Financial Planning Committee
Revised Agenda

Date: Wednesday, May 28, 2025
Time: 10:30 am - 3:00 pm
Location: Electronic Zoom Meeting

7.1 March 31, 2025 Islands Trust Audited Financial Statements and Audit Report 15 - 35

Late item: The audited financial statements and accompanying audit report were received for information from the Audit Committee upon adjournment of their meeting on May 28, 2025.

7.2 March 31, 2025 Financial Results - Briefing 36 - 47

That Financial Planning Committee forward the March 31, 2025 Financial Results Briefing to Trust Council for information.

7.3 Forgone 2025/26 and 2026/27 Allocated Financial Statements - Briefing 48 - 52

8. BUSINESS - OTHER

8.1 Annual Report: Financial Planning Committee Section - Request For Decision 53 - 56

That Financial Planning Committee approve the attached text for inclusion in the 2024/25 Annual Report for approval by Trust Council and submission to the Minister of Housing and Municipal Affairs.

9. BUSINESS - NEW

10. WORK PROGRAM 57 - 61

For review and referral to Trust Council before each quarterly TC meeting.

That Financial Planning Committee approve the proposed Work Program report [as presented or as amended], and forward it to Trust Council for approval.

11. NEXT MEETING

Wednesday, August 20, 2025, from 10:00 a.m. to 3:00 p.m.

12. CLOSED MEETING

If desired:

That the meeting be closed to the public in accordance with the Community Charter, Part 4, Division 3, s.90, (quote the pertinent section here, for example, (1)(a) personal information about...) and that the recorder and staff [attend/not attend] the meeting.

13. RISE AND REPORT

If desired.

14. ADJOURNMENT 3:00 PM

*Approximate time is provided for the convenience of the public only and is subject to change without notice.

Financial Planning Committee
Minutes of a Regular Meeting

Date of Meeting: **February 19, 2025**
Location: **Electronic Meeting**

Members Present:
Sue Ellen Fast, Municipal Trustee (Chair)
Mairead Boland, Local Trustee (Vice Chair)
Alex Allen, Trust Programs Committee Representative
Tobi Elliott, Executive Committee
Judith Gedye, Governance Committee Representative
David Graham, Local Trustee
Peter Luckham, Executive Committee
David Maude, Executive Committee
Laura Patrick, Regional Planning Committee Representative
Tim Peterson, Executive Committee
Susan Yates, Islands Trust Conservancy Board Representative

Staff Present:
Rueben Bronee, Chief Administrative Officer (CAO)
Julia Mobbs, Director, Financial and Employee Services
Stefan Cermak, Director, Planning Services
Clare Frater, Director, Trust Area Services
David Marlor, Director, Legislative and Information Services
Nancy Roggers, Finance Officer
Robert Barlow, Legislative Services Clerk/Recorder

1. CALL TO ORDER

Chair Fast called the meeting to order at 10:30 a.m. and acknowledged that participants in the meeting were in Coast Salish territories.

2. AGENDA

2.1 Review of the Agenda

No changes to the agenda were presented for consideration.

2.2 Approval of the Agenda

By general consent the Committee approved the agenda as presented.

3. PUBLIC COMMENT PERIOD

No member of the public was present.

4. DELEGATIONS

None.

5. CORRESPONDENCE

None.

6. ADMINISTRATIVE COORDINATION

6.1 Minutes of Previous Meetings

7.1.1 Financial Planning Committee Draft Minutes of January 22, 2025

By general consent the Committee approved the minutes as presented.

6.2 Resolutions Without Meeting

None.

6.3 Follow up Action List (FUAL)

It was noted that the item on the List for staff to provide a review of legislation, bylaws and policy in regards to reconsideration of resolutions is agenda item 8.2.

7. BUSINESS - WORK PROGRAM ITEMS

7.1 December 31, 2024 Financial Report - Request For Decision

Director Mobbs introduced the Request For Decision. Committee discussion included:

- the over-expenditures on litigation and enforcement expenses are a result of those expenses having been under-budgeted, and as a result of substantial litigation expenses that have incurred
- the most substantial contributor to underspending is the result of projects not advancing and some staff vacancies
- almost a quarter of staff are on leave or on a temporary placement or the staff position is vacant
- this was an exceptional year for grant revenue returns
- there is no guaranteed recovery of property clean up costs for work on Thetis Island, although it is a possibility

FPC-2025-006
It was MOVED and SECONDED,
that Financial Planning Committee forward the December 31, 2024 financial report to Trust Council for approval.

CARRIED

7.2 December 31, 2024 Financial Forecast - Briefing

Director Mobbs introduced the Briefing, indicating that forecasted underspending is due mostly to planned projects not advancing and some staff vacancies. It was noted that a correction was needed on page 27 of the agenda in regards to the Salt Spring Island Water Protection Authority projects that are all forecasted to be underspent solely as a result of staff vacancies.

FPC-2025-007
It was MOVED and SECONDED,
that Financial Planning Committee forward the December 31, 2024 Financial Forecast to the March 2025 Trust Council meeting for information.

CARRIED

Committee recessed at 11:12 a.m. and returned at 11:23 a.m.

7.3 Changes to the Draft 2025/26 Budget Since Last Reviewed - Briefing

The Briefing was presented for information.

7.4 FPC's Draft Recommended 2025/26 Budget to Trust Council

7.4.1 Budget Session Outline

Director Mobbs indicated that there is scheduled two and a half hours for budget discussion at the March Trust Council meeting.

7.4.2 Overview of Draft 2025/26 Budget - Briefing

Director Mobbs presented the Briefing. Committee discussion included:
- a request for presentation of other jurisdictions' tax or budget increases
- how to structure the budget discussion at the March Trust Council meeting
- there is no current Trust Council direction to staff to assess cost recovery for planning applications and there is a current challenge of having no functional time tracking software to provide an analysis of staff time spent on application processing

7.4.3 Budget Funding Requests

Committee discussion included:
- conducting all four annual Trust Council meetings electronically, rather than in person, would result in approximately a 1.5% reduction in the local trust area general tax increase
- potential reductions to several budget line items

Financial Planning Committee recessed at 12:12 p.m. and returned at 12:46 p.m.

Committee discussion continued:

- staff provided a document showing the impact of reductions to several budget line items on the overall budget
- the BC Public Service staff hiring restrictions is not likely to be extended to Islands Trust

FPC-2025-008
It was MOVED and SECONDED,
that Financial Planning Committee direct staff to remove $15,000 for secretariat research from the draft 2025/26 budget.

CARRIED

FPC-2025-009
It was MOVED and SECONDED,
that Financial Planning Committee forward the following Trust Council meeting option for Trust Council to consider: half in person and half virtual.

CARRIED

FPC-2025-010
It was MOVED and SECONDED,
that Financial Planning Committee recommend that the UBCM/AVICC budget be adjusted to reduce the Executive Committee members to two and reduce the amount by $9,000.

CARRIED

FPC-2025-011
It was MOVED and SECONDED,
that Financial Planning Committee direct staff to remove $10,000 for Executive Committee Application Sponsorship item from the draft 2025/26 budget.

CARRIED

Trustee Luckham left the meeting at 1:57 p.m.
The Committee recessed at 1:59 p.m. and returned at 2:10 p.m.

FPC-2025-012
It was MOVED and SECONDED,
that Financial Planning Committee direct staff to remove $2,000 for Coast Salish Art from the draft 2025/26 budget.

CARRIED

FPC-2025-013
It was MOVED and SECONDED,

that Financial Planning Committee direct staff to remove $10,000 for Islands Trust Conservancy Conservation Land Securement from the draft 2025/26 budget.

CARRIED

FPC-2025-014
It was MOVED and SECONDED,
that Financial Planning Committee recommend to Trust Council that the Stewardship Education Program ($9500 and 230 staff hours) is removed from the 2025/25 budget.

DEFEATED

FPC-2025-015
It was MOVED and SECONDED,
that Financial Planning Committee direct staff to remove $10,000 for Trustee Remuneration Review from the draft 2025/26 budget.

DEFEATED

FPC-2025-016
It was MOVED and SECONDED,
that Financial Planning Committee direct staff to remove $1,000 for Islands Trust Conservancy Legal and remove $1,100 for Islands Trust Conservancy Board training from the draft 2025/26 budget.

CARRIED

FPC-2025-017
It was MOVED and SECONDED,
that Financial Planning Committee remove $4,600 for Executive expenses for Local Trust Committees from the draft 2025/26 budget.

CARRIED

Trustee Allen left the meeting at 3:00 p.m.

FPC-2025-018
It was MOVED and SECONDED,
that Financial Planning Committee direct staff to draw an additional amount from surplus into the draft 2025/26 budget, equal to the correction in the third quarter financial forecast for salaries and benefits expense, and that this additional draw be allocated to work benefiting Bowen Island Municipality.

CARRIED

FPC-2025-019
It was MOVED and SECONDED,
that Financial Planning Committee forward the budget materials contained in agenda item 7.4 to Trust Council as amended, as its recommended 2025/26 Budget to Trust Council.

DRAFT

CARRIED

7.5 2025/26 Budget Guidelines Assessment - Briefing

Not discussed.

7.6 Ministry Bylaws for Trust Council

7.6.1 Financial Plan Bylaw - Trust Council Request For Decision

Director Mobbs presented the Trust Council Request For Decision, indicating that Schedule A of the Bylaw will be amended as per decisions made at the Financial Planning Committee meeting, and will also amend it as a result of any decisions to do so at the March Trust Council meeting.

FPC-2025-020
It was MOVED and SECONDED,
that Financial Planning Committee forward Bylaw 201 (Islands Trust Council Financial Plan Bylaw 2025-26) to Trust Council for approval as amended.

CARRIED

7.6.2 Revenue Anticipation Borrowing Bylaw - Trust Council Request For Decision

FPC-2025-021
It was MOVED and SECONDED,
that Financial Planning Committee forward Bylaw 202 (Islands Trust Council Revenue Anticipation Borrowing Bylaw 2025-2026) to Trust Council for approval.

CARRIED

8. BUSINESS - OTHER

8.1 2026/27 Budget Public Engagement Process

By general consent discussion of agenda item 8.1 was deferred to a Special Meeting to be set prior to the next scheduled meeting.

9. BUSINESS - NEW

None

10. WORK PROGRAM

10.1 Work Program Update – Request For Decision

FPC-2025-022

It was MOVED and SECONDED,
that Financial Planning Committee add to the proposed Work Program consideration of the 2026/27 Budget Public Engagement Project Charter.

CARRIED

FPC-2025-023
It was MOVED and SECONDED,
that Financial Planning Committee approve the amended proposed Work Program and forward to Trust Council for approval.

CARRIED

11. NEXT MEETING

FPC-2025-024
It was MOVED and SECONDED,
that Financial Planning Committee request staff to schedule a Special Meeting from 10:30 a.m. to noon on March 5, 2025, regarding the draft public survey and the budget engagement process for 2026/27.

CARRIED

The next scheduled meeting is Wednesday, May 28, 2025, from 10:30 a.m. to 3:00 p.m. The Audit Committee will be meeting on the same day from 10:00 a.m. to 10:30 a.m.

The Committee then addressed agenda item 8.2

8.2 Reconsideration of Trust Council Decisions - Briefing

FPC-2025-025
It was MOVED and SECONDED,
that Financial Planning Committee receive for information the Reconsideration of Trust Council Decisions Briefing.

CARRIED

12. CLOSED MEETING

The meeting was not closed.

13. RISE AND REPORT

No Rise and Report.

14. ADJOURNMENT

By general consent the meeting adjourned at 3:25 p.m.

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Sue Ellen Fast, Chair

Certified Correct:

____

Robert Barlow, Legislative Services Clerk/Recorder

Minutes are not official until adopted at a subsequent meeting.

DRAFT

Financial Planning Committee
Minutes of a Special Meeting

Date of Meeting: **March 5, 2025**
Location: **Electronic Meeting**

Members Present:
Sue Ellen Fast, Municipal Trustee (Chair)
Mairead Boland, Local Trustee (Vice Chair)
Tobi Elliott, Executive Committee
David Graham, Local Trustee
Peter Luckham, Executive Committee
David Maude, Executive Committee
Laura Patrick, Regional Planning Committee Representative
Tim Peterson, Executive Committee

Member Regrets
Judith Gedye, Governance Committee Representative
Susan Yates, Islands Trust Conservancy Board Representative

Members Absent
Alex Allen, Trust Programs Committee Representative

Staff Present:
Rueben Bronee, Chief Administrative Officer (CAO)
Julia Mobbs, Director, Financial and Employee Services
Stefan Cermak, Director, Planning Services
Clare Frater, Director, Trust Area Services
Morgana van Niekerk, Communications Specialist
Robert Barlow, Legislative Services Clerk/Recorder

1. CALL TO ORDER

Chair Fast called the meeting to order at 10:00 a.m. and acknowledged that participants in the meeting were in Coast Salish territories.

2. AGENDA

2.1 Review of the Agenda

No changes to the agenda were presented for consideration.

2.2 Approval of the Agenda

By general consent the Committee approved the agenda as presented.

3. BUSINESS - WORK PROGRAM ITEMS

3.1 2026/27 Budget Public Engagement Process

3.1.1 Draft Public Survey for 2026/27 Budget - Briefing

Communications Specialist van Niekerk introduced the Briefing. Committee discussion included suggestions for improvements.

3.1.2 2026-27 Budget Public Engagement Process - Request For Decision

Director Mobbs presented the Request For Decision. Committee discussion included a request for staff to review the tables on page 16 and 17 need to be for clarity.

FPC-2025-026
It was MOVED and SECONDED,
that Financial Planning Committee approve the 2026/27 Budget Public Engagement project charter as presented.

CARRIED

4. BUSINESS - NEW

None.

5. NEXT MEETING

Wednesday, May 28, 2025, from 10:30 a.m. to 3:00 p.m.
The Audit Committee will be meeting on the same day from 10:00 a.m. to 10:30 a.m.

6. ADJOURNMENT

By general consent the meeting adjourned at 12:10 p.m.

____
Sue Ellen Fast, Chair

Certified Correct:

____
Robert Barlow, Legislative Services Clerk/Recorder

Minutes are not official until adopted at a subsequent meeting.

Follow Up Action Report

Financial Planning Committee

12-Oct-2022

Progress		Activity	Responsibility	Dates	Status
0%	1	**Re: Reserves and Surplus Policy:** that Financial Planning Committee request staff to investigate possible language changes to TC Policy 6.5.1 Reserves and Surplus to ensure that it does not violate best practices related to use of surplus funds to fund operating expenses.	Julia Mobbs	Target: 30-Sep-2025	In Progress

19-Feb-2025

Progress		Activity	Responsibility	Dates	Status
100%	1	forward the December 31, 2024 financial report to Trust Council for approval.	Julia Mobbs	Target: 11-Mar-2025	Completed
100%	2	forward the December 31, 2024 Financial Forecast to the March 2025 Trust Council meeting for information.	Julia Mobbs	Target: 11-Mar-2025	Completed
100%	3	forward the budget materials contained in agenda item 7.4 to Trust Council as amended, as its recommended 2025/26 Budget to Trust Council.	Julia Mobbs	Target: 11-Mar-2025	Completed
100%	4	forward Bylaw 201 (Islands Trust Council Financial Plan Bylaw 2025-26) to Trust Council for approval as amended.	Julia Mobbs	Target: 11-Mar-2025	Completed
100%	5	forward Bylaw 202 (Islands Trust Council Revenue Anticipation Borrowing Bylaw 2025-2026) to Trust Council for approval.	Julia Mobbs	Target: 11-Mar-2025	Completed
100%	6	add to the proposed Work Program consideration of the 2026/27 Budget Public Engagement Project Charter.	Julia Mobbs	Target: 11-Mar-2025	Completed

Follow Up Action Report

Financial Planning Committee

19-Feb-2025

Progress	Activity		Responsibility	Dates	Status
100%	**7**	forward to Trust Council for approval the amended proposed Work Program	Julia Mobbs	Target: 11-Mar-2025	Completed
100%	**8**	schedule a Special Meeting from 10:30 a.m. to noon on March 5, 2025, regarding the draft public survey and the budget engagement process for 2026/27.	Robert Barlow	Target: 05-Mar-2025	Completed

Financial Statements of

ISLANDS TRUST

Year ended March 31, 2025

ISLANDS TRUST

Financial Statements

Year ended March 31, 2025

Financial Statements

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of Islands Trust (the "Trust") are the responsibility of the Trust's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting standards for local governments as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Trust's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Trust, acting through its Audit Committee, meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by Trust Council. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Trust's financial statements.

_______________________________	_______________________________
Chief Administrative Officer	*Director, Financial and Employee Services*

DRAFT *- June 4, 2025*

INDEPENDENT AUDITOR'S REPORT

To the Trustees of Islands Trust and the Minister of Housing and Municipal Affairs

Opinion

We have audited the financial statements of Islands Trust which comprise:

- the statement of financial position as at March 31, 2025
- the statement of operations for the year then ended
- the statement of change in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Islands Trust as at March 31, 2025, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"*Auditor's Responsibilities for the Audit of the Financial Statements*"** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Island Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Islands Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Island Trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Islands Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Island Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Islands Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants

Victoria, Canada

________________________, 2025

***DRAFT** - June 4, 2025*

ISLANDS TRUST

Statement of Financial Position

March 31, 2025, with comparative information for 2024

	2025	2024
Financial assets:		
Cash and cash equivalents (note 2)	$ 2,955,860	$ 5,389,592
Accounts receivable	230,331	277,722
Investments (note 3)	1,602,707	-
	4,788,898	5,667,314
Liabilities:		
Accounts payable and accrued liabilities	977,232	868,632
Wages and benefits payable	1,176,175	1,543,771
Deferred revenue	277,952	423,688
Employee benefit obligations (note 4)	269,328	298,507
Obligations under capital leases (note 5)	44,442	41,291
Cost recovery deposits (note 13(b))	190	3,875
	2,745,319	3,179,764
Net financial assets	2,043,579	2,487,550
Non-financial assets:		
Tangible capital assets (note 6)	338,975	202,062
Prepaid expenses	362,727	251,449
	701,702	453,511
Commitments (note 11)		
Contingent liabilities (note 12)		
Subsequent event (note 15)		
Accumulated surplus (note 7)	$ 2,745,281	$ 2,941,061

The accompanying notes are an integral part of these financial statements.

Approved by the Trust Council:

Laura Patrick, Trust Council Chair

Sue-Ellen Fast, Audit Committee Chair

ISLANDS TRUST

Statement of Operations

Year ended March 31, 2025, with comparative information for 2024

	Budget	2025	2024
	(note 9)		
Revenue:			
Property tax - general	$ 8,555,040	$ 8,555,040	$ 8,046,628
Property tax levy - Bowen Island municipality	391,260	391,260	345,989
Property tax - special requisition	-	-	43,500
Government transfers (note 8)	833,919	766,158	732,733
Fees and sales	275,500	174,747	190,178
Interest income	260,000	257,129	319,027
Other income	-	-	575
Total revenue	10,315,719	10,144,334	9,678,630
Expenses (note 10):			
Council services	1,715,693	1,520,429	1,479,316
Local trust committee services	7,609,187	7,462,249	6,522,886
Trust conservancy services (note 13)	1,531,639	1,357,436	1,262,236
Total expenses	10,856,519	10,340,114	9,264,438
Annual surplus (deficit)	(540,800)	(195,780)	414,192
Accumulated surplus, beginning of year	2,941,061	2,941,061	2,526,869
Accumulated surplus, end of year	$ 2,400,261	$ 2,745,281	$ 2,941,061

The accompanying notes are an integral part of these financial statements.

ISLANDS TRUST

Statement of Change in Net Financial Assets

Year ended March 31, 2025, with comparative information for 2024

	Budget	2025	2024
	(note 9)		
Annual surplus (deficit)	$ (540,800)	$ (195,780)	$ 414,192
Acquisition of tangible capital assets	(346,700)	(238,817)	(111,880)
Acquisition of leased tangible capital assets	-	(16,040)	(7,607)
Amortization of tangible capital assets	224,000	117,944	154,425
Loss on disposal of capital assets	-	-	-
	(663,500)	(332,693)	449,130
Acquisition of prepaid expenses	-	(111,278)	(43,131)
Change in net financial assets	(663,500)	(443,971)	405,999
Net financial assets, beginning of year	2,487,550	2,487,550	2,081,551
Net financial assets, end of year	$ 1,824,050	$ 2,043,579	$ 2,487,550

The accompanying notes are an integral part of these financial statements.

ISLANDS TRUST

Statement of Cash Flows

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	$ (195,780)	$ 414,192
Items not involving cash:		
Amortization of tangible capital assets	117,944	154,425
Changes in non-cash operating assets and liabilities:		
Accounts receivable	47,391	23,674
Wages and benefits payable	(367,596)	146,553
Accounts payable and accrued liabilities	108,600	131,268
Deferred revenue	(145,736)	197,406
Employee benefit obligations	(29,179)	64,508
Cost recovery deposits	(3,685)	879
Prepaid expenses	(111,278)	(43,131)
Net change in cash from operating activities	(579,319)	1,089,774
Capital activities:		
Acquisition of tangible capital assets	(238,817)	(111,880)
Investing activities:		
Maturity (purchase) of investments	(1,602,707)	2,670,862
Financing activities:		
Principal payments on obligations under capital leases	(12,889)	(10,153)
Change in cash and cash equivalents	(2,433,732)	3,638,603
Cash and cash equivalents, beginning of year	5,389,592	1,750,989
Cash and cash equivalents, end of year	$ 2,955,860	$ 5,389,592
Supplemental cash flow information:		
Assets acquired under capital lease	$ (16,040)	$ (7,607)

The accompanying notes are an integral part of these financial statements.

Islands Trust (the "Trust") is incorporated under the Islands Trust Act of British Columbia (as amended). The objectives of the Trust are to preserve and protect the Trust area and its unique amenities and environment for the benefit of the residents of the Trust area and of the Province generally.

1. Significant accounting policies:

The financial statements of Islands Trust are prepared by management in accordance with Canadian public sector accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Trust are as follows:

(a) Reporting entity:

The financial statements include a combination of all the assets, liabilities, revenues, expenses, and changes in fund balances and in financial position of the trust council and the local trust committees.

The Trust occasionally conducts work on behalf of development applicants on a cost-recovery basis. These trust activities are not included in the financial statements.

(*i*) Consolidated entities:

The Trust does not control any significant external entities and accordingly no entities have been consolidated with the financial statements.

(*ii*) Funds held in trust:

The Trust administers operations of The Islands Trust Conservancy. The annual expenses of The Islands Trust Conservancy are reported by the Trust in accordance with The Islands Trust Act (note 13).

(b) Basis of accounting:

The Trust follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

1. Significant accounting policies (continued):

(c) Revenue recognition:

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability under section PS 3200 of public sector accounting standards.

Revenue unearned in the current period is recorded as deposits or deferred revenue until related performance obligations have been achieved.

Tax revenue is recognized on an accrual basis.

(d) Financial instruments:

A contract establishing a financial instrument creates, at its inception, rights and obligations to receive or deliver economic benefits. The financial assets and financial liabilities portray these rights and obligations in the financial statements. The Trust recognizes a financial instrument when it becomes a party to a financial instrument contract.

Financial instruments consist of cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities and wages and benefits payable.

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations. In the years presented, there are no unrealized gains or losses and as a result no statement of remeasurement gains or losses has been included.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations.

1. Significant accounting policies (continued):

(e) Cash and cash equivalents:

Cash and cash equivalents include short-term highly liquid investments with a term to maturity of 90 days or less at acquisition.

(f) Investment income:

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on restricted funds is added to the investment and forms part of the deferred revenue balance.

(g) Employee future benefits:

The Trust and its employees make contributions to the Public Service Pension Plan, which provides benefits directly to employees upon retirement. These contributions are expensed as incurred.

A gratuity is also available to employees upon retirement. The cost of this benefit is paid by the Public Service Pension Plan.

(h) Asset retirement obligations:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

(*i*) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;

(*ii*) The past transaction or event giving rise to the liability has occurred;

(*iii*) It is expected that future economic benefits will be given up; and

(*iv*) A reasonable estimate of the amount can be made.

In the years presented, no asset retirement obligations have been identified for the Trust and as such no liability has been recognized.

(i) Liability for contaminated sites:

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

(*i*) an environmental standard exists;

(*ii*) contamination exceeds the environmental standard;

(*iii*) the Trust is directly responsible or accepts responsibility;

(*iv*) it is expected that future economic benefits will be given up; and

(*v*) a reasonable estimate of the amount can be made.

1. **Significant accounting policies (continued):**

(i) Liability for contaminated sites (continued):

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(j) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(*i*) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Furniture and equipment	5
Computers	3
Leasehold improvements	lesser of remaining term of the lease and useful life

Amortization is charged annually, including in the year of acquisition and disposal. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Trust's ability to provide goods and services, or when the value of future economic benefits associated with the asset are less than the book value of the asset.

The Islands Trust is fortunate to have, and to be mandated to protect, many natural assets in the Trust Area that reduce the need for engineered infrastructure that might otherwise be required by other government agencies to provide various services to the islands. This includes island aquifers (water storage and filtration); streams, ditches and wetlands (rainwater management); forests (carbon sequestration); and foreshore areas (natural seawalls). Canadian public sector accounting standards do not provide for the valuation and recording of such assets in the financial statements. As such, these natural assets are not reported in these financial statements. Nevertheless, the Trust acknowledges the importance of these assets and the need to manage them in conjunction with engineered infrastructure that is managed by other government agencies.

1. Significant accounting policies (continued):

(j) Non-financial assets (continued):

(*ii*) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(*iii*) Works of art and historical treasures:

Works of art and historical treasures are not recorded as assets in these financial statements.

(*iv*) Interest capitalization:

The Trust does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(*v*) Leased tangible capital assets:

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(k) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Estimates include assumptions used in estimating provisions for accrued liabilities, revenue recognition based on performance obligations achieved, fair value of financial instruments and asset retirement obligations. Actual results could differ from these estimates.

2. Cash and cash equivalents:

	2025	2024
Bank account balances	$ 2,955,860	$ 5,389,592

3. Investments:

At March 31, 2025, investments consisted of guaranteed investment certificates with a cost plus accrued interest that approximated market value. The stated interest rate is 3.65% and the maturity date is February 1, 2026.

4. Employee benefit obligations:

	2025	2024
Vacation pay	$ 191,646	$ 225,490
Compensatory time off	77,682	73,017
	$ 269,328	$ 298,507

Vacation pay and compensatory time off represent the liability for accumulated banks for draw down at future dates and/or for payout on approved retirement, or upon termination or death.

Other pension plans:

The Trust and its employees contribute to the Public Service Pension Plan (a jointly trusteed pension plan). The Public Service Pension Board of Trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at March 31, 2025, the plan has about 76,000 active members and approximately 57,000 retired members.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The latest actuarial valuation as at March 31, 2023, indicated a funding surplus of $4,491 million for basic pension benefits on a going concern basis. The next valuation will be as at March 31, 2026. Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

The Trust paid $459,061 (2024 - $415,886) for employer contributions to the plan in fiscal 2025.

5. Obligations under capital leases:

The amounts due for obligations under capital leases are as follows:

2026	$ 14,949
2027	14,949
2028	15,539
2029	6,052
2030	985
Total minimum lease payments	52,474
Less amounts representing interest (at rates ranging from 7.95% to 8.70%)	(8,032)
Present value of net minimum capital lease payments	$ 44,442

Interest of $2,312 (2024 - $2,181) relating to capital lease obligations has been included in expenses on the statement of operations.

6. Tangible capital assets:

	Denman Island Site	Furniture and equipment	Computers	Leasehold improvements	Total 2025	Total 2024
Cost:						
Balance, beginning of year	$ 10,000	$ 152,874	$ 474,922	$ 386,975	$1,024,771	$ 934,218
Additions	-	16,040	194,009	44,808	254,857	119,487
Disposals	-	(20,247)	(71,505)	-	(91,752)	(28,934)
Balance, end of year	10,000	148,667	597,426	431,783	1,187,876	1,024,771
Accumulated amortization:						
Balance, beginning of year	10,000	95,311	348,282	369,116	822,709	697,218
Additions	-	16,032	84,050	17,862	117,944	154,425
Disposals	-	(20,247)	(71,505)	-	(91,752)	(28,934)
Balance, end of year	10,000	91,096	360,827	386,978	848,901	822,709
Net book value, end of year	$ -	$ 57,571	$ 236,599	$ 44,805	$ 338,975	$ 202,062

Included in tangible capital assets is assets under capital leases with a net book value of $44,442 (2024 - $41,291). There were no contributed assets received during 2025 or 2024.

In fiscal 1994, the Denman Island Ratepayers' Association donated $10,000 which was used by the Trust to purchase the Denman Island Old School Site from School District #71. The Trust agreed to facilitate the sale of the school site between School District #71 and the Ratepayers' Association and to hold title to the property on behalf of the community. The Denman Island Ratepayers' Association has leased the building on the site from the Trust for 99 years for a total fee of $10.

7. Accumulated surplus:

Accumulated surplus consists of:

	2025	2024
Invested in tangible capital assets	$ 294,533	$ 160,771
General Revenue Fund	2,156,487	2,537,240
Local Trust Committee Project Specific Reserve Fund	210,746	159,535
Special property tax requisition fund	83,515	83,515
	$ 2,745,281	$ 2,941,061

8. Government transfers:

Government transfers recorded as revenue on the statement of operations are comprised of:

	2025	2024
Provincial operating grant	$ 199,000	$ 180,000
Provincial restricted grant	333,601	330,958
Federal restricted grant	233,557	221,775
	$ 766,158	$ 732,733

9. Budget data:

The budget data presented in these financial statements is based upon the 2025 operating budget approved by Trust Council on April 20, 2024. The following reconciles the approved budget to the budget figures reported in these financial statements.

	Budget amount
Operating budget:	
Revenue	$ 10,979,219
Less appropriation from surplus	(663,500)
	10,315,719
Expenses	10,979,219
Plus amortization expense	224,000
Less capital expense	(346,700)
	10,856,519
Annual deficit	$ (540,800)

10. Classification of expenses by object:

	2025	2024
Staff salaries and benefits	$ 6,433,396	$ 5,912,460
Traveling/training and recruitment	238,482	185,914
Council and trustee costs	1,063,917	1,065,363
Office operations	1,159,333	1,112,114
Programs	708,159	455,449
Legal	618,882	378,713
Amortization	117,944	154,425
	$ 10,340,113	$ 9,264,438

11. Commitments:

The Trust is committed to leases for rented premises. Minimum future payments in the next five years are as follows:

2026	$	418,477
2027		415,540
2028		379,592
2029		383,628
2030		195,603

12. Contingent liabilities:

In the normal course of operations, claims for alleged damages are made against the Trust. The Trust records an accrual in respect of legal claims that are likely to be successful and for which a liability amount is reasonably determinable. The remaining claims, should they be successful as a result of litigation, will be recorded when a liability is likely and determinable. The Trust is insured for general liability claims through membership in the Municipal Insurance Association of British Columbia, a reciprocal insurance exchange. Under this program, members are to share jointly for such claims in excess of individual deductibles against any member. The Trust’s deductible is $100,000.

13. Trust activities:

(a) Trust Conservancy:

The Trust pays the administration expenses of The Islands Trust Conservancy (the "Conservancy") which is related through the composition of the Conservancy's Board. The Conservancy is empowered to accept donations, grants and bequests and to hold land and other property in compliance with a plan approved by the Ministry of Municipal Affairs. The Conservancy's Board is comprised of three members from Trust Council and up to three members appointed by the Minister of Municipal Affairs.

For financial reporting purposes, the Trust and the Conservancy are reported on separately. These financial statements present the financial position and results of operations of the Trust. Amounts owing from the Conservancy were $87,179 (2024 - $100,882).

The Conservancy's annual expenses are funded by and reported as part of the Trust in accordance with The Islands Trust Act. These expenses are summarized as follows:

	2025	2024
Operations and Property Management	$ 1,019,945	$ 963,375
Board	9,876	9,747
Administration	327,615	289,113
	$ 1,357,436	$ 1,262,235

(b) Cost-recoveries:

The Trust administers trust activities on behalf of development applicants on a cost-recovery basis. These activities are included in cost recoveries and are as follows:

	2025	2024
Cash received during the year	$ 5,350	$ 3,000
Cash paid during the year	9,035	2,121

The net payable from development applicants of $190 (2024 - $3,875) is included in cost recoveries on the statement of financial position.

14. Financial risks and concentration of risk:

The Trust has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. The Trust has established policies to identify risks and ensure that management monitors and controls them.

(a) Credit risk:

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held consisting of cash, amounts receivable and investments.

The Trust is exposed to credit risk in the event of non-performance by a debtor. This risk is mitigated as most amounts receivable are due from the Province and are collectible.

It is management's opinion that the Trust is not exposed to significant credit risk associated with its cash deposits and investments as they are placed in recognized British Columbia institutions and the Trust invests solely in guaranteed investment certificates.

(b) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk and interest rate risk.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. It is management's opinion that the Trust is not exposed to significant currency risk, as amounts held and purchases made in foreign currency are insignificant.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. It is management's opinion that the Trust is not exposed to significant interest rate risk as it invests solely in guaranteed investment certificates with fixed interest rates.

(c) Liquidity risk:

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they become due.

The Trust manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Trust's reputation. Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

There has been no change to risk exposure from 2024 related to credit, market or liquidity risks.

15. Subsequent event:

On April 4, 2025, the United States government imposed new tariffs on imports and exports to/from Canada. The Islands Trust does not expect to experience operational disruption as a result of these tariffs due to its extremely limited reliance on cross-border trade. The tariffs have potential to impact the cost of purchased goods and services, and to increase the organization’s exposure to foreign exchange risk associated with limited software systems procured in U.S. dollars. The potential impact has been assessed as immaterial. The Islands Trust continues to adopt practices that prioritize procurement from Canadian suppliers, further limiting the risk of impact to operations and the financial statements.

BRIEFING

To:	**Financial Planning Committee**	**For the Meeting of:**	May 28, 2025
From:	**Financial and Employee Services - Finance**	**Date Prepared:**	May 23, 2025
SUBJECT:	**March 31, 2025 Financial Results**		

PURPOSE:

To provide high-level explanations of the financial results for the fiscal year ending March 31, 2025, with a focus on annual spending against the annual approved budget.

BACKGROUND:

The **Statement of Financial Position** presents a snap shot in time of the Islands Trust financial state, reflecting values of assets, liabilities and accumulated surplus as at the fiscal year-end date, March 31, 2025. Significant year over year changes in balances reflected on this statement are as follows:

Cash and Equivalents: Decrease of $2.4M over the previous year.

- In the prior year, excess cash normally held in locked-in investments was retained in interest-earning liquid cash accounts at year-end to ensure availability of financial resources in the event that Trust Council approved purchase of an office building as part of the budget approval in March 2024. In the current year-end, amounts were invested, reducing cash balances over the prior year.

Accounts Receivable: Decrease of $47,000 over the previous year.

- Higher value of grant funds approved and spent, but not received by the funder, were in accounts receivable in the prior year due to the significant Local Government Development Approvals Program (Cityview) grant.

Investments: Increase of $1.6M over the previous year.

- Excess cash was invested in long-term investments at year-end, whereas cash was retained in more liquid forms in the prior year for potential office purchase (see note on Cash above).

Accounts Payable and Accrued Liabilities: Increase of $109,000 over the previous year.

- Due primarily to an increase in amounts payable to external contractors working on the Housing Needs Assessment project and the Salt Spring Island Complete Communities project, whereby work was completed just prior to year-end, or invoicing for work completed earlier in the year was delayed in delivery to Islands Trust.

Wages and Benefits Payable: Decrease of $368,000 over the previous year.

- Due to 2.6 pay periods of staff compensation and benefits included in wages and benefits payable in the current year, compared to 4.5 pay periods in the prior year.

Deferred Revenue: Decrease of $146,000 over the previous year.

- In the prior year end, funding was received from the Ministry of Housing for housing needs assessments that was not spent by year-end. This amount was spent in 2025/26 and as such amounts were moved from deferred revenue into revenue lowing the deferred revenue closing balance at current year end.

Employee Benefits Obligations: Decrease of $29,000 over the previous year.

- The vacation and overtime banks of three long-term employees of Islands Trust were paid out upon their retirements in the year, reducing future obligations.

Obligations Under Capital Lease: Increase of $3,000 over the previous year.

- One new equipment lease was signed in the year increasing this balance. Payments made against existing equipment leases in the year offset the increase.

Tangible Capital Assets: Increase of $137,000 over the previous year.

- The Islands Trust converted to Windows 11 in the fiscal year, which saw significant purchases of new computer hardware and software. These costs are capitalized and amortized over their useful life in the financial statements. These additions are offset by amortization expense in the year.

Prepaid Expenses: Increase of $111,000 over the previous year.

- Upfront payment of capacity funding to First Nations for Denman Island, Gabriola Island, and Hornby Island LTC projects ($40,000) not seen in the prior year.
- Salt Spring Island office renovation deposit ($56,000) not seen in the prior year.
- Pre-payment for Planning and Bylaw Cityview annual support and maintenance costs ($52,000) not seen in the prior year.

The Islands Trust consolidated **Statement of Financial Operations** represents financial activities that have taken place over the course of the fiscal year. Financial operations for the fiscal year ending March 31, 2025 resulted in a decrease in accumulated surplus of $195,780 for Islands Trust, broken down as follows:

Increase in amounts invested in tangible capital assets	133,762
Transfer (from) General Revenue Fund	(380,753)
Contribution to LTC Project Specific Reserve Fund	51,211
Transfer to (from) Special Property Tax Requisition Fund	-

Details of the activities and transfers between funds leading to these fund balance changes is outlined in this report.

The total accumulated surplus balance as of March 31, 2025 is $2.7M. This accumulated surplus balance consists of the following balances by fund:

	2025	2024
Invested in tangible capital assets	$ 294,533	$ 160,771
General Revenue Fund	2,156,487	2,537,240
Local Trust Committee Project Specific Reserve Fund	210,746	159,535
Special property tax requisition fund	83,515	83,515
Accumulated Surplus	$ 2,745,281	$ 2,941,061

Amounts invested in tangible capital assets represent funds spent on capital assets that are not yet fully amortized, and thus not fully expensed through the Statement of Operations. This results in balances in accumulated surplus that are not readily accessible given they are tied up in non-financial assets. The change in this balance represents assets purchased in the year, less annual amortization expense, losses on disposal (if any) and amounts owing under capital lease. This balance increased by $133,762 in the fiscal year, due mainly to hardware and software purchases for the upgrade to Windows 11 and amortization expense recognized on purchased assets in use.

The General Revenue Fund decreased by $380,753 due to draws from surplus to pay for spending in the fiscal year (as approved in the Financial Plan Bylaw) and the impact of activities associated with amounts invested in tangible capital assets.

The LTC Project Specific Reserve Fund balance increased by $51,211. This reflects a transfer in the year of $105,000 from the General Revenue Fund (per the approved Financial Plan Bylaw), less spending of $53,789 on LTC projects paid for by the LTC reserve fund. The remainder of LTC project spending ($139,084) was funded by grants.

The Special Property Tax Requisition (SSIWPA) Fund balance remained the same as prior year at $83,515. There was no special tax requisition received nor money spent on SSIWPA projects in the year.

CONSOLIDATED REVENUES

Total reported revenue is lower than budget by approximately $171,000 (2%) due mainly to reduced grant revenue and fees revenue. Details of all revenues as follows:

Property tax revenues from local trust areas and Bowen Island Municipality were fully received in the year, thus no variations from budget are noted.

Government transfers relate to funds received and recognized from other governing bodies, mainly within provincial and federal government. These transfers totaled approximately $766,000 in the year, representing various grants approved and spent. Total transfers were lower than budget by $68,000 (8%) due primarily to grant funds approved and received in the year, but not spent in the year as planned.

Grant revenue that came in at amounts lower than budget includes:

- Environment and Climate Change Canada grant under budget by $51,000 due to delay in hiring of the new temporary Registered Biologist staff.
- First Nations Engagement grant under budget by $55,000 due to First Nations capacity funding distributed that will only be recognized as work is completed by the First Nations.
- Ministry of Housing grant under budget by $27,000 due to the contractor's delay in completing the housing needs assessments.
- Local Government Climate Action grant under budget by $38,000 due to these grant funds received and spent the year prior due to revised payment schedules form the Province.

This lower than anticipated grant revenue is offset by higher than anticipated grant revenue in the following areas:

- Regional District Basic Operating grant – additional $19,000 received from the Province.
- Healthy Watersheds Initiative grant – unused grant funds of $24,000 from the prior year freshwater project were spent on new work in the year. This work was not discussed in the budget cycle thus was not included in the approved budget.
- Local Government Development Approvals Program grant – this project was not completed in the prior year as anticipated and thus $53,000 of the project spending took place in the current year.
- Complete Communities grant - $8,000 of work that was anticipated to be complete in the prior year did not take place until 2024/25.

Fees revenue from land-use applications and bylaw tickets were lower than budget by approximately $101,000 (37%). Actual fees received in the year agree almost exactly to the amount budgeted; however, the impact of the new Revenue Recognition Accounting Standard was not appropriately adjusted for in the 2024/25 budget, resulting in a budget-to-actual variance for this revenue stream.

CONSOLIDATED EXPENSES

Total expenses in the financial statements are reported at $10.3M which includes amortization expense and excludes spending on tangible capital assets, which is recorded as an increase to the Tangible Capital Asset balance on the Statement of Financial Position, in accordance with Public Sector Accounting Standards. This is not the same methodology used to develop the budget, which treats capital spending as an expense. To adjust reported expenses to reflect a proper basis of comparison, we adjust as follows:

Total Expenses per March 31, 2025 Financial Statements	$10,340,113
Plus, Spending on Capitalized Assets	238,817
Total Annual Spending	10,578,930
Total Approved Spending in Budget	11,203,219
Spending Over (Under) Budget	$(624,289)

Total spending was lower than budget by approximately $624,289 (6%) due mainly to:
- Underspending on salaries and benefits ($219,000) due to vacancies:
- Underspending on projects in Planning and Bylaw Services ($403,000), Trust Area Services ($48,000) and Islands Trust Conservancy Services ($20,000)
- Underspending on capital ($108,000) due to delayed progress on the SSI office renovation.

A breakdown of comparison between approved budget and actual results, by functional area where there are significant areas of over(under)spending, are as follows:

TRUST COUNCIL SERVICES

Trust Council expenses include costs related to three main areas (outlined below) plus as an allocation of administrative expenses. Total expenses in this area came in lower than budget by approximately $223,000 (13%).

Trust Area Services (TAS) trust-wide communications costs, contracted TAS services and temporary staffing, legal costs relating to trust-wide issues, memberships, subscriptions, mobile devices, training, travel, salaries and benefits for TAS staff, Policy Statement Review project costs, Secretariat Function project costs, and Stewardship Education project costs, subscriptions costs, all salaries and benefits, mobile devices, training & conference, travel for training and travel costs for TAS staff.

TAS expenses were lower than budget by approximately $133,000 (19%) due to the following:
- Underspending on salaries and benefits ($39,000, 7%) due primarily to a five-month vacancy in the Program Coordinator position. This underspending is offset by ($11,000, 100%) on contracted temporary staffing for a part time Program Coordinator through a temp agency.
- Underspending in Communications ($36,000, 65%) due primarily to the Financial Planning Committee’s decision to forgo public engagement on the draft 2025/26 budget, no advancement of the branded clothing initiative, and less reliance on contracted graphic designers.
- Underspending on the Policy Statement Amendment project ($48,000, 59%) due primarily to review of the draft Policy Statement taking longer than anticipated. A revised project timeline was approved by Trust Council to acknowledge this.

- Underspending on Stewardship Education ($13,000, 86%) due primarily to the Living in the Trust Area mailing not completed in the year, and a planned webinar delivered in-house reducing external costs.
- Underspending in Training & Conferences, Travel for Training and Travel ($10,000, 67%) due primarily to staff workloads impeding staff's ability to engage in training opportunities, as well as vacant staff positions not requiring training or travel funds.

Other areas of spending in the Trust Council Services category did not deviate significantly from budget and thus are not reported on.

LOCAL TRUST COMMITTEE SERVICES

Local Trust Committee Services expenses include costs related to five main areas (outlined below) plus as an allocation of administrative expenses. Total expenses in this area came in lower than budget by approximately $439,000 (6%).

Local Trust Committee costs are comprised of the rent, phone, internet and office service for on-island trustee offices, the LTC portion of insurance costs, general legal costs, bylaw enforcement legal costs, legal litigation costs, LTC statutory notices, local trustee expenses, Executive expenses for travel to chair meetings of the LTC, LTC and APC meeting expenses, LTC communications, and the LTC portion of trustee remuneration and benefits. d

Local Trust Committee expenses were higher than budget by approximately $357,000 (43%) due primarily to legal expenditures. Trust Council's approved budget intentionally approved reduced budgets with the understanding that overages would be funded by surplus. This was a move to reduce tax increases in the Trust Area as part of the 2024/25 budget approval process.

Expenditures compared to budget is as follows:

- Overspending on LTC legal bylaw enforcement of $200,000 (265%) due primarily to EC special-approved property clean-up on Thetis Island ($125,000), non-permitted dock and shipping container bylaw file North Pender Island ($24,000), and enforcement on unlawful kennels and non-permitted commercial resort on Salt Spring Island ($68,000).
- Overspending on legal litigation defense of $199,000 (489%) due primarily to three significate legal files, one each on Gabriola Island, Galiano Island, and Salt Spring Island.
- Overspending is slightly offset by underspending on LTC legal general of $25,000 (48%) due to fewer legal opinions sought on LTC matters.

Projects costs are comprised of all LTC projects, Regional Freshwater Management project costs, Housing Strategy project costs, Groundwater Recharge Mapping project costs, Local Government Development Approvals project costs, Housing Needs Assessment project costs, Building Footprint Data Update costs and includes all Salt Spring Island Water Protection Authority (SSIWPA) expenses.

LPS project spending was less than budget by approximately $339,000 (46%) due mainly to:

Local Trust Committee Projects:

- SSIPWA: Underspending of $73,000 (100%) due primarily to lack of capacity in the Salt Spring Island Office and no direction from LTC to advance this work ahead of other significant priorities.
- Salt Spring Island OCP/LUB Review: Underspending $174,000 (57%) due primarily to delays in the Complete Communities Assessment work and issuing the request for proposal for the project.
- Underspending on the Denman Island Housing Review major project of $10,000 (69%) due primarily to First Nations capacity funding work not complete by end of fiscal that will be continued in next fiscal.

- Gabriola Island OCP/LUB Review: Underspending of $40,000 (52%) due primarily to First Nations capacity funding work not complete in the year that will be continued in next fiscal.
- Hornby Island First Nations Relationship Building: Underspending of $31,500 (100%) under the direction of the LTC this budget was redirected to the Hornby OCP/LUB project. This underspending was due primarily to First Nations capacity funding work not complete by end of fiscal that will be continued in next fiscal.
- Mayne Island Housing Review Project: Underspending of $8,000 (82%) due primarily to First Nations group not responding to request for feedback resulting in First Nations capacity funding being unspent and a legal review that was budgeted for being unnecessary.
- North Pender Island Housing Access & Affordability Project: Underspending of $13,000 (86%) due primarily to First Nations groups not responding to request for feedback resulting in First Nations capacity funding being unspent and a legal review that was budgeted for being unnecessary.
- Minor LTC Projects: Combined underspending of $24,000 (65%) due primarily to projects that weren't advanced by various LTCs, public hearings deferred into 2025/26 and actual costs were lower than anticipated.

Regional Projects:

- Housing Strategy: Underspending of $10,000 (34%) due primarily to Regional Planning Committee's budget request lacking clearly defined, specifically-costed activities/deliverables associated with advancing the housing strategy. The funds spent in the year were directed to the emerging topic of Tiny Homes on Wheels which did not require as much funding as approved in the budget.
- Housing Needs Assessments: Underspending of $26,000 (20%) due primarily to delays by the contractor due to their volume of work. Work has been completed in early 2025/26.
- Building Footprint Data Update: No spending took place on this project in the year, saving $10,000 (100%). This project has now been abandoned.
- Local Government Development Applications Approvals project: This project had no funds in the approved budget as it was expected to be complete in 2023/24. However, this project experienced delays and thus project completion spilled into 2024/25 rendering an overspend against the zero budget of $57,000 (100%).
- Regional Freshwater Management: This project had no funds in the approved budget, however $24,000 was spent on this initiative. The development of a suitable land analysis methodology with watershed resilience mapping cost $15,000, paid for by grant funds not spent in prior years. Beginning implementation of the Freshwater Atlas cost $9,000.

Planning Staff costs include planning staff salaries, benefits, training and travel costs, as well as any contracted temporary human resources associated with planning work. Planning staff costs were less than budget by $77,000 (2%) due to the following:

- A 6-month vacancy in the Registered Professional Biologist position who reports to the Director of Planning Services.
- The northern office planning team was fully staffed during the fiscal year and reports salaries and benefits expense at 97% of budget. This slight variance is primarily due to the office administrative assistant hired below budgeted amounts, a fully budgeted Island Planner working at 0.6FTE, and the planned co-op student for this team reallocated to the southern team.
- The southern planning team has been fully staffed during the fiscal year and reports salaries and benefits expense at 112% of budget due to a SSI Island Planner working on Regional Planning Committee initiatives for 6 months, as well as a co-op student joining the southern team rather than the northern team.
- The Salt Spring Island planning team has not been fully staffed, and salaries and benefits expense reports at 89% of budget. There have been several staff movements within this

team to cover for temporary assignments, but despite best effort to recruit an Island Planner, this team has experienced a vacancy in an Island Planner role for 6 months, as well as a two-month vacancy in the Office Administrative Assistant position.

Bylaw enforcement costs are comprised of all meeting expenses for bylaw staff meetings, safety equipment, salaries, benefits, training, and travel costs associated with bylaw enforcement staff or contractors used to cover staff vacancies. Bylaw enforcement expenses were under budget by approximately $62,000 (12%) due primarily to late contract execution in the year coupled with contractor delays on the Ciyview Bylaw project.

Other areas of spending in the planning services category did not deviate significantly from budget and thus are not reported on.

ISLANDS TRUST CONSERVANCY (ITC) SERVICES

ITC expenses include costs related to ITC Board, Conservancy Staff & associated costs and Property Management cost plus an allocation of administrative expenses. Total expenses in this area came in lower than budget by approximately $200,000 (13%).

Board costs are comprised of all ITC Board honoraria, Meeting expenses, and training and conference attendance costs. Board expenses were under budget by $1,600 (14%) due primarily to forgone training and savings in meeting attendance remuneration due to member absences.

Conservancy Staff and Associated Costs are comprised of communications, legal, subscriptions, and mobile and safety devices, salaries, benefits, training, and travel costs associated with ITC staff or contractors used to cover staff vacancies.

Conservancy staff and associated costs were under budget by $79,000 (9%) due primarily to underspending in the following areas:

- Communications $7,000 (14%) primarily due to a delay of three celebrations for new covenants and the Species at Risk publication being shifted to a blog post rather than a printed mail out.
- Contracted Temporary Staffing $20,000 (100%). This budget was redirected to professional consultant fees incurred under property management costs.
- Staff salaries and benefits $43,000 (5%) primarily due to the hiring of the ITC Team Lead not advancing in the year as planned.
- Training and Conferences, Travel for Training and Travel $8,000 (24%) due primarily to staff workloads preventing the ability to engage in training opportunities, as well as the Team Lead vacancy leading to one less staff to provide training and travel for.

Property Management costs are comprised of property management and conservation planning and land securement. These expenses were under budget by approximately $30,000 (14%) as follows:

- Property Management: Underspending of $8,000 (5%) primarily due to staff capacity issues because of vacancy in the Team Lead position.
- Conservation Planning & Land Securement: Underspending of $21,000 (80%) primarily due to three covenant securements in the year applying for NAPTEP, restricting ITC's ability to spend funds to support landowner costs associated with the covenant process. In addition, climate related projects were put on hold due to the vacancy in the Team Lead position.
- First Nations Engagement Plan: Underspending of $20,000 (100%). This budget was to be used for First Nations capacity funding to encourage engagement on the creation of ITC's next 5-year Plan (2028-2032). Due to staff turn-over and capacity issues, the engagement process has been delayed. ITC plans to initiate engagement in fiscal 2026.

- Professional Consultant Fees: Overspending of $19,000 (100%), funded by the contracted temporary staffing budget line under conservancy staff and associated costs.

GENERAL ADMINISTRATION

General administrative expenditures include costs related to six main areas (executive and legislative services, finance and employee services, information services, office operations, computers and equipment, and amortization expense) plus as an allocation of administrative expenses. General administration costs are allocated to the three functional areas of the Trust (Council Services, LTC Services, and ITC Services) based on their relative dollar magnitudes for the period.

Senior Management costs are comprised of memberships, FOI and Records Management contracted services, subscriptions for legislative services publications, mobile devices, and training and conference and travel costs for staff. These expenses were over budget by $63,000 (10%) due primarily to overspending in salaries and benefits resulting from the new Chief Administrative Officer, Executive Coordinator and Executive Administrative Assistant hired at amounts greater than the amount budgeted for those positions, as well as 6.5 weeks of vacation paid out to the retiring CAO.

Administrative services costs are comprised of training, travel, contract services, salaries and benefits for finance and human resources staff. Administrative services expenses were under budget by approximately $176,000 (27%) due primarily to underspending on salaries and benefits due to the full-year vacancy of the Manager of Finance and Accounting position and a six-month vacancy in the Director of Financial and Employee Service position while this staff was appointed Interim CAO.

Computer/Furniture & Equipment costs are assessed for capitalization upon purchase. $238,817 of spending on asset purchases was capitalized in the year, reducing expenses to report at $332,000 below budget.

Amortization expense is an estimation of the use/wear and tear on capital assets in use for Islands Trust and Islands Trust Conservancy operations. Amortization expense was under budget by approximately $106,000 (47%) due the Windows 11 upgrade taking place late in the fiscal year, and due to the SSI office leasehold improvements not yet incurred amortization expense.

Other areas of spending in the general administration category did not deviate significantly from budget and thus are not reported on.

CONSOLIDATED EXPENSES BY OBJECT

Public Sector Accounting Standards determine that financial reporting for government entities be reported “by function” (i.e.: service area) in the Statement of Financial Operations as discussed in the earlier section of this report. Expenses “by object” (i.e.: type) are reported in accompanying financial statements notes. For purposes of great transparency and understanding of Islands Trust financial results, March 31, 2025 expenses by object are shown as follows:

Description	2025 Approved Budget	March 31, 2025	*% of Budget Consumed*	$ Over (Under) Budget
Staff Salaries and benefits	6,652,424	6,433,396	*97%*	*(219,028)*
Travel/training and recruitment	284,370	238,482	*84%*	*(45,888)*
Council and trustee costs	1,089,218	1,063,917	*98%*	*(25,301)*
Office Operations	1,190,627	1,159,983	*97%*	*(30,644)*
Programs	1,185,277	708,159	*60%*	*(477,118)*
Legal - General	96,101	92,258	*96%*	*(3,843)*
Legal - Bylaw Enforcement	75,701	276,037	*365%*	*200,336*
Legal - Litigation	41,801	240,191	*575%*	*198,390*
Legal - Statutory Notices	17,000	10,396	*61%*	*(6,604)*
Gain/Loss on Disposal of Assets	-	(650)	*100%*	*(650)*
Amortization	224,000	117,944	*53%*	*(106,056)*
Total*	10,856,519	10,340,113	*95%*	*(516,406)*
Capital Purchases	346,700	238,817	*69%*	*(107,883)*
Total Including Capital	11,203,219	10,578,930	*94%*	*(624,289)*

**Excludes capital spending to align with March 31, 2025 financial statements presentation.*

Staff salaries and benefits were under budget mainly due to the following:

DEPARTMENT	BUDGET	ACTUAL	OVER (UNDER)	PRIMARY REASON
Trust Area Services	524,631	496,609	(28,021)	Vacancies: Program Coordinator, Senior Policy Advisor
Islands Trust Conservancy Services	835,459	770,909	(64,550)	Vacancies: ITC Team Lead
Southern Planning Services	859,134	963,210	104,076	SSI IP working on RPC, Co-op student
SSI Planning Services	792,793	704,761	(88,033)	Vacancies: Island Planner
Northen Planning Services	970,278	939,607	(30,672)	Co-op Student given to Southern Team
Planning Services Director & Specialists	608,205	557,063	(51,142)	Vacancies: Registered Professional Biologist
Information Services	499,204	528,162	28,958	Staff overtime
Financial & Employee Services	643,545	461,606	(181,939)	Vacancies: Manager, Finance & Accounting; Director, Financial & Employee Services
Executive Office	516,857	596,127	79,270	6.5 weeks of leave payout for retiring CAO. New CAO, EC, and EAA hired at amounts above budget.
Bylaw Compliance & Enforcement Services	402,318	415,343	13,025	Staff overtime
TOTAL	6,652,424	6,433,396	(219,028)	

Amounts in this table include costs for any contracted temporary staff secured through temporary staffing agencies.

Travel/training and recruitment costs were under budget primarily due to workloads preventing staff from taking advantage of training opportunities, and staff vacancies generating fewer staff seeking training/travelling.

Council and trustee costs did not deviate significantly from budget.

Office operations spending was under budget due primarily to expenditures that were capitalized.

Programs were under budget due mainly to underspending on LTC projects, ITC property management and conservation planning and land securement, policy statement review, stewardship education, Salt Spring office renovation, Cityview Bylaw implementation, RPC housing strategy funds, housing needs assessment, and building footprint data update.

Legal expenses were over budget primarily due to high litigation costs for bylaw legal actions and legal actions against LTCs in combination with Trust Council's approved budget intentionally approving reducing legal budgets with the understanding that overages would be funded by surplus. This was a move to reduce tax increases in the Trust Area as part of the 2024/25 budget approval process.

Amortization was under budget due to anticipating that information systems projects would be completed earlier in the fiscal year than occurred, thereby including a great number of months of amortization in the budget calculation especially for large projects like Windows 11.

Capital spending was over budget due primarily to higher costs than anticipated for new server installations to ready Islands Trust systems for Windows 11.

ATTACHMENT:

- March 31, 2025 Detailed Income Statement

FOLLOW-UP: As directed.

Prepared By: N. Roggers, Finance Officer
J. Mobbs, Director, Financial and Employee Services

Reviewed By/Date: CAO/ March 23, 2025

Islands Trust
Detailed Statement of Financial Operations
For The Year Ending March 31, 2025

Description	Approved 2025 Budget	At March 31, 2025	At March 31, 2024	*$ Over (Under) Budget*	*% Over (Under) Budget*
REVENUE:					
Fees & Sales	275,500	174,745	190,178	*(100,755)*	*-37%*
Provincial Grant - Unrestricted	180,000	199,000	180,000	*19,000*	*11%*
Federal and Provincial Grants - Restricted	653,919	567,158	552,733	*(86,761)*	*-13%*
General Property Tax Levy - All LTAs	8,555,040	8,555,040	8,046,628	-	*0%*
Special Property Tax Requisition - SSI LTA	-	-	43,500	-	*0%*
Municipal Property Tax Levy - Bowen Island Municipality	391,260	391,260	345,989	-	*0%*
Investment Income	260,000	257,129	319,602	*(2,871)*	*-1%*
Total Revenue	**10,315,719**	**10,144,334**	**9,678,630**	***(171,385)***	***-2%***
EXPENSES:					
Trust Council Services					
Trust Council	432,309	434,134	438,199	*1,825*	*0%*
Executive Committee	138,171	137,513	140,005	*(658)*	*0%*
Trust Area Services	714,456	581,830	554,981	*(132,626)*	*-19%*
General Admin Allocation - 15%	458,762	366,952	346,131	*(91,810)*	*-20%*
Total Council Services	1,743,698	1,520,429	1,479,316	*(223,269)*	*-13%*
Local Trust Committee Services					
Local Trust Committees	830,937	1,187,519	954,885	*356,582*	*43%*
Projects (**Note 1**)	733,837	395,064	240,707	*(338,773)*	*-46%*
Planning Staff	3,270,446	3,193,009	2,987,956	*(77,437)*	*-2%*
LPS Facilities	414,518	418,237	407,195	*3,719*	*1%*
Bylaw Enforcement	529,432	467,407	437,351	*(62,025)*	*-12%*
General Admin Allocation - 72%	2,122,574	1,801,014	1,494,793	*(321,560)*	*-15%*
Total Local Trust Committee Services	7,901,744	7,462,249	6,522,886	*(439,495)*	*-6%*
Trust Conservancy Services					
Board	11,450	9,876	9,747	*(1,574)*	*-14%*
Conservancy Staff and Associated Costs	916,120	837,258	814,612	*(78,862)*	*-9%*
Property Management	212,690	182,687	148,763	*(30,003)*	*-14%*
General Admin Allocation - 13%	417,517	327,615	289,113	*(89,902)*	*-22%*
Total Trust Conservancy Services	1,557,777	1,357,436	1,262,235	*(200,341)*	*-13%*
General Administration Services					
Senior Management	614,239	677,424	478,674	*63,185*	*10%*
Admin Services	649,529	473,415	499,093	*(176,114)*	*-27%*
Office Operations	329,450	365,638	342,077	*36,188*	*11%*
Information Systems	834,935	846,885	642,603	*11,950*	*1%*
Computer/Furniture & Equipment	346,700	14,272	13,166	*(332,428)*	*-96%*
Amortization Expense	224,000	117,945	154,425	*(106,055)*	*-47%*
General Admin Recovery	(2,998,853)	(2,495,579)	(2,130,037)	*503,274*	*-17%*
Net General Administration Services Expenses	-	(0)	0	*(0)*	*0%*
Total Expenses	**11,203,219**	**10,340,114**	**9,264,437**	***(863,105)***	***-8%***
Annual Surplus (Deficit)	**(887,500)**	**(195,780)**	**414,193**		
(Increase) decrease in amounts Invested in Capital Assets	224,000	(133,762)	32,392		
Transfer (to) from General Surplus Fund	371,500	380,753	(347,101)		
Transfer (to) from LTC Project Specific Reserve Fund	219,000	(51,211)	(56,784)		
Transfer (to) from Special Tax Requisition Fund	73,000	-	(42,699)		
Unallocated Annual Surplus (Deficit)	-	(0)	0		

Note 1: Planning Services Project Spending

Description	Approved 2025 Budget	At March 31, 2025	At March 31, 2024	*$ Over (Under) Budget*	*% of Budget Received/*
LTC Projects:					
LTC Projects funded by Reserve Fund	1,001	-	-	*(1,001)*	*0%*
Denman Housing Review	15,000	4,627	16,422	*(10,373)*	*31%*
Denman Farming Regulations Review	500	-	932	*(500)*	*0%*
Denman TUP Review	2,500	47	-	*(2,453)*	*2%*
Gabriola OCP/LUB	77,000	37,225	11,348	*(39,775)*	*48%*
Gabriola Ecological Protection Zone	2,000	-	-	*(2,000)*	*0%*
Galiano Groundwater Strategy Implementation	1,500	1,241	434	*(259)*	*83%*
Gambier OCP/LUB	-	-	16,000	*-*	*100%*
Gambier Keats Island Shoreline Protection Review	5,000	4,976	1,680	*(24)*	*100%*
Hornby OCP/LUB	0	3,961	15,315	*3,961*	*100%*
Hornby Community Heritage Register	1,500	-	-	*(1,500)*	*0%*
Hornby First Nations Relationship Building	31,500	-	-	*(31,500)*	*0%*
Lasqueti OCP/LUB	4,000	-	-	*(4,000)*	*0%*
Mayne Island Housing	10,000	1,836	274	*(8,164)*	*18%*
Mayne LUB Minor Amendments	2,000	1,241	-	*(759)*	*62%*
North Pender OCP/LUB	-	-	1,392	*-*	*-100%*
North Pender Raptor Nest DPA update	5,000	90	5,000	*(4,910)*	*2%*
North Pender Housing Access & Affordability	15,000	2,173	-	*(12,827)*	*14%*
Salt Spring OCP/LUB	222,000	134,084	-	*(87,916)*	*60%*
Salt Spring Ganges Village Area Planning	86,500	-	-	*(86,500)*	*0%*
SSIWPA Events & Communications Expense	-	-	800	*-*	*-100%*
Salt Spring Housing Action Program	5,000	-	1,255	*(5,000)*	*0%*
SSIWPA Plan Coordination	55,000	-	-	*(55,000)*	*0%*
Salt Spring Groundwater Sustainability Strategy	16,500	-	-	*(16,500)*	*0%*
Salt Spring Proof of Water - Subdivision	1,500	-	-	*(1,500)*	*0%*
Saturna Minor Housing Review	2,000	250	-	*(1,750)*	*13%*
South Pender LUB Minor Amendments	3,500	1,121	364	*(2,379)*	*32%*
Thetis Unzoned Marine Area LUB Amendment	1,000	-	698	*(1,000)*	*0%*
Total LTC Projects	**566,501**	**192,873**	**71,914**	***(373,628)***	***34%***
Regional Projects:					
Regional Freshwater Management	-	23,900	34,149	*23,900*	*100%*
Housing Strategy	30,000	19,946	26,779	*(10,054)*	*66%*
Groundwater Recharge Mapping	-	-	721	*-*	*-100%*
Cityview Planning Portal (LGDAP)	-	56,943	107,144	*56,943*	*100%*
Housing Needs Assessments	127,336	101,402	-	*(25,934)*	*80%*
Building Footprint: Data Update	10,000	-	-	*(10,000)*	*0%*
Total Regional Projects	**167,336**	**202,191**	**168,793**	***34,855***	***246%***
Total Planning Services Projects	**733,837**	**395,064**	**240,707**	***(338,773)***	***54%***

Islands Trust

BRIEFING

To:	**Financial Planning Committee**	**For the Meeting of:**	May 28, 2025
From:	**Financial & Employee Services - Finance**	**Date Prepared:**	May 14, 2025

SUBJECT: **Forgone Allocated Financial Statements for 2025/26 & 2026/27**

PURPOSE:

To inform Financial Planning Committee (FPC) about Executive Committee's (EC) endorsement to forgo the Allocated Financial Statements (AFS) for the 2025/26 and 2026/27 fiscal years.

BACKGROUND:

At its April 2025 meeting, the EC received a staff report outlining key roadblocks to preparing the AFS for the 2025/26 and 2026/27 fiscal years. A primary issue identified was the unavailability of timesheet data from planning and bylaw staff - an essential input for developing the AFS - due to a failure in the Islands Trust time tracking system during the year. The report also highlighted broader challenges and systemic flaws within the AFS process and results.

In response to the staff report, EC passed the following resolution:

2025-047

That Executive Committee endorse that no allocated financial statements be prepared for the 2024/25 and 2025/26 fiscal years.

As a result, no AFS have been prepared for the recently completed fiscal year ending March 31, 2025 for FPC's review.

ATTACHMENT(S):

- April 2025 Report to EC: Forgo Allocated Financial Statements 2024-25 and 2025-26 - RFD

FOLLOW-UP:

Staff will inform Trust Council of this development at their June 2025 meeting.

Prepared By: J. Mobbs, Director, Financial and Employee Services
Reviewed By/Date:

Islands Trust

REQUEST FOR DECISION

This report informed EC's decision to endorse forgoing of the AFS for 2025/26 and 2026/27

To:	Executive Committee	**For the Meeting of:**	April 23, 2025
From:	Financial & Employee Services - Finance	**Date Prepared:**	April 9, 2025

SUBJECT: **Forgo Preparation of the Allocated Financial Statements for 2024/25 & 2025/26**

RECOMMENDATION:

That Executive Committee endorse that no allocated financial statements be prepared for the 2024/25 and 2025/26 fiscal years.

CHIEF ADMINISTRATIVE OFFICER COMMENTS:
While some Trustees may find them generally informative, the current lack of complete accurate available data undermines the limited value of the Allocated Financial Statements. The model does not accurately reflect outcomes, and rather contributes to a potentially problematic narrative that level of investment is an effective metric for the value of Islands Trust's impact. Given they are not a legislated or policy requirement and Islands Trust has significant staff capacity pressures, I don't believe the limited value of the statements warrants the effort required to prepare them for their limited use on an annual basis. The staff time is better dedicated to other work that directly supports Islands Trust strategic priorities and accountabilities.

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1 PURPOSE:

To seek Executive Committee's endorsement to forgo preparation of the allocated financial statements for the 2024/25 and 2025/26 fiscal years.

2 BACKGROUND:

Relevance of the Allocated Financial Statements:
In 2004, several local trust committees (LTCs) raised questions and concerns about how planner resources were being allocated and the resulting impact on their ability to conduct business and undertake community planning projects. In response, the Allocated Financial Statements (AFS) were introduced as a rough estimate of the financial resources generated and used in each local trust area. While the original purpose of the AFS was to inform discussions around resource allocation, they have not played any meaningful role in determining staff resource distribution in recent years.

Instead, a number of separate reviews and assessments of Planning Services staff allocations and organizational structures have taken place, including:

- Great Northern Management, February 2022: Islands Trust Governance and Management Review – Annex 1 Local Planning Services
- Islands Trust, 2018: Local Planning Services Review
- Islands Trust, November 2007: Local Planning Services Review

- Stantec, March 2007: Local Planning Services Review

This raises questions about the continued relevance and value of the AFS in Islands Trust current context.

The AFS are not required by legislation or policy, nor do they support any defined strategy, specific project, or oversight role. Despite this, they require almost a week of dedicated financial staff time to prepare during peak workload periods. Assessing their relevance is essential to determining whether continued investment of staff resources in this reporting exercise is supportable.

The usefulness of the AFS is further limited by the methodology used to generate them, which relies heavily on timesheet data from staff in Planning Services and Bylaw Enforcement. For several years, concerns have been raised by staff and some trustees about the accuracy and reliability of this time tracking. Significant delays in data entry—often requiring staff to input months' worth of time retroactively—have undermined the integrity of the data. In some cases, time records are incomplete or missing altogether, particularly for staff who have left the organization without updating their timesheets. As a result, the already rough estimates provided by the AFS have become even less reliable and of diminishing value over time.

Beyond concerns with data reliability, there are also conceptual limitations to what the AFS can meaningfully represent. Using financial allocations as a performance measure presents clear limitations. Higher spending does not always reflect the achievement of intended goals, the effectiveness of activities, or their overall impact. Some planning initiatives may be resource-intensive yet yield limited long-term benefit, while others with lower financial costs may significantly advance strategic objectives. For example, two LTCs with similar staff complements and project costs may appear identical in the AFS. However, one may have successfully met all its objectives, while the other may not have—yet this critical distinction would not be captured in the financial data. This misalignment can lead to inaccurate assessments of effectiveness and value across local trust areas.

The current approach to the AFS may also inadvertently create a competitive rather than a collaborative environment among LTCs. A core operational reality of Islands Trust's federated model is that workload demands will shift over time between local trust areas dependent on the evolving work programs of each LTC and the scope and scale of projects undertaken. While the AFS were intended to estimate financial resource allocations, their structure may lead to dissatisfaction among communities that feel they contribute more to the Islands Trust than others. This could shift focus toward individual needs and priorities, rather than fostering the unified, federated mindset central to the Islands Trust model. Consequently, the AFS may unintentionally create division among trustees from different local trust areas, rather than promoting the shared goals and collective vision that underpin the Islands Trust.

<u>AFS for 2024/25 and 2025/26</u>

In 2024/25, the Islands Trust's time collection system failed and was not repaired due to significant challenges identified by Information Services staff. As a result, generating time reports for 2024/25—which are essential to informing the AFS—is not feasible. Any data that could potentially be extracted from the system is expected to be incomplete and unreliable, with substantial gaps resulting from several months of lost time entry. Because staff time data is a primary driver of expense allocations in the AFS, it is not possible to produce an AFS for the 2024/25 fiscal year with the available information.

Trust Council has approved funding for the procurement of an off-the-shelf time collection system in 2025/26. However, the new system is not expected to be implemented for several months, which means similar issues with time tracking data are anticipated for the current 2025/26 fiscal year. As a result, the availability and reliability of data needed to prepare the AFS will likely remain limited during this period as well.

For these reasons, staff seek Executive Committee's endorsement to forgo preparation of the AFS for the 2024/25 and 2025/26 fiscal years. The longer-term viability of the AFS can be assessed at a later date.

<u>Summary</u>

In general, the following points are true:
- The AFS are not required by legislation or policy, nor do they support any defined strategy, project, work program, or oversight function.
- The AFS are not used in business decisions by Trust Council, local trust committees, or staff because their estimates are too crude to be relied upon for this purpose.
- The AFS are not reliable due to inaccurate reporting of key data inputs, such as staff time.
- The AFS reflect neither outcomes nor the effectiveness of funded activities.
- The AFS do not promote the federated mindset that is central to the Islands Trust model.
- The preparation of the AFS increases staff workloads during already peak times.

For the 2024/25 and 2025/26 fiscal years, the following additional points are true:
- Staff time data is unavailable for 2024/25 due to the failure of the existing time collection system.
- Staff time data will be unavailable for the full 2025/26 year due to the timing of the new software implementation.

3 IMPLICATIONS OF RECOMMENDATION

ORGANIZATIONAL: Limited staff resources will be redirected to core operational and strategic work, alleviating some workload pressure at peak times of year. Financial Planning Committee and Trust Council will gain valuable meeting time to address their primary responsibilities and core business decisions. Retaining only consolidated financial statements will more clearly underscore the federated nature of Islands Trust.

FINANCIAL: None.

POLICY: None.

IMPLEMENTATION/COMMUNICATIONS: Staff will provide an update to Financial Planning Committee that they will not see the AFS at their May meeting as has been customary. Further conversation will be had with FPC to determine if they recommend the AFS be continued beyond the 2025/26 fiscal year.

FIRST NATIONS RELATIONS: None.

OTHER: None.

4 RELEVANT POLICY(S): None. The annual preparation of the AFS is not directed in any legislation, policy, strategy, or workplan.

5 ATTACHMENT(S): None.

RESPONSE OPTIONS

Recommendation:

That Executive Committee endorse that no allocated financial statements be prepared for the 2024/25 and 2025/26 fiscal years.

Alternative:
None.

Prepared By: J. Mobbs, Director, Financial and Employee Services
Reviewed By/Date: CAO, April 17, 2025
EC, April 23, 2025

REQUEST FOR DECISION

To: Financial Planning Committee
For the Meeting of: May 28, 2025

From: Financial & Employee Services – Finance
Date Prepared: March 28, 2025

SUBJECT: 2024/25 Annual Report – Approval of Financial Planning Committee Section

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RECOMMENDATION:

That Financial Planning Committee approve the attached text for inclusion in the 2024/25 Annual Report for approval by Trust Council and submission to the Minister of Housing and Municipal Affairs.

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1 PURPOSE:

Committees are provided with their draft sections of the annual report for review and approval so that Trust Council is able to easily approve its annual report in June 2025 without further editing from staff or trustees at the Trust Council meeting.

BACKGROUND:

Preparation of the Islands Trust Annual Report is undertaken by Trust Area Services Communications staff, reporting to the Executive Committee and consistent with Trust Council's Annual Report Policy 6.10.1. The Executive Committee approved the format and outline of the 2024/25 Annual Report at its meeting on February 5, 2025.

2 IMPLICATIONS OF RECOMMENDATION

ORGANIZATIONAL: Under Trust Council's Policy, all LTCs and Council committees are expected to review and approve their sections at regular meetings in order to have the report approved by Trust Council at its June 2025 meeting.

FINANCIAL: None.

POLICY: No implications for existing policy

IMPLEMENTATION/COMMUNICATIONS: The process for development of the Annual Report is outlined in Trust Council's Annual Report policy 6.10.1. Once each committee has approved its section, staff will create a draft Annual Report for review by the Executive Committee on June 4, 2025, and consideration of Trust Council in June. Upon approval by Trust Council, staff will send the Annual Report to the Minister of Housing and Municipal Affairs and circulate it as indicated in Trust Council's policy.

FIRST NATIONS: Information about First Nations relations may be included within committee reports.

OTHER: None.

3 **RELEVANT POLICY(S):**
Trust Council's Annual Report policy 6.10.1;
Islands Trust Act

4 **ATTACHMENT**: Financial Planning Committee input to Annual Report (draft)

RESPONSE OPTIONS

Recommendation:

That Financial Planning Committee approve the attached text for inclusion in the 2024/25 Annual Report for approval by Trust Council and submission to the Minister of Housing and Municipal Affairs.

Alternative:
That Financial Planning Committee approve the attached text, as amended, for inclusion in the 2024/25 Annual Report for approval by Trust Council and submission to the Minister of Municipal Affairs.

Prepared By: Morgana van Niekerk, A/Communications Specialist
Reviewed By/Date: Director, Financial and Employee Services/ April 30, 2025

Financial Planning Committee

Role

The Financial Planning Committee (FPC) is responsible for facilitating Islands Trust Council's involvement in the annual budget process. This work includes aligning the annual strategic planning process with the annual budget process; monitoring, reviewing, and making recommendations on the organization's financial management, budget, and financial practices to Islands Trust Council; and reviewing audit reports and recommendations. The committee also provides advice to the Islands Trust Conservancy Board on financial services and provides support as needed.

Members

The FPC consists of 11 trustees from across the Islands Trust Area:

- The chairs (unless otherwise delegated) from the Trust Programs Committee, the Regional Planning Committee and the Governance Committee
- The four members of the Executive Committee
- One member from the Islands Trust Conservancy Board
- Three other trustees

Members serving in 2024/25

Sue Ellen Fast**, Bowen Island Municipality Trustee (appointed to the Committee and elected as FPC Chair January, 2025)
Alex Allen,** Hornby Island Local Trust Area Trustee, Trust Programs Committee Representative as of October, 2024
Joe Bernardo, Gambier Island Local Trust Area Trustee (FPC Chair until resigned from the Committee December, 2024)
Mairead Boland,** Saturna Island Local Trust Area Trustee, (Vice-Chair)
Tobi Elliott, Gabriola Island Local Trust Area Trustee, Executive Committee Representative
Kristina Evans, South Pender Island Local Area Trustee, Trust Programs Committee Representative until October, 2024
Judith Gedye,** Bowen Island Local Trust Area Trustee (Governance Committee Representative from September, 2024)
Jamie Harris, Salt Spring Island Local Trust Area Trustee (Governance Committee Representative until September, 2024)
David Graham,** Denman Island Local Trust Area Trustee
David Maude, Mayne Island Local Trust Area Trustee, Executive Committee Representative
Tim Peterson, Lasqueti Island Local Trust Area Trustee, Executive Committee Representative
Peter Luckham*, Thetis Island Local Trust Area Trustee, Executive Committee Representative
Laura Patrick*, Salt Spring Island Local Trust Area Trustee, Executive Committee Representative
Susan Yates**, Gabriola Island Local Trust Area Trustee (Islands Trust Conservancy Board Representative)

** Peter Luckham resigned as Islands Trust Council Chair and Laura Patrick was elected as Islands Trust Council Chair in March, 2025. As Laura Patrick was the Regional Planning Committee Representative, this created a vacancy on the committee that was not filled as of March 31, 2025.*

*** indicates a member of the Audit Committee as of March 31, 2025.*

The Audit Committee is a sub-committee of the Financial Planning Committee and generally includes all members except the four Executive Committee members. The Audit Committee convenes twice annually, at a minimum, to review the year-end audit work program, the audit findings report, and any management letter recommendations with the external auditors, and to determine follow-up actions if required.

2024/25 Highlights

As part of its ongoing responsibilities, Financial Planning Committee oversaw, through its Audit Committee, the completion of the annual financial statement audit for Islands Trust and Islands Trust Conservancy for the fiscal year ending March 31, 2024. The Audit Committee met with external auditors, KPMG LLP, to review their audit findings reports and initiated planning for the March 31, 2025, financial statement audit. In addition to overseeing this legislated audit of the annual financial statements, Financial Planning Committee also directed and reviewed internally developed allocated financial statements, which provide an estimate of revenue and cost allocations by local trust area.

The Financial Planning Committee facilitated Trust Council's development of the 2025/26 budget. The committee included recommendations on the amount to draw from surplus funds, the amount of the property tax requisition to Islands Trust Area landowners, and the Bowen Island municipal tax levy based on Islands Trust Council Policy. As part of the budget development process, Financial Planning Committee oversaw draft budget reduction options totalling $350,000 and reviewed the feasibility of completing all proposed projects in terms of available staff resources. The Salt Spring Island Local Trust Committee requested spending from the Special Property Tax Reserve Fund to complete two projects associated with watershed protection on Salt Spring Island, which Islands Trust Council approved upon recommendation from Financial Planning Committee.

To inform development of the 2025/26 budget, Financial Planning Committee recommended that Trust Council approve specific budget guidelines early in the budget development cycle. Trust Council approved Financial Planning Committee's recommended guidelines which helped to shape the 2025/26 budget process and development.

After discussing that past budget consultation results have not often influenced changes to the budget, Financial Planning Committee chose not to undertake a public consultation on the draft 2025/26 budget. To support the development of the 2026/27 budget, the Committee approved delivery of a pre-budget public engagement process to begin in May 2026.

In an effort to increase public awareness of Islands Trust activities and understanding of Islands Trust financials, Financial Planning Committee once again supported the creation of a tax notice insert that is circulated by the Province of British Columbia to all Islands Trust Area taxpayers with their rural tax notice.

Financial Planning Committee provided quarterly financial reports on actual results, and second and third quarter financial forecasts to the Islands Trust Council for information and approval as part of its cyclical financial monitoring and reporting responsibilities.

DRAFT

REQUEST FOR DECISION

To:	Financial Planning Committee	**For the Meeting of:**	May 28, 2025
From:	Administrative Services - Finance	**Date Prepared:**	May 21, 2025
SUBJECT:	**Financial Planning Committee Work Program Update**		

RECOMMENDATION:
That Financial Planning Committee (FPC) approve the proposed Work Program report [as presented or as amended], and forward it to Trust Council for approval.

CHIEF ADMINISTRATIVE OFFICER COMMENTS: FPC's work program should reflect the annual required activities of the Committee in addition to any directed special projects or other work that is a top priority.

1 PURPOSE:
To provide recommendations for amendments to Financial Planning Committee's Work Program.

2 BACKGROUND:
FPC has discretion to accept these recommended priorities or amend them to reflect alternative priorities.

3 IMPLICATIONS OF RECOMMENDATION

ORGANIZATIONAL: None.
FINANCIAL: None.
POLICY: None.
IMPLEMENTATION/COMMUNICATIONS: None.
FIRST NATIONS: None.
OTHER: None.

4 RELEVANT POLICY: NA

5 ATTACHMENTS:
1. Current FPC Work Program – Active Projects
2. Proposed FPC Work Program – Active Projects and Future Project

RESPONSE OPTIONS

Recommendation:
That Financial Planning Committee approve the proposed Work Program report [as presented or as amended], and forward it to Trust Council for approval.

Alternative: None identified.

Prepared By: Robert Barlow, Legislative Services Clerk
Reviewed By/Date: Director, Financial and Employee Services/ May 22, 2025

Active Projects Report

Financial Planning Committee

1. *Finalize 2025/26 Budget and 5-year Financial Plan Bylaw*	Responsible	Dates
Activity: Prepare report to accompany Trust Council's 5-year Financial Plan Bylaw submission tothe Minister of Housing and Municipal Affairs for approval.	Julia Mobbs	Rec'd: 12-Mar-2025 Target: 31-Mar-2025

2. *Annual Financial Statements & Audit: Islands Trust and Islands Trust Conservancy*	Responsible	Dates
Activity: Underway: ·Audit planning with the appointed auditors, KPMG LLP. ·Audit Committee meeting with KPMG on February 28, 2025. Upcoming: ·Preparation of Islands Trust and Islands Trust Conservancy financial statements and audit packages. ·Audit fieldwork scheduled for May 2025. ·Audit Committee meeting on May 28, 2025 with KPMG LLP to present audit findings.	Julia Mobbs	Rec'd: 12-Mar-2025 Target: 31-May-2025

Active Projects Report

Financial Planning Committee

3. *Financial Policy Review*	Responsible	Dates
Activity: Continued review of select Trust Council financial policies: ·6.5.2 Budget Control and Adjustment Authority (EC directed)	Julia Mobbs	Rec'd: 12-Mar-2024 Target: 15-Jun-2025

Proposed Work Program

Print Date: May 21, 2025

Follow Up Action List

Active Projects Report

Financial Planning Committee

1. *Draft Budget Assumptions, Principles, Guidelines*	Responsible	Dates
Activity: Draft Budget 2026/27 Assumptions, Principles, and Guidelines for Trust Council's review and approval.	Julia Mobbs	Rec'd: 28-May-2025 Target: 27-Aug-2025

2. *Public Consultation on draft Budget 2026/27*	Responsible	Dates
Activity: Discussion of the public consultation on the draft budget begins at FPC's August meeting each year. If a decision to proceed is made in August, review of planned consultation materials and engagement platforms is planned for FPC's January meeting prior to initiation of public consultation.	Clare Frater	Rec'd: 28-May-2025 Target: 27-Aug-2025

3. *2026/27 Pre-Budget Public Engagement Project*	Responsible	Dates
Activity: Implement a project to hear from the public about their priorities and views on the Islands Trust proposed spending in 2026/27 and the activities that are proposed to be funded.	Clare Frater	Rec'd: 05-Mar-2025 Target: 27-Aug-2025

Future Projects Report

Financial Planning Committee

1. *Financial Policy Review*	Responsible	Date Received
Review of select Trust Council financial policies: 6.5.2 Budget Control and Adjustment Authority (EC directed)	Julia Mobbs	12-Mar-2024