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EXTENDED TO NOVEMBER 15, 2018

Form **990-PF**

Department of the Treasury
Internal Revenue Service

Return of Private Foundation

or Section 4947(a)(1) Trust Treated as Private Foundation

▶ Do not enter social security numbers on this form as it may be made public.

▶ Go to www.irs.gov/Form990PF for instructions and the latest information.

OMB No 1545-0052

2017

Open to Public Inspection

For calendar year 2017 or tax year beginning , and ending

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) | Room/suite
6523 CALIFORNIA AVE SW | 137

B Telephone number
206-283-4790

City or town, state or province, country, and ZIP or foreign postal code
SEATTLE, WA 98136

C If exemption application is pending, check here ▶ ☐

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

D 1. Foreign organizations, check here ▶ ☐
2. Foreign organizations meeting the 85% test, check here and attach computation ▶ ☐

H Check type of organization. ☒ 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) ▶$ 234,660,291.

J Accounting method: ☒ 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 ▶ ☐

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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	1,449,762.			
2 Check ▶ ☐ if the foundation is not required to attach Sch B				
3 Interest on savings and temporary cash investments				
4 Dividends and interest from securities	4,695,782.	4,695,782.		STATEMENT 1
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10	3,144,831.			
b Gross sales price for all assets on line 6a 53,699,086.				
7 Capital gain net income (from Part IV, line 2)		3,144,831.		
8 Net short-term capital gain			N/A	
9 Income modifications				
10a Gross sales less returns and allowances				
b Less Cost of goods sold				
c Gross profit or (loss)				
11 Other income				
12 **Total** Add lines 1 through 11	9,290,375.	7,840,613.	0.	
Operating and Administrative Expenses				
13 Compensation of officers, directors, trustees, etc	40,000.	0.	0.	40,000.
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16a Legal fees				
b Accounting fees STMT 2	15,102.	7,551.	0.	7,551.
c Other professional fees STMT 3	811,276.	721,276.	0.	90,000.
17 Interest				
18 Taxes STMT 4	158,577.	82,577.	0.	0.
19 Depreciation and depletion				
20 Occupancy				
21 Travel, conferences, and meetings	1,028.	0.	0.	1,028.
22 Printing and publications				
23 Other expenses STMT 5	867.	787.	0.	80.
24 **Total operating and administrative expenses** Add lines 13 through 23	1,026,850.	812,191.	0.	138,659.
25 Contributions, gifts, grants paid	12,364,839.			12,364,839.
26 **Total expenses and disbursements.** Add lines 24 and 25	13,391,689.	812,191.	0.	12,503,498.
27 Subtract line 26 from line 12				
a Excess of revenue over expenses and disbursements	-4,101,314.			
b **Net investment income** (if negative, enter -0-)		7,028,422.		
c **Adjusted net income** (if negative, enter -0-)			0.	

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723501 01-03-18 LHA For Paperwork Reduction Act Notice, see instructions. Form **990-PF** (2017)

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14491107 149062 ISLA01 2017.05000 ISLANDS FUND C/O JOHN MUN ISLA01_1

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

		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash - non-interest-bearing			
	2 Savings and temporary cash investments	5,035,007.	4,559,844.	4,559,844.
	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 STMT 7	21,843,268.	19,340,260.	19,359,936.
	b Investments - corporate stock STMT 8	89,366,039.	82,132,805.	129,389,109.
	c Investments - corporate bonds STMT 9	19,742,606.	18,000,739.	18,194,033.
	11 Investments - land, buildings, and equipment basis ▶			
	Less accumulated depreciation ▶			
	12 Investments - mortgage loans			
	13 Investments - other STMT 10	44,513,253.	52,015,045.	63,157,369.
	14 Land, buildings, and equipment basis ▶			
	Less accumulated depreciation ▶			
	15 Other assets (describe ▶)			
	16 Total assets (to be completed by all filers - see the instructions. Also, see page 1, item I)	180,500,173.	176,048,693.	234,660,291.
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 ▶)			
	23 Total liabilities (add lines 17 through 22)	0.	0.	
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 ▶ ☒ 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	180,237,015.	175,785,535.	
	30 Total net assets or fund balances	180,500,173.	176,048,693.	
	31 Total liabilities and net assets/fund balances	180,500,173.	176,048,693.	

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	180,500,173.
2	Enter amount from Part I, line 27a	2	-4,101,314.
3	Other increases not included in line 2 (itemize) ▶	3	0.
4	Add lines 1, 2, and 3	4	176,398,859.
5	Decreases not included in line 2 (itemize) ▶ SEE STATEMENT 6	5	350,166.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	176,048,693.

Part IV Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold (for example, 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	PUBLICLY TRADED SECURITIES		VARIOUS	VARIOUS
b	PUBLICLY TRADED SECURITIES		VARIOUS	VARIOUS
c	CAPITAL GAINS DIVIDENDS		VARIOUS	VARIOUS
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	9,217,939.		9,441,803.	-223,864.
b	44,141,682.		41,112,452.	3,029,230.
c	339,465.			339,465.
d				
e				

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

	(i) FMV 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				-223,864.
b				3,029,230.
c				339,465.
d				
e				

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 — 3,144,831.

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 — -223,864.

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 doesn't qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see the 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))
2016	11,420,931.	203,980,184.	.055990
2015	11,242,811.	200,388,596.	.056105
2014	8,906,755.	194,777,786.	.045728
2013	9,102,872.	141,302,459.	.064421
2012	7,451,764.	132,330,113.	.056312

		Line	Amount
2	Total of line 1, column (d)	2	.278556
3	Average distribution ratio for the 5-year base period - divide the total on line 2 by 5.0, or by the number of years the foundation has been in existence if less than 5 years	3	.055711
4	Enter the net value of noncharitable-use assets for 2017 from Part X, line 5	4	220,797,479.
5	Multiply line 4 by line 3	5	12,300,848.
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	70,284.
7	Add lines 5 and 6	7	12,371,132.
8	Enter qualifying distributions from Part XII, line 4	8	12,503,498.

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.

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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	70,284.
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	70,284.
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	70,284.
6	Credits/Payments.			
a	2017 estimated tax payments and 2016 overpayment credited to 2017	6a 80,141.		
b	Exempt foreign organizations - tax withheld at source	6b 0.		
c	Tax paid with application for extension of time to file (Form 8868)	6c 60,000.		
d	Backup withholding erroneously withheld	6d 0.		
7	Total credits and payments. Add lines 6a through 6d		7	140,141.
8	Enter any **penalty** for underpayment of estimated tax. Check here [X] if Form 2220 is attached		8	0.
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	69,857.
11	Enter the amount of line 10 to be **Credited to 2018 estimated tax** ▶	69,857. 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 the instructions for the 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 2017 or the tax year beginning in 2017? See the 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	10		X

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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 make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement. See instructions SEE STATEMENT 11 SEE STATEMENT 12	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 AVE SW #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 2017, 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 the instructions for exceptions and filing requirements for FinCEN Form 114. 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 instructions	1b		X
	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 2017?	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 2017, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2017? ☐ 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 2017 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 2017.) 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 2017?	4b		X

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

			Yes	No
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 4945(d)(4)(A)? See instructions	☒ 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, and 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 13		40,000.	0.	1,028.

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
SENECA ASSOCIATES, INC. - 6523 CALIFORNIA AVE SW #137, SEATTLE, WA 98136	ADMINISTRATIVE SERVICES	100,000.

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.

Form **990-PF** (2017)

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	217,330,359.
b	Average of monthly cash balances	1b	6,828,649.
c	Fair market value of all other assets	1c	869.
d	**Total** (add lines 1a, b, and c)	1d	224,159,877.
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	224,159,877.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	3,362,398.
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	220,797,479.
6	**Minimum investment return.** Enter 5% of line 5	6	11,039,874.

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	11,039,874.
2a	Tax on investment income for 2017 from Part VI, line 5 — 2a: 70,284.		
b	Income tax for 2017. (This does not include the tax from Part VI.) — 2b:		
c	Add lines 2a and 2b	2c	70,284.
3	Distributable amount before adjustments Subtract line 2c from line 1	3	10,969,590.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	10,969,590.
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	10,969,590.

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	12,503,498.
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	12,503,498.
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	70,284.
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	12,433,214.

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.

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2016	(c) 2016	(d) 2017
1 Distributable amount for 2017 from Part XI, line 7				10,969,590.
2 Undistributed income, if any, as of the end of 2017				
a Enter amount for 2016 only			0.	
b Total for prior years: ____, ____, ____		0.		
3 Excess distributions carryover, if any, to 2017:				
a From 2012 1,074,656.				
b From 2013 2,273,247.				
c From 2014 99,036.				
d From 2015 1,613,131.				
e From 2016 1,373,640.				
f Total of lines 3a through e	6,433,710.			
4 Qualifying distributions for 2017 from Part XII, line 4: ▶ $ 12,503,498.				
a Applied to 2016, 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 2017 distributable amount				10,969,590.
e Remaining amount distributed out of corpus	1,533,908.			
5 Excess distributions carryover applied to 2017 (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	7,967,618.			
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 2016. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2017. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2018				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (Election may be required - see instructions)	0.			
8 Excess distributions carryover from 2012 not applied on line 5 or line 7	1,074,656.			
9 **Excess distributions carryover to 2018.** Subtract lines 7 and 8 from line 6a	6,892,962.			
10 Analysis of line 9.				
a Excess from 2013 2,273,247.				
b Excess from 2014 99,036.				
c Excess from 2015 1,613,131.				
d Excess from 2016 1,373,640.				
e Excess from 2017 1,533,908.				

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 2017, 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) 2017	(b) 2016	(c) 2015	(d) 2014	(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 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 ▶ [X] 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., to individuals or organizations under other conditions, complete items 2a, b, c, and d.

a The name, address, and telephone number or email address 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 ATTACHMENT B ADDRESSES AVAILABLE UPON REQUEST SEATTLE, WA 98136	N/A	PC	SEE ATTACHMENT B	12,224,839.
SEE ATTACHMENT B ADDRESSES AVAILABLE UPON REQUEST SEATTLE, WA 98136	N/A	POF	SEE ATTACHMENT B	40,000.
SEE ATTACHMENT B APTDO 159-4013 ATENAS, ALAJUELA, COSTA RICA	N/A	NC	SEE ATTACHMENT B	50,000.
SEE ATTACHMENT B ADDRESSES AVAILABLE UPON REQUEST SEATTLE, WA 98136	N/A	SO - III FI	SEE ATTACHMENT B	50,000.
Total			▶ 3a	12,364,839.
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					
4 Dividends and interest from securities			14	4,695,782.	
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					
8 Gain or (loss) from sales of assets other than inventory			18	3,144,831.	
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)		0.		7,840,613.	0.

13 **Total.** Add line 12, columns (b), (d), and (e) 13 7,840,613.

(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).

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) (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) (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) is based on all information of which preparer has any knowledge

May the IRS discuss this return with the preparer shown below? See instr ☒ Yes ☐ No

Signature of officer or trustee	Date	Title
[signature]	19 NOVEMBER 2018	TREASURER

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
COLLEEN C LOUGHRAN	Colleen C. Loughran CPA	11/7/18		P00285509

Firm's name ▶ KING & OLIASON PLLC — Firm's EIN ▶ 27-4238573

Firm's address ▶ 200 W MERCER ST, SUITE E300 SEATTLE, WA 98119 — Phone no 206-285-7242

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

Schedule of Contributors

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.
▶ Go to www.irs.gov/Form990 for the latest information.

OMB No 1545-0047

2017

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, contributions totaling $5,000 or more (in money or property) from any one contributor Complete Parts I and II See instructions for determining a contributor's total contributions

Special Rules

☐ For an organization described in section 501(c)(3) 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), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions 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 an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than $1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals Complete Parts I, II, and III

☐ For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc , purposes, but no such contributions totaled 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 Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling $5,000 or more during the year ▶ $ ____________

Caution: An organization that isn't covered by the General Rule and/or the Special Rules doesn't 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 its Form 990-PF, Part I, line 2, to certify that it doesn't meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF)

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

Part I **Contributors** (see instructions) Use duplicate copies of Part I if additional space is needed

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	2013 SARAH R. WERNER CHARITABLE LEAD TRUST 6523 CALIFORNIA AVE SW #137 SEATTLE, WA 98136	$ 69,390.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions)
2	2013 SARAH R. WERNER CHARITABLE LEAD TRUST 6523 CALIFORNIA AVE SW #137 SEATTLE, WA 98136	$ 1,380,372.	Person [X] Payroll [ ] Noncash [X] (Complete Part II for noncash contributions)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions)

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

Part II **Noncash Property** (see instructions) Use duplicate copies of Part II if additional space is needed

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
2	SEE ATTACHMENT A	$ 1,380,372.	07/17/17

(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., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than $1,000 for the year from any one contributor. 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 info once) ▶ $

Use duplicate copies of Part III if additional space is needed

(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

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 1

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	(A) REVENUE PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME
MERRILL LYNCH ACCRUED INT PAID	-27,379.	0.	-27,379.	-27,379.	0.
MERRILL LYNCH DIVIDENDS	3,764,402.	0.	3,764,402.	3,764,402.	0.
MERRILL LYNCH INTEREST	856,706.	0.	856,706.	856,706.	0.
MERRILL LYNCH TAXABLE BOND PREMIUM	-209,760.	0.	-209,760.	-209,760.	0.
MERRILL LYNCH US GOVT INTEREST	311,813.	0.	311,813.	311,813.	0.
TO PART I, LINE 4	4,695,782.	0.	4,695,782.	4,695,782.	0.

FORM 990-PF ACCOUNTING FEES STATEMENT 2

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING FEES	15,102.	7,551.	0.	7,551.
TO FORM 990-PF, PG 1, LN 16B	15,102.	7,551.	0.	7,551.

FORM 990-PF OTHER PROFESSIONAL FEES STATEMENT 3

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ADMINISTRATIVE FEES	100,000.	10,000.	0.	90,000.
INVESTMENT MANAGEMENT FEES	710,975.	710,975.	0.	0.
OTHER FEES	301.	301.	0.	0.
TO FORM 990-PF, PG 1, LN 16C	811,276.	721,276.	0.	90,000.

FORM 990-PF TAXES STATEMENT 4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FOREIGN TAXES PAID	82,577.	82,577.	0.	0.
FEDERAL EXCISE TAX PAYMENT	76,000.	0.	0.	0.
TO FORM 990-PF, PG 1, LN 18	158,577.	82,577.	0.	0.

FORM 990-PF OTHER EXPENSES STATEMENT 5

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
MISCELLANEOUS EXPENSES	787.	787.	0.	0.
LICENSES & FEES	80.	0.	0.	80.
TO FORM 990-PF, PG 1, LN 23	867.	787.	0.	80.

FORM 990-PF OTHER DECREASES IN NET ASSETS OR FUND BALANCES STATEMENT 6

DESCRIPTION	AMOUNT
EXCESS OF FAIR MARKET VALUE OVER COST BASIS OF SECURITIES DONATED	350,166.
TOTAL TO FORM 990-PF, PART III, LINE 5	350,166.

FORM 990-PF U.S. AND STATE/CITY GOVERNMENT OBLIGATIONS STATEMENT 7

DESCRIPTION	U.S. GOV'T	OTHER GOV'T	BOOK VALUE	FAIR MARKET VALUE
MERRILL LYNCH INVESTMENTS	X		18,790,260.	18,785,506.
MERRILL LYNCH INVESTMENTS		X	550,000.	574,430.
TOTAL U.S. GOVERNMENT OBLIGATIONS			18,790,260.	18,785,506.
TOTAL STATE AND MUNICIPAL GOVERNMENT OBLIGATIONS			550,000.	574,430.
TOTAL TO FORM 990-PF, PART II, LINE 10A			19,340,260.	19,359,936.

FORM 990-PF CORPORATE STOCK STATEMENT 8

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
MERRILL LYNCH INVESTMENTS	82,132,805.	129,389,109.
TOTAL TO FORM 990-PF, PART II, LINE 10B	82,132,805.	129,389,109.

FORM 990-PF CORPORATE BONDS STATEMENT 9

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
MERRILL LYNCH INVESTMENTS	18,000,739.	18,194,033.
TOTAL TO FORM 990-PF, PART II, LINE 10C	18,000,739.	18,194,033.

FORM 990-PF OTHER INVESTMENTS STATEMENT 10

DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
MERRILL LYNCH - MUTUAL FUNDS	COST	52,015,045.	62,907,525.
MERRILL LYNCH - ACCRUED INTEREST	COST	0.	249,844.
TOTAL TO FORM 990-PF, PART II, LINE 13		52,015,045.	63,157,369.

FORM 990-PF EXPLANATION CONCERNING PART VII-A, LINE 12 QUALIFYING DISTRIBUTION STATEMENT STATEMENT 11

EXPLANATION

THE FOUNDATION MADE A DISTRIBUTION OF $560,000 TO A DONOR ADVISED FUND AT THE SEATTLE FOUNDATION. THE DISTRIBUTION WAS TREATED AS A QUALIFYING DISTRIBUTION FOR 2017.

FORM 990-PF EXPLANATION CONCERNING PART VII-A, LINE 12 SECTION 170(C)(2)(B) STATEMENT STATEMENT 12

EXPLANATION

THE FUNDS IN THE DONOR ADVISED FUND WILL BE DISTRIBUTED TO PUBLIC CHARITIES WITH AN EMPHASIS ON OUTDOOR EDUCATION, CONSERVATION AND EDUCATION, TO CONTINUE THE FOUNDATION'S SUPPORT IN THESE CHARITABLE AREAS.

FORM 990-PF PART VIII - LIST OF OFFICERS, DIRECTORS TRUSTEES AND FOUNDATION MANAGERS STATEMENT 13

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN-SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
SARAH R. WERNER 6523 CALIFORNIA AVE SW #137 SEATTLE, WA 98136	PRESIDENT/DIRECTOR 2.00	0.	0.	0.
RICK S. WERNER 6523 CALIFORNIA AVE SW #137 SEATTLE, WA 98136	TREASURER/DIRECTOR 2.00	0.	0.	1,028.
GEORGE G. GULICK 6523 CALIFORNIA AVE SW #137 SEATTLE, WA 98136	VICE PRESIDENT/DIRECTOR 2.00	0.	0.	0.
E. LEEDS GULICK 6523 CALIFORNIA AVE SW #137 SEATTLE, WA 98136	SECRETARY/DIRECTOR 2.00	0.	0.	0.
JAMES FLAGGERT 6523 CALIFORNIA AVE SW #137 SEATTLE, WA 98136	DIRECTOR 3.00	40,000.	0.	0.
TOTALS INCLUDED ON 990-PF, PAGE 6, PART VIII		40,000.	0.	1,028.

ISLANDS FUND

EIN: 91-1663838

Stock Contributions received 7/17/2017:

SYMBOL		# OF SHARES	VALUE
MLAAX	Mainstay Large Cap Fund	119,845	1,176,877.90
LDFVX	Lord Abbett Fundamental Equity Fund	15,018	203,493.90
TOTAL			**1,380,371.80**

ATTACHMENT A

ISLANDS FUND
Grants - 2017

EIN 91-1663838

Grantee	Status per IRS code	Grant Purpose	Date	CK #	Grant Amount
Aloha Foundation	PC	Ed Gulick Scholarship endow ($500,000), Hulbert endow ($400,000), Lil's endow ($35,000), Love Music endow ($25,000), Ohana Camp endowment ($100,000)	5/24/2017	1815	$ 1,060,000
ACES	PC	Children's Education Fund ($150,000) and Rock Bottom Ranch endowment ($150,000)	5/24/2017	1816	$ 300,000
Bridle Trails Foundation	PC	Endowment	5/24/2017	1817	$ 35,000
Capitol Land Trust	PC	Education programs	5/24/2017	1818	$ 5,000
Center for Wooden Boats	PC	Youth programs	5/24/2017	1819	$ 20,000
Coyote Central	PC	Youth programs	5/24/2017	1820	$ 10,000
Dartmouth College	PC	Gulick Foreign and Minority Scholarship endow	5/24/2017	1823	$ 150,000
Ecotrust	PC	Native youth scholarships ($100,000), Native Fellowship over 2 years ($100,000)	5/24/2017	1824	$ 200,000
Explorer West Middle School	PC	Challenge match for financial aid endowment	5/24/2017	1825	$ 125,000
Forterra N W	PC	Port Gamble Forest campaign only	5/24/2017	1826	$ 10,000
Future Generations	PC	Alumni Network endowment ($400,000) and general operations ($400,000)	5/24/2017	1827	$ 800,000
Lakeside	PC	Micro-school financial aid endowment (new)	5/24/2017	1828	$ 200,000
Nature Conservancy (CO)	PC	Youth environ Education and outreach program ($130,000) and conservation easements ($500,000)	5/24/2017	1829	$ 630,000
Nature Conservancy (MT)	PC	Northern Great Plains land protection	5/24/2017	1830	$ 300,000
N W Outward Bound	PC	Pinnacle Scholarship program	5/24/2017	1831	$ 25,000
Open Window School	PC	Financial aid endowment	5/24/2017	1832	$ 100,000
Pacific Science Center	PC	Access to summer programs at Mercer Slough	5/24/2017	1833	$ 6,589
Plant Amnesty	PC	General operations	5/24/2017	1834	$ 22,000
Puget Soundkeeper Alliance	PC	Pollution prevention programs	5/24/2017	1835	$ 35,000
Reading Partners	PC	Seattle reading program	5/24/2017	1836	$ 35,000
Seattle Youth Symphony	PC	Seattle in-school programs ($25,000) and academic year orchestras ($25,000)	5/24/2017	1837	$ 50,000
Special Olympics WA	PC	Permanent endowment ($40,000) and 9 areas of program support ($80,000)	5/24/2017	1839	$ 120,000
Vancouver School District - (Canadian)	PC	Hooksum Outdoor summer camp	5/24/2017	1840	$ 4,000
WA Trails Association	PC	Mondal youth endowment	5/24/2017	1841	$ 150,000
Wellesley College	PC	Harriet F Gulick Scholarship endowment	5/24/2017	1842	$ 150,000
Wood River Land Trust Company	PC	Hailey Greenway campaign	5/24/2017	1843	$ 100,000
Yellowstone to Yukon Conservation Initiative	PC	Land acquisition joint venture with Vital Ground	5/24/2017	1844	$ 350,000
Trail Blazers	PC	Scholarship Fund challenge match	6/1/2017	1845	$ 150,000
Alaska Marine Conservation Council	PC	Switgard Duesterloh to hire educator in Ocean Science Discovery Lab	10/26/2017	1855	$ 10,000
Arboretum Foundation	PC	Education and outreach programs for schools	10/26/2017	1856	$ 57,000
Arts Corps	PC	Totem Star program	10/26/2017	1857	$ 15,000
Bellevue Schools Foundation	PC	VIBES program ($25,000) and VIBES endowment ($25,000)	10/26/2017	1858	$ 50,000
Bertschi School	PC	Financial aid endowment	10/26/2017	1859	$ 200,000
Big Bros /Big Sisters of Central OR	PC	Community-based mentoring programs	10/26/2017	1860	$ 20,000
Big Bros /Big Sisters of Puget Sound	PC	Community and site-based programs	10/26/2017	1861	$ 75,000
Big Sur Land Trust	PC	Nature camps ($30,000) and stewardship endowment ($200,000)	10/26/2017	1862	$ 230,000
Boys & Girls Clubs of Bellevue	PC	Summer camp scholarships	10/26/2017	1863	$ 60,000
Challenge Aspen	PC	CAMO and REC programs	10/26/2017	1864	$ 40,000
CHILL Foundation	POF	SEA program and PDX program	10/26/2017	1865	$ 40,000
Conservation N W	PC	Carnivore Comback program	10/26/2017	1866	$ 50,000
QQQ Projects - (Canadian)	PC	Program	10/26/2017	1867	$ 25,000
Raincoast Education Society - (Canadian)	PC	Program	10/26/2017	1868	$ 35,000
Delridge Neighborhood Dev Assoc	PC	Nature Consortium education programs	10/26/2017	1869	$ 38,000
Ecology Project	PC	Greater Yellowstone youth outdoor education program	10/26/2017	1870	$ 30,000
Environmental & Adventure School PTO	PC	General program grant (formerly Lake WA Environ & Adven School)	10/26/2017	1871	$ 25,000
Environmental Resource Center	PC	Community programs, school programs and EcoCamps	10/26/2017	1872	$ 30,000
Explorer West Middle School	PC	Outdoor education program	10/26/2017	1873	$ 36,750
Hamlin Robinson School	PC	Scholarships/financial aid ($60,000) and financial aid endowment ($125,000)	10/26/2017	1874	$ 185,000
Hidden Villa	PC	Summer camp scholarships	10/26/2017	1875	$ 40,000
Huts for Vets	PC	General program	10/26/2017	1876	$ 10,000
Islandwood	PC	School overnight program	10/26/2017	1877	$ 100,000
Lakeside	PC	Micro-school financial aid endowment (new)	10/26/2017	1878	$ 75,000
Little Bit	PC	Scholarship Fund & Tuition Subsidy program	10/26/2017	1879	$ 45,000

ATTACHMENT B

ISLANDS FUND
Grants - 2017

EIN 91-1563838

Grantee	Status per IRS code	Grant Purpose	Date	CK #	Grant Amount
Mearth	PC	Youth programs	10/26/2017	1880	$ 40,000
Museum of Flight	PC	Outreach education programs	10/26/2017	1881	$ 50,000
Museum of Flight	PC	Education endowment match	10/26/2017	1882	$ 337,500
Museum of NW Art	PC	MoNA Link, Family Art Days education programs and outreach	10/26/2017	1883	$ 40,000
Nature Bridge	PC	Field science education program at OPI	10/26/2017	1884	$ 25,000
New Summit Academy	NC	Financial aid/scholarships	10/26/2017	1885	$ 50,000
NexStage Theater	PC	Scholarships	10/26/2017	1886	$ 15,000
North Cascades Institute	PC	Mountain School, Youth Leadership Adventures and Mt Baker snowschool	10/26/2017	1887	$ 130,000
NW Avalanche Center	PC	Youth avalanche education initiative	10/26/2017	1888	$ 25,000
Nueva School	PC	Summer camp financial aid program	10/26/2017	1889	$ 50,000
Open Window School	PC	Financial aid endowment	10/26/2017	1890	$ 75,000
Pacific Science Center	PC	Science education outreach programs ($60,000) and Mercer Slough program ($50,000)	10/26/2017	1891	$ 110,000
Peregrine Fund	PC	Elementary school education program	10/26/2017	1892	$ 40,000
Planned Parenthood of the Great N W	PC	Teen council peer education programs ($160,000) and evaluations ($90,000)	10/26/2017	1893	$ 250,000
Planned Parenthood of the Great N W	PC	Education endowment	10/26/2017	1894	$ 1,270,000
Powerful Voices	PC	General program	10/26/2017	1895	$ 30,000
Raven Rock Ranch	PC	Equine therapy program for children and teens	10/26/2017	1896	$ 10,000
Roaring Fork Outdoor Volunteers	PC	Young Stewards Initiative	10/26/2017	1897	$ 48,000
San Juan Preservation Trust	PC	Henry Island campaign challenge match	10/26/2017	1898	$ 75,000
Santa Lucia Conservancy	SO	Rancho Canada classrooms	10/26/2017	1899	$ 50,000
Seattle Academy	PC	Outdoor and travel program ($50,000), wilderness training ($25,000) and Voyageur's endowment ($250,000)	10/26/2017	1900	$ 325,000
Seattle Aquarium	PC	Beach naturalist program ($20,000) and YOA and Citizen Science ($30,000)	10/26/2017	1901	$ 50,000
Tilth Alliance	PC	Seattle Youth Garden Works program	10/26/2017	1902	$ 50,000
CRISTA Ministries	PC	Student scholarships	10/26/2017	1903	$ 100,000
Secret Harbor School	PC	Summer environmental work experience training program	10/26/2017	1904	$ 20,000
Sierra Club Foundation	PC	Seattle Inspiring Connections Outdoors (S I C O)	10/26/2017	1905	$ 15,000
Skagit Land Trust	PC	Youth conservation program	10/26/2017	1906	$ 10,000
Skagit Land Trust	PC	Create new stewardship endowment for Guemes Island	10/26/2017	1907	$ 1,300,000
Skagit Land Trust	PC	Kellys Bluff campaign	10/26/2017	1908	$ 100,000
SOS Outreach	PC	Seattle program	10/26/2017	1909	$ 15,000
Spectrum Dance Theater	PC	Gift of Dance scholarship fund	10/26/2017	1910	$ 20,000
Trail Blazers	PC	General operations ($75,000) and UOS ($50,000)	10/26/2017	1911	$ 125,000
Treehouse	PC	Graduation Success ($75,000) and summer camp scholarships ($50,000)	10/26/2017	1912	$ 125,000
Foundation for Private Enterprise Education	PC	General operations	10/26/2017	1913	$ 50,000
WA Trails Association	PC	Mondal youth endowment	10/26/2017	1914	$ 75,000
Woodland Park Zoo	PC	Zoo Crew, Zoo Corps programs	10/26/2017	1915	$ 40,000
Seattle Foundation	PC	Donor Advised Fund	10/26/2017	1916	$ 400,000
Seattle Foundation	PC	Donor Advised Fund	11/22/2017	1918	$ 160,000
			Total		$ 12,364,839

Grants Paid to Public Charities (PC)	$ 12,224,839
Grants Paid to Private Operating Funding (POF)	$ 40,000
Grant Paid to NC	$ 50,000
Grant Paid to SO	$ 50,000
	$ 12,364,839

ATTACHMENT B

ISLANDS FUND
E.I.N. # 91-1663838
ATTACHMENT TO 2015 FORM 990-PF
RETURN OF PRIVATE FOUNDATION

STATEMENT REQUIRED BY REG. §53.4945-5(d)

INFORMATION WITH RESPECT TO EXPENDITURE RESPONSIBILITY GRANTS

(1) Grantee: New Summit Academy
Aptdo 159-4013
Atenas, Alajuela Costa Rica

(2) Date Paid and the Amount of the Grant: $50,000 paid on November 2017

(3) Purpose: Scholarship Fund and financial aid for New Summit Academy

(4) Amount of Grant Spent by Grantee: $50,000

(5) Diversion:

To the knowledge of the foundation, and based on the report furnished by the grantee, no part has been used for other than its intended purpose.

(6) Date of Report(s) Received from Grantee:

November 1, 2017

ATTACHMENT C

Islands Fund
Annual Report of The Chill Foundation
Fiscal Year 2018

This report summarizes Grant activities as of the end of the
Chill Foundation's fiscal year (April 30, 2018)

Grantee Name: Chill Foundation (Chill Portland & Chill Seattle)

Original Grant Total: $40,000.00

Grant Date: October 26, 2017

Grantee Address: 80 Industrial Parkway, Burlington, VT 05401, USA

Grant Purpose: To fund Chill Portland and Chill Seattle youth development programming

1. **Progress made in accomplishing the above Grant Purpose.**

Since receiving the grant funds, Chill Portland and Chill Seattle have run seven skateboard and snowboard programs. Each program ran for six sessions and served over 200 youth in total. Chill's programs inspire youth to overcome challenges through increased self-esteem, confidence, and resilience

2. **Itemization of expenditures made from grant funds, including salaries, travel, and supplies.**

See attachment

3. **Grant funds paid as of the end of grantee's most recent fiscal year: April 30, 2018**

$40,000.00

4. **Amount of grant funds unspent as of the end of grantee's most recent fiscal year (April 30, 2018)**

$0.00

5. **Grantee asserts that it has made all expenditures in furtherance of the stated purpose of the grant.**
6. *Grantee asserts that it has complied with all the terms and conditions of the grant specified in* **the Grant Agreement signed by The Chill Foundation and the Islands Fund dated October 26, 2017.**

I declare that I am authorized to sign this report on behalf of the above organization, that I have examined the foregoing statements, and to the best of my knowledge they are true, correct, and complete.

By: ______________________ Date: 10/30/18

Title: Executive Director

ATTACHMENT D

Chill Portland & Seattle Expenditures

	Seattle	Portland	Total
Expenses:			
Program. Tansportation	$8,000.00	$8,000.00	$16,000.00
Program Instruction/Equipment	$5,600.00	$4,000.00	$9,600.00
Operating/Supplies	$400.00	$500.00	$900.00
Salaries and benefits	$6,000.00	$7,500.00	$13,500.00
Total expenses:	$20,000.00	$20,000.00	$40,000.00

ATTACHMENT D