



Islands Trust

## Financial Planning Committee Revised Agenda

Date: Wednesday, May 27, 2026  
Time: 10:45 am - 3:00 pm  
Location: Electronic Zoom Meeting

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	<b>Pages</b>
<b>1. CALL TO ORDER</b>	10:45 AM
<b>2. AGENDA</b>	
<b>2.1 Review of the Agenda</b>	
Committee to consider late items, new items and re-ordering of the agenda plus consider any need to create an in camera meeting	
<b>2.2 Approval of Agenda</b>	
<b>3. PUBLIC COMMENT PERIOD</b>	
<b>4. DELEGATIONS</b>	
None.	
<b>5. CORRESPONDENCE</b>	
None.	
<b>6. ADMINISTRATIVE COORDINATION</b>	
<b>6.1 Draft Minutes of Previous Meetings</b>	
<b>6.1.1 Financial Planning Committee Minutes of February 18, 2026</b>	3 - 6
For review and approval	
<b>6.2 Resolutions Without Meeting</b>	
None.	
<b>6.3 Follow up Action List</b>	7 - 7
For review	
<b>7. BUSINESS - WORK PROGRAM ITEMS</b>	

**7.1 March 31, 2026 Islands Trust Audited Financial Statements and Audit Report** 8 - 28

Late item: The audited financial statements and accompanying audit report will be received for information from the Annual Audit Committee upon adjournment of their meeting on May 27, 2026, immediately prior to the Financial Planning Committee meeting.

**7.2 March 31, 2026 Financial Results - Briefing** 29 - 34

Suggested motion: That Financial Planning Committee forward the March 31, 2026 Financial Results Briefing to Trust Council for information.

**7.3 Draft Trust Council Request For Decision - Draft 2027/28 Budget Assumptions, Principles, and Guidelines (BAPG)** 35 - 45

**7.4 Budget Cycle Timeline** 46 - 49

**8. BUSINESS - OTHER**

**8.1 Annual Report: Financial Planning Committee Section - Request For Decision** 50 - 53

That Financial Planning Committee approve the attached text for inclusion in the 2025/26 Annual Report for approval by Trust Council and submission to the Minister of Housing and Municipal Affairs.

**8.2 Financial-Related Governance Initiatives** 54 - 54

**9. BUSINESS - NEW**

**10. WORK PROGRAM** 55 - 57

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

The Work Program consists of Current Projects and Future Projects.

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

**11. NEXT MEETING**

Wednesday, August 19, 2026, 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 18, 2026  
**Location:** Electronic Meeting

**Members Present:** Sue Ellen Fast, Bowen Island Municipality, (FPC Chair)  
Mairead Boland, Saturna Island Local Trust Area, and Regional Planning  
Committee Representative, (FPC Vice Chair)  
Tobi Elliott, Gabriola Island Local Trust Area, Executive Committee  
Judith Gedye, Bowen Island Municipality, Governance Committee  
Representative  
David Graham, Denman Island Local Trust Area  
David Maude, Mayne Island Local Trust Area, Executive Committee  
Laura Patrick, Salt Spring Island Local Trust Area, Executive Committee  
Tim Peterson, Lasqueti Island Local Trust Area, Executive Committee,  
and Trust Programs Committee Representative  
Susan Yates, Gabriola Island Local Trust Area, Islands Trust Conservancy  
Board Representative

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

**Others Present:** One member of the public was present.

### **1. CALL TO ORDER**

Chair Fast called the meeting to order at 10:30 a.m. and acknowledged that participants in the meeting were on many 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**

One member of the public was present but did not wish to speak.

**4. DELEGATIONS**

None.

**5. CORRESPONDENCE**

None.

**6. ADMINISTRATIVE COORDINATION**

**6.1 Minutes of Previous Meetings**

6.1.1 Financial Planning Committee Draft Minutes of January 21, 2026

**By general consent** the Committee approved the minutes as presented.

**6.2 Resolutions Without Meeting**

None.

**6.3 Follow up Action List**

Director Mobbs indicated that all items on the FUAL have been completed. Committee discussion included:

- the possibility of staff replicating the budget speaking notes for trustees in future years if trustees find it of value
- the dedicated webpage in regards to the budget is informative
- that budget webpage could include the date when the page is revised

**7. BUSINESS - WORK PROGRAM ITEMS**

**7.1 December 31, 2025 Financial Report – Request For Decision**

Director Mobbs spoke to the Report. Committee discussion included that recording of cost recovery can be challenging.

**FPC-2026-10**

**It was MOVED and SECONDED,**

that Financial Planning Committee forward the December 31, 2025 Financial Report to Trust Council for approval.

**CARRIED**

**7.2 December 31, 2025 Financial Forecast – Briefing**

Director Mobbs introduced the Briefing. Committee discussion included:

- the Surplus fund will have a larger balance at year-end than what was previously expected as a result of underspending in the current year due to the BCGEU job action
- the impact of the upcoming election on the budget.

### **7.3 Ministry Bylaw for Trust Council**

#### **7.3.1 Revenue Anticipation Borrowing Bylaw - Trust Council Request For Decision**

Director Mobbs introduced the Request For Decision, indicating that Trust Council has not needed to borrow for several years but approving a borrowing bylaw at budget time is customary in the event borrowing is urgently needed in the year

**FPC-2026-11**

**It was MOVED and SECONDED,**

that Financial Planning Committee forward Bylaw 205 (Islands Trust Council Revenue Anticipation Borrowing Bylaw 2026-2027) to Trust Council for approval.

**CARRIED**

### **8. BUSINESS – NEW**

None.

### **9. WORK PROGRAM**

Director Mobbs indicated that item #3 (Statement of Financial Information) had been added prematurely to the Active Projects and would be removed. The Committee discussed moving an item from the Future Projects list to the Active Projects list.

**FPC-2026-12**

**It was MOVED and SECONDED,**

that Financial Planning Committee replace item #3 (Statement of Financial Information) of the Active Projects report with item #4 (Recommendations for Increasing Application Fees) from the Future Projects report.

**CARRIED**

**FPC-2026-13**

**It was MOVED and SECONDED,**

that Financial Planning Committee forward the amended Work Program to Trust Council.

**CARRIED**

### **10. NEXT MEETING**

Wednesday, May 27, 2026, from 10:45 a.m. to 3:00 p.m. The Annual Audit Committee will be meeting on the same day from 10:00 a.m. to approximately 10:45 a.m.

**11. CLOSED MEETING**

**10.1 Motion to Close the Meeting**

The meeting was not closed.

**12. RISE AND REPORT**

None.

**13. ADJOURNMENT**

**By general consent** the Committee adjourned the meeting at 11:28 a.m.

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Sue Ellen Fast, Chair

Certified Correct:

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Robert Barlow, Legislative Services Clerk/Recorder

**Minutes are not official until adopted at a subsequent meeting.**



## Follow Up Action Report

### Financial Planning Committee

18-Feb-2026

Progress	Activity	Responsibility	Dates	Status
100%	1 Staff to forward the December 31, 2025 Financial Report to Trust Council for approval.	Robert Barlow	Target: 20-Feb-2026	Completed
100%	2 Staff to forward Bylaw 205 (Islands Trust Council Revenue Anticipation Borrowing Bylaw 2026-2027) to Trust Council for approval.	Robert Barlow	Target: 20-Feb-2026	Completed
100%	3 Staff to forward the amended Work Program to Trust Council.	Robert Barlow	Target: 20-Feb-2026	Completed

Financial Statements of

# **ISLANDS TRUST**

Year ended March 31, 2026

# ISLANDS TRUST

Financial Statements

Year ended March 31, 2026

## Financial Statements

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## **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.

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*Chief Administrative Officer*

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*Director, Financial and Employee Services*

## 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, 2026
- 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, 2026, 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.



Islands Trust

### **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

\_\_\_\_\_, 2026

**DRAFT** - June 2, 2026

# ISLANDS TRUST

## Statement of Financial Position

March 31, 2026, with comparative information for 2025

	2026	2025
<b>Financial assets:</b>		
Cash and cash equivalents	\$ 4,392,063	\$ 2,955,860
Accounts receivable	426,024	230,331
Investments (note 2)	250,093	1,602,707
	<u>5,068,180</u>	<u>4,788,898</u>
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	894,906	977,232
Wages and benefits payable	1,274,077	1,176,175
Deferred revenue	227,163	277,952
Employee benefit obligations (note 3)	352,669	269,328
Obligations under capital leases (note 4)	34,418	44,442
Cost recovery deposits (note 12(b))	516	190
	<u>2,783,749</u>	<u>2,745,319</u>
Net financial assets	2,284,433	2,043,579
<b>Non-financial assets:</b>		
Tangible capital assets (note 5)	542,445	338,975
Prepaid expenses	349,183	362,727
	<u>891,628</u>	<u>701,702</u>
Commitments (note 10)		
Contingent liabilities (note 11)		
<b>Accumulated surplus</b> (note 6)	<u>\$ 3,176,061</u>	<u>\$ 2,745,281</u>

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

Approved by the Trust Council:

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Laura Patrick, Trust Council Chair

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Sue Ellen Fast, Audit Committee Chair

# ISLANDS TRUST

## Statement of Operations

Year ended March 31, 2026, with comparative information for 2025

	Budget (note 8)	2026	2025
Revenue:			
Property tax - general	\$ 9,262,200	\$ 9,262,200	\$ 8,555,040
Property tax levy - Bowen Island municipality	460,000	460,000	391,260
Government transfers (note 7)	595,931	595,836	766,158
Fees and sales	198,100	207,219	174,747
Interest income	211,000	164,274	257,129
Other income	-	176,974	-
Total revenue	10,727,231	10,866,503	10,144,334
Expenses (note 9):			
Council services	1,888,759	1,752,405	1,520,429
Local trust committee services	7,612,713	7,373,751	7,462,249
Trust conservancy services (note 12)	1,647,159	1,309,567	1,357,436
Total expenses	11,148,631	10,435,723	10,340,114
Annual surplus (deficit)	(421,400)	430,780	(195,780)
Accumulated surplus, beginning of year	2,745,281	2,745,281	2,941,061
Accumulated surplus, end of year	\$ 2,323,881	\$ 3,176,061	\$ 2,745,281

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

# ISLANDS TRUST

## Statement of Change in Net Financial Assets

Year ended March 31, 2026, with comparative information for 2025

	Budget (note 8)	2026	2025
Annual surplus (deficit)	\$ (421,400)	\$ 430,780	\$ (195,780)
Acquisition of tangible capital assets	(261,100)	(356,169)	(238,817)
Acquisition of leased tangible capital assets	-	(3,033)	(16,040)
Amortization of tangible capital assets	211,000	155,732	117,944
	(471,500)	227,310	(332,693)
Acquisition (use of) of prepaid expenses	-	13,544	(111,278)
Change in net financial assets	(471,500)	240,854	(443,971)
Net financial assets, beginning of year	2,043,579	2,043,579	2,487,550
Net financial assets, end of year	\$ 1,572,079	\$ 2,284,433	\$ 2,043,579

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

# ISLANDS TRUST

## Statement of Cash Flows

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Cash provided by (used in):		
<b>Operating activities:</b>		
Annual surplus (deficit)	\$ 430,780	\$ (195,780)
Items not involving cash:		
Amortization of tangible capital assets	155,732	117,944
Changes in non-cash operating assets and liabilities:		
Accounts receivable	(195,693)	47,391
Wages and benefits payable	97,902	(367,596)
Accounts payable and accrued liabilities	(82,328)	108,600
Deferred revenue	(50,789)	(145,736)
Employee benefit obligations	83,341	(29,179)
Cost recovery deposits	326	(3,685)
Prepaid expenses	13,544	(111,278)
Net change in cash from operating activities	452,815	(579,319)
<b>Capital activities:</b>		
Acquisition of tangible capital assets	(356,169)	(238,817)
<b>Investing activities:</b>		
Maturity (purchase) of investments	1,352,614	(1,602,707)
<b>Financing activities:</b>		
Principal payments on obligations under capital leases	(13,057)	(12,889)
Change in cash and cash equivalents	1,436,203	(2,433,732)
Cash and cash equivalents, beginning of year	2,955,860	5,389,592
Cash and cash equivalents, end of year	\$ 4,392,063	\$ 2,955,860
Supplemental cash flow information:		
Assets acquired under capital lease	\$ (3,033)	\$ (16,040)

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

# ISLANDS TRUST

Notes to Financial Statements

Year ended March 31, 2026

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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 12).

### (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.

# ISLANDS TRUST

## Notes to Financial Statements

Year ended March 31, 2026

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### 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 from unilateral transactions is recognized when the Trust has the ability to claim or retain an inflow of economic resources and a past transaction or event giving rise to the asset has occurred. Revenue from exchange transactions is recognized when or as the Trust has satisfied performance obligations.

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.

# ISLANDS TRUST

Notes to Financial Statements

Year ended March 31, 2026

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## 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.

# ISLANDS TRUST

## Notes to Financial Statements

Year ended March 31, 2026

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### 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.

# ISLANDS TRUST

Notes to Financial Statements

Year ended March 31, 2026

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## 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. Investments:

At March 31, 2026, investments consisted of guaranteed investment certificates with a cost plus accrued interest that approximated market value. The stated interest rate is 3.40% and the maturity date is March 29, 2027.

# ISLANDS TRUST

Notes to Financial Statements

Year ended March 31, 2026

### 3. Employee benefit obligations:

	2026	2025
Vacation pay	\$ 251,335	\$ 191,646
Compensatory time off	101,334	77,682
	<u>\$ 352,669</u>	<u>\$ 269,328</u>

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 trustee 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 per the latest available BC Pension Corp annual report (2024/25), the plan has 163,789 active Public Service members and overall, approximately 780,000 active 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 with results available later in 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 \$449,400 (2025 - \$459,061) for employer contributions to the plan in fiscal 2026.

# ISLANDS TRUST

Notes to Financial Statements

Year ended March 31, 2026

#### 4. Obligations under capital leases:

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

2027	\$ 16,391
2028	16,391
2029	7,313
2030	1,696
2031	356
<hr/>	
Total minimum lease payments	42,147
Less amounts representing interest (at rates ranging from 6.70% to 8.70%)	(7,730)
<hr/>	
Present value of net minimum capital lease payments	\$ 34,418

Interest of \$2,978 (2025 - \$2,312) relating to capital lease obligations has been included in expenses on the statement of operations.

#### 5. Tangible capital assets:

	Denman Island Site	Furniture and equipment	Computers	Leasehold improvements	Total 2026	Total 2025
<b>Cost:</b>						
Balance, beginning of year	\$ 10,000	\$ 148,667	\$ 597,426	\$ 431,783	\$1,187,876	\$ 1,024,771
Additions	-	13,513	166,813	178,876	359,202	254,857
Disposals	-	(4,687)	-	(7,800)	(12,487)	(91,752)
Balance, end of year	10,000	157,493	764,239	602,859	1,534,591	1,187,876
<b>Accumulated amortization:</b>						
Balance, beginning of year	10,000	91,096	360,827	386,978	848,901	822,709
Additions	-	16,379	107,398	31,955	155,732	117,944
Disposals	-	(4,687)	-	(7,800)	(12,487)	(91,752)
Balance, end of year	10,000	102,788	468,225	411,133	992,146	848,901
Net book value, end of year	\$ -	\$ 54,705	\$ 296,014	\$ 191,726	\$ 542,445	\$ 338,975

Included in tangible capital assets is assets under capital leases with a net book value of \$34,418 (2025 - \$44,442). There were no contributed assets received during 2026 or 2025.

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.

# ISLANDS TRUST

Notes to Financial Statements

Year ended March 31, 2026

## 6. Accumulated surplus:

Accumulated surplus consists of:

	2026	2025
Invested in tangible capital assets	\$ 508,027	\$ 294,533
General Revenue Fund	2,332,626	2,156,487
Local Trust Committee Project Specific Reserve Fund	251,893	210,746
Special property tax requisition fund	83,515	83,515
	<u>\$ 3,176,061</u>	<u>\$ 2,745,281</u>

## 7. Government transfers:

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

	2026	2025
Provincial operating grant	\$ 180,000	\$ 199,000
Provincial restricted grant	88,247	233,557
Federal restricted grant	327,589	333,601
	<u>\$ 595,836</u>	<u>\$ 766,158</u>

## 8. Budget data:

The budget data presented in these financial statements is based upon the 2026 operating budget approved by Trust Council on March 13, 2025. The following reconciles the approved budget to the budget figures reported in these financial statements.

	Budget amount
Operating budget:	
Revenue	\$ 11,198,731
Less appropriation from surplus	(471,500)
	<u>10,727,231</u>
Expenses	11,198,731
Plus amortization expense	211,000
Less capital expense	(261,100)
	<u>11,148,631</u>
Annual deficit	<u>\$ (421,400)</u>

# ISLANDS TRUST

Notes to Financial Statements

Year ended March 31, 2026

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## 9. Classification of expenses by object:

	2026	2025
Staff salaries and benefits	\$ 6,494,910	\$ 6,433,396
Traveling/training and recruitment	155,545	238,482
Council and trustee costs	1,059,311	1,063,917
Office operations	1,249,219	1,159,333
Programs	565,564	708,159
Legal	755,442	618,883
Amortization	155,732	117,944
	<hr/> \$ 10,435,723	<hr/> \$ 10,340,114

## 10. Commitments:

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

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2027	\$ 433,215
2028	397,268
2029	401,302
2030	205,486
2031	-

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## 11. 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.

# ISLANDS TRUST

Notes to Financial Statements

Year ended March 31, 2026

## 12. 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 Housing and Municipal Affairs. The Conservancy's Board is comprised of three members from Trust Council and up to three members appointed by the Minister of Housing and 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 \$79,004 (2025 - \$87,179).

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:

	2026	2025
Operations and Property Management	\$ 985,715	\$ 1,019,945
Board	10,713	9,876
Administration	313,139	327,615
	<u>\$ 1,309,567</u>	<u>\$ 1,357,436</u>

### (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:

	2026	2025
Cash received during the year	\$ 4,250	\$ 5,350
Cash paid during the year	3,294	9,035

The net payable from development applicants of \$516 (2025 - \$190) is included in cost recoveries on the statement of financial position.

# ISLANDS TRUST

Notes to Financial Statements

Year ended March 31, 2026

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## 13. 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.

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. These tariffs are still in place as of the date of these financial statements.

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.

# ISLANDS TRUST

Notes to Financial Statements

Year ended March 31, 2026

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## 13. Financial risks and concentration of risk (continued):

### (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 2025 related to credit, market or liquidity risks.



# BRIEFING

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**To:** Financial Planning Committee      **For the Meeting of:** May 27, 2026

**From:** Financial and Employee Services      **Date Prepared:** May 26, 2026

**SUBJECT:** March 31, 2026 Financial Results (Q4)

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## PURPOSE:

To provide high-level explanations of the variances in key financial statement accounts for the fiscal year ending March 31, 2026.

## BACKGROUND:

The **Statement of Financial Position** presents a snap shot in time of the financial state, reflecting values of assets, liabilities and accumulated surplus as at the fiscal year-end date, March 31, 2026. Overall, the Accumulated Surplus account increased by \$431,000 this year. Significant year over year changes are as follows:

- **Cash & Cash Equivalents - \$1,436,000 increase** – due mainly to the low interest rates being offered on longer term investments, management made the decision to leave temporary excess funds in short term arrangements. These investments are earning similar interest rates, and this approach allows management more discretion over the short term.
- **Investments - \$1,353,000 decreases** – due mainly to less funds invested in GICs during fiscal 2026.
- **Tangible Capital Assets - \$203,000 increase** – due mainly to:
  - \$147,000 increase related to Salt Spring Island office tenant improvements
  - \$ 59,000 increase related to a new server (\$11,000) and new computers for staff
- **Accounts Receivable - \$196,000 increase** – due mainly to:
  - \$131,000 due from legal costs awarded (Thetis Island)
  - \$ 56,000 primarily due from Environment Climate Change Canada
- **Wages and Benefits Payable - \$98,000 increase** – prior year required no salaries and benefits accrual whereas fiscal 2026 required an accrual of 7 days.
- **Development Application Deposits - \$91,000 increase** – due to larger amounts received for the SSI landscaping security deposit this year
- **Employee Benefit Obligations - \$83,000 increase** – increase in staff unused vacation and CTO/ETO leave, and fluctuation in leave liability payout for long term employees.
- **Accounts Payable and Accrued Liabilities - \$82,000 decrease** – prior year had two large projects completed at year end but only paid after year end (timing difference).

- **Deferred Revenue - \$51,000 decrease – due to the completion of grant work related to grant agreements entered into last year**
- **The variance for all other balance sheet accounts was each less than \$10,000**

The Islands Trust **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, 2026 resulted in an increase of \$431,000 to the Accumulated Surplus account over budget. Significant changes in actuals versus the budget are as follows:

- **Other Income - \$177,000 higher – due to recognition of legal fees cost recoveries**
- **Interest Income - \$47,000 lower – due to lower than forecasted interest rates**
- All other actual revenue accounts were each within \$9,000 of budget
- **Trust Council Services expenses underspent by \$137,000 – due mainly to:**
  - \$ 63,000 underspent on Trust Area Services where salaries and benefits were lower due to partial year vacancies in the Senior Policy Advisor and Grants Manager positions as well as BCGEU strike savings
  - \$ 35,000 underspent on general admin allocation – see underspending explanation in General Administrative services section below
  - \$ 25,000 underspent on Trust Council underspending on Trust Council meeting and reconciliation action plan expenditures
  - All other line-item variances under \$16,000
- **Local Trust Committee Services expenses underspent by \$239,000 – due mainly to:**
  - \$348,000 overspent on Local Trust Committees where litigation costs for cases on Gabriola and Salt Spring Islands were substantially higher than budget. And where legal cost recoveries went to other income rather than reducing the legal expense
  - \$283,000 underspent on projects for Salt Spring Island OCP and SSIWPA Plan Coordination as well as major projects for Denman Housing Review, Gambier OCP, Hornby OCP and Lasqueti OCP
  - \$214,000 underspent on planning staff where salaries and benefits were lower due to partial year vacancies in the Salt Spring Island Office for the Legislative Services Clerk and Island Planners positions, in the Gabriola Island Office for the Office Administrative Assistant and BCGEU strike savings across all three planning offices
  - \$ 80,000 underspent on general admin allocation – see underspending explanation in General Administrative services section below
  - \$ 40,000 underspent on Bylaw Enforcement where salaries and benefits were lower due to BCGEU strike savings and underspending on the Cityview Bylaw project
  - All other line-item variances each under \$30,000
- **Trust Conservancy Services expenses underspent by \$337,000 – due mainly to:**
  - \$197,000 underspent on Conservancy staff and associated costs where salaries and benefits were lower due to partial year vacancies in the ITC Secretary, Communications Specialist and Covenant Management Outreach Specialist positions and BCGEU strike savings
  - \$ 77,000 underspent on general admin allocation – see underspending explanation in General Administrative services section below.
  - \$ 54,000 underspent on property management where work was delayed due to BCGEU strike action
  - All other line-item variances each under \$7,000

- **General Administrative Services underspent by \$192,000** due mainly to:
  - \$103,000 underspent on Financial and Employee Services where salaries and benefits were lower due to full year vacancy in the Manager of Finance and Accounting position and BCGEU strike savings
  - \$ 69,000 underspent on Legislative and Information Services where salaries and benefits were lower due to partial year vacancies in the Senior Technical Analyst and IS Specialist positions as well as BCGEU strike savings
  - \$ 55,000 underspent on amortization – mainly due to the delay in the completion of the SSI tenant improvement project
  - All other line-item variances were each under \$18,000

**ATTACHMENTS:**

- March 31, 2026 Statement of Financial Position (Sage B/S)
- March 31, 2026 Statement of Financial Operations (Sage I/S)

**FOLLOW-UP:** As directed

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**Prepared By: Nancy Roggers, Finance Officer**  
**Reviewed By/Date: Derek Cockburn, Director, Financial and Employee Services/May 26, 2026**

Islands Trust  
Statement of Financial Position  
For The Year Ending March 31, 2026

Description	At March 31, 2026	At March 31, 2025	Year over Year Difference
<b>Financial Assets</b>			
Cash & Short-term Investments	4,642,156	4,558,567	83,589
Accounts Receivable	426,024	230,331	195,694
Total Financial Assets	5,068,180	4,788,898	279,282
<b>Liabilities</b>			
Wages & benefits payable	1,274,077	1,176,175	97,902
Accounts payable & accrued liabilities	412,867	586,073	(173,205)
Development Application Deposits	482,039	391,159	90,880
Deferred Revenue	227,163	277,952	(50,789)
Employee Benefit Obligations	352,669	269,328	83,341
Capital Lease Obligations	34,418	44,442	(10,024)
Cost Recovery Deposits	516	190	326
Total Liabilities	2,783,749	2,745,319	38,430
<b>Net Financial Assets</b>	<b>2,284,433</b>	<b>2,043,579</b>	240,854
<b>Non Financial Assets</b>			
Tangible Capital Assets	542,445	338,975	203,470
Prepaid Expenses	349,183	362,727	(13,544)
Total Non Financial Assets	891,628	701,702	189,926
<b>Surplus</b>	<b>3,176,061</b>	<b>2,745,281</b>	430,780

Islands Trust  
Detailed Statement of Operations  
For The 12 Months Ending March 31, 2026

Description	2025/26 Approved Annual Budget	At March 31, 2026	At March 31, 2025	% of Budget Received Spent	Over (Under) budget \$	% over (under) budget
<b>REVENUE:</b>						
Fees & Sales	198,100	207,219	174,745	105%	9,119	5%
Provincial Grant - Unrestricted	180,000	180,000	199,000	100%	-	0%
Federal and Provincial Grants - Restricted	415,931	415,836	567,158	100%	(95)	0%
General Property Tax Levy - All LTAs	9,262,200	9,262,200	8,555,040	100%	-	0%
Special Property Tax Requisition - SSI LTA	-	-	-	0%	-	0%
Municipal Property Tax Levy - Bowen Island Municipality	460,000	460,000	391,260	100%	-	0%
Investment Income	211,000	164,274	257,129	78%	(46,726)	-22%
Other Income	-	176,974	-	0%	176,974	-100%
<b>Total Revenue</b>	<b>10,727,231</b>	<b>10,866,503</b>	<b>10,144,333</b>	<b>101%</b>	<b>139,272</b>	<b>1%</b>
<b>EXPENSES:</b>						
<b>Trust Council Services</b>						
Trust Council	495,108	469,672	434,134	95%	(25,436)	-5%
Executive Committee	138,400	122,941	137,513	89%	(15,459)	-11%
Trust Area Services	804,128	740,763	581,830	92%	(63,365)	-8%
General Admin Allocation - 16.8%	454,385	419,029	366,951	92%	(35,356)	-8%
<b>Total Council Expenses</b>	<b>1,892,021</b>	<b>1,752,405</b>	<b>1,520,428</b>	<b>93%</b>	<b>(139,616)</b>	<b>-7%</b>
<b>Local Trust Committee Services</b>						
Local Trust Committees	975,053	1,323,535	1,190,738	136%	348,482	36%
Projects (Note 1)	448,000	164,973	395,064	37%	(283,027)	-63%
Planning Staff	3,416,860	3,203,258	3,233,129	94%	(213,602)	-6%
LPS Facilities	380,130	408,952	374,898	108%	28,822	8%
Salt Spring Island Office Move/Renovation	-	-	-	0%	-	0%
Bylaw Enforcement	549,281	509,849	467,407	93%	(39,432)	-7%
General Admin Allocation - 70.7%	1,843,389	1,763,184	1,801,014	96%	(80,205)	-4%
<b>Total Local Trust Committee Services</b>	<b>7,612,713</b>	<b>7,373,751</b>	<b>7,462,249</b>	<b>97%</b>	<b>(238,962)</b>	<b>-3%</b>
<b>Trust Conservancy Services</b>						
Board	10,350	10,713	9,876	104%	363	4%
Conservancy Staff and Associated Costs	959,945	763,396	804,242	80%	(196,549)	-20%
Property Management	264,460	210,109	204,979	79%	(54,351)	-21%
Programs	19,200	12,210	10,724	64%	(6,990)	-36%
General Admin Allocation - 12.5%	389,942	313,139	327,615	80%	(76,803)	-20%
<b>Total Trust Conservancy Expenses</b>	<b>1,643,897</b>	<b>1,309,567</b>	<b>1,357,436</b>	<b>80%</b>	<b>(334,330)</b>	<b>-20%</b>
<b>General Administration Services</b>						
Office of the CAO	459,371	470,992	677,424	103%	11,621	3%
Financial and Employee Services	676,199	573,082	476,331	85%	(103,117)	-15%
Legislative and Information Services	987,166	918,457	846,885	93%	(68,709)	-7%
Office Operations	353,980	359,996	362,721	102%	6,016	2%
Computer/Furniture & Equipment	-	17,093	14,272	0%	17,093	100%
Amortization Expense	211,000	155,732	117,945	74%	(55,268)	-26%
General Admin Recovery	(2,687,716)	(2,495,352)	(2,495,579)	93%	192,364	-7%
<b>Net General Administration Services Expenses</b>	<b>-</b>	<b>0</b>	<b>(0)</b>	<b>0%</b>	<b>0</b>	<b>0%</b>
<b>Total Expenses</b>	<b>11,148,631</b>	<b>10,435,723</b>	<b>10,340,113</b>	<b>94%</b>	<b>(712,908)</b>	<b>-6%</b>
<b>Surplus (Deficit) to date</b>	<b>(421,400)</b>	<b>430,780</b>	<b>(195,780)</b>			
(Increase) decrease in amounts Invested in Capital Assets	261,100	(213,495)	(133,762)			
Transfer from (to) General Revenue Surplus Fund	160,300	(176,138)	329,542			
Transfer from (to) LTC Reserve Fund	-	(41,147)	-			
Transfer from (to) Special Tax Requisition Fund	-	(0)	-			
<b>Unallocated Annual Surplus (Deficit)</b>	<b>-</b>	<b>0</b>	<b>(0)</b>			

Description	2025/26 Approved Annual Budget	At March 31, 2026	At March 31, 2025	% of Budget Received Spent	Over (Under) budget \$	% over (under) budget
<b>Note 1: LTC &amp; Planning Services Project Spending</b>						
<b>LTC Projects</b>						
LTC Projects funded by Reserve Fund	9,000	-	-	0%	(9,000)	-100%
Denman Housing Review	15,750	5,471	4,627	35%	(10,279)	-65%
Denman TUP Review	-	-	47	0%	-	0%
Denman Amend OCP for technical + First Nations updates	4,000	-	-	0%	(4,000)	-100%
Gabriola OCP/LUB	48,000	39,119	37,225	81%	(8,881)	-19%
Galiano Groundwater Strategy Implementation	-	-	1,241	0%	-	0%
Galiano Small Islands LUB update	4,000	228	-	6%	(3,772)	-94%
Gambier OCP/LUB	10,000	75	-	1%	(9,925)	-99%
Gambier Keats Island Shoreline Protection Review	-	-	4,976	0%	-	0%
Hornby OCP/LUB	18,750	11,886	3,961	63%	(6,864)	-37%
Lasqueti OCP/LUB	15,500	-	-	0%	(15,500)	-100%
Mayne Island Housing	8,000	743	1,836	9%	(7,257)	-91%
Mayne LUB Minor Amendments	-	-	1,241	0%	-	0%
North Pender Raptor Nest DPA update	5,000	751	90	15%	(4,249)	-85%
North Pender Housing Access & Affordability	8,000	2,223	2,173	28%	(5,777)	-72%
Salt Spring OCP/LUB	204,000	65,908	134,084	32%	(138,092)	-68%
Salt Spring Housing Action Program	5,000	-	-	0%	(5,000)	-100%
SSIWPA Plan Coordination	55,000	-	-	0%	(55,000)	-100%
Salt Spring Groundwater Sustainability Strategy	16,500	-	-	0%	(16,500)	-100%
Saturna Minor Housing Review	2,000	-	250	0%	(2,000)	-100%
South Pender LUB Minor Amendments	3,000	1,450	1,121	48%	(1,550)	-52%
Thetis Targeted LUB Amendment	4,500	-	-	0%	(4,500)	-100%
<b>Total All LTC Projects</b>	<b>436,000</b>	<b>127,853</b>	<b>192,873</b>	<b>29%</b>	<b>(308,147)</b>	<b>-71%</b>
Regional Freshwater Management	12,000	12,000	23,900	100%	-	0%
Housing Strategy	-	-	19,946	0%	-	0%
Cityview Planning Portal (LGDAP)	-	-	56,943	0%	-	0%
Housing Needs Assessments	-	25,120	101,402	0%	25,120	100%
<b>Total all Project Spending</b>	<b>448,000</b>	<b>164,973</b>	<b>395,064</b>	<b>37%</b>	<b>(283,027)</b>	<b>-63%</b>



### 3 IMPLICATIONS OF RECOMMENDATION

**ORGANIZATIONAL:** Staff and FPC will draft a 2027/28 budget based on the direction Trust Council gives in its approved 2027/28 BAPG document.

**FINANCIAL:** No financial implications to draft next year's budget based on TC's direction in the approved BAPG. The impact of direction in the BAPG will be reflected in the draft budget to understand future financial implications.

**POLICY:** None.

**IMPLEMENTATION/COMMUNICATIONS:** Staff and FPC will receive TC's approved BAPG to ensure draft budgets embrace TC's direction for the draft budget.

**FIRST NATIONS RELATIONS:** None. However, any budget amounts for next fiscal associated with advancing reconciliation and engagement in the Trust Area may enhance relationship with First Nations.

**OTHER:** None.

4 **RELEVANT POLICY:**  
[Policy 6.3.1 Budget Process](#)

5 **ATTACHMENT:**  
Draft 2027/28 Budget Assumptions, Principles, and Guidelines (BAPG)

### RESPONSE OPTIONS

**Recommendation:**

That Trust Council approve Financial Planning Committee's recommended draft 2027/2028 BAPG as presented.

**Alternative:**

Trust Council may, by resolution, amend or add to the BAPG as it sees fit.

That Trust Council approve Financial Planning Committee's recommended draft 2027/2028 BAPG, as amended.

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**Prepared By:** Derek Cockburn Director, Financial and Employee Services  
**Reviewed By:** Chief Administrative Officer / May 8, 2026



Islands Trust

## ISLANDS TRUST

# Draft 2027/28 Budget Assumptions, Principles, Guidelines May 2026

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### **Draft Budget Development Process:**

During the budget cycle, each line of the detailed draft budget is reviewed by the responsible Director or Manager, giving consideration to previous years' spending and future work programs and services (including Trust Council's Strategic Plan initiatives). Planning staff review planning project needs with Local Trust Committees and identify top priorities and senior staff review project recommendations with Trust Council's committees and Executive Committee. The Islands Trust Conservancy Board requests budget funding levels appropriate to support the goals in its Regional Conservation Plan and other fiscal initiatives. Directors review their respective Committee work programs, policy requirements and operational needs to ensure activities are appropriately funded. The finance team compiles the detailed budget for the year. The draft budget detail is reviewed by the Islands Trust management team prior to being submitted to the Financial Planning Committee for review and consideration. A first draft of the budget is forwarded to Trust Council in December of each year, or in the case of election years, the following January if timing of Trust Council regular meetings is amended.

### **Considerations for the 2027/28 Fiscal Year:**

The following will have an impact on the FY28 budget:

- New Trustee remuneration framework
- New Trustee parental leave coverage (proposed Bill 17)
- New Trustee mental health benefit coverage
- Potential new law suites related to bylaw infractions
- Potential changes to any policies (i.e. reserve fund or municipal tax requisition calculation)
- New priority direction / resolutions from the newly elected TC
- Implications from revision to Policy Statement
- Implications from the Indigenous Relations Plan
- Implications from the internal Operational Review
- Implications from any public pre-budget surveys (if applicable)
- Standard annual increases outside of the control of the Islands Trust:
  - BCGEU annual wage increases
  - PSA annual travel rate increases
  - PSA annual employee chargeback rate increases (note: no change last year – 25.4%)
  - Inflationary factors (Annual Consumer Price Index - CPI)

<b>REVENUES</b>			
	<b>ITEM</b>	<b>ASSUMPTION/PRINCIPLE/GUIDELINE</b>	<b>DATA SOURCE(S)</b>
1	<b>Fees</b>	<p>Budgeted application fees revenue are based on the following:</p> <ul style="list-style-type: none"> <li>- Estimated application volumes, by type and by LTA, based on historical volume trends.</li> <li>- Estimated application fees by type and by LTA, as determined by LTC fees bylaws.</li> <li>- Accounting standards dictate that fees be recorded as revenue as applications move through processing, not at the time of receipt of the fee. Consequently, estimating how quickly applications will be processed is an important component of estimating application fee revenue in any given year.</li> </ul> <p>Given Island's Trust bylaw enforcement policy to offer fee waiver for ultimate compliance, revenue from bylaw tickets is not budgeted for as it is not reliable. Additionally, revenue from this activity is not material to the Trust's overall budget.</p>	<p>Historical application volume levels seen in non-pandemic- impacted fiscal years.</p> <p>Approved LTC Fees Bylaws.</p> <p>Recent historical ratios of fees received to earned.</p>
2	<b>Provincial Grant Funding - Unrestricted</b>	<p>Unrestricted grants are given without restrictions dictating how the funds must be spent. The Provincial grant funds received by Islands Trust annually are unrestricted. These grants are recorded as revenue when they are received.</p> <p>Assume that unrestricted grant funding from the Province will be received, and that the value will remain consistent with prior years. Although there is a Trust Council resolution to request more funds from the Province, no work has progressed on this task and progress is unlikely in the short term. As such, no increase in funds is anticipated at this time.</p>	<p>Prior year funding levels (excluding any one-time unusual payments)</p>
3	<b>Provincial Grant Funding – Restricted</b>	<p>Restricted grants have restrictions dictating how the grant funds must be spent by the receiver. These grants are recorded as revenue only when eligible expenses have been incurred.</p> <p>The planned spending in the fiscal year will be reflected as revenue in the draft budget, along with the related expenses the grant will pay for.</p>	<p>Approved grant agreements from the Province of BC.</p> <p>Other grants as approved in the budget cycle.</p>
4	<b>Federal Grant Funding – Restricted</b>	<p>Restricted grants have restrictions dictating how the grant funds must be spent by the receiver. These grants are recorded as revenue only when eligible expenses have been incurred.</p>	<p>Signed grant agreement between ITCB/IT and Environment and Climate Change Canada, or other federal bodies.</p>

<b>REVENUES</b>			
	<b>ITEM</b>	<b>ASSUMPTION/PRINCIPLE/GUIDELINE</b>	<b>DATA SOURCE(S)</b>
		These amounts are recognized as revenue in the draft budget, along with the related expenses the grant will pay for. Related expenses are included in their appropriate area of spending and are not shown separately as their own line item.	
5	<b>Property Taxes - General</b>	Assume property tax revenue will be required to balance the Islands Trust budget. Assumed the full balance requisitioned will be received by Islands Trust under normal timelines.	Draft budget expenditures less amortization expense, less other revenue sources.
6	<b>Property Taxes - Non-Market Change (NMC) in Tax Base</b>	The property tax base within the Islands Trust Area will grow due to new development activity and changes in use. Assume that jurisdictions 763 and 764 remain an appropriate representation of the NMC within the total Trust Area.	Retains the previous budget's NMC values.  BC Assessment report provided in December each year indicates non-market growth for the Trust Area and is updated in the draft budget at that time.
7	<b>Property Taxes – Special Requisitions</b>	Assume LTC's will request, by way of resolution, a special levy for specific local services as they deem necessary.	Trust Council <a href="#">Policy 6.3.2 Special Property Tax Requisitions</a>
8	<b>Property Taxes – Bowen Island Municipality</b>	Islands Trust staff will be meeting with BIM staff during the summer of 2026 to review the BIM tax levy allocation model. Any proposed changes would be brought forward to the September TC meeting for tentative impacts on the FY28 budget.	Trust Council <a href="#">Policy 7.2.6 Municipal Tax Requisition Calculation</a>
9	<b>Investment Income</b>	Assume interest income will drop slightly in line with anticipated interest rate reductions. Assume Islands Trust will continue to invest in conservative investments in line with legislation. Assume sustainable investment vehicles will be secured for a portion of invested funds to align with Trust values.	<a href="#">Islands Trust Act</a> , <a href="#">Community Charter</a> , current interest rate trends and investment advisor information.
10	<b>Other Grant Funding</b>	Islands Trust will continue to monitor grant opportunities available for corporate work, but does not expect significant new inflows of revenue from this source.  Any budgeted revenue from grant funds for projects will be offset by a budgeted expense for the same amount, to ensure appropriate conservatism in the budget.	Current grant programs available to Islands Trust.

EXPENSES			
	ITEM	ASSUMPTION/PRINCIPLE/GUIDELINE	DATA SOURCE
11	<b>Inflation</b>	Assumption that the cost of goods and services will rise in line with inflation. Application of this assumption is not applied in a direct manner whereby all expenses are increased by a percentage. Rather, where real spending trends are analyzed for purposes of generating a budget figure, historical averages are most frequently rounded upwards, with special considerations given to expenditure types experiencing higher than typical increases, including standard rates for contractors where work is most often completed by external parties (i.e.: strategic plan projects).	Consumer Price Index (CPI) for Victoria, as reported for the month of April by BC Statistics (based on Statistics Canada data), to assess if current inflation accommodations are appropriate.  Draft 1, Version 1 of the budget will include CPI rates available as at the date of this budget draft, with final update happening in December.
12	<b>Staffing Levels</b>	Assumed requested for any new staff positions will be presented via business case to FPC/TC.  Decreased staffing levels may result in a reduced level of services, functions, or quality of work.  New functions or services may require either additional staffing or the deletion of some existing functions or service levels.  <u>Suggested for 2026/27:</u> <i>That Trust Council direct that new personnel requests will include with the business case, a draft job description for the new position, as well as a depiction of where the position will reside in the organisational chart.</i>	Current staffing levels, plus potential forthcoming new staff requests.  Trust Council direction.

13	<b>Staffing Salaries and Benefits</b>	<p>Assumed that staff will continue to be appointed subject to the <i>Public Services Act</i> and the <i>Public Service Labour Relations Act</i>, in accordance with the <i>Islands Trust Act</i>.</p> <p>Assumed costs for staff salaries and benefits will rise in accordance with relevant legislation and union agreements.</p> <p><i>Prior Year Budget Guideline:</i></p> <p><i>That Trust Council establish a 202c/27 budget guideline that funding for salary and benefits costs arising from job descriptions changes must be provided within existing budgets.</i></p>	<p><a href="#">Public Service Labour Relations Act</a> (all staff).  <a href="#">Public Service Act</a> and  PSA Policy on salary administration for management employees (exempt staff).  <a href="#">BCGEU union agreement</a></p> <p>Public Service Agency (benefits costs/rate, all staff) – based on prior year benefit rate in the absence of information from PSA whose timing is delayed due to provincial budget delays.</p> <p>Trust Council direction.</p>
14	<b>Trustee Remuneration</b>	<p>Assumed that no changes will be made to the guiding policy for Trustee Remuneration.</p> <p>Assumed that the number of meetings requiring payment to trustees for Trust Council Committees (FPC, TPC, RPC, GC, AC) will remain similar to prior year figures.</p>	<p>TC <a href="#">Policy 7.2.1 Trustee Remuneration</a>.  (census information 2021)  stats Canada CPI information, Folio information from BC Assessment)</p>
15	<b>Office Facilities</b>	<p>Assumed that office locations for staff will remain in Victoria, on Salt Spring Island and on Gabriola Island. Islands Trust has signed office leases for these spaces which will guide budget amounts for the next fiscal year.</p> <p>It is assumed that Islands Trust will not give notice to the Victoria office property manager by March 31, 2026 for a September 31, 2026 termination of lease, and as such will maintain the leased space until September 31, 2029. This assumption is based on a lack of staff capacity to undertake such a project at this time, as well as lacking alternate options for lease at this time.</p> <p>Assumption that the SSI office renovation is largely complete in the current year with no lingering cost requirements related to this move.</p> <p>Discussion regarding current leased space on Galiano will take place with Galiano trustees to determine if retaining the office space is of value. Trustees are responsible to put in a budget request for these spaces in alignment with policy.</p>	<p>TC <a href="#">Policy 7.4.4 On-Island Trustee Offices</a>.</p> <p>Existing multi-year office leases.</p>

ITEM	ASSUMPTION/PRINCIPLE/GUIDELINE	DATA SOURCE
16	<p><b>Planning Services</b></p> <p>Assumed that Islands Trust Council will continue to provide sufficient funding for LTCs to carry out their primary function of land-use planning and regulatory activities within their local trust area, as permitted by the <i>Islands Trust Act</i>.</p> <p>OCP and LTC project budgets are distributed between LTCs as they seek funding for various projects. Smaller projects with estimated costs less than \$5,000 continue to be funded by the lump sum budget for LTC project work, which LTCs can draw from throughout the year.</p> <p>The following principles will guide decisions on LTC projects in the budget cycle:</p> <ul style="list-style-type: none"> <li>• OCP and LTC projects with estimated costs greater than \$5,000 will require a funding request from the LTC, for consideration by Trust Council.</li> <li>• Similar projects (e.g., OCPs) will be consolidated for efficiencies where feasible.</li> <li>• Proposed projects will not be funded unless there are sufficient staff resources to implement them.</li> </ul>	<p>Local Planning Services Review 2018</p> <p>Trust Council Strategic Plan 2024-2028</p> <p>TC <a href="#">Policy 5.9.1 Best Management Practices for Delivery of Local Planning Services to Local Trust Committees</a></p>
17	<p><b>Planner Resource Allocation</b></p> <p>Assume planner resource allocation will be allocated in accordance with <a href="#">Trust Council policy 6.2.1</a> (Priority Setting/Review Guidelines) and <a href="#">Trust Council 6.7.1</a> (Work Program, FUAL, and Priorities Report)</p>	<p>LPS Review 2018</p> <p><a href="#">TC's Strategic Plan</a></p> <p><a href="#">TC Policy 6.2.1 Priority Setting/Review Guidelines</a> and <a href="#">TC Policy 6.7.1 Work Program, Follow-up Action List and Priorities Report</a></p>

18	<b>Strategic Plan Projects</b>	<p>It is assumed Trust Council will adequately resource any work that is approved and prioritized in its 2024-2028 strategic plan, or will choose to forgo work in the plan to fit inside desired budget limits. It is assumed projects in the Strategic Plan noted as 'To be initiated in 2026/27' will be advanced into the budget cycle via their respective Council Committee/Board. Early drafts of the budget will assume strategic plan projects currently underway expected to be complete before next fiscal, will indeed be complete by next fiscal. Later budget versions will re-evaluate likelihood of full completion and if required, will carry funds from the current year into next year's budget.</p> <p><i>Prior Year Budget Guideline:</i> That Trust Council establish a 2025/2c budget guideline that consider any resourcing needs for strategic initiatives from the 2024-2028 Strategic Plan.</p>	<p><a href="#">TC's Strategic Plan</a></p> <p>Trust Council direction.</p>
19	<b>Elections</b>	<p>Elections will take place in October 2026 which is within the current fiscal year. No election costs are anticipated in 2027/28. Any subsequent byelections would have an immaterial impact on budget.</p>	
20	<b>First Nations Reconciliation</b>	<p>Trust Council expects the principle of reconciliation to be embraced across all levels of work at Islands Trust. To facilitate this in the budget cycle, all business cases will include consideration of First Nation engagement needs and opportunities to advance reconciliation.</p> <p><i>Prior Year Budget Guideline:</i> <i>That Trust Council establish a 2025/2c budget guideline that considers resourcing needs to update and implement the Reconciliation Action Plan.</i></p>	<p>Business cases submitted during the budget cycle.</p> <p>Trust Council direction.</p> <p>Reconciliation Action Plan update, once provided and approved.</p>
21	<b>Community Communications and Engagement</b>	<p>The principle of communication with community and public engagement are important to Islands Trust, as such, all business cases will include consideration of public engagement and communication needs.</p> <p><i>Prior Year Budget Guideline:</i> <i>That Trust Council establish a 202c/27 budget guideline that considers resourcing needs to implement the Communications Strategy.</i></p>	<p>Business cases submitted during the budget cycle.</p> <p>Trust Council direction.</p> <p><a href="#">Communications Strategy 2024</a></p>

<b>EXPENSES</b>			
	<b>ITEM</b>	<b>ASSUMPTION/PRINCIPLE/GUIDELINE</b>	<b>DATA SOURCE</b>
22	<b>Department Budget Submissions</b>	<p>Department budgets are prepared by Directors each budget cycle that incorporate funds needed for operations and regular programming (such as stewardship education and secretariat functions). These budgets form a significant portion of the draft budget each year. Trust Council may wish to apply guidelines to the drafting of these budget submissions, as occurs in some other jurisdictions.</p> <p>The Operational Review being undertaken by the CAO considered the need to address critical resource issues that impact department budgets and provided recommendations for Trust Council consideration that were endorsed in December 2025.</p> <p><i>Prior Year Budget Guideline:</i></p> <p><i>That Trust Council establish a 202c/27 budget guideline that resource requests for additional operating budgets (including one-time projects) will only be considered where critical capacity issues can be clearly demonstrated or where upfront investment will result in longer term savings as outlined in a business case.</i></p>	<p>Trust Council direction.</p> <p>Director/CAO department budget submissions.</p>
23	<b>Significant Unusual Circumstances</b>	<p>Assumed significant unusual circumstances identified in the budget development cycle will be addressed as required.</p>	<p>None identified.</p>

<b>SURPLUS</b>			
	<b>ITEM</b>	<b>ASSUMPTION/PRINCIPLE/GUIDELINE</b>	<b>DATA SOURCE</b>
24	<b>General Surplus</b>	Assumed that general surplus balances above the policy minimum will be limited due to the use of the surplus in prior year's budgets. This reduces the ability for surplus monies to buffer the impact of rising costs, potentially resulting in higher tax increases.	<a href="#"><u>TC policy c.5.1 Reserves and Surplus</u></a> , section D.6, amended, recommends a minimum level of General Revenue Surplus as "2.4 months (or 20%) of expenses net of 2.4 months of revenue, excluding revenue from property taxes or the provincial grant"
25	<b>LTC-Specific Reserve Fund</b>	Assumed Trust Council will continue to make use of the LTC-Specific Reserve Fund and fund as many LTC projects from this fund as possible to buffer tax increases from rising costs.	Estimate from Direct, Planning Services based on known and anticipated projects.
26	<b>Special Property Tax (SSIWPA) Surplus Fund</b>	Unknown at this time if the SSI LTC unspent special property tax balance will be requested for spending next fiscal. It is expected the SSI LTC will put a request into the budget cycle for use of these funds if desired.	LTC resolution, if requested, C Trust Council approval.

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**Budget Cycle Timeline: Fiscal Year 2027/28**

<b>Date</b>	<b>Entity / Activity</b>
May 2026	<p><b><u>DFES:</u></b></p> <ul style="list-style-type: none"> <li>• draft budget assumptions, principles and guidelines (BAPG) and budget cycle timelines and send to FPC for review</li> </ul> <p><b><u>FPC:</u></b></p> <ul style="list-style-type: none"> <li>• review BAPG and budget cycle timelines and send to TC for approval</li> </ul>
June-July 2026	<p><b><u>TC:</u></b></p> <ul style="list-style-type: none"> <li>• approve BAPG and budget cycle timelines</li> </ul> <p><b><u>DFES:</u></b></p> <ul style="list-style-type: none"> <li>• provide budget process / timelines update for IT Senior Management team</li> <li>• draft Bowen Island Municipality (BIM) levy allocation</li> <li>• update budget-related templates</li> <li>• update reserve fund policy</li> <li>• review options for application fee rates</li> <li>• provide budget process / timelines training for IT (LTCs) and ITC staff</li> </ul> <p><b><u>Council, Committees, LTCs, and ITCB:</u></b></p> <ul style="list-style-type: none"> <li>• set priorities for the coming year</li> </ul> <p><b><u>IT &amp; ITC Staff:</u></b></p> <ul style="list-style-type: none"> <li>• prepare business cases to support budget funding requests</li> </ul>

**Budget Cycle Timeline:                      Fiscal Year 2027/28**

<b>Date</b>	<b>Entity / Activity</b>
August 2026	<p><b><u>DFES:</u></b></p> <ul style="list-style-type: none"> <li>• draft budget consultation plan and send to FPC for review</li> </ul> <p><b><u>FPC:</u></b></p> <ul style="list-style-type: none"> <li>• review budget consultation plan and send to TC for approval</li> </ul> <p><b><u>TC:</u></b></p> <ul style="list-style-type: none"> <li>• approve budget consultation plan</li> </ul> <p><b><u>Council, Committees, LTCs, and ITCB:</u></b></p> <ul style="list-style-type: none"> <li>• deadline to submit budget requests to DFES</li> </ul>
Sept-Oct 2026	<p><b><u>DFES:</u></b></p> <ul style="list-style-type: none"> <li>• prepare draft budget V1 for Senior Leadership &amp; FPC review</li> </ul> <p><b><u>FPC:</u></b></p> <ul style="list-style-type: none"> <li>• review draft budget V1 (doesn't require TC review)</li> <li>• perform budget guidelines assessment</li> </ul>

**Budget Cycle Timeline: Fiscal Year 2027/28**

Date	Entity / Activity
Nov-Dec 2026	<p><b><u>DFES:</u></b></p> <ul style="list-style-type: none"> <li>• obtain BC Assessment non-market growth report (use to calculate property tax rates)</li> <li>• prepare draft budget V2 for FPC review</li> </ul> <p><b><u>FPC:</u></b></p> <ul style="list-style-type: none"> <li>• review draft budget V2 and send to TC for endorsement</li> </ul> <p><b><u>TC:</u></b></p> <ul style="list-style-type: none"> <li>• endorse draft budget V2 (before seeking public input)</li> </ul>
January 2027	<p><b><u>DFES:</u></b></p> <ul style="list-style-type: none"> <li>• send draft Municipal Tax Requisition to BIM for feedback (based on V2, due in February)</li> <li>• prepare draft budget V3 for FPC review</li> </ul> <p><b><u>FPC:</u></b></p> <ul style="list-style-type: none"> <li>• review draft budget V3 (doesn't require TC review) (CotW review)</li> </ul>
February 2027	<p><b><u>DFES:</u></b></p> <ul style="list-style-type: none"> <li>• prepare Final budget for FPC review</li> <li>• draft Financial Plan bylaw (for TC approval, then send to Minister)</li> <li>• draft Anticipated Borrowing Bylaw (for TC approval, then send to Minister)</li> <li>• draft special tax requisition (if required - LTCs)</li> </ul> <p><b><u>FPC:</u></b></p> <ul style="list-style-type: none"> <li>• review Final budget and send to TC for approval</li> <li>• review both bylaws for TC approval</li> <li>• review special tax requisition (if required - LTCs)</li> </ul>

**Budget Cycle Timeline:****Fiscal Year 2027/28**

<b>Date</b>	<b>Entity / Activity</b>
March 2027	<p><b><u>TC:</u></b></p> <ul style="list-style-type: none"><li>• approve Final Budget</li><li>• approve both bylaws</li></ul> <p><b><u>DFES:</u></b></p> <ul style="list-style-type: none"><li>• send both bylaws to Minister for approval</li><li>• Finance team uploads approved budget into Sage (feeds into Financial Reporting Tool (FRT))</li></ul> <p><b><u>Trust Area Services:</u></b></p> <ul style="list-style-type: none"><li>• post approved budget to Islands Trust website</li></ul>
April 2027	<p><b><u>DFES:</u></b></p> <ul style="list-style-type: none"><li>• submit Tax Requisition (due by April 25<sup>th</sup>)</li><li>• Start preparing quarterly budget variance analysis for FPC</li></ul>



## REQUEST FOR DECISION

**To:** Financial Planning Committee  
**For the Meeting of:** May 27, 2026

**From:** Trust Area Services  
**Date Prepared:** May 6, 2026

**SUBJECT:** 2025/26 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 2025/26 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 2026 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 2025/26 Annual Report at its meeting on January 14, 2026.

### 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 2026 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 3, 2026, 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:**  
[Trust Council's Annual Report policy 6.10.1](#)  
[Islands Trust Act](#)

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

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## **RESPONSE OPTIONS**

**Recommendation:** That Financial Planning Committee approve the attached text for inclusion in the 2025/26 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 2025/26 Annual Report for approval by Trust Council and submission to the Minister of Housing and Municipal Affairs.

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**Prepared By:** Morgana van Niekerk, A/Communications Specialist  
**Reviewed By/Date:** Derek Cockburn, Director, Financial and Employee Services  
May 6, 2026

# 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, and monitoring, reviewing, and making recommendations to Islands Trust Council on the organization's financial management, budget, and financial practices. The FPC also provides advice to the Islands Trust Conservancy Board on financial services and provides support as needed. The Annual Audit Committee is a sub-committee of FPC that reviews audit reports and related recommendations.

## 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 2025/26

**Sue Ellen Fast\*\***, Bowen Island Municipality Trustee (FPC Chair)

**Mairead Boland\*\***, Saturna Island Local Trust Area Trustee, and Regional Planning Committee designate (Vice-Chair)

**Alex Allen**, Hornby Island Local Trust Area Trustee, Trust Programs Committee designate (resigned from the Committee as of May, 2025)

**Tobi Elliott**, Gabriola Island Local Trust Area Trustee, Executive Committee representative

**Judith Gedye\*\***, Bowen Island Municipal Trustee, Governance Committee representative

**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, and Trust Programs Committee designate as of May, 2025

**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

*\*\* indicates a member of the Annual Audit Committee as of March 31, 2026.*

The Annual Audit Committee is a sub-committee of the FPC and generally includes all members except the four Executive Committee members. The Annual 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.

## 2025/26 Highlights

As part of its ongoing responsibilities, FPC oversaw, through its Annual Audit Committee, the completion of the annual financial statement audit for Islands Trust and Islands Trust Conservancy for the fiscal year ending March 31, 2025. The Annual Audit Committee met with external auditors, KPMG LLP, to review their audit findings reports and initiated planning for the March 31, 2026, financial statement audit. In addition to overseeing this legislated audit of the annual financial statements, FPC also directed and reviewed internally developed allocated financial statements, which provide an estimate of revenue and cost allocations by local trust area.

The FPC facilitated Trust Council's development of the 2026/27 budget. The committee included recommendations on the amount to draw from surplus and reserve 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, FPC recommended draft budget reductions totalling \$297,500 and reviewed the feasibility of completing all proposed projects in terms of available staff resources.

To inform development of the 2026/27 budget, FPC recommended that Trust Council approve specific budget guidelines early in the budget development cycle. Islands Trust Council approved FPC's recommended guidelines which helped to shape the 2026/27 budget process and development. FPC also directed staff to prepare speaking notes on the budget, to support trustees as they discuss the budget process within communities.

After discussing that past budget consultation results have not often influenced changes to the budget, FPC chose not to undertake a public consultation on the draft 2026/27 budget. The FPC instead oversaw a pre-budget public engagement process that took place from May 1 to June 28, 2025. The survey was completed by 343 members of the public and asked respondents to comment on funding levels for: long-range and current land use planning services; bylaw enforcement services; Trust-area wide programs; the Islands Trust Conservancy, and quarterly Trust Council meetings. Results of the survey can be found in the Islands Trust 2026/27 Pre-Budget Survey Report is available on the Islands Trust website.

In an effort to increase public awareness of Islands Trust activities and understanding of Islands Trust financials, FPC 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.

The FPC acknowledged that annual revenue from planning application fees covers a small portion of the actual cost of processing applications, and has recommended that Trust Council undertake work to assess the full cost of processing applications, with potential application fee increases in mind.

The FPC provided quarterly financial reports on actual results, a third quarter financial forecast, and the legislated Statement of Financial Information to the Islands Trust Council for information and approval as part of its cyclical financial monitoring and reporting responsibilities.



Islands Trust

## BRIEFING

**To:** Financial Planning Committee      **For the Meeting of:** May 27, 2026  
**From:** Financial and Employee Services      **Date Prepared:** May 19, 2026  
**SUBJECT:** **Financial-Related Governance Initiatives**

### **PURPOSE:**

Provide the Financial Planning Committee (FPC) with an overview of the governance initiatives that the Financial and Employee Services team must complete to maintain the financial control environment within the Islands Trust. These initiatives will complement any of the work program projects (i.e. budgets and audits) that have been directed by the FPC.

### **BACKGROUND:**

These are a few of the governance initiatives that will consume a significant amount of time from the financial and employee services team over the next few quarters:

- Prepare for new accounting standards (there are two new accounting standards that will be effective in the new year)
- Implement the new Pay Transparency report requirements
- Review and update policies that have a financial or HR implication
- Implement a new expense claim system
- Convert the IT Conservancy financials onto our Sage platform

### **FOLLOW-UP:**

As directed.

**Prepared By:** Derek Cockburn Director, Financial and Employee Services  
**Reviewed By:** Chief Administrative Officer / May 22, 2026

## Active Projects Report

### Financial Planning Committee

#### 1. 5-year Financial Plan Bylaw - Submission to Minister

#### Responsible

#### Dates

**Activity:**

Julia Mobbs

Rec'd: 12-Mar-2026

Prepare report to the Minister on the 2026/27 budget and 5-year financial plan, to accompany the 5-year Financial Plan Bylaw Submission.

Target: 31-Mar-2026

#### 2. Annual Financial Statements & Audit: Islands Trust and Islands Trust Conservancy

#### Responsible

#### Dates

**Activity:**

Derek Cockburn

Rec'd: 10-Mar-2026

Underway:

Target: 27-May-2026

- Audit planning with the appointed auditors, KPMG LLP.
- Audit Committee meeting with KPMG in February 2026.

Upcoming:

- Preparation of Islands Trust and Islands Trust Conservancy financial statements and audit packages.
- Audit fieldwork scheduled for May 2026.
- Audit Committee meeting in May 2026 with KPMG LLP to present audit findings.

## Active Projects Report

### Financial Planning Committee

#### 3. Recommendations for Increasing Application Fees

#### Responsible

#### Dates

**Activity:**

Trust Council Direction: that Financial Planning Committee return to Trust Council with recommendations on how to increase the application fees

Derek Cockburn  
Stefan Cermak

Rec'd: 18-Sep-2025  
Target: 31-Dec-2026

## Future Projects Report

### Financial Planning Committee

1. <i>Review of TC Policy 6.5.2 Budget Control and Adjustment Authority (EC directed)</i>	Responsible	Date Received
<p>Review Islands Trust Policy 6.5.2 Budget Control and Adjustment as a whole and specifically make recommendations to amend the policy to ensure the policy is clear in regards to the process and decision making authority related to proposed 'overspends' for any particular budget item.</p>	Derek Cockburn	12-Mar-2024
2. <i>Evaluating Potential New Specific Reserve Funds</i>	Responsible	Date Received
<p>Staff to prepare a report analyzing the value of creating new specific reserve funds that may serve to fund large future initiatives such as elections, information technology, data acquisitions, and capital projects.</p>	Derek Cockburn	20-Aug-2025
3. <i>Review of TC Policy 6.5.1 Reserves and Surplus</i>	Responsible	Date Received
<p>That Financial Planning Committee request staff to investigate possible language changes to Policy 6.5.1 to ensure that it does not violate best practices related to use of surplus funds to fund operating expenses.</p>	Derek Cockburn	12-Oct-2022