AND LOSS TRANSACTIONS

Security Description	Quantity	Date Acquired Cover of Short	Date Liquidated Short Sale	Amortization/Accretion Year-to-Date	Amortization/Accretion Life-to-Date	Sales Price	Cost Basis	Gain or (Loss)
PACCAR INC	1500.0000	07/11/07	02/04/10			52,290.08	91,219.90	(38,929.82)
	552.0000	03/03/08	02/04/10			19,242.75	24,011.94	(4,769.19)
	800.0000	08/01/08	02/04/10			27,888.06	33,710.56	(5,822.50)
		Security Subtotal				***99,420.89***	***148,942.40***	***(49,521.51)***
PPL CORPORATION	275.0000	01/25/08	02/04/10			7,996.89	12,993.75	(4,996.86)
	253.0000	03/03/08	02/04/10			7,357.14	11,541.86	(4,184.72)
	533.0000	08/01/08	02/04/10			15,499.45	23,308.09	(7,808.64)
	267.0000	01/30/09	02/04/10			7,764.27	8,522.50	(758.23)
	300.0000	01/30/09	02/04/10			8,726.89	9,575.85	(848.96)
	400.0000	01/30/09	02/04/10			11,636.25	12,767.81	(1,131.56)
		Security Subtotal				***58,980.89***	***78,709.86***	***(19,728.97)***
QUEST DIAGNOSTICS INC	2681.0000	02/13/09	08/03/10			127,794.41	139,749.81	(11,955.40)
MATERIALS SELECT SECTOR	342.0000	08/01/08	02/04/10			10,373.62	13,559.68	(3,186.06)
CONSUMER DISCRETIONARY	1831.0000	05/17/04	02/04/10			53,486 49	55,058.16	(1,571.67)
SECTOR SPDR ENERGY	39.0000	02/01/06	02/04/10			2,155.21	2,258.10	(102.89)
	68.0000	05/01/06	02/04/10			3,757.81	3,912.04	(154.23)
	86 0000	08/01/06	02/04/10			4,752.52	5,045.62	(293.10)
		Security Subtotal				***10,665.54***	***11,215.76***	***(550.22)***
SECTOR SPDR INDUSTRIAL	2602.0000	11/02/04	02/04/10			72,077.60	75,301.88	(3,224.28)
	18.0000	08/01/05	02/04/10			498.62	550.43	(51.81)
		Security Subtotal				***72,576.22***	***75,852.31***	***(3,276.09)***
AMEX TECHNLGY SELCT SPDR	2634 0000	08/15/07	02/04/10			55,764.23	65,850.00	(10,085.77)
TORCHMARK CORP COM	589.0000	05/02/08	02/04/10			26,665.92	38,718.09	(12,052.17)
	95.0000	08/01/08	02/04/10			4,300.96	5,505.25	(1,204.29)
		Security Subtotal				***30,966.88***	***44,223.34***	***(13,256.46)***
UNITED TECHS CORP COM	100.0000	01/25/08	02/04/10			6,724.13	7,346.00	(621.87)
	200.0000	01/25/08	02/04/10			13,448.26	14,694.00	(1,245.74)
	223.0000	01/25/08	02/04/10			14,994.83	16,386.04	(1,391.21)
		Security Subtotal				***35,167.22***	***38,426.04***	***(3,258.82)***
WADDELL & REED FINL A	100.0000	01/25/08	02/04/10			3,166.96	3,188.99	(22.03)
	200.0000	01/25/08	02/04/10			6,335.92	6,378.01	(42.09)
	200.0000	01/25/08	02/04/10			6,335.92	6,379.99	(44.07)
	100.0000	01/25/08	02/04/10			3,168.96	3,190.00	(21.04)
	423.0000	01/25/08	02/04/10			13,408.93	13,493.71	(84.78)
	100.0000	01/25/08	02/04/10			3,169.96	3,191.00	(21.04)

Merrill Lynch
Bank of America Corporation

Account No. 56S-04014 | Taxpayer No. 91-1663838

ISLANDS FUND

2010 ANNUAL STATEMENT SUMMARY

2010 CAPITAL GAIN AND LOSS TRANSACTIONS

Security Description	Quantity	Date Acquired Cover of Short	Date Liquidated Short Sale	Amortization/Accretion Year-to-Date	Amortization/Accretion Life-to-Date	Sales Price	Cost Basis	Gain or (Loss)
WADDELL & REED FINL A								
	26 0000	08/01/08	02/04/10			824.45	879.05	(54.60)
	150.0000	08/01/08	02/04/10			4,750.74	5,071.51	(320.77)
	500.0000	08/01/08	02/04/10			15,835.80	16,913.00	(1,077.20)
		Security Subtotal				***56,997.64***	***58,685.26***	***(1,687.62)***
		Long Term Capital Losses Subtotal				**1,923,642.77**	**2,262,923.72**	**(339,280.95)**
NET LONG TERM CAPITAL GAIN (LOSS)								**(126,997.67)**
TOTAL CAPITAL GAINS AND LOSSES						**2,989,558.37**	**3,106,997.24**	**(117,438.87)**
TOTAL REPORTABLE GROSS PROCEEDS						**2,989,558.37**		
DIFFERENCE						**0.00** **		

Note: Capital gains and losses in this statement are not reported to the Internal Revenue Service.

** Difference reflects items that are included in the reportable gross proceeds section of your statement but are not included in the gain/loss section (e.g., liquidation of fractional shares and the proceeds from certain tender offers). It also reflects items that are included in the gain/loss section of your statement but not in the reportable gross proceeds section (e.g., option premium received).

ISLANDS FUND

2010 ANNUAL STATEMENT SUMMARY

2010 REALIZED CAPITAL GAIN AND LOSS SUMMARY

	SHORT TERM GAINS	SHORT TERM LOSSES	LONG TERM GAINS	LONG TERM LOSSES
TOTAL	12,319.76	(2,760.96)	212,283.28	(339,280.95)

ISLANDS FUND

2010 ANNUAL STATEMENT SUMMARY

Your Tax Reporting Statement information that follows is a personal summary of your account activity and is not reported to the IRS

The Capital Gain and Loss Transaction section is provided to facilitate your review and the preparation of your tax return In calculating gain (loss), unless otherwise noted, it was assumed that the oldest position was liquidated first, and that an election was in effect to amortize the premium paid on the purchase of taxable bonds. The gain (loss) information may not include return of capital, sales load deferral or wash sales adjustments RICs (which may include mutual funds and unit investment trusts) may reclassify principal distributions as capital gains. The Cost Basis for these securities may not have been adjusted on your statement to reflect such reclassifications Please refer to information provided by the RIC and discuss with your tax advisor. Securities distributed from a retirement account reflect the tax basis on the date of distribution. Other methods for calculating gain (loss) are available. The cost basis for most Original Issue Discount (OID) obligations includes the accretion of OID. For purposes of allocating original purchase price to the components of an equity unit consisting of a purchase contract and a debt security subject to a remarketing event, we assumed that the fair market value of the debt security on purchase date was equal to its adjusted issue price. The difference between your original cost and the amount allocable to the debt component was allocated to the purchase contract. In making adjustments to the cost basis of the purchase contract, it was assumed that the unit holder included contract adjustment payments in income when received.

Data from Forms 1099 (reportable Dividend and Interest) is also repeated in this summary for your convenience. Additionally, we have included items such as margin interest and select account fees if applicable. Please discuss the deductibility of these items with your tax advisor. For select clients, we have also included a summary of Visa charges and checking activity.

Merrill Lynch is neither a tax return preparer nor tax advisor. Please see your tax advisor for more information.

2010 CAPITAL GAIN AND LOSS TRANSACTIONS

Security Description	Quantity	Date Acquired Cover of Short	Date Liquidated Short Sale	Amortization/Accretion Year-to-Date	Amortization/Accretion Life-to-Date	Sales Price	Cost Basis	Gain or (Loss)
LONG TERM CAPITAL GAINS								
GENL DYNAMICS COR 4 50% 10	100000 0000(B)	03/11/05	08/16/10	(83 20) (A)	(730 00) (A)	100,000 00	100,000 00 (C)	0.00
	150000 0000(B)	06/15/05	08/16/10	(351 61) (A)	(2,952 85) (A)	150,000 00	150,000 00 (C)	0 00
		Security Subtotal				*250,000.00*	*250,000.00*	*0.00*
GOLDMAN SACHS GRO 7.80% 10	150000 0000(B)	11/30/07	01/28/10	(360 84) (A)	(9,569 35) (A)	150,000 00	150,000 00 (C)	0 00
HOME DEPOT INC 4.62% 2010	300000 0000	02/06/06	08/16/10			300,000.00	299,006 35	993 65
	400000 0000	11/09/06	08/16/10			400,000 00	397,593.35	2,406.65
		Security Subtotal				*700,000.00*	*696,599.70*	*3,400.30*
COCA-COLA ENTERPR 4 25% 10	150000 0000(B)	06/15/05	09/15/10	(359 76) (A)	(2,414.35) (A)	150,000 00	150,000 00 (C)	0 00
GENL ELEC CR CRP 6.87% 10	250000 0000(B)	11/30/07	11/15/10	(5,900 13) (A)	(18,867 85) (A)	250,000 00	250,000.00 (C)	0.00
HONEYWELL INTL 7.50% 2010	360000 0000(B)	07/06/04	03/01/10	(1,971 42) (A)	(59,176.80) (A)	360,000.00	360,000 00 (C)	0 00
TOYOTA MTR CREDIT 4.35% 10	210000 0000	05/07/07	12/15/10			210,000.01	207,462.25	2,537 76
UNILEVER NV 7 12%NOV01 10	350000 0000(B)	07/06/04	11/01/10	(8,267 57) (A)	(55,216 00) (A)	350,000 00	350,000.00 (C)	0 00
WELLS FARGO CO 4.20% 2010	603000 0000	11/09/06	01/15/10			603,000.00	591,524.23	11,475 77
WAL-MART STORES 4 00% 2010	100000 0000(B)	06/15/05	01/15/10	(0 49) (A)	(49.35) (A)	100,000 00	100,000.00 (C)	0.00
WELS FARGO & CO 4.62% 2010	250000 0000	05/07/07	08/09/10			250,000 00	248,915 35	1,084 65
FED NAT'L MORTGAGE ASSOC	100000 0000	08/16/07	03/23/10			107,232 65	98,045 97	9,186 68
NM CATERPILLAR FNCL BE	7000 0000(B)	07/06/04	01/15/10	(3.87) (A)	(457 17) (A)	7,000 00	7,000 00 (C)	0 00

ISLANDS FUND

2010 ANNUAL STATEMENT SUMMARY

2010 CAPITAL GAIN AND LOSS TRANSACTIONS

Security Description	Quantity	Date Acquired Cover of Short	Date Liquidated Short Sale	Amortization/Accretion Year-to-Date	Amortization/Accretion Life-to-Date	Sales Price	Cost Basis	Gain or (Loss)
JOHN DEERE CAPITAL CORP	100000 0000(B)	06/15/05	01/15/10	(3 02) (A)	(303 35) (A)	100,000.00	100,000 00 (C)	0 00
CATERPILLAR FIN SERV CRP	100000.0000(B)	06/15/05	01/15/10	(6.28) (A)	(637 35) (A)	100,000.00	100,000.00 (C)	0 00
FEDERAL NATL MTG ASSOC	100000.0000	08/16/07	03/23/10			107,803.65	97,611 60	10,192.05
U.S. TREASURY NOTE	400000.0000(B)	04/02/04	08/16/10	(4,817.48) (A)	(52,192.48) (A)	400,000 00	400,000.00 (C)	0 00
US TSY 4 000% MAR 15 2010	115000.0000	03/11/05	03/15/10			115,000.00	114,835.41	164.59
US TSY 3.625% JUN 15 2010	150000.0000	06/15/05	06/15/10			150,000.00	149,509 42	490.58
US TSY 4 250% OCT 15 2010	700000.0000	02/06/06	10/15/10			700,000.00	694,643.77	5,356 23
M&I MARSHALL & ILSLE CLD	97000 0000	03/26/08	07/12/10			97,000.00	97,000.00	0.00
CD SOUTHWEST, AN M&I CLD	97000 0000	03/26/08	07/12/10			97,000.00	97,000.00	0.00
FEDERAL NATL MTGE ASSN	100000 0000	08/16/07	03/23/10			108,924.65	97,766.29	11,158.36
LM WA MANAGED MUNI A	40932 3270	01/20/09	02/23/10			650,000.00	574,283.60	75,716.40
		Long Term Capital Gains Subtotal				**6,112,960.96**	**5,982,197.59**	**130,763.37**
LONG TERM CAPITAL LOSSES								
TOYOTA MTR CREDIT 4 35% 10	400000.0000(B)	04/02/04	12/15/10	(2,164 68) (A)	(13,500 00) (A)	399,999.99	400,000.00 (C)	(0 01)
FEDERAL NATL MTG ASSOC	325000 0000	03/06/08	03/23/10			323,701.15	325,000 00	(1,298.85)
FEDERAL NATL MTG ASSOC	600000 0000	02/07/08	02/23/10			596,994.65	600,000.00	(3,005.35)
	300000.0000	02/07/08	03/23/10			295,869.65	300,000.00	(4,130.35)
		Security Subtotal				***892,864.30***	***900,000.00***	***(7,135.70)***
FEDERAL NATL MTG ASSOC	250000 0000	04/03/08	03/23/10			249,272.15	250,000.00	(727.85)
		Long Term Capital Losses Subtotal				**1,865,837.59**	**1,875,000.00**	**(9,162.41)**
NET LONG TERM CAPITAL GAIN (LOSS)								**121,600.96**
OTHER TRANSACTIONS								
UNITED PARCEL SERVIC CLD	300000.0000	09/17/07	03/15/10			300,000.00	300,000 00	N/C
UNITED PARCEL SERVIC CLD	400000 0000	11/26/07	02/16/10			400,000 00	400,000 00	N/C
		Other Transactions Subtotal				**700,000.00**		

ISLANDS FUND

2010 ANNUAL STATEMENT SUMMARY

2010 CAPITAL GAIN AND LOSS TRANSACTIONS

Security Description	Quantity	Date Acquired Cover of Short	Date Liquidated Short Sale	Amortization/Accretion Year-to-Date	Amortization/Accretion Life-to-Date	Sales Price	Cost Basis	Gain or (Loss)
TOTAL CAPITAL GAINS AND LOSSES						8,678,798.55	8,557,197.59	121,600.96
TOTAL REPORTABLE GROSS PROCEEDS						8,678,798.55		
DIFFERENCE						0.00 **		

Note Capital gains and losses in this statement are not reported to the Internal Revenue Service.

** Difference reflects items that are included in the reportable gross proceeds section of your statement but are not included in the gain/loss section (e g , liquidation of fractional shares and the proceeds from certain tender offers) It also reflects items that are included in the gain/loss section of your statement but not in the reportable gross proceeds section (e.g., option premium received).

(B) Bonds purchased at a premium show amortization.

(A) Year-to-Date and Life-to-Date amortization/accretion figures are net adjustments and may include Original Issue Discount, and/or premium or market discount adjustments, *if applicable These figures assume that the client has made all* elections to amortize bond premium and accrete market discount on a current basis. A negative figure indicates a net reduction in cost basis due to such factors as premium amortization.

(C) The Cost Basis reflects adjustments for amortized and/or accreted amounts

N/C Results may not be calculated for transactions which involve the amortization of premium, the repayment of principal, the sale of partnership interest, derivative products purchased in the secondary market, or the determination of ordinary income and/or capital items for discount and zero-coupon issues

ISLANDS FUND

2010 ANNUAL STATEMENT SUMMARY

1099-B

2010 PROCEEDS FROM BROKER & BARTER EXCHANGE TRANSACTIONS

Security Description	Cusip Number	Quantity	Transaction Description	Trade Date	Amount	Remarks
AMER EXPRESS COMPANY	025816109	506.0000	Sale	03/12/10	20,602.49	
APPLE INC	037833100	97.0000	Sale	03/12/10	21,998.30	
BANK OF AMERICA CORP	060505104	4380.0000	Sale	10/21/10	50,068.24	
ENTERGY CORP NEW	29364G103	856.0000	Sale	01/20/10	68,809.46	
EXELON CORPORATION	30161N101	1204.0000	Sale	01/14/10	59,075.32	
FLUOR CORP NEW DEL COM	343412102	1329.0000	Sale	10/21/10	66,085.66	
GENERAL ELECTRIC	369604103	1053.0000	Sale	01/22/10	17,560.45	
INTEL CORP	458140100	836.0000	Sale	02/22/10	17,454.96	
LAUDER ESTEE COS INC A	518439104	512.0000	Sale	01/21/10	27,218.54	
MC GRAW HILL COMPANIES	580645109	409.0000	Sale	02/22/10	14,229.83	
MICROSOFT CORP	594918104	781.0000	Sale	10/21/10	19,787.63	
PEABODY ENERGY CORP COM	704549104	1591.0000	Sale	10/21/10	81,825 50	
TARGET CORP COM	87612E106	396.0000	Sale	02/22/10	20,089.45	
TRANSOCEAN LTD	H8817H100	711.0000	Sale	01/14/10	65,449.28	
TOTAL GROSS PROCEEDS ACTIVITY					**550,255.11**	
TOTAL GROSS PROCEEDS					**550,255.11**	
TOTAL FEDERAL INCOME TAX WITHHELD					**0.00**	

ISLANDS FUND

2010 ANNUAL STATEMENT SUMMARY

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The Capital Gain and Loss Transaction section is provided to facilitate your review and the preparation of your tax return. In calculating gain (loss), unless otherwise noted, it was assumed that the oldest position was liquidated first, and that an election was in effect to amortize the premium paid on the purchase of taxable bonds. The gain (loss) information may not include return of capital, sales load deferral or wash sales adjustments. RICs (which may include mutual funds and unit investment trusts) may reclassify principal distributions as capital gains. The Cost Basis for these securities may not have been adjusted on your statement to reflect such reclassifications. Please refer to information provided by the RIC and discuss with your tax advisor. Securities distributed from a retirement account reflect the tax basis on the date of distribution. Other methods for calculating gain (loss) are available. The cost basis for most Original Issue Discount (OID) obligations includes the accretion of OID. For purposes of allocating original purchase price to the components of an equity unit consisting of a purchase contract and a debt security subject to a remarketing event, we assumed that the fair market value of the debt security on purchase date was equal to its adjusted issue price. The difference between your original cost and the amount allocable to the debt component was allocated to the purchase contract. In making adjustments to the cost basis of the purchase contract, it was assumed that the unit holder included contract adjustment payments in income when received.

Data from Forms 1099 (reportable Dividend and Interest) is also repeated in this summary for your convenience. Additionally, we have included items such as margin interest and select account fees if applicable. Please discuss the deductibility of these items with your tax advisor. For select clients, we have also included a summary of Visa charges and checking activity.

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2010 CAPITAL GAIN AND LOSS TRANSACTIONS

Security Description	Quantity	Date Acquired Cover of Short	Date Liquidated Short Sale	Amortization/Accretion Year-to-Date	Amortization/Accretion Life-to-Date	Sales Price	Cost Basis	Gain or (Loss)
SHORT TERM CAPITAL GAINS								
ENTERGY CORP NEW	235.0000	02/25/09	01/20/10			18,890.46	15,931.90	2,958 56
EXELON CORPORATION	250 0000	02/25/09	01/14/10			12,266.48	12,178.90	87 58
TRANSOCEAN LTD	390.0000	02/25/09	01/14/10			35,900.45	22,809.93	13,090.52
		Short Term Capital Gains Subtotal				**67,057.39**	**50,920.73**	**16,136.66**
NET SHORT TERM CAPITAL GAIN (LOSS)								**16,136.66**
LONG TERM CAPITAL GAINS								
AMER EXPRESS COMPANY	506 0000	11/17/08	03/12/10			20,602.49	10,180.56	10,421.93
APPLE INC	91.0000	07/19/07	03/12/10			20,637.58	12,753.10	7,884.48
	6.0000	02/07/08	03/12/10			1,360.72	728.98	631.74
		Security Subtotal				***21,998.30***	***13,482.08***	***8,516.22***
FLUOR CORP NEW DEL COM	364.0000	05/01/06	10/21/10			18,100.21	17,336.13	764.08
	574.0000	11/17/08	10/21/10			28,542.64	20,699.42	7,843.22
	277.0000	02/25/09	10/21/10			13,774.07	9,095.18	4,678.89
		Security Subtotal				***60,416.92***	***47,130.73***	***13,286.19***
GENERAL ELECTRIC	585.0000	11/17/08	01/22/10			9,755.81	9,623.19	132.62

ISLANDS FUND

2010 ANNUAL STATEMENT SUMMARY

2010 CAPITAL GAIN AND LOSS TRANSACTIONS

Security Description	Quantity	Date Acquired Cover of Short	Date Liquidated Short Sale	Amortization/Accretion Year-to-Date	Amortization/Accretion Life-to-Date	Sales Price	Cost Basis	Gain or (Loss)
LAUDER ESTEE COS INC A	419.0000	07/06/05	01/21/10			22,274.54	16,285.28	5,989.26
	93.0000	11/17/08	01/21/10			4,944.00	2,843.94	2,100.06
		Security Subtotal				*27,218.54*	*19,129.22*	*8,089.32*
PEABODY ENERGY CORP COM	207.0000	02/15/07	10/21/10			10,646.05	7,857.37	2,788.68
	182.0000	07/19/07	10/21/10			9,360.30	8,138.68	1,221.62
	34.0000	08/17/07	10/21/10			1,748.62	1,302.79	445.83
	685.0000	11/17/08	10/21/10			35,229.71	18,878.60	16,351.11
	483.0000	02/25/09	10/21/10			24,840.82	11,678.89	13,161.93
		Security Subtotal				*81,825.50*	*47,856.33*	*33,969.17*
TARGET CORP COM	396.0000	04/02/04	02/22/10			20,089.45	17,744.76	2,344.69
TRANSOCEAN LTD	321.0000	11/17/08	01/14/10			29,548.83	23,397.66	6,151.17
		Long Term Capital Gains Subtotal				**271,455.84**	**188,544.53**	**82,911.31**

LONG TERM CAPITAL LOSSES

Security Description	Quantity	Date Acquired Cover of Short	Date Liquidated Short Sale	Amortization/Accretion Year-to-Date	Amortization/Accretion Life-to-Date	Sales Price	Cost Basis	Gain or (Loss)
BANK OF AMERICA CORP	68.0000	08/10/04	10/21/10			777.31	2,886.61	(2,109.30)
	462.0000	11/01/04	10/21/10			5,281.17	20,831.58	(15,550.41)
	252.0000	01/10/05	10/21/10			2,880.63	11,375.28	(8,494.65)
	260.0000	10/20/06	10/21/10			2,972.08	13,861.82	(10,889.74)
	3338.0000	11/17/08	10/21/10			38,157.05	52,773.45	(14,616.40)
		Security Subtotal				*50,068.24*	*101,728.74*	*(51,660.50)*
ENTERGY CORP NEW	171.0000	02/07/08	01/20/10			13,745.81	18,013.41	(4,267.60)
	156.0000	05/23/08	01/20/10			12,540.04	18,829.70	(6,289.66)
	294.0000	11/17/08	01/20/10			23,633.15	23,867.24	(234.09)
		Security Subtotal				*49,919.00*	*60,710.35*	*(10,791.35)*
EXELON CORPORATION	236.0000	02/07/08	01/14/10			11,579.54	17,952.35	(6,372.81)
	205.0000	05/23/08	01/14/10			10,058.50	18,154.41	(8,095.91)
	513.0000	11/17/08	01/14/10			25,170.80	27,100.76	(1,929.96)
		Security Subtotal				*46,808.84*	*63,207.52*	*(16,398.68)*
FLUOR CORP NEW DEL COM	114.0000	02/07/08	10/21/10			5,668.74	6,215.57	(546.83)
GENERAL ELECTRIC	413.0000	11/01/04	01/22/10			6,887.43	14,042.00	(7,154.57)
	55.0000	01/10/05	01/22/10			917.21	1,968.45	(1,051.24)
		Security Subtotal				*7,804.64*	*16,010.45*	*(8,205.81)*
INTEL CORP	836 0000	01/10/05	02/22/10			17,454.96	19,094.24	(1,639.28)
MC GRAW HILL COMPANIES	409.0000	08/10/04	02/22/10			14,229 83	15,075.74	(845.91)

Merrill Lynch
Bank of America Corporation

Account No. 56S-04387 | Taxpayer No. 91-1663838

ISLANDS FUND

2010 ANNUAL STATEMENT SUMMARY

2010 CAPITAL GAIN AND LOSS TRANSACTIONS

Security Description	Quantity	Date Acquired Cover of Short	Date Liquidated Short Sale	Amortization/Accretion Year-to-Date	Amortization/Accretion Life-to-Date	Sales Price	Cost Basis	Gain or (Loss)
MICROSOFT CORP	636.0000	11/01/04	10/21/10			16,113.87	17,819.46	(1,705 59)
	145.0000	01/10/05	10/21/10			3,673.76	3,875.46	(201.70)
		Security Subtotal				*19,787.63*	*21,694.92*	*(1,907.29)*
		Long Term Capital Losses Subtotal				**211,741.88**	**303,737.53**	**(91,995.65)**
NET LONG TERM CAPITAL GAIN (LOSS)								**(9,084.34)**
TOTAL CAPITAL GAINS AND LOSSES						**550,255.11**	**543,202.79**	**7,052.32**
TOTAL REPORTABLE GROSS PROCEEDS						**550,255.11**		
DIFFERENCE						**0.00** **		

Note. Capital gains and losses in this statement are not reported to the Internal Revenue Service.

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ISLANDS FUND

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2010 CAPITAL GAIN AND LOSS TRANSACTIONS

Security Description	Quantity	Date Acquired Cover of Short	Date Liquidated Short Sale	Amortization/Accretion Year-to-Date	Amortization/Accretion Life-to-Date	Sales Price	Cost Basis	Gain or (Loss)
SHORT TERM CAPITAL GAINS								
COMPASS MINERALS INTL	200.0000	04/09/09	02/04/10			12,853.87	10,602.34	2,251.53
	200.0000	04/14/09	02/04/10			12,853.88	10,088.64	2,765.24
	200.0000	04/20/09	02/04/10			12,853.88	9,618.80	3,235.08
		Security Subtotal				***38,561.63***	***30,309.78***	***8,251.85***
CHIMERA INVESTMENT CORP	5900.0000	04/17/09	02/04/10			23,659.28	20,576.84	3,082.44
	500.0000	05/26/09	02/04/10			2,005.03	1,672.65	332.38
		Security Subtotal				***25,664.31***	***22,249.49***	***3,414.82***
COMMERCIAL METALS CO COM	3645.0000	09/02/09	03/11/10			62,708.53	60,728.97	1,979.56
	1280.0000	09/02/09	03/12/10			22,113.00	21,325.96	787.04
	520.0000	09/04/09	03/16/10			9,066.13	9,060.54	5.59
		Security Subtotal				***93,887.66***	***91,115.47***	***2,772.19***
FRONTLINE LTD	701.0000	03/11/10	06/11/10			24,531.01	21,183.73	3,347.28
HOLLY CORP COM $0 01	1330.0000	09/08/09	06/25/10			37,198.14	30,789.63	6,408.51
	2540.0000	09/09/09	06/25/10			71,040.06	58,310.02	12,730.04
	460.0000	09/09/09	06/28/10			12,747.80	10,560.08	2,187.72
	150.0000	09/10/09	06/28/10			4,156.90	3,355.02	801.88
		Security Subtotal				***125,142.90***	***103,014.75***	***22,128.15***

ISLANDS FUND

2010 ANNUAL STATEMENT SUMMARY

2010 CAPITAL GAIN AND LOSS TRANSACTIONS

Security Description	Quantity	Date Acquired Cover of Short	Date Liquidated Short Sale	Amortization/Accretion Year-to-Date	Amortization/Accretion Life-to-Date	Sales Price	Cost Basis	Gain or (Loss)
TELEFLEX INC	150.0000	09/09/09	02/04/10			8,613.95	6,916.25	1,697 70
		Short Term Capital Gains Subtotal				**316,401.46**	**274,789.47**	**41,611.99**
SHORT TERM CAPITAL LOSSES								
BRINKS CO	600.0000	05/06/09	02/04/10			14,749.85	16,180.26	(1,430.41)
COMMERCIAL METALS CO COM	185.0000	09/04/09	03/12/10			3,196.02	3,223.45	(27.43)
	595.0000	09/04/09	03/15/10			10,154.08	10,367.34	(213.26)
		Security Subtotal				***13,350.10***	***13,590.79***	***(240.69)***
		Short Term Capital Losses Subtotal				**28,099.95**	**29,771.05**	**(1,671.10)**
NET SHORT TERM CAPITAL GAIN (LOSS)								**39,940.89**
LONG TERM CAPITAL GAINS								
ATMOS ENERGY CORP COM	270.0000	01/02/04	02/04/10			7,409.02	6,658 20	750.82
	325.0000	02/04/04	02/04/10			8,918.28	8,118.50	799 78
	55.0000	03/02/04	02/04/10			1,509.25	1,471.24	38.01
		Security Subtotal				***17,836.55***	***16,247.94***	***1,588.61***
CHIMERA INVESTMENT CORP	4350.0000	05/26/09	12/28/10			18,491.97	14,552.06	3,939.91
	13666.0000	09/01/09	12/28/10			58,094.56	51,747.68	6,346.88
	12234.0000	09/01/09	12/28/10			52,283.57	46,325.26	5,958.31
		Security Subtotal				***128,870.10***	***112,625.00***	***16,245.10***
COMMERCIAL METALS CO COM	680 0000	03/02/04	03/11/10			11,698.70	5,258.11	6,440.59
	1000.0000	04/01/04	03/11/10			17,203.98	7,777.50	9,426.48
		Security Subtotal				***28,902.68***	***13,035.61***	***15,867.07***
DEL MONTE FOODS CO	1900.0000	07/01/08	02/04/10			22,003.43	13,340.28	8,663.15
	500.0000	07/01/08	06/11/10			7,593.97	3,510.60	4,083.37
	1400.0000	07/08/08	06/11/10			21,263.11	9,989.56	11,273.55
	115.0000	09/18/08	06/11/10			1,746 62	891 27	855.35
		Security Subtotal				***52,607.13***	***27,731.71***	***24,875.42***
EQUITY ONE	525.0000	04/21/04	02/04/10			8,854.90	8,813.91	40.99
ENERGEN CRP COM PV 1CENT	180.0000	02/04/04	02/04/10			7,902.38	3,851.11	4,051.27
	320.0000	03/02/04	02/04/10			14,048.69	6,819.20	7,229.49
		Security Subtotal				***21,951.07***	***10,670.31***	***11,280.76***

ISLANDS FUND

2010 ANNUAL STATEMENT SUMMARY

2010 CAPITAL GAIN AND LOSS TRANSACTIONS

Security Description	Quantity	Date Acquired Cover of Short	Date Liquidated Short Sale	Amortization/Accretion Year-to-Date	Amortization/Accretion Life-to-Date	Sales Price	Cost Basis	Gain or (Loss)
ENNIS INC	20 0000	05/28/03	02/04/10			283.17	268.80	14.37
HOLLY CORP COM $0 01	900.0000	12/01/04	02/04/10			24,724.93	12,622.46	12,102.47
IAMGOLD CORP COM	25.0000	02/18/04	05/10/10			444.62	172.88	271.74
	1465.0000	03/02/04	05/10/10			26,055.17	9,843.19	16,211.98
	717.0000	04/01/04	05/10/10			12,751.93	4,638.98	8,112.95
		Security Subtotal				***39,251.72***	***14,655.05***	***24,596.67***
JABIL CIRCUIT INC	1750.0000	10/09/08	02/04/10			25,932.39	13,375.95	12,556.44
	1300.0000	10/21/08	02/04/10			19,264.06	9,513.14	9,750.92
	600.0000	11/05/08	02/04/10			8,891.11	5,351.16	3,539.95
	850.0000	11/07/08	02/04/10			12,595.74	7,127.08	5,468.66
		Security Subtotal				***66,683.30***	***35,367.33***	***31,315.97***
LUBRIZOL CORP	130 0000	02/04/04	02/04/10			9,767.42	4,023.50	5,743.92
	275.0000	03/02/04	02/04/10			20,661.86	8,648.75	12,013.11
	195.0000	04/01/04	02/04/10			14,651.15	6,238.05	8,413.10
	55.0000	04/01/04	09/10/10			5,548.93	1,759.45	3,789.48
	279.0000	04/12/05	09/10/10			28,148.26	10,899.58	17,248.68
		Security Subtotal				***78,777.62***	***31,569.33***	***47,208.29***
NAT FUEL GAS CO NJ $1	135.0000	02/04/04	02/04/10			6,423.46	3,402.01	3,021.45
	325.0000	03/02/04	02/04/10			15,463.89	8,414.25	7,049.64
	140.0000	04/01/04	02/04/10			6,661.37	3,451.00	3,210.37
	210.0000	04/01/04	10/12/10			11,485.71	5,176.50	6,309.21
	148.0000	04/12/05	10/12/10			8,094.70	4,200.24	3,894.46
	352.0000	04/12/05	10/13/10			19,377.30	9,989.76	9,387.54
	117.0000	09/03/09	10/13/10			6,440.76	5,060.31	1,380.45
	493.0000	09/03/09	10/14/10			26,966.34	21,322.50	5,643.84
	43.0000	09/04/09	10/14/10			2,352.04	1,891.98	460.06
	1112 0000	09/04/09	10/15/10			60,997.40	48,927.44	12,069.96
	100.0000	09/08/09	10/15/10			5,485.38	4,491.47	993.91
		Security Subtotal				***169,748.35***	***116,327.46***	***53,420.89***

ISLANDS FUND

2010 ANNUAL STATEMENT SUMMARY

2010 CAPITAL GAIN AND LOSS TRANSACTIONS

Security Description	Quantity	Date Acquired Cover of Short	Date Liquidated Short Sale	Amortization/Accretion Year-to-Date	Amortization/Accretion Life-to-Date	Sales Price	Cost Basis	Gain or (Loss)
PHILLIPS VAN HEUSEN	500 0000	08/15/08	02/04/10			20,012.19	19,835.80	176.39
	100.0000	08/25/08	02/04/10			4,002.45	3,501.46	500.99
	200 0000	08/25/08	04/06/10			11,999.07	7,002.95	4,996.12
	180.0000	10/03/08	04/06/10			10,799.17	6,344.44	4,454 73
	120.0000	10/03/08	10/19/10			7,251.53	4,229.63	3,021.90
	200.0000	10/08/08	10/19/10			12,085.89	6,541.34	5,544.55
	811.0000	09/02/09	10/19/10			49,008.32	30,704.95	18,303.37
	906.0000	09/02/09	10/20/10			55,078.43	34,301.70	20,776.73
	633.0000	09/02/09	10/21/10			38,725.91	23,965.76	14,760.15
		Security Subtotal				***208,962.96***	***136,428.03***	***72,534.93***
SENSIENT TECHNOLGY CORP	120.0000	01/02/04	02/04/10			3,145.56	2,377.21	768.35
	380.0000	02/04/04	02/04/10			9,960.96	7,638.00	2,322.96
	460.0000	03/02/04	02/04/10			12,058.02	9,177.00	2,881.02
	90.0000	04/01/04	02/04/10			2,359.18	1,706.40	652.78
		Security Subtotal				***27,523.72***	***20,898.61***	***6,625.11***
TELEFLEX INC	300 0000	07/25/08	02/04/10			17,227.88	16,535.04	692 84
	250.0000	10/07/08	02/04/10			14,356.57	13,377.53	979.04
		Security Subtotal				***31,584.45***	***29,912.57***	***1,671.88***
UGI CORP NEW	350.0000	01/02/04	02/04/10			8,582.20	5,951.75	2,630.45
	350.0000	02/04/04	02/04/10			8,582.21	5,617.50	2,964.71
		Security Subtotal				***17,164.41***	***11,569.25***	***5,595.16***
UNIVERSAL CORP VA	130.0000	01/02/04	02/04/10			5,973.60	5,787.60	186.00
WD 40 COMPANY DELAWARE	680.0000	01/10/05	09/10/10			24,066.48	20,258.16	3,808.32
	132.0000	04/12/05	09/10/10			4,671.74	4,008.84	662.90
		Security Subtotal				***28,738.22***	***24,267.00***	***4,471.22***
WORLD FUEL SERVICES CRP	600 0000	09/11/06	02/04/10			13,903.50	10,253.64	3,649.86
WEIS MARKETS INC	105.0000	02/04/04	02/04/10			3,624.88	3,376.02	248.86
	255.0000	03/02/04	02/04/10			8,803.28	8,412.45	390.83
	200 0000	04/01/04	02/04/10			6,904.53	6,780.00	124.53
		Security Subtotal				***19,332.69***	***18,568.47***	***764.22***
WOLVERINE WORLD WIDE	700.0000	07/15/08	02/04/10			17,047.16	16,583.56	463.60
		Long Term Capital Gains Subtotal				**1,008,722.23**	**674,203.64**	**334,518.59**

ISLANDS FUND

2010 ANNUAL STATEMENT SUMMARY

2010 CAPITAL GAIN AND LOSS TRANSACTIONS

Security Description	Quantity	Date Acquired Cover of Short	Date Liquidated Short Sale	Amortization/Accretion Year-to-Date	Amortization/Accretion Life-to-Date	Sales Price	Cost Basis	Gain or (Loss)
LONG TERM CAPITAL LOSSES								
AMERICAN FINL GRP HLDGS	500.0000	11/28/07	02/04/10			12,470.94	14,517.55	(2,046.61)
	200 0000	11/29/07	02/04/10			4,988.38	5,756.68	(768.30)
		Security Subtotal				***17,459.32***	***20,274.23***	***(2,814.91)***
BANK HAWAII CORP	300.0000	04/02/07	02/04/10			12,945.91	15,709.08	(2,763.17)
	300.0000	04/13/07	02/04/10			12,945.92	15,703.29	(2,757.37)
	150.0000	04/26/07	02/04/10			6,472.96	8,001.33	(1,528.37)
		Security Subtotal				***32,364.79***	***39,413.70***	***(7,048.91)***
EQUITY ONE	285.0000	04/19/04	02/04/10			4,806.94	4,845.01	(38.07)
	740.0000	04/20/04	02/04/10			12,481.20	12,580.00	(98.80)
	250.0000	04/23/04	02/04/10			4,216.62	4,247.60	(30.98)
	600 0000	04/12/05	02/04/10			10,119.91	11,904.00	(1,784.09)
		Security Subtotal				***31,624.67***	***33,576.61***	***(1,951.94)***
ENNIS INC	525.0000	01/02/04	02/04/10			7,433.32	8,310.75	(877.43)
	470.0000	02/04/04	02/04/10			6,654.60	7,543.50	(888.90)
	85.0000	03/02/04	02/04/10			1,203.50	1,427.51	(224.01)
		Security Subtotal				***15,291.42***	***17,281.76***	***(1,990.34)***
HEALTHCARE REALTY TR	95.0000	05/28/03	02/04/10			2,014.99	2,784.45	(769.46)
	225.0000	01/02/04	02/04/10			4,772.34	7,956.00	(3,183.66)
	155.0000	02/04/04	02/04/10			3,287.61	6,206.20	(2,918.59)
	215.0000	03/02/04	02/04/10			4,560.24	8,716.10	(4,155.86)
	150.0000	04/01/04	02/04/10			3,181.56	6,486.00	(3,304.44)
	260.0000	04/12/05	02/04/10			5,514.73	9,531.60	(4,016.87)
		Security Subtotal				***23,331.47***	***41,680.35***	***(18,348.88)***
HOLLY CORP COM $0 01	900.0000	07/30/08	02/04/10			24,724.94	26,807.31	(2,082.37)
TELEFLEX INC	100.0000	10/01/08	02/04/10			5,742.62	6,266.00	(523.38)
	200.0000	10/03/08	02/04/10			11,485.25	11,964.82	(479.57)
		Security Subtotal				***17,227.87***	***18,230.82***	***(1,002.95)***
UNIVERSAL CORP VA	150.0000	02/04/04	02/04/10			6,892.62	7,338.00	(445.38)
	155.0000	03/02/04	02/04/10			7,122.37	7,990.25	(867.88)
	150.0000	04/01/04	02/04/10			6,892.63	7,822.50	(929.87)
	115.0000	04/12/05	02/04/10			5,284.35	5,436.05	(151.70)
		Security Subtotal				***26,191.97***	***28,586.80***	***(2,394.83)***
WEIS MARKETS INC	90 0000	04/12/05	02/04/10			3,107.05	3,330.90	(223.85)

ISLANDS FUND

2010 ANNUAL STATEMENT SUMMARY

2010 CAPITAL GAIN AND LOSS TRANSACTIONS

Security Description	Quantity	Date Acquired Cover of Short	Date Liquidated Short Sale	Amortization/Accretion Year-to-Date	Amortization/Accretion Life-to-Date	Sales Price	Cost Basis	Gain or (Loss)
WOLVERINE WORLD WIDE	100.0000	09/29/08	02/04/10			2,435.31	2,587.43	(152 12)
		Long Term Capital Losses Subtotal				**193,758.81**	**231,769.91**	**(38,011.10)**
NET LONG TERM CAPITAL GAIN (LOSS)								**296,507.49**
OTHER TRANSACTIONS								
OWENS &MINOR INC NEW COM	3155.0000	04/15/10	04/15/10			15.25	N/A	N/A
		Other Transactions Subtotal				**15.25**		
TOTAL CAPITAL GAINS AND LOSSES						**1,546,997.70**	**1,210,534.07**	**336,448.38**
TOTAL REPORTABLE GROSS PROCEEDS						**1,546,997.70**		
DIFFERENCE						**0.00 ****		

Note Capital gains and losses in this statement are not reported to the Internal Revenue Service

** Difference reflects items that are included in the reportable gross proceeds section of your statement but are not included in the gain/loss section (e.g., liquidation of fractional shares and the proceeds from certain tender offers). It also reflects items that are included in the gain/loss section of your statement but not in the reportable gross proceeds section (e.g , option premium received).

N/A Results which cannot be calculated because of insufficient data in the Capital Gain (or Loss) Column and are not included in the Realized Capital Gain and Loss summary.

ISLANDS FUND

2010 ANNUAL STATEMENT SUMMARY

1099-B 2010 PROCEEDS FROM BROKER & BARTER EXCHANGE TRANSACTIONS

Security Description	Cusip Number	Quantity	Transaction Description	Trade Date	Amount	Remarks
WPP PLC ADR	92933H101	932.0000	Sale	02/11/10	42,932.03	
		629.0000	Sale	09/24/10	35,600.80	
			Security Subtotal		*78,532.83*	
TOTAL GROSS PROCEEDS ACTIVITY					**3,087,989.88**	
TOTAL GROSS PROCEEDS					**3,087,989.88**	
TOTAL FEDERAL INCOME TAX WITHHELD					**0.00**	

ISLANDS FUND

2010 ANNUAL STATEMENT SUMMARY

Your Tax Reporting Statement information that follows is a personal summary of your account activity and is not reported to the IRS.

The Capital Gain and Loss Transaction section is provided to facilitate your review and the preparation of your tax return. In calculating gain (loss), unless otherwise noted, it was assumed that the oldest position was liquidated first, and that an election was in effect to amortize the premium paid on the purchase of taxable bonds. The gain (loss) information may not include return of capital, sales load deferral or wash sales adjustments. RICs (which may include mutual funds and unit investment trusts) may reclassify principal distributions as capital gains. The Cost Basis for these securities may not have been adjusted on your statement to reflect such reclassifications. Please refer to information provided by the RIC and discuss with your tax advisor. Securities distributed from a retirement account reflect the tax basis on the date of distribution. Other methods for calculating gain (loss) are available. The cost basis for most Original Issue Discount (OID) obligations includes the accretion of OID. For purposes of allocating original purchase price to the components of an equity unit consisting of a purchase contract and a debt security subject to a remarketing event, we assumed that the fair market value of the debt security on purchase date was equal to its adjusted issue price. The difference between your original cost and the amount allocable to the debt component was allocated to the purchase contract. In making adjustments to the cost basis of the purchase contract, it was assumed that the unit holder included contract adjustment payments in income when received.

Data from Forms 1099 (reportable Dividend and Interest) is also repeated in this summary for your convenience. Additionally, we have included items such as margin interest and select account fees if applicable. Please discuss the deductibility of these items with your tax advisor. For select clients, we have also included a summary of Visa charges and checking activity.

Merrill Lynch is neither a tax return preparer nor tax advisor. Please see your tax advisor for more information.

2010 CAPITAL GAIN AND LOSS TRANSACTIONS

Security Description	Quantity	Date Acquired Cover of Short	Date Liquidated Short Sale	Amortization/Accretion Year-to-Date	Amortization/Accretion Life-to-Date	Sales Price	Cost Basis	Gain or (Loss)
SHORT TERM CAPITAL GAINS								
CNOOC LTD ADR	526.0000	02/11/10	10/25/10			109,016.50	83,498.24	25,518.26
CHINA LIFE INS CO SP ADR	915 0000	05/26/09	01/14/10			65,106.00	48,396.45	16,709.55
	621.0000	05/26/09	01/15/10			43,921.90	32,846.12	11,075.78
	638.0000	06/26/09	01/15/10			45,124.28	35,711.16	9,413.12
		Security Subtotal				***154,152.18***	***116,953.73***	***37,198.45***
CHINA CONSTRUCT UNSPN AD	2410.0000	12/17/10	12/17/10			2,880.91	2,880.91	0.00
NEXEN INC CANADA COM	3490.0000	04/16/09	02/25/10			74,864.79	69,412.61	5,452.18
ROYAL KPN N V SP ADR	1427.0000	05/04/09	04/22/10			21,405.35	17,578.50	3,826.85
SWISS REINS SPNSD ADR	743.0000	05/12/09	01/25/10			32,450.11	25,981.67	6,468.44
	717.0000	08/19/09	01/25/10			31,314.59	30,484.47	830.12
		Security Subtotal				***63,764.70***	***56,466.14***	***7,298.56***
SMITH-NPHW PLC SPADR NEW	1679.0000	02/02/09	01/15/10			86,934.15	58,162.41	28,771.74
	341.0000	08/26/09	01/15/10			17,656.07	14,248.28	3,407.79
	1085.0000	08/27/09	01/15/10			56,178.43	46,958.37	9,220.06
		Security Subtotal				***160,768.65***	***119,369.06***	***41,399.59***
SYMRISE AG ADR	1604.0000	09/04/09	06/03/10			32,785.53	26,905.17	5,880.36
TOTAL S.A. SP ADR	623.0000	06/07/10	07/21/10			29,929 18	28,111 69	1,817.49
VIRGIN MEDIA INC	2083 0000	04/22/10	08/26/10			41,156.67	39,194.98	1,961.69

ISLANDS FUND

2010 ANNUAL STATEMENT SUMMARY

2010 CAPITAL GAIN AND LOSS TRANSACTIONS

Security Description	Quantity	Date Acquired Cover of Short	Date Liquidated Short Sale	Amortization/Accretion Year-to-Date	Amortization/Accretion Life-to-Date	Sales Price	Cost Basis	Gain or (Loss)
ZURICH FINL SVCS SPN ADR	2281.0000	01/21/10	04/15/10			55,565.82	50,065.43	5,500.39
	5289.0000	01/21/10	10/12/10			125,485.75	116,087.74	9,398.01
		Security Subtotal				***181,051.57***	***166,153.17***	***14,898.40***
		Short Term Capital Gains Subtotal				**871,776.03**	**726,524.20**	**145,251.83**
SHORT TERM CAPITAL LOSSES								
GDF SUEZ ADR	1820 0000	06/03/09	05/07/10			55,429.54	71,100.85	(15,671.31)
MITSUBISHI UFJ FINL GRP	11116.0000	06/26/09	04/15/10			61,478.22	72,414.07	(10,935.85)
SUNCOR ENERGY INC NEW	1566.0000	09/03/09	05/20/10			44,289.96	47,264.70	(2,974.74)
	1162.0000	02/25/10	05/20/10			32,863.95	32,864.73	(0.78)
		Security Subtotal				***77,153.91***	***80,129.43***	***(2,975.52)***
TALISMAN ENERGY INC COM	4530.0000	02/25/10	05/20/10			72,599.72	80,833.77	(8,234.05)
TNT N V ADR	43.0000	08/30/10	09/23/10			1,088.20	1,123.61	(35.41)
		Short Term Capital Losses Subtotal				**267,749.59**	**305,601.73**	**(37,852.14)**
NET SHORT TERM CAPITAL GAIN (LOSS)								**107,399.69**
LONG TERM CAPITAL GAINS								
AMERICA MOVIL SAB DE CV	276.0000	11/18/08	04/21/10			14,011.93	8,387.14	5,624.79
BRIDGESTONE CORP ADR	2278.0000	05/08/09	10/13/10			80,005.65	72,021.48	7,984.17
ENI S P A SPONSORED ADR	346.0000	11/18/08	02/11/10			15,551.82	15,549.59	2.23
GRUPO TELEVISA SA ADR	661.0000	11/18/08	05/06/10			12,158.63	9,219.03	2,939.60
KIMBERLY CLARK DE MX SAB	2593.0000	03/03/08	03/12/10			67,597.10	54,323.35	13,273.75
	280.0000	11/18/08	03/12/10			7,299.34	4,480.00	2,819.34
		Security Subtotal				***74,896.44***	***58,803.35***	***16,093.09***
PETRLEO BRAS VTG SPD ADR	290.0000	11/18/08	02/25/10			11,837.03	6,115.84	5,721.19
	1396.0000	12/11/08	02/25/10			56,981.07	33,829.13	23,151.94
		Security Subtotal				***68,818.10***	***39,944.97***	***28,873.13***
SWISS REINS SPNSD ADR	109.0000	11/18/08	01/21/10			4,877.42	3,864.05	1,013.37
	91.0000	11/18/08	01/25/10			3,974.37	3,225.95	748.42
		Security Subtotal				***8,851.79***	***7,090.00***	***1,761.79***
TOTAL S A. SP ADR	619.0000	04/16/09	07/21/10			29,737 00	29,378.05	358.95

ISLANDS FUND

2010 ANNUAL STATEMENT SUMMARY

2010 CAPITAL GAIN AND LOSS TRANSACTIONS

Security Description	Quantity	Date Acquired Cover of Short	Date Liquidated Short Sale	Amortization/Accretion Year-to-Date	Amortization/Accretion Life-to-Date	Sales Price	Cost Basis	Gain or (Loss)
TAIWAN S MANUFCTRING ADR	1221.0000	12/09/08	03/26/10			12,707.02	8,990.88	3,716.14
	2686.0000	01/28/09	03/26/10			27,953.39	21,443.74	6,509.65
		Security Subtotal				***40,660.41***	***30,434.62***	***10,225.79***
TNT N V ADR	665.0000	06/23/05	03/26/10			18,934 63	16,659.25	2,275.38
	812.0000	10/10/05	03/26/10			23,120.18	19,706.86	3,413.32
	35.0000	10/13/05	03/26/10			996.56	847.96	148.60
	192.0000	10/13/05	03/26/10			5,466.85	4,490.02	976.83
	806.0000	10/13/05	04/16/10			25,155.96	18,848.75	6,307.21
	1364.0000	10/06/08	09/23/10			34,518.57	33,339.69	1,178.88
	500.0000	11/18/08	09/23/10			12,653.44	9,760.00	2,893.44
		Security Subtotal				***120,846.19***	***103,652.53***	***17,193.66***
TOMKINS PLC SP ADR	2071 0000	07/07/09	08/12/10			41,317.61	21,034.32	20,283.29
	581.0000	07/07/09	08/31/10			11,473.17	5,900.98	5,572.19
	5347.0000	07/07/09	09/01/10			106,098.73	54,307.34	51,791.39
		Security Subtotal				***158,889.51***	***81,242.64***	***77,646.87***
		Long Term Capital Gains Subtotal				**624,427.47**	**455,723.40**	**168,704.07**
LONG TERM CAPITAL LOSSES								
AKZO NOBEL N V SPNSD ADR	672.0000	03/03/08	04/16/10			39,248.44	49,593.60	(10,345.16)
AMERICA MOVIL SAB DE CV	571.0000	03/03/08	04/06/10			29,508.26	34,425.54	(4,917.28)
	5.0000	07/16/08	04/06/10			258.40	259.66	(1.26)
	744.0000	07/16/08	04/21/10			37,771.26	38,637.63	(866.37)
		Security Subtotal				***67,537.92***	***73,322.83***	***(5,784.91)***
ENI S P A SPONSORED ADR	902.0000	03/04/08	02/11/10			40,542.58	61,622 29	(21,079.71)
	2855.0000	03/05/08	02/11/10			128,324.90	203,116.98	(74,792.08)
		Security Subtotal				***168,867.48***	***264,739.27***	***(95,871.79)***
E.ON AG ADR	3759.0000	06/30/09	10/12/10			109,707.57	136,185.57	(26,478.00)
GRUPO TELEVISA SA ADR	1636.0000	03/03/08	02/11/10			30,494.16	36,103.74	(5,609.58)
	1033.0000	03/03/08	05/06/10			19,001.30	22,796.56	(3,795.26)
	1621.0000	03/27/08	05/06/10			29,817.14	40,200.48	(10,383.34)
		Security Subtotal				***79,312.60***	***99,100.78***	***(19,788.18)***
GDF SUEZ ADR	1854.0000	03/03/08	05/07/10			56,465.02	108,144.78	(51,679.76)
	262.0000	11/18/08	05/07/10			7,979.41	12,052.00	(4,072.59)
		Security Subtotal				***64,444.43***	***120,196.78***	***(55,752.35)***

ISLANDS FUND

2010 ANNUAL STATEMENT SUMMARY

2010 CAPITAL GAIN AND LOSS TRANSACTIONS

Security Description	Quantity	Date Acquired Cover of Short	Date Liquidated Short Sale	Amortization/Accretion Year-to-Date	Amortization/Accretion Life-to-Date	Sales Price	Cost Basis	Gain or (Loss)
NOKIA CORP SPON ADR	5048 0000	05/05/09	07/20/10			45,156.12	74,722.52	(29,566.40)
	2828.0000	06/02/09	07/20/10			25,297.44	46,348.94	(21,051.50)
	2704.0000	06/10/09	07/20/10			24,188.23	43,225.60	(19,037.37)
		Security Subtotal				***94,641.79***	***164,297.06***	***(69,655.27)***
PETRLEO BRAS VTG SPD ADR	137.0000	03/03/08	02/25/10			5,591.98	8,043.96	(2,451.98)
REED ELSEVIER P L C	917.0000	05/08/09	06/10/10			25,770.93	30,103.64	(4,332.71)
	1178 0000	05/08/09	06/11/10			33,751.01	38,671.86	(4,920.85)
		Security Subtotal				***59,521.94***	***68,775.50***	***(9,253.56)***
ROCHE HLDG LTD SPN ADR	457 0000	03/03/08	07/08/10			16,191.65	22,347.28	(6,155 63)
	326.0000	03/03/08	07/09/10			11,461.58	15,941.38	(4,479.80)
		Security Subtotal				***27,653.23***	***38,288.66***	***(10,635.43)***
SUMITOMO MITSU FINL ADR	15925.0000	03/03/08	04/15/10			55,742.93	114,803.32	(59,060.39)
SWISS REINS SPNSD ADR	1836 0000	03/03/08	01/21/10			82,155.36	144,034.20	(61,878.84)
SIEMENS AG ADR	237.0000	03/03/08	04/06/10			24,115.74	30,198.42	(6,082.68)
	519.0000	03/03/08	04/15/10			51,532.77	66,130.72	(14,597.95)
		Security Subtotal				***75,648.51***	***96,329.14***	***(20,680.63)***
TOTAL S.A. SP ADR	17.0000	06/14/06	02/25/10			928.37	999.58	(71.21)
	69.0000	06/15/06	02/25/10			3,768.09	4,191.58	(423.49)
	578.0000	03/03/08	02/25/10			31,564.58	43,640.73	(12,076.15)
	1998.0000	03/03/08	07/21/10			95,984.69	150,855.00	(54,870.31)
	373.0000	11/18/08	07/21/10			17,919.06	19,045.01	(1,125.95)
		Security Subtotal				***150,164.79***	***218,731.90***	***(68,567.11)***
TNT N V ADR	259.0000	10/15/07	04/16/10			8,083.62	10,824.84	(2,741.22)
	1303.0000	10/15/07	09/23/10			32,974.85	54,458.60	(21,483.75)
		Security Subtotal				***41,058.47***	***65,283.44***	***(24,224.97)***
UBS AG REG	5190.0000	12/16/08	02/11/10			65,216.71	69,637.86	(4,421.15)
VODAFONE GROP PLC SP ADR	1441.0000	12/14/06	06/03/10			29,195.03	40,938.09	(11,743.06)
	1114.0000	12/14/06	08/26/10			25,903.85	31,648.19	(5,744.34)
	166.0000	04/13/07	08/26/10			3,860.00	4,574.91	(714.91)
		Security Subtotal				***58,958.88***	***77,161.19***	***(18,202.31)***

ISLANDS FUND

2010 ANNUAL STATEMENT SUMMARY

2010 CAPITAL GAIN AND LOSS TRANSACTIONS

Security Description	Quantity	Date Acquired Cover of Short	Date Liquidated Short Sale	Amortization/Accretion Year-to-Date	Amortization/Accretion Life-to-Date	Sales Price	Cost Basis	Gain or (Loss)
WPP PLC ADR	932 0000	03/03/08	02/11/10			42,932.03	54,887.99	(11,955.96)
	629.0000	03/03/08	09/24/10			35,600.80	37,043.51	(1,442.71)
		Security Subtotal				***78,532.83***	***91,931.50***	***(13,398.67)***
		Long Term Capital Losses Subtotal				**1,324,005.86**	**1,900,456.56**	**(576,450.70)**
NET LONG TERM CAPITAL GAIN (LOSS)								**(407,746.63)**
OTHER TRANSACTIONS								
AIR LIQUIDE ADR	6319.0000	07/12/10	07/12/10			5.88	N/A	N/A
TNT N V ADR	3167.0000	09/03/10	09/03/10			25.05	N/A	N/A
		Other Transactions Subtotal				**30.93**		
TOTAL CAPITAL GAINS AND LOSSES						**3,087,989.88**	**3,388,305.89**	**(300,346.94)**
TOTAL REPORTABLE GROSS PROCEEDS						**3,087,989.88**		
DIFFERENCE						**0.00 ****		

Note· Capital gains and losses in this statement are not reported to the Internal Revenue Service

** Difference reflects items that are included in the reportable gross proceeds section of your statement but are not included in the gain/loss section (e.g., liquidation of fractional shares and the proceeds from certain tender offers). It also reflects items that are included in the gain/loss section of your statement but not in the reportable gross proceeds section (e.g., option premium received).

N/A Results which cannot be calculated because of insufficient data in the Capital Gain (or Loss) Column and are not included in the Realized Capital Gain and Loss summary.

ISLANDS FUND

2010 ANNUAL STATEMENT SUMMARY

1099-B 2010 PROCEEDS FROM BROKER & BARTER EXCHANGE TRANSACTIONS

Security Description	Cusip Number	Quantity	Transaction Description	Trade Date	Amount	Remarks
VALE CAPITAL II SERIES CONV PFD STK	91912F201	445 0000	Sale	01/28/10	34,099 92	
TRANSOCEAN LTD	H8817H100	270.0000	Sale	03/08/10	22,931.11	
WALGREEN CO	931422109	560.0000	Sale	06/24/10	15,582 58	
TOTAL GROSS PROCEEDS ACTIVITY					**1,449,202.58**	
TOTAL GROSS PROCEEDS					**1,449,202.58**	
TOTAL FEDERAL INCOME TAX WITHHELD					**0.00**	

ISLANDS FUND

2010 ANNUAL STATEMENT SUMMARY

Your Tax Reporting Statement information that follows is a personal summary of your account activity and is not reported to the IRS.

The Capital Gain and Loss Transaction section is provided to facilitate your review and the preparation of your tax return In calculating gain (loss), unless otherwise noted, it was assumed that the oldest position was liquidated first, and that an election was in effect to amortize the premium paid on the purchase of taxable bonds. The gain (loss) information may not include return of capital, sales load deferral or wash sales adjustments. RICs (which may include mutual funds and unit investment trusts) may reclassify principal distributions as capital gains. The Cost Basis for these securities may not have been adjusted on your statement to reflect such reclassifications Please refer to information provided by the RIC and discuss with your tax advisor. Securities distributed from a retirement account reflect the tax basis on the date of distribution. Other methods for calculating gain (loss) are available. The cost basis for most Original Issue Discount (OID) obligations includes the accretion of OID. For purposes of allocating original purchase price to the components of an equity unit consisting of a purchase contract and a debt security subject to a remarketing event, we assumed that the fair market value of the debt security on purchase date was equal to its adjusted issue price. The difference between your original cost and the amount allocable to the debt component was allocated to the purchase contract. In making adjustments to the cost basis of the purchase contract, it was assumed that the unit holder included contract adjustment payments in income when received

Data from Forms 1099 (reportable Dividend and Interest) is also repeated in this summary for your convenience. Additionally, we have included items such as margin interest and select account fees if applicable. Please discuss the deductibility of these items with your tax advisor. For select clients, we have also included a summary of Visa charges and checking activity.

Merrill Lynch is neither a tax return preparer nor tax advisor. Please see your tax advisor for more information.

2010 CAPITAL GAIN AND LOSS TRANSACTIONS

Security Description	Quantity	Date Acquired Cover of Short	Date Liquidated Short Sale	Amortization/Accretion Year-to-Date	Amortization/Accretion Life-to-Date	Sales Price	Cost Basis	Gain or (Loss)
SHORT TERM CAPITAL GAINS								
ALLEGHENY TECH INC	16000.0000(B)	06/08/09	04/27/10	(186.15) (A)	(498.82) (A)	23,887.81	18,339 72 (C)	5,548.09
NAVISTAR INTL COR 3 00% 14	23000.0000•	01/11/10	05/24/10	(130 15) (A)	(130 15) (A)	27,682.32	24,591 95 (C)	3,090.37
INTERNATIONAL GAME TECHN	1000.0000(B)	07/09/10	10/28/10	(9.57) (A)	(9.57) (A)	1,115.63	1,110 94 (C)	4.69
	1000.0000(B)	07/09/10	11/02/10	(9.83) (A)	(9.83) (A)	1,122.50	1,110.69 (C)	11.81
	1000.0000(B)	07/09/10	11/03/10	(10.09) (A)	(10 09) (A)	1,126.25	1,110.42 (C)	15.83
		Security Subtotal				***3,364.38***	***3,332.05***	***32.33***
TRANSOCEAN INC 1 50% 2037	21000 0000•	06/09/09	04/08/10	23 65 (A)	70 73 (A)	20,107.50	18,655 73 (C)	1,451 77
CAMERON INTL CORP	370.0000	02/05/09	01/15/10			15,491.18	8,094.34	7,396.84
	130.0000	02/20/09	01/15/10			5,442.85	2,509.76	2,933.09
	280.0000	02/20/09	02/01/10			10,721.73	5,405 66	5,316.07
		Security Subtotal				***31,655.76***	***16,009.76***	***15,646.00***
DEVON ENERGY CORP NEW	370.0000	08/31/09	08/20/10			22,974.14	22,639 86	334.28
FREEPORT-MCMORAN C & G I	220.0000	06/02/09	02/11/10			22,817.14	19,551 77	3,265.37
	245.0000	06/23/09	02/11/10			25,410.00	18,399.99	7,010.01
		Security Subtotal				***48,227.14***	***37,951.76***	***10,275.38***
LINEAR TECHNOLOGY CORP	380.0000	04/19/10	10/25/10			11,771.29	11,645 10	126.19

ISLANDS FUND

2010 ANNUAL STATEMENT SUMMARY

2010 CAPITAL GAIN AND LOSS TRANSACTIONS

Security Description	Quantity	Date Acquired Cover of Short	Date Liquidated Short Sale	Amortization/Accretion Year-to-Date	Amortization/Accretion Life-to-Date	Sales Price	Cost Basis	Gain or (Loss)
NOBLE ENERGY INC	300.0000	06/10/09	03/24/10			21,536 69	20,013 63	1,523.06
	185.0000	07/13/09	03/24/10			13,280.97	9,949.63	3,331.34
	165.0000	07/22/09	03/24/10			11,845 19	9,698.06	2,147.13
		Security Subtotal				***46,662.85***	***39,661.32***	***7,001.53***
SCHLUMBERGER LTD	335.0000	06/23/09	03/17/10			22,258 08	17,810 11	4,447.97
	365.0000	07/10/09	03/17/10			24,251.36	18,370.74	5,880.62
		Security Subtotal				***46,509.44***	***36,180.85***	***10,328.59***
VALE CAPITAL II	445 0000	07/08/09	01/28/10			34,099 92	22,574.49	11,525.43
TRANSOCEAN LTD	270 0000	03/17/09	03/08/10			22,931 11	15,505 78	7,425 33
		Short Term Capital Gains Subtotal				**339,873.66**	**267,088.37**	**72,785.29**
SHORT TERM CAPITAL LOSSES								
INTERNATIONAL GAME TECHN	1000.0000(B)	06/10/10	10/04/10	(16 79) (A)	(16.79) (A)	1,085.74	1,178.52 (C)	(92.78)
	2000.0000(B)	06/10/10	10/05/10	(33.88) (A)	(33 88) (A)	2,167.01	2,356.73 (C)	(189.72)
	2000.0000(B)	06/10/10	10/07/10	(35.35) (A)	(35 35) (A)	2,170.00	2,355.26 (C)	(185.26)
	2000.0000(B)	06/10/10	10/11/10	(35 64) (A)	(35 64) (A)	2,190.46	2,354.97 (C)	(164.51)
	2000.0000(B)	06/10/10	10/11/10	(35.64) (A)	(35.64) (A)	2,202 00	2,354 97 (C)	(152.97)
	1000.0000(B)	07/09/10	10/13/10	(8.27) (A)	(8 27) (A)	1,102.50	1,112 24 (C)	(9.74)
	1000.0000(B)	07/09/10	10/13/10	(8 27) (A)	(8 27) (A)	1,105.00	1,112 24 (C)	(7.24)
	1000.0000(B)	07/09/10	10/15/10	(8 44) (A)	(8 44) (A)	1,091.25	1,112 07 (C)	(20 82)
	1000 0000(B)	07/09/10	10/20/10	(8 87) (A)	(8 87) (A)	1,085.00	1,111 65 (C)	(26.65)
	1000 0000(B)	07/09/10	10/22/10	(9 04) (A)	(9 04) (A)	1,093.89	1,111 47 (C)	(17.58)
	1000.0000(B)	07/09/10	10/22/10	(9 04) (A)	(9 04) (A)	1,094 62	1,111.48 (C)	(16.86)
	1000.0000(B)	07/09/10	10/25/10	(9 13) (A)	(9.13) (A)	1,103 75	1,111 38 (C)	(7.63)
	1000 0000(B)	07/09/10	10/25/10	(9 13) (A)	(9 13) (A)	1,106.88	1,111 39 (C)	(4.51)
		Security Subtotal				***18,598.10***	***19,494.37***	***(896.27)***
INTEL CORP 2.95%DEC15 35	13000 0000•	04/30/10	08/24/10	182 89 (A)	182 89 (A)	12,740 00	13,367 75 (C)	(627.75) (G)
	10000 0000•	04/30/10	08/26/10	148 44 (A)	148 44 (A)	9,787.50	10,290.64 (C)	(503.14) (G)
		Security Subtotal				***22,527.50***	***23,658.39***	***(1,130.89)***
CARNIVAL CORP 2 00% 2021	1000 0000(B)	05/12/10	10/13/10	(4 78) (A)	(4.78) (A)	1,035.40	1,114 72 (C)	(79 32)
	1000 0000(B)	05/12/10	10/13/10	(4 87) (A)	(4 87) (A)	1,040 46	1,114 63 (C)	(74.17)
	1000 0000(B)	05/12/10	10/13/10	(4.87) (A)	(4 87) (A)	1,036 82	1,114 63 (C)	(77 81)
	9000 0000(B)	05/12/10	10/14/10	(44 04) (A)	(44 04) (A)	9,206 01	10,031 46 (C)	(825 45)
	10000 0000(B)	05/12/10	10/15/10	(49 24) (A)	(49 24) (A)	10,194 94	11,145 76 (C)	(950 82)
		Security Subtotal				***22,513.63***	***24,521.20***	***(2,007.57)***

Merrill Lynch
Bank of America Corporation

Account No. 56S-04396

Taxpayer No. 91-1663838

ISLANDS FUND

2010 ANNUAL STATEMENT SUMMARY

2010 CAPITAL GAIN AND LOSS TRANSACTIONS

Security Description	Quantity	Date Acquired Cover of Short	Date Liquidated Short Sale	Amortization/Accretion Year-to-Date	Amortization/Accretion Life-to-Date	Sales Price	Cost Basis	Gain or (Loss)
L-3 COMMUN CORP 3 00% 2035	22000 0000•	04/23/10	07/02/10	188 60 (A)	188 60 (A)	22,055 00	23,536.10 (C)	(1,481.10) (G)
MAXTOR CORPORATION	20000 0000(B)	09/23/09	07/06/10	(358.86) (A)	(539.26) (A)	20,150 00	21,398.34 (C)	(1,248.34)
MEDTRONIC INC	30000 0000(B)	01/26/10	11/01/10	(215.13) (A)	(215.13) (A)	30,262.50	30,696.09 (C)	(433.59)
MICRON TECHNOLOGY 1 87% 14	23000 0000•	01/14/10	09/01/10	68 80 (A)	68 80 (A)	20,038.75	22,592.24 (C)	(2,553 49)
NUVASIVE INC 2 25%MAR15 13	20000.0000(B)	06/15/10	11/01/10	(317 81) (A)	(317 81) (A)	19,375 00	21,895.99 (C)	(2,520 99)
AFLAC INC COM	210 0000	03/19/10	10/04/10			10,711.96	11,424.11	(712.15)
CORE LAB N V COM	210.0000	09/20/10	11/01/10			16,339 00	18,625.43	(2,286.43)
CISCO SYSTEMS INC COM	715.0000	08/19/10	12/09/10			14,006 62	15,773.26	(1,766.64)
GOLDMAN SACHS GROUP INC	115 0000	07/24/09	04/19/10			18,126.00	18,922.27	(796 27)
	5.0000	07/24/09	04/19/10			788.09	816.24	(28.15)
		Security Subtotal				***18,914.09***	***19,738.51***	***(824.42)***
JPMORGAN CHASE & CO	270 0000	02/23/10	05/20/10			10,398.12	10,906.70	(508.58)
	260 0000	03/10/10	05/20/10			10,013.01	11,207 98	(1,194.97)
		Security Subtotal				***20,411.13***	***22,114.68***	***(1,703.55)***
MEDTRONIC INC COM	380 0000	01/15/10	08/31/10			11,973 41	17,261 80	(5,288.39)
PRUDENTIAL FINANCIAL INC	200.0000	03/19/10	10/06/10			10,815 06	11,644.48	(829 42)
PROCTER & GAMBLE CO	350 0000	02/02/10	07/01/10			20,982.78	22,044 79	(1.062 01)
STRYKER CORP	420.0000	01/29/10	08/09/10			20,086 12	21,824.46	(1.738.34)
WALGREEN CO	560 0000	10/23/09	06/24/10			15,582.58	22,017.41	(6,434.83)
		Short Term Capital Losses Subtotal				**335,343.23**	**370,261.65**	**(34,918.42)**
NET SHORT TERM CAPITAL GAIN (LOSS)								**37,866.87**
LONG TERM CAPITAL GAINS								
ARRIS GROUP INC 2.00% 2026	44000.0000•	03/09/09	08/13/10	452 56 (A)	1,040 69 (A)	42,460 00	32,167.52 (C)	10,292 48
CHESAPEAKE ENERGY 2.75% 35	1000 0000•	03/02/09	09/08/10	47 34 (A)	81.07 (A)	928 75	765.16 (C)	163.59 (G)
	4000 0000•	03/02/09	09/10/10	191.25 (A)	325.54 (A)	3,715 00	3,061 91 (C)	653.09 (G)
	2000 0000•	03/02/09	09/10/10	95 16 (A)	162 46 (A)	1,863 66	1,530.65 (C)	333.01 (G)
	7000 0000•	03/02/09	09/13/10	336 30 (A)	570.78 (A)	6,544.92	5,359.43 (C)	1,185.49 (G)
	2000.0000•	03/02/09	09/14/10	96 55 (A)	163 38 (A)	1,880.44	1,531.57 (C)	348 87 (G)
	6000.0000•	03/02/09	09/14/10	289.63 (A)	490.16 (A)	5,615.51	4,594.72 (C)	1,020.79 (G)
		Security Subtotal				***20,548.28***	***16,843.44***	***3,704.84***

ISLANDS FUND

2010 ANNUAL STATEMENT SUMMARY

2010 CAPITAL GAIN AND LOSS TRANSACTIONS

Security Description	Quantity	Date Acquired Cover of Short	Date Liquidated Short Sale	Amortization/Accretion Year-to-Date	Amortization/Accretion Life-to-Date	Sales Price	Cost Basis	Gain or (Loss)
CAMERON INTL CORP 2 50% 26	15000 0000(B)	02/11/09	04/30/10	(7.05) (A)	(25 19) (A)	19,095 38	15,331.06 (C)	3,764 32
CHESAPEAKE ENERGY 2.50% 37	25000 0000•	04/14/09	09/08/10	1,096.89 (A)	1,750.41 (A)	20,937.50	20,406.66 (C)	530.84 (G)
NETAPP INC.	4000.0000(B)	10/20/09	11/22/10	(143.64) (A)	(174.35) (A)	6,802.33	4,376.85 (C)	2,425.48
	5000.0000(B)	10/20/09	11/24/10	(181 67) (A)	(220.03) (A)	8,367.40	5,468.97 (C)	2,898.43
	2000.0000(B)	10/20/09	11/30/10	(73.09) (A)	(88.45) (A)	3,328.06	2,187 15 (C)	1,140.91
	11000.0000(B)	10/20/09	12/01/10	(406 66) (A)	(491 04) (A)	18,700.00	12,024 76 (C)	6,675.24
	4000 0000(B)	10/20/09	12/02/10	(148.29) (A)	(179.00) (A)	6,896.00	4,372.20 (C)	2,523.80
		Security Subtotal				***44,093.79***	***28,429.93***	***15,663.86***
VERISIGN INC 3.25%AUG15 37	24000 0000•	04/15/09	07/08/10	818.97 (A)	1,836.26 (A)	22,362.96	19,091.35 (C)	3,271.61 (G)
SYBASE, INC. 1 75%FEB22 25	3000 0000(B)	01/25/08	01/13/10	(2 14) (A)	(86 44) (A)	5,156.54	3,598.35 (C)	1,558.19
	18000 0000(B)	02/04/08	01/13/10	(14 16) (A)	(563 59) (A)	30,939.31	21,914 72 (C)	9,024.59
		Security Subtotal				***36,095.85***	***25,513.07***	***10,582.78***
TRIUMPH GROUP INC 2 62% 26	38000 0000•	09/03/08	04/28/10	931 64 (A)	4,320.81 (A)	54,577.50	49,608 72 (C)	4,968 78 (G)
APOLLO GROUP INC CL A	470.0000	08/23/07	02/22/10			27,144.60	27,121 45	23.15
ALCON INC	60 0000	08/24/07	09/30/10			10,038.00	7,986 72	2,051.28
	185 0000	08/24/07	10/11/10			30,927 04	24,625 70	6,301 34
		Security Subtotal				***40,965.04***	***32,612.42***	***8,352.62***
APACHE CORP	230.0000	06/08/09	07/23/10			21,051.17	19,171 47	1,879.70
	155 0000	07/10/09	07/23/10			14,186.66	10,551 56	3,635 10
	115 0000	07/22/09	07/23/10			10,525.60	8,799 10	1,726.50
		Security Subtotal				***45,763.43***	***38,522.13***	***7,241.30***
APPLE INC	25 0000	02/02/05	05/26/10			6,267.81	993 14	5,274 67
	15 0000	02/02/05	06/02/10			3,953 64	595 89	3,357 75
	50.0000	02/02/05	10/25/10			15,477.97	1,986.30	13,491.67
		Security Subtotal				***25,699.42***	***3,575.33***	***22,124 09***
HALLIBURTON COMPANY	875 0000	04/23/09	11/08/10			28,511.22	16,969 40	11,541.82
MYLAN INC	1 0000	02/23/09	09/10/10			1,074.36	846 22	228.14
	2 0000	02/23/09	09/17/10			2,167.02	1,692 44	474.58
		Security Subtotal				***3,241.38***	***2,538 66***	***702.72***
BANK OF AMERICA CORP	22.0000	08/07/08	12/02/10			20,569 64	20,263 98	305 66
	3 0000	12/22/08	12/02/10			2,804 96	1,942 50	862 46
		Security Subtotal				***23,374.60***	***22,206.48***	***1,168.12***
MYLAN INC	1053 0000	02/23/09	11/19/10			20,427 64	15,219 43	5,208 21

ISLANDS FUND

2010 ANNUAL STATEMENT SUMMARY

2010 CAPITAL GAIN AND LOSS TRANSACTIONS

Security Description	Quantity	Date Acquired Cover of Short	Date Liquidated Short Sale	Amortization/Accretion Year-to-Date	Amortization/Accretion Life-to-Date	Sales Price	Cost Basis	Gain or (Loss)
NOBLE CORP NAMEN-AKT	470 0000	12/17/08	09/22/10			16,537 80	12,010 01	4,527 79
		Long Term Capital Gains Subtotal				**491,836.39**	**378,167.06**	**113,669.33**
LONG TERM CAPITAL LOSSES								
SYMANTEC CORP 0.75% 2011	39000 0000(B)	02/14/08	05/21/10	(595.24) (A)	(3,512 04) (A)	39,058.10	40,547.35 (C)	(1,489.25)
	22000 0000(B)	05/13/08	05/21/10	(565.33) (A)	(2,981 49) (A)	22,032.79	23,418 51 (C)	(1,385.72)
		Security Subtotal				***61,090.89***	***63,965.86***	***(2,874.97)***
BUNGE LIMITED	47.0000	11/30/07	08/05/10			24,401.33	49,998.98	(25,597.65)
CISCO SYSTEMS INC COM	900 0000	12/20/06	11/18/10			17,602 44	24,832 80	(7,230 36)
	385 0000	08/12/09	11/18/10			7,529 94	8,273 00	(743.06)
	550 0000	08/12/09	12/09/10			10,774.31	11,818.56	(1,044.25)
		Security Subtotal				***35,906.69***	***44,924.36***	***(9,017.67)***
DEVON ENERGY CORP NEW	290 0000	06/09/09	08/20/10			18,006 75	18,678 41	(671.66)
HONEYWELL INTL INC DEL	750 0000	03/11/08	01/07/10			30,193 25	41,963.48	(11,770.23)
BANK OF AMERICA CORP	25 0000	08/07/08	07/12/10			22,374.62	23,027.25	(652.63)
NOBLE CORP NAMEN-AKT	570.0000	05/08/08	09/14/10			20,236.43	35,322.21	(15,085.78)
	190.0000	05/08/08	09/22/10			6,685.49	11,774.07	(5,088.58)
		Security Subtotal				***26,921.92***	***47,096.28***	***(20,174.36)***
		Long Term Capital Losses Subtotal				**218,895.45**	**289,654.62**	**(70,759.17)**
NET LONG TERM CAPITAL GAIN (LOSS)								**42,910.16**
OTHER TRANSACTIONS								
MYLAN INC		11/26/10	11/26/10			16 97	N/A	N/A
		Other Transactions Subtotal				**16.97**		
TOTAL CAPITAL GAINS AND LOSSES						**1,385,965.70**	**1,305,171.70**	**80,777.03**
TOTAL REPORTABLE GROSS PROCEEDS						**1,449,202.58**		
DIFFERENCE						**(63,236.88) ****		

FORM 990-PF	INTEREST ON SAVINGS AND TEMPORARY CASH INVESTMENTS	STATEMENT 1

SOURCE	AMOUNT
MERRILL LYNCH A/C 04014	1,303.
MERRILL LYNCH A/C 04308	1,132,693.
MERRILL LYNCH A/C 04387	886.
MERRILL LYNCH A/C 04393	1,166.
MERRILL LYNCH A/C 04395	1,013.
MERRILL LYNCH A/C 04396	12,926.
MERRILL LYNCH A/C 04396 (OID)	15,221.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	1,165,208.

FORM 990-PF	DIVIDENDS AND INTEREST FROM SECURITIES	STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
FOREIGN TAX PAID ON DIVIDENDS	<42,962.>	0.	<42,962.>
MERRILL LYNCH A/C 04014	861,624.	530.	861,094.
MERRILL LYNCH A/C 04308	769,741.	53,360.	716,381.
MERRILL LYNCH A/C 04387	216,786.	0.	216,786.
MERRILL LYNCH A/C 04393	132,974.	1,503.	131,471.
MERRILL LYNCH A/C 04395	251,133.	0.	251,133.
MERRILL LYNCH A/C 04396	31,413.	0.	31,413.
TOTAL TO FM 990-PF, PART I, LN 4	2,220,709.	55,393.	2,165,316.

FORM 990-PF	OTHER INCOME	STATEMENT 3

DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME
OTHER INCOME	2,163.	2,163.	
TOTAL TO FORM 990-PF, PART I, LINE 11	2,163.	2,163.	

FORM 990-PF LEGAL FEES STATEMENT 4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
LEGAL FEES	15,000.	0.		15,000.
TO FM 990-PF, PG 1, LN 16A	15,000.	0.		15,000.

FORM 990-PF ACCOUNTING FEES STATEMENT 5

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING FEES	10,378.	10,378.		0.
TO FORM 990-PF, PG 1, LN 16B	10,378.	10,378.		0.

FORM 990-PF OTHER EXPENSES STATEMENT 6

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
INVESTMENT MANAGEMENT FEES	291,313.	291,313.		0.
MANAGEMENT FEES	60,000.	60,000.		0.
MISC. EXPENSES	572.	0.		572.
TO FORM 990-PF, PG 1, LN 23	351,885.	351,313.		572.

FORM 990-PF OTHER INCREASES IN NET ASSETS OR FUND BALANCES STATEMENT 7

DESCRIPTION	AMOUNT
ORIGINAL ISSUE DISCOUNT	15,221.
MISCELLANEOUS ADJUSTMENTS (REINVESTMENTS)	68,839.
TOTAL TO FORM 990-PF, PART III, LINE 3	84,060.

FORM 990-PF OTHER DECREASES IN NET ASSETS OR FUND BALANCES STATEMENT 8

DESCRIPTION	AMOUNT
AMORTIZATION/ACCRETION OF BOND PORTFOLIO	147,720.
FEDERAL INCOME TAX PAYMENTS	23,593.
EXCESS OF FAIR MARKET VALUE OVER COST OF CONTRIBUTIONS	7,991,327.
TOTAL TO FORM 990-PF, PART III, LINE 5	8,162,640.

FORM 990-PF CORPORATE STOCK STATEMENT 9

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
EQUITY SECURITIES	23,695,409.	37,849,449.
TOTAL TO FORM 990-PF, PART II, LINE 10B	23,695,409.	37,849,449.

FORM 990-PF CORPORATE BONDS STATEMENT 10

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
CORPORATE BONDS	13,102,381.	13,822,227.
TOTAL TO FORM 990-PF, PART II, LINE 10C	13,102,381.	13,822,227.

FORM 990-PF OTHER INVESTMENTS STATEMENT 11

DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
MUTUAL FUNDS	COST	43,702,082.	47,041,838.
GOVERNMENT BONDS	COST	961,829.	1,022,407.
CD'S AND EQUIVALENT	COST	978,000.	1,019,860.
GOLD TRUSTS	COST	1,476,396.	2,288,880.
TOTAL TO FORM 990-PF, PART II, LINE 13		47,118,307.	51,372,985.

FORM 990-PF — OTHER LIABILITIES — STATEMENT 12

DESCRIPTION	BOY AMOUNT	EOY AMOUNT
OUTSTANDING GRANT CHECKS	35,000.	115,000.
OUTSTANDING EXPENSE CHECKS	3,962.	3,750.
TOTAL TO FORM 990-PF, PART II, LINE 22	38,962.	118,750.

FORM 990-PF — LIST OF SUBSTANTIAL CONTRIBUTORS PART VII-A, LINE 10 — STATEMENT 13

NAME OF CONTRIBUTOR	ADDRESS
SARAH R. WERNER	P.O. BOX 503 BELLEVUE, WA 98009

FORM 990-PF — PART VIII - LIST OF OFFICERS, DIRECTORS TRUSTEES AND FOUNDATION MANAGERS — STATEMENT 14

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN-SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
SARAH R. WERNER 6523 CALIFORNIA AVENUE SW, NO 137 SEATTLE, WA 98136	DIRECTOR 1.00	0.	0.	0.
RICK S. WERNER 6523 CALIFORNIA AVENUE SW, NO 137 SEATTLE, WA 98136	DIRECTOR 1.00	0.	0.	0.
GEORGE G. GULICK 6523 CALIFORNIA AVENUE SW, NO 137 SEATTLE, WA 98136	DIRECTOR 1.00	0.	0.	0.
E. LEEDS GULICK 6523 CALIFORNIA AVENUE SW, NO 137 SEATTLE, WA 98136	DIRECTOR 1.00	0.	0.	0.
JAMES FLAGGERT 6523 CALIFORNIA AVENUE SW, NO 137 SEATTLE, WA 98136	DIRECTOR 1.00	0.	0.	0.
TOTALS INCLUDED ON 990-PF, PAGE 6, PART VIII		0.	0.	0.

FORM 990-PF GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR STATEMENT 15

RECIPIENT NAME AND ADDRESS	RECIPIENT RELATIONSHIP AND PURPOSE OF GRANT	RECIPIENT STATUS	AMOUNT
ALOHA FOUNDATION 2968 LAKE MOREY ROAD FAIRLEE, VT 05045	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	250,000.
ASPEN CENTER FOR ENVIORNMENTAL STUDIES 100 PUPPY SMITH ST. ASPEN, CO 81611	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	160,000.
BERTSCHI SCHOOL 2227 10TH AVENUE EAST SEATTLE, WA 98102	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	35,000.
BIG BROTHERS/BIG SISTERS OF CENTRAL OREGON 62895 HAMBLY ROAD BEND, OR 97701	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	10,000.
BIG BROTHERS/SISTERS OF PUGET SOUND 1600 SOUTH GRAHAM ST SEATTLE, WA 98108	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	40,000.
BOYS AND GIRLS CLUBS OF BELLEVUE 209 100TH AVENUE NE BELLEVUE, WA 98004	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	50,000.
BRIDLE TRAILS PARK FOUNDATION 6619 132ND AVENUE NE #265 KIRKLAND, WA 98033	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	30,000.
CHILL FOUNDATION 9606 SANTA MONICA BLVD THIRD FLOOR BEVERLY HILLS, CA 90210	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	30,000.

CONSERVATION INTERNATIONAL 2011 CRYSTAL DRIVE SUITE 500 ARLINGTON, VA 22202	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	60,000.
DARTMOUTH COLLEGE 6066 DEVELOPMENT OFFICE HANOVER, NH 03755	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	10,000.
ECOTRUST CANADA 1238 HOMER ST SUITE 200 VANCOUVER, BRITISH COLUMBIA, CANADA V6B2	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	54,500.
ECOTRUST 721 NW NINTH SUITE 200 PORTLAND, OR 97209	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	445,000.
ENVIORNMENTAL RESOURCE CENTER 471 WASHINGTON AVENUE N KETCHUM, ID 83340	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	25,000.
EXPLOYER WEST MIDDLE SCHOOL 10015 28TH AVENUE SW SEATTLE, WA 98146	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	20,000.
FRIENDS OF NW AVALANCHE CENTER 15600 NE 8TH STREET #B1-711 BELLEVUE, WA 98008	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	5,000.
FUTURE GENERATIONS HC 73 BOX 100 FRANKLIN, WV 26807	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	490,000.
HIDDEN VILLA 26870 MOODY ROAD LOS ALTOS HILLS, CA 94022	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	30,000.
ISLANDWOOD 4450 BLAKELY AVENUE NE BAINBRIDGE ISLAND, WA 98110	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	35,000.

LAKE WASHINGTON ENVIRONMENT & ADVENTURE SCHOOL 8040 NE 132ND KIRKLAND, WA 98034	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	20,000.
LAKESIDE SCHOOL 14050 1ST AVENUE NE SEATTLE, WA 98125-3099	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	25,000.
LITTLE BIT THERAPEUTIC RIDING CENTER 19802 NE 148TH STREET WOODINVILLE, WA 98077	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	25,000.
MUSEUM OF FLIGHT 9404 EAST MARGINAL WAY S. SEATTLE, WA 98108-4097	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	40,000.
MUSEUM OF N.W. ART 121 SOUTH FIRST STREET LA CONNER, WA 98257	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	30,000.
NATURE CONSORTIUM 4108 DELRIDGE WAY SW, SUITE 107 SEATTLE, WA 98106	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	10,000.
NEW SUMMIT ACADEMY EDUCCACION NUEVA CUMBRE, APTDO #159-4013 ATENAS, ALEJUELA, COSTA RICA	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	25,000.
NEXSTAGE THEATER P.O. BOX 3092 SUN VALLEY, ID 83353	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	10,000.
NORTH CASCADES INSTITUTE 810 STATE ROUTE 20 SEDRO WOLLEY, WA 98284	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	70,000.
NUEVA SCHOOL 6565 SKYLINE BLVD. HILLSBOROUGH, CA 94010	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	100,000.

O'DEA HIGH SCHOOL 802 TERRY AVE. SEATTLE, WA 98104	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	15,000.
OPEN WINDOW SCHOOL 6128 168TH PL. SE BELLEVUE, WA 98006	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	100,000.
OUTDOORS FOR ALL FOUNDATION 2 NICKERSON STREET SUITE 101 SEATTLE, WA 98109-1652	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	80,000.
OVERLAKE SCHOOL 20301 NE 108TH STREET REDMOND, WA 98053	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	100,000.
PACIFIC SCIENCE CENTER 200 2ND AVENUE N SEATTLE, WA 98109-1652	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	70,000.
PERIGRINE FUND 5668 W. FLYING HAWK LN. BOISE, ID 83709	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	25,000.
PLANNED PARENTHOOD OF WESTERN WASHINGTON 2001 E. MADISON ST. SEATTLE, WA 98122	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	60,000.
PLANT AMNESTY 7400 SAND POINT WAY NE SEATTLE, WA 98115-0377	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	10,000.
POWERFUL VOICES 1620 18TH AVENUE SUITE 100 SEATTLE, WA 98122	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	30,000.
PUGET SOUNDKEEPER ALLIANCE 5305 SHILSHOLE AVE. NW SUITE 150 SEATTLE, WA 98107	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	5,000.

ISLANDS FUND C/O JOHN MUNN 91-1663838

READING PARTNERS 106 LINDEN ST #202 OAKLAND, CA 94607	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	25,000.
SEATTLE ACADEMY 1201 E. UNION STREET SEATTLE, WA 98122	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	250,000.
SEATTLE ACQUARIUM 1483 ALASKAN WAY SEATTLE, WA 98101	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	20,000.
SEATTLE ARBORETUM FOUNDATION 2300 ARBORETUM DRIVE E SEATTLE, WA 98122	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	30,000.
SEATTLE REPERTORY THEATER 155 MERCER STREET SEATTLE, WA 98109	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	40,000.
SEATTLE URBAN ACADEMY (CRISTA) 3800 S. OTHELLO STREET SEATTLE, WA 98118	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	60,000.
SECRET HARBOR SCHOOL 1809 COMMERCIAL AVENUE ANACORTES, WA 98221	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	10,000.
SOS OUTREACH P.O. BOX 2020 AVON, CO 81620	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	5,000.
SPECIAL OLYMPICS WASHINGTON 2150 N. 107TH STREET SUITE 220 SEATTLE, WA 98133-9009	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	100,000.
SPECTRUM DANCE THEATER 800 LAKE WASHINGTON BLVD. SEATTLE, WA 98122	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	15,000.

STUDENT CONSERVATION ASSOCIATION 689 RIVER ROAD CHARLESTOWN, NH 03603-0550	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	100,000.
THE NATURE CONSERVANCY (CO) 4245 NORTH FAIRFAX DRIVE SUITE 100 ARLINGTON, VA 22203-1606	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	100,000.
THE NATURE CONSERVANCY (MT) 4245 NORTH FAIRFAX DRIVE SUITE 100 ARLINGTON, VA 22203-1606	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	100,000.
THE NATURE CONSERVANCY (WA) 4245 NORTH FAIRFAX DRIVE SUITE 100 ARLINGTON, VA 22203-1606	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	130,000.
THE ROCK SCHOOL 1101 SOUTH BROAD STREET PHILADELPHIA, PA 19147	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	10,000.
THE SAN JUAN PRESERVATION TRUST P.O. BOX 327 LOPEZ ISLAND, WA 98261	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	120,000.
THE SEATTLE FOUNDATION 1200 FIFTH AVENUE SUITE 1300 SEATTLE, WA 98101-3151	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	49,847.
THE SIERRA CLUB FOUNDATION 85 SECOND STREET SUITE 750 SAN FRANCISCO, CA 94105	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	15,000.
THE THACHER SCHOOL 5025 THACHER ROAD OJAI, CA 93023	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	25,000.
TRAILBLAZER CAMPS 45 EAST 20TH STREET 9TH FLOOR NEW YORK, NY 10003	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	85,653.

TREEHOUSE FUND 2100 - 24TH AVENUE S. SUITE 200 SEATTLE, WA 98144	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	100,000.
UCSC PREDATORY BIRD RESEARCH 100 SHAFFER ROAD SANTA CRUZ, CA 95060	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	15,000.
VEHICLE RESEARCH INSTITUTE 501 HIGH STREET BELLINGHAM, WA 98225	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	5,000.
WASHINGTON BUSINESS WEEK 33305 1ST WAY S. SUITE B-212 FEDERAL WAY, WA 98003	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	100,000.
WASHINGTON TRAILS ASSOCIATION 2019 THIRD AVENUE SUITE 100 SEATTLE, WA 98121	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	50,000.
WELLESLEY COLLEGE 106 CENTRAL STREET WELLESLEY, MA 02481	N/A TO MEET TAX EXEMPT PURPOSE	501(C)(3)	10,000.
TOTAL TO FORM 990-PF, PART XV, LINE 3A			4,200,000.