

## Financial Planning Committee Revised Agenda

Date: Wednesday, June 1, 2022  
 Time: 10:30 am - 3:30 pm  
 Location: Electronic meeting, Public venue  
 Islands Trust  
 200-1627 Fort Street  
 Victoria, BC V8R 1H8

	Pages
1. CALL TO ORDER	
2. AGENDA	
2.1. New Items and Re-Ordering of the Agenda	
2.1.1. <i>7.1: Islands Trust Audited Financial Statements and Audit Report</i>	3 - 46
Provided at start of meeting from the Audit Committee (sub-committee of the Financial Planning Committee)	
2.2. Approval of Agenda	
3. PUBLIC COMMENT PERIOD	
4. DELEGATIONS	
None	
5. CORRESPONDENCE	
5.1. March 4, 2022 - Rex and Christiane Brown	47 - 49
6. ADMINISTRATIVE COORDINATION	
6.1. Draft Minutes of Previous Meetings	
6.1.1. Financial Planning Committee Minutes of February 16, 2022	50 - 57
For review and approval	
6.2. Resolutions Without Meeting	
None	
6.3. Follow up Action List	58 - 60
For review	

<b>7.</b>	<b>BUSINESS - WORK PROGRAM ITEMS</b>	
<b>7.1.</b>	<b>March 31, 2022 Audited Financial Statements - BRF</b>	<b>61 - 61</b>
	The audited financial statements and the audit report are to be received for information from Audit Committee upon adjournment of their meeting on June 1, 2022.	
<b>7.2.</b>	<b>2021/22 Financial Results - Briefing</b>	<b>62 - 70</b>
<b>7.3.</b>	<b>March 31, 2022 Allocated Financial Statements - Briefing</b>	<b>71 - 74</b>
<b>8.</b>	<b>BUSINESS - OTHER</b>	
<b>8.1.</b>	<b>2021/22 Annual Report: Approval of FPC Section - RFD</b>	<b>75 - 78</b>
	That Financial Planning Committee approve the attached text for inclusion in the 2021/22 Annual Report for approval by Trust Council and submission to the Minister of Municipal Affairs.	
<b>8.2.</b>	<b>Review of Budget Consultation Timing - BRF</b>	<b>79 - 82</b>
<b>8.3.</b>	<b>FPC Chair letter to the post-election FPC - verbal update</b>	
<b>9.</b>	<b>BUSINESS - NEW</b>	
<b>10.</b>	<b>WORK PROGRAM - RFD</b>	<b>83 - 85</b>
	For review and referral to Trust Council before each quarterly TC meeting	
	That Financial Planning Committee approve the proposed top priorities report as presented, and forward it to Trust Council.	
<b>11.</b>	<b>NEXT MEETING</b>	
	Wednesday, August 31, 2022 from 10:00 a.m. to 3:00 p.m.	
<b>12.</b>	<b>CLOSED MEETING</b>	
	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 not attend the meeting.	
<b>13.</b>	<b>RISE AND REPORT</b>	
	If desired	
<b>14.</b>	<b>ADJOURNMENT</b>	
	*Approximate time is provided for the convenience of the public only and is subject to change without notice.	

Financial Statements of

# **ISLANDS TRUST**

Year ended March 31, 2022

# ISLANDS TRUST

## Financial Statements

Year ended March 31, 2022

### Financial Statements

Management's Responsibility for the Financial Statements	1
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Statement of Financial Position	4
Statement of Operations	5
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Statement of Cash Flows	7
Notes to Financial Statements	8

## 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 Auditors' 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, Administrative Services*

## INDEPENDENT AUDITORS' REPORT

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

### ***Opinion***

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

- the statement of financial position as at March 31, 2022
- 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, 2022, 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 “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ 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.



### ***Auditors' 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 auditors' 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 auditors' 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 auditors' 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

\_\_\_\_\_, 2022

# ISLANDS TRUST

## Statement of Financial Position

March 31, 2022, with comparative information for 2021

	2022	2021
<b>Financial assets:</b>		
Cash and cash equivalents (note 2)	\$3,558,169	\$ 4,806,743
Accounts receivable	192,573	208,046
Investments (note 3)	1,202,607	-
	4,953,349	5,014,789
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	900,909	776,043
Wages and benefits payable	1,450,243	1,418,674
Deferred revenue	203,591	159,144
Employee benefit obligations (note 4)	281,672	251,349
Obligations under capital leases (note 5)	18,071	31,555
Cost recovery deposits (note 13(b))	763	19,290
	2,855,249	2,656,055
Net financial assets	2,098,100	2,358,734
<b>Non-financial assets:</b>		
Tangible capital assets (note 6)	286,953	403,190
Prepaid expenses	178,779	165,919
	465,732	569,109
Commitments (note 11)		
Contingent liabilities (note 12)		
<b>Accumulated surplus (note 7)</b>	<b>\$ 2,563,832</b>	<b>\$ 2,927,843</b>

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

Approved by the Trust Council:

Peter Luckham, Trust Council Chair

Peter Grove, Audit Committee Chair



# ISLANDS TRUST

## Statement of Operations

Year ended March 31, 2022, with comparative information for 2021

	Budget (note 9)	2022	2021
Revenue:			
Property tax - general	\$ 7,079,771	\$ 7,079,772	\$ 6,783,141
Property tax levy - Bowen Island municipality	311,188	311,188	303,026
Property tax - special requisition	75,500	75,500	75,500
Government transfers (note 8)	563,000	690,627	397,000
Fees and sales	120,000	117,488	168,378
Interest income	60,000	11,914	22,054
Other income	8,000	33,779	3,688
Total revenue	8,217,459	8,320,268	7,752,787
Expenses (note 10):			
Council services	1,276,897	1,373,658	1,165,825
Local trust committee services	6,679,688	6,176,850	5,602,994
Trust conservancy services (note 13)	1,103,335	1,133,771	939,048
Total expenses	9,059,919	8,684,279	7,707,867
Annual surplus (deficit)	(842,460)	(364,011)	44,920
Accumulated surplus, beginning of year	2,927,843	2,927,843	2,882,923
Accumulated surplus, end of year	\$ 2,085,383	\$ 2,563,832	\$ 2,927,843

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

# ISLANDS TRUST

## Statement of Change in Net Financial Assets

Year ended March 31, 2022, with comparative information for 2021

	Budget	2022	2021
	(note 9)		
Annual surplus (deficit)	\$ (842,460)	\$ (364,011)	\$ 44,920
Acquisition of tangible capital assets	(33,200)	(66,514)	(85,982)
Acquisition of leased tangible capital assets	-	-	(4,687)
Amortization of tangible capital assets	140,000	182,751	188,760
	(735,660)	(247,774)	143,011
Acquisition of prepaid expenses	-	(12,860)	(15,083)
Change in net financial assets	(735,660)	(260,634)	127,928
Net financial assets, beginning of year	2,358,734	2,358,734	2,230,806
Net financial assets, end of year	\$ 1,623,074	\$ 2,098,100	\$ 2,358,734

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

# ISLANDS TRUST

## Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
<b>Operating activities:</b>		
Annual surplus (deficit)	\$ (364,011)	\$ 44,920
Items not involving cash:		
Amortization of tangible capital assets	182,751	188,760
Changes in non-cash operating assets and liabilities:		
Accounts receivable	15,473	35,507
Wages and benefits payable	31,569	100,655
Accounts payable and accrued liabilities	124,866	328,783
Deferred revenue	44,447	126,757
Employee benefit obligations	30,323	61,568
Cost recovery deposits	(18,527)	15,261
Prepaid expenses	(12,860)	(15,083)
Net change in cash from operating activities	34,031	887,128
<b>Capital activities:</b>		
Acquisition of tangible capital assets	(66,514)	(85,982)
<b>Investing activities:</b>		
Redemption of (purchase of) investments	(1,202,607)	2,930,428
<b>Financing activities:</b>		
Principal payments on obligations under capital leases	(13,484)	(16,859)
Change in cash and cash equivalents	(1,248,574)	3,714,715
Cash and cash equivalents, beginning of year	4,806,743	1,092,028
Cash and cash equivalents, end of year	\$ 3,558,169	\$ 4,806,743
Supplemental cash flow information:		
Assets acquired under capital lease	\$ -	\$ 4,687

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

# ISLANDS TRUST

## Notes to Financial Statements

Year ended March 31, 2022

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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.

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The pandemic impacted the Trust's operations resulting in a changes in certain types of revenue, and changes in expenses and cash flows.

### 1. Significant accounting policies:

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

#### (a) Reporting entity:

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

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

#### (i) Consolidated entities:

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

#### (ii) Funds held in trust:

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

#### (b) Basis of accounting:

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

# ISLANDS TRUST

## Notes to Financial Statements

Year ended March 31, 2022

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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 unearned in the current period is recorded as deposits or deferred revenue.

Tax revenue is recognized on an accrual basis.

#### (d) 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.

#### (e) 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.

#### (f) 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.

#### (g) 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.

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.

# ISLANDS TRUST

## Notes to Financial Statements

Year ended March 31, 2022

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

#### (h) 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 (rain water 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.

#### (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.

# ISLANDS TRUST

## Notes to Financial Statements

Year ended March 31, 2022

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

#### (h) Non-financial assets (continued):

##### (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.

#### (i) 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. Actual results could differ from these estimates.

### 2. Cash and cash equivalents:

	2022	2021
Bank account balances	\$ 1,962,503	\$ 4,806,743
GICs	1,595,666	-
	<u>\$ 3,558,169</u>	<u>\$ 4,806,743</u>

### 3. Investments:

At March 31, 2022, investments consisted of guaranteed investment certificates with a cost plus accrued interest that approximated market value. The stated interest rates ranged from 1.55% to 1.68% with maturity dates in February 2023.

# ISLANDS TRUST

## Notes to Financial Statements

Year ended March 31, 2022

#### 4. Employee benefit obligations:

	2022	2021
Vacation pay	\$ 230,882	\$ 206,998
Compensatory time off	50,790	44,351
	<u>\$ 281,672</u>	<u>\$ 251,349</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 at March 31, 2021, the plan has about 68,000 active members and approximately 52,000 retired members.

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

The latest actuarial valuation as at March 31, 2020, indicated a funding surplus of \$2,667 million for basic pension benefits on a going concern basis. The next valuation will be as at March 31, 2023. 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 \$382,903 (2021 - \$350,126) for employer contributions to the plan in fiscal 2022.



# ISLANDS TRUST

## Notes to Financial Statements

Year ended March 31, 2022

### 5. Obligations under capital leases:

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

2023	\$	15,446
2024		4,166
2025		1,056
2026		-
<hr/>		
Total minimum lease payments		20,668
Less amounts representing interest (at rates ranging from 4.70% to 5.20%)		2,597
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Present value of net minimum capital lease payments	\$	18,071

Interest of \$1,962 (2021 - \$2,366) relating to capital lease obligations has been included in expenses on the statement of operations.

### 6. Tangible capital assets:

	Denman Island Site	Furniture and equipment	Computers	Leasehold improvements	Total 2022	Total 2021
<b>Cost:</b>						
Balance, beginning of year	\$ 10,000	\$ 249,026	\$ 352,786	\$ 386,975	\$ 998,787	\$ 913,331
Additions	-	-	66,514	-	66,514	90,669
Disposals	-	-	(103,431)	-	(103,431)	(5,213)
<hr/>						
Balance, end of year	10,000	249,026	315,869	386,975	961,870	998,787
<b>Accumulated amortization:</b>						
Balance, beginning of year	10,000	180,046	251,773	153,778	595,597	412,050
Additions	-	32,085	73,486	77,180	182,751	188,760
Disposals	-	-	(103,431)	-	(103,431)	(5,213)
<hr/>						
Balance, end of year	10,000	212,131	221,828	230,958	674,917	595,597
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Net book value, end of year	\$ -	\$ 36,894	\$ 94,041	\$ 156,717	\$ 286,953	\$ 403,190

Contributed tangible capital assets:

There were no contributed assets received during 2022 or 2021.

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, 2022

### 6. Tangible capital assets (continued):

Included in tangible capital assets is assets under capital leases with a net book value of \$18,071 (2021 - \$31,790).

### 7. Accumulated surplus:

Accumulated surplus consists of:

	2022	2021
Invested in tangible capital assets	\$ 268,882	\$ 371,636
General Revenue Fund	2,091,376	2,370,288
Local Trust Committee Project Specific Reserve Fund	105,867	92,889
Special property tax requisition fund	97,707	93,030
	<u>\$ 2,563,832</u>	<u>\$ 2,927,843</u>

### 8. Government transfers:

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

	2022	2021
Provincial operating grant	\$ 180,000	\$ 180,000
Provincial restricted grant	248,618	30,000
Federal restricted grant	242,500	187,000
Other	19,509	-
	<u>\$ 690,627</u>	<u>\$ 397,000</u>

# ISLANDS TRUST

## Notes to Financial Statements

Year ended March 31, 2022

### 9. Budget data:

The budget data presented in these financial statements is based upon the 2022 operating budget approved by Trust Council on April 20, 2021. The following reconciles the approved budget to the budget figures reported in these financial statements.

	Budget amount
Operating budget:	
Revenue	\$8,875,119
Less appropriation from surplus	(657,660)
	8,217,459
Expenses	8,875,119
Plus amortization expense	218,000
	9,093,119
Annual deficit	\$ (875,660)

### 10. Classification of expenses by object:

	2022	2021
Staff salaries and benefits	\$ 5,342,092	\$ 4,848,823
Traveling/training and recruitment	68,321	46,386
Council and trustee costs	798,765	743,057
Office operations	1,001,408	972,074
Programs	1,035,255	597,481
Legal	255,687	311,286
Amortization	182,751	188,760
	\$ 8,684,279	\$ 7,707,867

# ISLANDS TRUST

## Notes to Financial Statements

Year ended March 31, 2022

### 11. Commitments:

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

2023	\$ 304,685
2024	241,568
2025	117,642
2026	-
2027	-

### 12. Contingent liabilities:

In the normal course of operations, claims for alleged damages are made against the Trust. The Trust records an accrual in respect of legal claims that are likely to be successful and for which a liability amount is reasonably determinable. The remaining claims, should they be successful as a result of litigation, will be recorded when a liability is likely and determinable. The Trust is covered through an independent insurance program against certain claims.

### 13. Trust activities:

#### (a) Trust Conservancy:

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

For financial reporting purposes, the Trust and the Conservancy are reported on separately. These financial statements present the financial position and results of operations of the Trust. Amounts owing from the Conservancy were \$88,174 (2021 - \$81,598).

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:

	2022	2021
Operations and Property Management	\$ 876,595	\$ 701,124
Board	8,503	5,378
Administration	248,673	232,547
	\$ 1,133,771	\$ 939,049

# ISLANDS TRUST

## Notes to Financial Statements

Year ended March 31, 2022

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### 13. Trust activities (continued):

#### (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:

	2022	2021
Cash received during the year	\$ 15,796	\$ 32,550
Cash paid during the year	34,323	17,289

The net payable from development applicants of \$763 (2021 - \$19,290) is included in cost recoveries on the statement of financial position.





# Islands Trust

Audit Findings Report for the year ended March 31, 2022

*KPMG LLP*

For the meeting on June 1, 2022

[kpmg.ca/audit](https://kpmg.ca/audit)



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# Executive summary

## Purpose of this report<sup>1</sup>

The purpose of this Audit Findings Report is to assist you, as a member of the Financial Planning Committee (the “Committee”), in your review of the results of our audit of the financial statements of Islands Trust (the “Entity”) as at and for the year ended March 31, 2022. This Audit Findings Report builds on the Audit Plan we presented to the Committee dated February 16, 2022.

### Finalizing the audit

As of the date of this report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include:

- Completing our discussions with the Committee;
- Obtaining the signed management representation letter;
- Obtaining evidence of Trust Council’s approval of the financial statements; and,
- Completing subsequent event review procedures up to the date of Trust Council’s approval of the financial statements.

We will update the Committee on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures. Our auditors’ report, a draft of which is attached to the enclosed draft financial statements, will be dated upon the completion of any remaining procedures.

### Audit risks and results

We discussed with you at the start of the audit a number of financial reporting risks. These risks have been addressed in our audit.

### Changes from the audit plan

There have been no significant changes regarding our audit from the Audit Planning Report previously presented to you.

### Areas of audit focus

Our audit is risk-focused. We have not identified any significant risks. However, as part of our audit, we identified areas of audit focus which include:

- Contingent liabilities, contingent assets and moral and ethical liabilities
- Government grants and deferred revenue
- Employee future benefits
- Tangible capital assets and leases

See pages 6 - 10 for the audit findings related to these areas of audit focus.

<sup>1</sup> This Audit Findings Report should not be used for any other purpose or by anyone other than the Board. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Findings Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.



# Executive summary (continued)

## Adjustments and differences

Differences and adjustments include disclosure and presentation differences and adjustments. Professional standards require that we request of management and the Committee that all identified differences be corrected. We have already made this request of management.

### Uncorrected differences

One carry forward uncorrected difference remains related to leasehold inducements that resulted in an understatement of liabilities and overstatement of accumulated surplus of \$77,278.

Management have decided not to correct these differences and in their judgment they are not material to the financial statements. We concur with management's representation that the differences are not material to the financial statements. Accordingly, the differences have no effect on our auditors' report.

### Corrected adjustments

There were no adjustments noted that were corrected by management.

## Significant accounting policies and practices

There have been no initial selections of, or changes to, significant accounting policies and practices to bring to your attention.

## Control and other observations

We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting.

We provide an update on other areas for improvement identified in prior years in relation to expense reimbursement review and authorization.

## Independence

We confirm that we are independent with respect to the Entity within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation from April 1, 2021 up to the date of this report.

## Current developments

Please refer to Appendix 3 for the current developments updates.

# Areas of audit focus

Area of audit focus	New or changed from Audit Planning Report?	Estimate?
---------------------	--	-----------

Contingent liabilities, contingent assets and moral and ethical liabilities	No	No
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## Our response

- There are several legal claims outstanding against the Trust and initiated against others by the Trust. Management has provided us with a report of these claims addressing status, likelihood of future loss, potential amount of loss, and potential amount of recovery.
- Accounting standards require that an accrual be made when a loss or reduction in financial assets is likely and for which an amount is reasonably determinable.
- Accounting standards require that disclosures be made for contingent assets if the occurrence of a confirming future event is likely.
- We reviewed Trust Council meeting minutes and obtained confirmation from the Trust's lawyers regarding outstanding and pending claims. We discussed with management the assessment of each claim. Management has not identified any claims that require an accrual for potential settlement or disclosure of contingent assets at this time. We concur with this assessment.
- A disclosure of the existence of claims is provided for in Note 12 to the financial statements.

## Significant findings

- No issues were noted in the procedures performed.

# Areas of audit focus (continued)

Area of audit focus	New or changed from Audit Planning Report?	Estimate?
---------------------	--	-----------

Government grants and deferred revenue

No

No

## Our response

- The Trust receives provincial government grants that may have restrictions as to how the monies are spent.
- We substantively tested the government grants and deferred contributions by reviewing the grant letters, agreeing receipt of cash to the Trust's records and inspecting supporting documentation of the eligible expenditures.
- During fiscal 2021, the Islands Trust Conservancy entered into an agreement with Environment and Climate Change Canada for funding the Species at Risk (SAR) Program, supporting consolidation of SAR data, monitoring for SAR and incorporation of SAR needs and recovery into land management plans.
- The federal funding available is up to \$643,000 or 40% of total contributions. The project will be completed over a period of 3 years and the agreement ends March 31, 2023.
- The total grant for the first year of the agreement was \$187,000 and in 2022 was \$242,500. During fiscal 2022, the Conservancy received \$218,250 and recognized \$24,250 as accounts receivable.
- Expenses related to the program are incurred by Islands Trust. As a result, the Conservancy sent these funds to Islands Trust to execute the work of the SAR Program. Islands Trust recognized \$242,500 as grant revenue.
- We inspected the terms of the agreement, agreed the grant to cash received and assessed the accounting for transactions in the Conservancy and Islands Trust financial statements.
- We recommended and management established an agreement between the Conservancy and Trust noting respective responsibilities with respect to executing the work, managing the grant funds and paying program expenses.

## Significant findings

- No discrepancies were noted in the procedures performed.

# Areas of audit focus (continued)

Area of audit focus	New or changed from Audit Planning Report?	Estimate?
---------------------	--	-----------

Employee future benefits

No

No

## Our response

- We examined the Service Level Agreement between the Islands Trust and BC Public Service Agency (PSA). The agreement is effective April 1, 2019 to March 31, 2022.
- We reviewed the Service Level Agreement for potential liabilities not included in the provincial chargeback. Further, we confirmed with PSA the inclusion of benefits in the provincial chargeback with no further liabilities being the responsibility of Islands Trust.

## Significant findings

- No discrepancies were noted in the procedures performed.

Area of audit focus	New or changed from Audit Planning Report?	Estimate?
---------------------	--	-----------

Tangible capital assets and leases

No

No

## Our response

- We substantively tested asset additions and related funding.
- During the year, \$66,514 of tangible capital assets were acquired by the Trust.
- As a continuing audit error first noted in 2020, the Trust recognized a lease inducement as revenue entirely on receipt rather than over the term of the lease agreement. As a result, liabilities and annual surplus are understated by \$77,278 and \$30,919, respectively, while accumulated surplus is overstated by \$108,187.
- We reviewed Trust Council meeting minutes and discussed the process for determining lease commitments with management. Management has disclosed all commitments in Note 11 to the financial statements.

## Significant findings

- No discrepancies were noted in the procedures performed except those described above.

# Audit risks

## Professional requirements

Fraud risk from management override of controls

## Why is this significant?

This is a presumed fraud risk. We have not identified any specific additional risks of management override relating to this audit.

## Our response

Our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include:

- Testing of journal entries and other adjustments.
- Performing a retrospective review of significant estimates.
- Evaluating the business rationale of significant unusual transactions.

## Significant findings

We are satisfied that our audit work has appropriately dealt with the fraud risk from management override of controls.

# Significant accounting policies and practices



## Significant accounting policies

- There were no initial selections of or changes to the significant accounting policies and practices.
- There were no significant accounting policies in controversial or emerging areas.
- There were no issues noted with the timing of the Entity's transactions in relation to the period in which they were recorded.
- There were no issues noted with the extent to which the financial statements are affected by a significant unusual transaction and extent of disclosure of such transactions.
- There were no issues noted with the extent to which the financial statements are affected by non-recurring amounts recognized during the period and extent of disclosure of such transactions.



## Significant accounting estimates

- There were no issues noted with management's identification of accounting estimates.
- There were no issues noted with management's process for making accounting estimates.
- There were no indicators of possible management bias.
- There were no significant factors affecting the Entity's asset and liability carrying values.



## Financial statement presentation and disclosure

- There were no issues noted with the judgments made, in formulating particularly sensitive financial statement disclosures.
- There were no issues noted with the overall neutrality, consistency, and clarity of the disclosures in the financial statements.
- There were no significant potential effects on the financial statements of significant risks, exposures and uncertainties.

# Control and other observations

In accordance with professional standards, we are required to communicate to the Committee significant deficiencies in internal control over financial reporting ("ICFR") that we identified during our audit.

The purpose of our audit is to express an opinion on the financial statements. Our audit included consideration of ICFR 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 ICFR.

The matters being reported are limited to those deficiencies that we have identified during our audit and that we have concluded are of sufficient importance to merit being reported to the Committee and to meet professional standards.

## Other observations

Description	Observation
Expense Reports	<p>We reviewed the Staff Expense Reimbursement and Council Expense Reimbursement Policies and substantively tested a sample of expense claims using professional judgement. In 2019 we noted for CAO and trustee expense claims, review of these claims is performed by the Finance Officer who verifies that expense coding is correct and expenses appear to be within policy. We recommended that expense reports be reviewed and approved by an individual of higher authority than the individual claiming reimbursement. CAO expenses, for example, would be reviewed and approved by a member of Trust Council.</p> <p>In 2020, management implemented a process whereby the CAO and trustee expense claims should be approved by the Chair of Trust Council. We inspected the new process and noted documentation of authorization is not retained. We recommend the approval be documented and retained. The authorization matrix could also be expanded to any Executive Committee member for timely review throughout the year.</p>

# Appendices

**Appendix 1: Required communications**

**Appendix 2: Management representation letter**

**Appendix 3: Current developments and audit trends**





# Appendix 1: Required communications

## Draft auditors' report

The conclusion of our audit is set out in our draft auditors' report attached to the draft financial statements.

## Management representation letter

In accordance with professional standards, a copy of the management representation letter is included in Appendix 2.

## Independence

In accordance with professional standards, we have confirmed our independence.

## Appendix 2: Management representation letter

Prior to the release of the auditors' report, we will obtain from management a signed management representation letter – a copy of the letter is included below.

Date of Trust Council approval of Financial Statements

Ladies and Gentlemen:

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as "financial statements") of Islands Trust ("the Entity") as at and for the period ended March 31, 2021.

### General:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in [Attachment I](#) to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

### Responsibilities:

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated January 10, 2017, including for:
  - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
  - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements, such as all financial records and documentation and other matters, including:
    - i) the names of all related parties and information regarding all relationships and transactions with related parties; and
    - ii) the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of the board of trustees and committees of the board of trustees that may affect the financial statements. All significant actions are included in such summaries.
  - c) providing you with unrestricted access to such relevant information.
  - d) providing you with complete responses to all enquiries made by you during the engagement.
  - e) providing you with additional information that you may request from us for the purpose of the engagement.
  - f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
  - g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
  - h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.

### Internal control over financial reporting:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

#### **Fraud & non-compliance with laws and regulations:**

- 3) We have disclosed to you:
- a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
  - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
    - i) management;
    - ii) employees who have significant roles in internal control over financial reporting; or
    - iii) otherswhere such fraud or suspected fraud could have a material effect on the financial statements.
  - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.
  - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.
  - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

#### **Subsequent events:**

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

#### **Related parties:**

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

#### **Estimates:**

- 8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

#### **Going concern:**

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

#### **Non-SEC registrants or non-reporting issuers:**

- 11) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002). We also confirm that the financial statements of the Entity will not be included in the consolidated financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

- 12) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

**Misstatements:**

- 13) The effects of the uncorrected misstatements described in **Attachment II** are immaterial, both individually and in the aggregate, to the financial statements as a whole.

**Other information:**

- 14) We confirm that the final version of Annual Report will be provided to you when available, and prior to issuance by the Entity, to enable you to complete your audit procedures in accordance with professional standards.

**Commitments & contingencies:**

- 15) There are no:
- a) other liabilities that are required to be recognized and no other contingent assets or contingent liabilities that are required to be disclosed in the financial statements in accordance with the relevant financial reporting framework, including liabilities or contingent liabilities arising from illegal acts or possible illegal acts, or possible violations of human rights legislation
  - b) other environmental matters that may have an impact on the financial statements.

**Employee future benefits**

- 16) The employee future benefit costs, assets and obligation, if any, have been determined, accounted for and disclosed in accordance with the financial reporting framework.
- 17) All arrangements (contractual or otherwise) by which programs have been established to provide employee benefits have been disclosed to you and included in the determination of pension costs and obligations.

Yours very truly,

ISLANDS TRUST

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Mr. Russ Hotsenpiller, Chief Administrative Officer

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Ms. Julia Mobbs, Director of Administrative Services

## Attachment I – Definitions

### Materiality

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

Information is obscured if it is communicated in a way that would have a similar effect for users of financial statements to omitting or misstating that information. The following are examples of circumstances that may result in material information being obscured:

- a) information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear;
- b) information regarding a material item, transaction or other event is scattered throughout the financial statements;
- c) dissimilar items, transactions or other events are inappropriately aggregated;
- d) similar items, transactions or other events are inappropriately disaggregated; and
- e) the understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.

### Fraud & error

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

## Attachment II – Summary of Audit Misstatement Schedule

### Uncorrected Adjustments

	Statement of operations effect	Statement of financial position effect		
Description	(Decrease) Increase	Assets (Decrease) Increase	Liabilities (Decrease) Increase	Accumulated Surplus (Decrease) Increase
To defer the lease inducements and recognize the annual amortization net against rental expense	30,919	-	77,278	(108,187)

# Appendix 4: Current developments and audit trends

## Thought leadership – Local governments

Thought leadership	Overview	Links
<b>Cities portal</b>	KPMG in Canada provides insights and resources for municipalities on a variety of topics including achieving sustainable infrastructure, the new reality for government in Canada, drinking water supply and park access.	<a href="#">Link to Canadian portal</a>
<b>The Future of Local Government</b>	The Future of Local Government report provides a Canadian perspective for how local governments can meet the rapidly changing needs and expectations of their stakeholders – the citizens, partners and leaders across diverse cities and communities they serve.	<a href="#">Link to Canadian portal</a>
<b>The Future of Cities</b>	The Future of Cities report unpacks our KPMG Global research and insights on the future of local government, providing an international viewpoint. The report traces the unprecedented journey ahead. Cities worldwide are now poised at a significant inflection point, as their leaders realize that long-held ‘one-size-fits-all’ approaches to planning and policies will likely no longer work to shape cities for a future that is truly healthy, sustainable, efficient and prosperous for all.	<a href="#">Link to Global portal</a>
<b>The Future of Government</b>	The Future of Government report considers all levels of government and provides additional perspective from the content in the Future of Local Government report. It discusses the opportunity for governments to consider a different vision of Canadian social systems and how they can adapt their operations to reflect the needs of a modern Canada.	<a href="#">Link to Canadian portal</a>
<b>CX Coffee Chats: Modernizing Government</b>	As a result of the pandemic, government organizations have been faced with unprecedented demand for digital transformation in the delivery of services to Canadians. In the latest installment of the CX Coffee Chat series, industry specialists discuss the evolving needs of Canadians and the opportunities for government organizations to deliver online services citizens can count on.	<a href="#">Link to Canadian portal</a>
<b>20 Predictions for the Next 20 Years</b>	This series looks at how new technologies could evolve and how these advances will change every facet of our lives, including the industries and sectors that drive them. We asked KPMG in Canada subject matter specialists, across industries and sectors, to tell us how they think the world will change in the next two decades. Specifically for local governments, the political and regulatory predictions may be especially relevant.	<a href="#">Link to Canadian portal</a>
<b>Principles for Digital Transformation in Cities</b>	This report was authored by KPMG and published as part of the World Government Summit. The report highlights the realization of ‘smart digitalization’ and how it differs across cities.	<a href="#">Link to report</a>

## Thought leadership – Environmental, social, and governance (ESG)

Thought leadership	Overview	Links
<b>Unleashing the Positive in Net Zero</b>	CoP26 in Glasgow made some progress to tackling climate change but there is much more to do. At KPMG, we're committed to accelerating the changes required to fight climate change. Our Global portal provides links to further thought leadership to help drive real change.	<a href="#">Link to Global portal</a>
<b>KPMG Climate Change Financial Reporting Resource Centre</b>	KPMG's climate change resource centre provides FAQs to help you identify the potential financial statement impacts for your business.	<a href="#">Link to Global portal</a>
<b>You Can't Go Green Without Blue – The Blue Economy is Critical to All Companies' ESG Ambitions</b>	In this report, KPMG considers how leading corporates and investors can take action to capture the value that can be found in a healthy, sustainable ocean economy.	<a href="#">Link to Canadian portal</a>
<b>ESG, Strategy and the Long View</b>	This paper presents a five-part framework to help organizations understand and shape the total impact of their strategy and operations on their performance externally – on the environment, consumers, employees, the communities in which it operates, and other stakeholders – and internally.	<a href="#">Link to Global portal</a>
<b>Inclusion and diversity practices</b>	In 2021 societal changes brought more attention to inclusion and diversity. In this age of transparency, businesses must act proactively to implement strategic inclusion and diversity practices. It has become increasingly important for organizations to adopt I&D initiatives in order to foster an enjoyable work environment for their employees. Learn how to consider your own organizations' unique context, meet with the stakeholders you want to include, understand where they are at, and guide them along their own individual transformation journey.	<a href="#">Link to Canadian portal</a>



## Thought leadership – Digital and technology

Thought leadership	Overview	Link
<b>Going digital, faster in Canada</b>	Pre-COVID-19, private and public organizations were moving towards a digital business model, travelling at varying speeds. But the pandemic forced a dramatic acceleration, both in the speed of change and the required investment to digitally transform. According to Canadian insights from KPMG's recent global survey, organizations are investing heavily in technology to address immediate concerns, ranging from falling revenue and interrupted supply chains to building longer-term competitiveness and operational resilience.	<a href="#">Link to Canadian portal</a>

## Thought leadership – Board, Audit Committee and C-Suite

Resources	Summary	Links
<b>Accelerate</b>	Our Accelerate series offer insight into the key issues that will drive the Audit Committee agenda in 2022 in a number of key areas: cyber-related risk, digital transformation in the finance function, the 'Great Resignation' impacting finance, climate-related physical risks, enterprise risk management, and building a climate-conscious organization.	<a href="#">Link to Canadian Accelerate 2022 Insights series</a>
<b>KPMG 2021 CEO Outlook – Canadian Insights</b>	This year we surveyed over 1,300 CEOs globally and the results are pointing to an optimistic outlook amongst Canadian CEOs. Some of the key themes coming out of the survey include expectations for aggressive growth through expansion, investment in both people and technology as well as a focus on delivering on environmental, social and governance (ESG) and sustainability commitments.	<a href="#">Link to Canadian portal</a>
<b>Board Leadership Centre + Audit Committee Guide</b>	<p>KPMG in Canada Board Leadership Centre engages with directors, board members and business leaders to discuss timely and relevant boardroom challenges and deliver practical thought leadership on risk and strategy, talent and technology, globalization and regulatory issues, financial reporting and more.</p> <p>The new Audit Committee Guide – Canadian Edition from our Board Leadership Centre provides timely, relevant and trusted guidance to help both new and seasoned audit committee members stay informed.</p>	<a href="#">Link to Canadian portal</a>  <a href="#">Link to 2021 guide</a>

# Appendix 4: Current developments (continued)

## Public Sector Accounting Standards

Standard	Summary and implications
<b>Asset Retirement Obligations</b>	<ul style="list-style-type: none"> <li>– The new standard is effective for fiscal years beginning on or after April 1, 2022.</li> <li>– The new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. Retirement costs will be recognized as an integral cost of owning and operating tangible capital assets. PSAB currently contains no specific guidance in this area.</li> <li>– The ARO standard will require the public sector entity to record a liability related to future costs of any legal obligations to be incurred upon retirement of any controlled tangible capital assets (“TCA”). The amount of the initial liability will be added to the historical cost of the asset and amortized over its useful life.</li> <li>– As a result of the new standard, the public sector entity will have to: <ul style="list-style-type: none"> <li>• Consider how the additional liability will impact net debt, as a new liability will be recognized with no corresponding increase in a financial asset;</li> <li>• Carefully review legal agreements, senior government directives and legislation in relation to all controlled TCA to determine if any legal obligations exist with respect to asset retirements;</li> <li>• Begin considering the potential effects on the organization as soon as possible to coordinate with resources outside the finance department to identify AROs and obtain information to estimate the value of potential AROs to avoid unexpected issues.</li> </ul> </li> </ul>
<b>Revenue</b>	<ul style="list-style-type: none"> <li>– The new standard is effective for fiscal years beginning on or after April 1, 2023. The effective date was deferred by one year due to COVID-19.</li> <li>– The new standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement.</li> <li>– The standard notes that in the case of revenues arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations.</li> <li>– The standard notes that unilateral revenues arise when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.</li> </ul>

Standard	Summary and implications
<b>Employee Future Benefit Obligations</b>	<ul style="list-style-type: none"> <li>– PSAB has initiated a review of sections PS3250 <i>Retirement Benefits</i> and PS3255 <i>Post-Employment Benefits, Compensated Absences and Termination Benefits</i>. In July 2020, PSAB approved a revised project plan.</li> <li>– PSAB intends to use principles from International Public Sector Accounting Standard 39 <i>Employee Benefits</i> as a starting point to develop the Canadian standard.</li> <li>– Given the complexity of issues involved and potential implications of any changes that may arise from the review of the existing guidance, PSAB will implement a multi-release strategy for the new standards. The first standard will provide foundational guidance. Subsequent standards will provide additional guidance on current and emerging issues.</li> <li>– PSAB released an exposure draft on proposed section PS3251, <i>Employee Benefits</i> in July 2021. Comments to PSAB on the proposed section were due by November 25, 2021. Proposed Section PS 3251 would apply to fiscal years beginning on or after April 1, 2026 and should be applied retroactively. Earlier adoption is permitted. The proposed PS3251 would replace existing Section PS 3250 and Section PS 3255. This proposed section would result in organizations recognizing the impact of revaluations of the net defined benefit liability (asset) immediately on the statement of financial position. Organizations would also assess the funding status of their post-employment benefit plans to determine the appropriate rate for discounting post-employment benefit obligations.</li> </ul>
<b>Public Private Partnerships (“P3”)</b>	<ul style="list-style-type: none"> <li>– PSAB has introduced Section PS3160, which includes new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. The standard has an effective date of April 1, 2023, and may be applied retroactively or prospectively.</li> <li>– The standard notes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access and the price, if any, charged for use, and it controls any significant interest accumulated in the infrastructure when the P3 ends.</li> <li>– The public sector entity recognizes a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure.</li> <li>– The infrastructure would be valued at cost, which represents fair value at the date of recognition with a liability of the same amount if one exists. Cost would be measured in reference to the public private partnership process and agreement, or by discounting the expected cash flows by a discount rate that reflects the time value of money and risks specific to the project.</li> </ul>

Standard	Summary and implications
<b>Concepts Underlying Financial Performance</b>	<ul style="list-style-type: none"> <li>– PSAB is in the process of reviewing the conceptual framework that provides the core concepts and objectives underlying Canadian public sector accounting standards.</li> <li>– PSAB released four exposure drafts in early 2021 for the proposed conceptual framework and proposed revised reporting model, and their related consequential amendments. The Board is in the process of considering stakeholder comments received.</li> <li>– PSAB is proposing a revised, ten chapter conceptual framework intended to replace PS 1000 <i>Financial Statement Concepts</i> and PS 1100 <i>Financial Statement Objectives</i>. The revised conceptual framework would be defined and elaborate on the characteristics of public sector entities and their financial reporting objectives. Additional information would be provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts would be introduced.</li> <li>– In addition, PSAB is proposing: <ul style="list-style-type: none"> <li>• Relocation of the net debt indicator to its own statement and the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained.</li> <li>• Separating liabilities into financial liabilities and non-financial liabilities.</li> <li>• Restructuring the statement of financial position to present non-financial assets before liabilities.</li> <li>• Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities).</li> <li>• Removal of the statement of rereasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called “accumulated other”.</li> <li>• A new provision whereby an entity can use an amended budget in certain circumstances.</li> </ul> </li> <li>– Inclusion of disclosures related to risks and uncertainties that could affect the entity’s financial position.</li> </ul>

Standard	Summary and implications
<b>Purchased Intangibles</b>	<ul style="list-style-type: none"> <li>– In October 2019, PSAB approved a proposal to allow public sector entities to recognize intangibles purchased through an exchange transaction. Practitioners are expected to use the definition of an asset, the general recognition criteria and the GAAP hierarchy to account for purchased intangibles.</li> <li>– PSAB has approved Public Sector Guideline 8 which allows recognition of intangibles purchased through an exchange transaction. Narrow-scope amendments were made to Section PS 1000 Financial statement concepts to remove prohibition on recognition of intangibles purchased through exchange transactions and PS 1201 Financial statement presentation to remove the requirement to disclose that purchased intangibles are not recognized.</li> <li>– The effective date is April 1, 2023 with early adoption permitted. Application may be retroactive or prospective.</li> </ul>
<b>2022 – 2027 Strategic Plan</b>	<ul style="list-style-type: none"> <li>– PSAB's Draft 2022 – 2027 Strategic Plan was issued for public comment in May 2021. Comments were requested for October 6, 2021.</li> <li>– The Strategic Plan sets out broad strategic objectives that help guide PSAB in achieving its public interest mandate over a multi-year period, and determining standard-setting priorities</li> <li>– The Strategic Plan emphasizes four key priorities:</li> <li>– Develop relevant and high-quality accounting standards - Continue to develop relevant and high-quality accounting standards in line with PSAB's due process, including implementation of the international strategy (focused on adapting International Public Sector Accounting Standards for new standards) and completion of the Conceptual Framework and Reporting Model project.</li> <li>– Enhance and strengthen relationships with stakeholders - Includes increased engagement with Indigenous Governments and exploring the use of customized reporting.</li> <li>– Enhance and strengthen relationships with other standard setters – In addition to continued collaboration with other standard setters, this emphasizes strengthened relationship with the IPSASB.</li> <li>– Support forward-looking accounting and reporting initiatives – Supporting and encouraging ESG reporting, and consideration of the development of ESG reporting guidance for the Canadian public sector.</li> </ul>



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**From:** christiane\_lbrown <christiane\_lbrown@protonmail.com>  
**Sent:** Friday, March 4, 2022 3:09 PM  
**To:** MUNI.Minister@gov.bc.ca  
**Cc:** adam.olsen.MLA@leg.bc.ca; ellis.ross.MLA@leg.bc.ca;  
contact@kevinfalcon.ca; jordan.sturdy@leg.bc.ca; Sue Ellen Fast; Dan Rogers; jpatrick@islandstrust.bc.ca; Peter Luckham; Peter Grove; Paul Brent; Tahirih Rockafella; Deb Morrison; Laura Busheikin; Kate-Louise Stamford; jpeterson@islandstrust.bc.ca; Trustees; Russ Hotsenpiller; Islands2050  
**Subject:** Formal Complaint-Democratic Due Process Not Followed  
**Categories:** Purple Category

**Subject: Formal Complaint - Democratic Due Process Not Followed - Islands Trust Financial Planning Committee**

Honourable Josie Osborne

Ministry of Municipal Affairs

Copy to: Islands Trust Executive Committee, Financial Planning Committee, Islands Trust Council, Russ Hotsenpiller CAO Islands Trust, Adam Olsen MLA, Ellis Ross MLA, Dan Ashton MLA, Kevin Falcon, Leader Liberal Part

All citizens of the Trust Area should have a voice in decision-making through legitimate processes. Broad participation is built on freedom of association, as well as capacities to participate constructively. It is the duty of elected officials to "Recognize that the chief functions of a Trust official are to serve the public, advocate the Trust mandate, and adhere to the Trust Policy."

Code of Conduct: [https://islandstrust.bc.ca/wp-content/uploads/2020/05/tc\\_1994-09-12\\_212\\_standardsofconduct\\_pol\\_final.pdf](https://islandstrust.bc.ca/wp-content/uploads/2020/05/tc_1994-09-12_212_standardsofconduct_pol_final.pdf)

We are citizens of the Gulf Islands within the jurisdiction of the Islands Trust. We wish to lodge a formal complaint on the neglect of the democratic process for public input by the Islands Trust Financial Planning Committee (FPC) for the 2022/23 budget. Specifically, this was discussed at the February 16, 2022 meeting: <https://islandstrust.bc.ca/event/financial-planning-committee-regular-meeting/>

On February 16, 2022 the FPC, in spite of a clear majority of public input requesting to reduce services and programs, recommended to keep all the increases to services and programs except one (\$75,000) with 9 to 1 majority vote. The overwhelming input from the community was to reduce yet this was minimally discussed. There was no plan presented by staff on substantive options to try to meet the concerns of the residents and reduce services and programs.

From Saturday January 22, 2022 to Sunday February 6, 2022, the public was asked to comment on the budget via a survey (SurveyMonkey). The survey included question buttons as well as comments. In spite of the short 15-day input period, 1256 surveys were filled out constituting a viable sample size for the population of 26,000 in the Islands Trust area. Please read the comments, most of which are passionately clear that significant change is requested (pages 57- 82 and link to agenda package below).

The survey with 1107 results are as follows:

49% Reduce services and programs from current levels

31% Maintain or with some areas increasing / others decreasing

14% Add services and programs from current levels

6% Don't know / other

The clear majority of respondents wanted a decrease: 49% Reduce vs 31% Maintain vs 14% Add.

Separate letters from the public were also encouraged from October 27 to Midnight February 6, 2022. Of the letters that were submitted, 25 of 30 did not support the proposed budget. One letter included a citizen survey which included 499 responses (now 546 responses) from across the islands including 303 written comments on the same budget question: 42.7% wanted a DECREASE and 8.8% wanted an INCREASE.

The FPC agenda package includes Islands Trust survey results beginning on page 46; charts showing results on page 56; and letters and the Citizen Survey on pages 152-232. <https://islandstrust.bc.ca/document/financial-planning-committee-regular-meeting-agenda-7/>

We request that, at the very least, Trustees should be asking staff to prepare viable and substantive options for reducing services and programs for consideration and discussion both by themselves and the community. We request the Executive Committee direct staff to provide these substantive reduction options to the Trust Council at the March 8-10, 2022 meeting.



Respectfully,

Rex and Christiane Brown

Hornby Island BC



## **Financial Planning Committee Minutes of Regular Meeting**

**Date of Meeting:** February 16, 2022  
**Location:** Electronic Meeting

**Members Present:** Peter Grove, Chair  
Paul Brent, Vice Chair  
Laura Busheikin, Regional Planning Committee Representative  
Sue Ellen Fast, Executive Committee Representative  
Peter Luckham, Executive Committee Representative  
Laura Patrick, Executive Committee Representative  
Tim Peterson, Trust Programs Committee Alternate Representative  
Tahirih Rockafella, Local Trustee  
Dan Rogers, Executive Committee Representative  
Kate-Louise Stamford, Islands Trust Conservancy Board Representative

**Staff Present:** Russ Hotsenpiller, Chief Administrative Officer  
Julia Mobbs, Director, Administrative Services  
Clare Frater, Director, Trust Area Services  
David Marlor, Director, Local Planning Services  
Nancy Roggers, Finance Officer  
Robert Barlow, Legislative Services Clerk/Recorder

**Others Present:** Four members of the public

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

The meeting was called to order at 10:32 a.m. Chair Grove expressed gratitude to be able to live and work on the traditional lands of the Coast Salish peoples.

### **2. APPROVAL OF AGENDA**

#### **2.1 New Items and Re-ordering of the Agenda**

The following material was presented for consideration as late items:

- Item 8.3.1.1 – Changes to the Draft 2022/23 Budget Briefing
- Item 8.3.3 – FPC-Recommended 2022/23 Budget – Overview and Highlights Briefing
- Item 8.4.1 – Five Year Financial Plan – attachment to Financial Plan Bylaw No. 185

#### **2.2 Approval of Agenda**

**By general consent** the Committee approved the agenda as amended.

**3. PUBLIC COMMENT PERIOD**

Peter Kukielski of Mayne Island spoke about advocacy, freshwater availability and attracting tourists. Mairead Boland of Saturna Island spoke about the budget survey results.

**4. DELEGATIONS**

None.

**5. CORRESPONDENCE**

**5.1 2022-01-18 Marjorie Gang**

Received for information. Trustee Rogers indicated that he had responded to Marjorie Gang and will forward his response to the Committee.

**6. ADMINISTRATIVE COORDINATION**

**6.1 Draft Minutes of Previous Meetings**

**6.1.1 Financial Planning Committee Draft Minutes of January 19, 2022**

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

**6.2 Resolutions Without Meeting**

None.

**6.3 Follow up Action List**

Director Mobbs provided status updates to items that had a target date of February 16, 2022:

- Trust Council Policy 6.5.1 Reserves and Surplus – to be reviewed at the current meeting.
- Highlighting Islands Trust Conservancy (ITC) information in the budget material to be presented to Trust Council – will be updated in the Trust Council agenda package.
- The Denman Island Local Trust Committee request for Trust Council to consider adding a full time staff position to the 2022/23 fiscal year budget for electronic meeting support – to be reviewed at the current meeting.
- Trust Council Policy 7.2.1 Trust Remuneration – Planned review for FPC's June 1 meeting.

**7. BUSINESS - OTHER**

**7.1 December 31, 2021 Financial Report**

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Finance Officer Rogers presented the report, indicating that Islands Trust is generally following the financial plan for 2021/22.

**FPC-2022-006**

**It was MOVED and SECONDED,**

that Financial Planning Committee forward the December 31, 2021 Financial Report to Trust Council for approval as presented.

**CARRIED**

**7.2 2021/22 Financial Forecast**

Finance Officer Rogers presented the briefing that provides the Committee with an overview of forecasted financial performance to the end of the current fiscal year. Committee discussion included:

- A recognition that grant funding does not include monies for additional administrative costs required to support the additional work that takes place to achieve the project deliverables.
- Confirmation that the eelgrass mapping project is complete.

**FPC-2022-007**

**It was MOVED and SECONDED,**

that Financial Planning Committee forward the 2021/22 Financial Forecast briefing to Trust Council for information.

**CARRIED**

**7.3 Property Tax Notice Insert**

Director Frater introduced the briefing, and sought comment from the Committee on the draft Islands Trust tax notice insert for 2022/23. The Committee suggested a number of edits to the draft that will be incorporated and presented to the Executive Committee for approval.

**8. BUSINESS – WORK PROGRAM ITEMS**

**8.1 Requirement for Additional Administrative Resources**

CAO Hotsenpiller introduced the briefing that recommends additional administrative resources be allocated in the 2022/2023 budget. CAO Hotsenpiller noted that no additional administrative, financial, or personnel resources have been provided to the administrative or corporate services functions of the Trust for over ten years, despite other areas of the organization growing. Committee discussion included:

- the need to review processes, procedures and policies with the view to find specific suggestions to make them more efficient and effective
- an acknowledgement that local governments received extra funding from the Province during the Provincial Health Emergency but Islands Trust did not
- a note that taxation has not increased but the workload has

- commentary noting that there is no resource capacity to deal with times when positions are vacant; no contingency labour support

## **8.2 Public Feedback on Draft 2022/23 Budget**

Director Frater introduced the briefing, noting the increased number of responses as compared to previous years. She also noted that the survey results could not be considered statistically reliable as participation is self-selected and there was no ability to limit the number of times an individual can respond. Committee discussion included:

- a need to consider budget principles, particularly in regards to over-promising and under-delivering rather than creating a budget that reflects “what we can do rather than what we want to do”
- Islands Trust communities are going through extreme change as a result of property value changes
- the number of residents in the Trust Area has increased but the number of residents who rent their homes has decreased
- as engaged or motivated people complete surveys but others do not, there is a need to consider a manner to reach those others who are less engaged or motivated to complete a survey
- there was a concerted effort by some community organizations that provided the public with inflammatory statements, misinformation and have conflated the Policy Statement Amendment Project with the budget approval process

Committee recessed at 11:59 a.m. and returned at 12:32 p.m.

## **8.3 2022/23 Budget Recommendation to Trust Council**

### **8.3.1 Trust Council Budget Session**

#### **8.3.1.1 Changes to the Draft 2022/23 Budget – Late Item**

Director Mobbs provided highlights of the briefing that informed the Committee of changes made to the draft 2022/23 budget since it was last reviewed by the Committee. She noted that the Salt Spring Island Local Trust Committee (SSILTC), confirmed the amount they wish to request as special property tax requisition for the ongoing work of SSIWPA at their meeting of February 15, 2022. FPC discussion included:

- SSILTC is waiting for additional information about the SSIWPA before they make a resolution in this regard.
- Staff clarified that unspent budgeted funds for a project in one year are automatically rolled into General Surplus Fund (GSF) and that if the project is continuing in the following year the funds will be withdrawn from the GSF.
- Staff noted that GSF funds are often used for areas that Bowen Island Municipality (BIM) does not contribute to, such as election expenses, and this contributes to the apparent inverse relationship

with BIM and LTC taxes in that as one increases, the other may decrease.

- Staff confirmed that the resolution to first allocate surplus funds to projects impacting the BIM calculation to alleviate increased pressure on the BIM contribution to the budget has been acted on.

The Committee returned to agenda item 8.1, Requirement for Additional Administrative Resources

**It was MOVED and SECONDED,**

that Financial Planning Committee recommend to include in the budget and forward to Trust Council the requirement for additional administrative resources.

**FPC-2022-008**

**It was MOVED and SECONDED,**

that Financial Planning Committee postpone the motion “that Financial Planning Committee recommend to include in the budget and forward to Trust Council the requirement for additional administrative resources” to later in the meeting.

**CARRIED**

#### 8.3.1 Trust Council Budget Session

Director Mobbs indicated the purpose of the agenda item was to seek suggestions and/or direction from Financial Planning Committee on suggested format and delivery of the March 2022 Trust Council budget session. Discussion included a suggestion to approach the business cases at the Trust Council meeting as a consent agenda, whereby Trustees identify individual line items or business cases that they wish to have a specific discussion about

#### 8.3.2 Budget Assumptions and Principles

Director Mobbs indicated that the briefing would be a reminder to Trust Council of the assumptions and principles that Trust Council has adopted.

#### 8.3.3 Budget Overview

Director Mobbs introduced the late item draft briefing from FPC to Trust Council: FPC-Recommended 2022/23 Budget – Overview and Highlights, indicating that it is the financial plan that FPC recommends to Trust Council for approval and adoption. Discussion included:

- a correction that there is an increase of 0.6 new staff and not an increase of six new staff
- the 0.6 new staff is for Conservancy fund development
- the role of the FPC is to present a recommended budget to Trust Council and Trust Council can make changes to that recommended budget
- concern about planning to work on more initiatives and projects than likely will be achievable in the fiscal year and the impact that will have on future

budgets such as relying on using surplus to fund projects that were not started or completed within the budgeted fiscal year

- the reporting of a budget increase is misleading as a significant part of the budget increase is as a result of receiving \$768,500 grant funds and therefore those expenses that will be incurred only as a result of, and will be paid by, those grant funds
- the possibility of a hiring freeze and substantial reduction or deletion of projects
- the recommended Islands Trust budget indicates a tax increase of 2.3% and tax increase in other local governments is in the range of 5%-15% increase
- it was noted that grant funded projects do not include additional funding to pay for the increase in administrative work required by Islands Trust staff to develop and administer the grants

**FPC-2022-009**

**It was MOVED and SECONDED,**

that Financial Planning Committee amend the recommended budget by removing the Climate Change Indicators Project of \$25,000.

**CARRIED**

The postponed motion was then brought forward for discussion:

**It was MOVED and SECONDED,**

that Financial Planning Committee recommend to include in the budget and forward to Trust Council the requirement for additional administrative resources.

Committee discussion included:

- the potential impact to Bowen Island Municipality
- whether the funds would be limited to a particular division of the organization such as Administrative Services or Local Planning Services
- capacity of administrative resources can be increased by improving processes
- if the motion were carried, a business case would be developed to provide to Trust Council

**FPC-2022-010**

**It was MOVED and SECONDED,**

that Financial Planning Committee amend the budget to include \$100,000 for administrative support as per the CAO briefing of February 16th with \$50,000 allocated to Local Planning Services and \$50,000 for general administration and the general administration portion be funded out of surplus.

**CARRIED**

**Trustee Brent was Opposed**

**FPC-2022-011**

**It was MOVED and SECONDED,**  
that Financial Planning Committee withdraw the motion: “that Financial Planning Committee recommend to include in the budget and forward to Trust Council the requirement for additional administrative resources”.

**CARRIED**

**FPC-2022-012**

**It was MOVED and SECONDED,**  
that Financial Planning Committee forward the Draft 2022/23 Budget Package as amended to Trust Council for review and approval.

**CARRIED**

**Trustee Brent was Opposed**

**8.4 Draft Ministry Bylaws for Trust Council**

**8.4.1. Financial Plan Bylaw No. 185**

Director Mobbs introduced the draft RFD from FPC to TC, including the Five Year Financial Plan attachment provided as a late item, and noted that changes made to the budget at the meeting will be incorporated into a revised version for Trust Council review.

**FPC-2022-013**

**It was MOVED and SECONDED,**  
that Financial Planning Committee forward Bylaws 185 and 186 to Trust Council for approval.

**CARRIED**

**Trustee Brent was Opposed**

Trustee Rockafella left the meeting at 1:53 p.m.

**8.5 Trust Council Policy 6.5.1 Reserves and Surplus**

Director Mobbs introduced the RFD, indicating that the purpose is to provide an overview of recommended amendments to TC policy 6.5.1 Reserves and Surplus for consideration by Committee. Discussion included:

- concern about size of the March TC meeting agenda and whether this item could be brought forward to the June TC meeting instead
- potential amendments to purpose of the General Revenue Surplus Fund

**FPC-2022-014**

**It was MOVED and SECONDED,**  
that Financial Planning Committee postpone the agenda item “that FPC forward the proposed amendments to Trust Council Policy 6.5.2 Reserves and Surplus to Trust Council” to an upcoming Financial Planning Committee meeting.

**CARRIED**



**9. BUSINESS - NEW**

None.

**10. WORK PROGRAM**

**10.1 Current Work Program**

Director Mobbs presented the current Work Program which was approved by Trust Council.

**10.2 Recommended Work Program**

Director Mobbs presented the recommended Work Program.

**FPC-2022-015**

**It was MOVED and SECONDED,**  
that Financial Planning Committee approve the Work Program as amended and forward to Trust Council.

**CARRIED**

**11. NEXT MEETING**

Friday, June 1 from 10:30 a.m. to 3:00 p.m. It was noted that the Audit Committee will be meeting from 10:00 a.m. to 10:30 a.m. on that date.

**12. ADJOURNMENT**

**By general consent** the meeting adjourned at 2:11 p.m.

\_\_\_\_\_  
Peter Grove, Chair

Certified Correct:

\_\_\_\_\_  
Robert Barlow, Legislative Services Clerk/Recorder

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



## Follow Up Action Report

### Financial Planning Committee

#### 12-Nov-2020

Activity	Responsibility	Dates	Status
1 that Financial Planning Committee ask staff to bring back an analysis of the cost effectiveness of the satellite offices (items #13-#17 in the appendix to the Draft Budget Reductions Option briefing) including how often they are used and alternatives. SUGGEST REMOVAL FROM FUAL GIVEN SPACES HAVE BEEN RELEASED.	Clare Frater David Marlor Julia Mobbs Kate Emmings	Target: 01-Jun-2022	In Progress

#### 20-Jan-2021

Activity	Responsibility	Dates	Status
1 that Financial Planning Committee request staff to recommend changes to Trust Council's policy 6.5.1 Reserves and Surplus for review by Financial Planning Committee.	Julia Mobbs	Target: 31-Aug-2022	In Progress

#### 01-Sep-2021

Activity	Responsibility	Dates	Status
1 that Financial Planning Committee direct staff to review Trust Council Policy 7.2.1 Trustee Remuneration against the recommendations in 'UBCM's Council and Remuneration Guide' to identify areas of potential improvement, and that staff provide recommendations for policy changes to address these areas, as needed.	Julia Mobbs Russ Hotsenpiller	Target: 31-Aug-2022	In Progress



## Follow Up Action Report

## Financial Planning Committee

## 19-Jan-2022

Activity	Responsibility	Dates	Status
1 that Financial Planning Committee request staff to provide options with regards to earlier consultation on the budget and budget process.	Clare Frater	Target: 01-Jun-2022	In Progress
2 Islands Trust Conservancy budget information needs to be presented in a clear manner, including grant money received, land and money donations received, and programs provided.	Julia Mobbs	Target: 16-Feb-2022	Completed

## 16-Feb-2022

Activity	Responsibility	Dates	Status
1 that Financial Planning Committee request staff to explore option A for Building Permit Review cost recovery.	David Marlor Russ Hotsenpiller	Target: 01-Jun-2022	In Progress
2 that Financial Planning Committee forward the December 31, 2021 Financial Report to Trust Council for approval as presented.	Julia Mobbs	Target: 18-Feb-2022	Completed
3 that Financial Planning Committee forward the 2021/22 Financial Forecast briefing to Trust Council for information.	Julia Mobbs	Target: 18-Feb-2022	Completed
4 Director Frater introduced the Property Tax Notice Insert briefing to seek comment from the Committee on a draft Islands Trust tax notice insert for 2022/23. The Committee suggested a number of edits to the draft that will be incorporated and presented to the Executive Committee for approval.	Clare Frater	Target: 18-Feb-2022	Completed

## Follow Up Action Report

### Financial Planning Committee

16-Feb-2022

Activity	Responsibility	Dates	Status
5 that Financial Planning Committee amend the recommended budget by removing the Climate Change Indicators Project of \$25,000.	Julia Mobbs	Target: 18-Feb-2022	Completed
6 that Financial Planning Committee amend the budget to include \$100,000 for administrative support as per the CAO briefing of February 16th with \$50,000 allocated to Local Planning Services and \$50,000 for general administration and the general administration portion be funded out of surplus.	Julia Mobbs	Target: 18-Feb-2022	Completed
7 that Financial Planning Committee forward the Draft 2022/23 Budget Package as amended to Trust Council for review and approval.	Julia Mobbs	Target: 18-Feb-2022	Completed
8 that Financial Planning Committee forward Bylaws 185 and 186 to Trust Council for approval.	Julia Mobbs	Target: 18-Feb-2022	Completed
9 that Financial Planning Committee approve the Work Program as amended and forward to Trust Council.	Julia Mobbs	Target: 18-Feb-2022	Completed

# BRIEFING

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**To:** Financial Planning Committee      **For the Meeting of:** June 1, 2022  
**From:** Audit Committee      **Date Prepared:** May 27, 2022  
**SUBJECT:** MARCH 31, 2022 AUDITED FINANCIAL STATEMENTS

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**PURPOSE:**

To provide the audited financial statement package to FPC for information.

**BACKGROUND:**

The Audit Committee has reviewed the year-end audited financial statements package and auditor's report with the external auditors, KPMG LLP, and has forwarded the information to Financial Planning Committee as attached. Audit Committee has forwarded the audited financial statements to Trust Council for their approval, and has provided the statements to FPC for their information.

Once approved by the Islands Trust Council, the year-end audited financial statements and auditor's report will be forwarded to the Minister of Municipal Affairs as required by the *Islands Trust Act, S. 19* and made available to the public via the Islands Trust website.

**ATTACHMENT(S):**

1. Islands Trust March 31, 2020 Audited Financial Statements (to be provided upon completion of Audit Committee meeting on June 1, 2022).

**FOLLOW-UP:** None.

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**Prepared By:** Director, Administrative Services  
**Reviewed By/Date:** Russ Hotsenpiller, CAO/May 27, 2022



## BRIEFING

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**To:** Financial Planning Committee

**For the Meeting of:** June 1, 2022

**From:** Administrative Services

**Date Prepared:** May 17, 2022

**SUBJECT: MARCH 31, 2022 FISCAL YEAR FINANCIAL RESULTS**

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### **PURPOSE:**

To provide a high-level analysis of financial results for the fiscal year ending March 31, 2022, with a focus on annual spending against the annual approved budget.

### **BACKGROUND:**

That **statement of financial position** presents a snap shot in time of the Islands Trust financial state, reflecting values of assets, liabilities and accumulated surplus as at the fiscal year-end date, March 31, 2022. Significant year over year changes in balances reflected on this statement are as follows:

Cash and equivalents: Reduction of \$1.3M over the previous year, due to amounts held in longer term investments at year-end.

Accounts Receivable: Reduction of \$15,500 over the previous year, due primarily to lower amounts due from the Islands Trust Conservancy for reimbursement of expenses paid on their behalf associated with the species at risk and conservation stimulus programs.

Investments: Increase of \$1.2M over the previous year, due to longer-term investments held at year-end not held at the previous fiscal year-end due to timing of fund investments.

Accounts payable and accrued liabilities: Increase of \$125,000 over the previous year due primarily to timing of payables, and large year-end invoices received related to significant projects (Freshwater Sustainability, Policy Statement Review. This balance represents 10% of total 2021/22 expenses shown on the statement of financial operations, consistent with the previous year which also represents 10% of total fiscal expenses. This represents just over one month of expenses (8.3%).

Deferred Revenue: Increase of \$45,000 due primarily to restricted grants received under the LG Development Application Processing grant program that remained unspent at year-end as the program initiatives in fiscal 2023.

Employee Benefits Obligations: Increase of \$30,000 due to increases in staff overtime and vacation liabilities. This 12% increase over the prior fiscal year aligns closely with the 10% increase in staff salaries and benefits expense for the fiscal year. Staff overtime in fiscal 2022 was high due to significant projects underway such as the Policy Statement Review.

Obligations under capital lease: Reduction of \$13,000 due to payments made on leased assets, with no new capital asset leases entered into in the year.

Cost Recovery deposits: Reduction of \$18,500 due to fewer deposits on applications held at year-end.

Tangible capital assets: Reduction of \$116,237 primarily due to amortization of assets in use throughout the year.

The Islands Trust consolidated **statement of financial operations** represents financial activities that have taken place over the course of the fiscal year. Financial operations for the fiscal year ending March 31, 2022 resulted in a reduction to accumulated surplus of \$364,011 for Islands Trust, broken down as follows:

~ Reduction in amounts invested in tangible capital assets	(102,753)
~ Draw from general revenue fund	(278,913)
~ Contribution to LTC project specific reserve fund	12,978
~ Contribution to Special Property Tax Requisition fund	4,677

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

The total accumulated surplus balance as of March 31, 2022 is \$2.56M. This accumulated surplus balance consists of the following balances by fund (as noted in financial statement note 7 of the March 31, 2022 financial statement package):

	2022	2021
Invested in tangible capital assets	\$ 268,882	\$ 371,636
General Revenue Fund	2,091,376	2,370,288
Local Trust Committee Project Specific Reserve Fund	105,867	92,889
Special property tax requisition fund	97,707	93,030
Accumulated Surplus	\$ 2,563,832	\$ 2,927,843

Amounts invested in tangible capital assets (\$268,882) represent funds spent on capital assets that are not yet fully amortized, and thus not fully expensed through the Statement of Operations. This results in balances in accumulated surplus that are not readily accessible given they are tied up in non-financial assets. The change in this balance represents assets purchased in the year, less annual amortization expense, losses on disposal (if any) and amounts owing under capital lease. This balance decreased by \$102,753 in the fiscal year, due mainly to amortization expense recognized on purchased assets in use less asset additions.

The General Revenue fund decreased by \$278,913 as a result of planned spending paid for by surplus transfers in the approved budget, and changes in activities associated with tangible capital assets.

The LTC Project Specific Reserve Fund balance increased by \$12,978. This reflects a transfer to the fund in the year of \$125,000 from the general fund (per the approved financial plan bylaw), less spending on LTC projects of \$112,021.

The Special Property tax requisition Fund (SSIWPA) increased by \$4,677. This reflects the addition of the special tax requisition of \$75,500, the recognition of historically received unrestricted grant funds of \$14,380 less SSIWPA spending of \$98,457.

## **CONSOLIDATED REVENUES**

Total reported revenue is higher than budget by approximately \$103,000 (1%) due to the following:

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

Government transfers relates to funds received from other governing bodies, mainly within provincial and federal government. These transfers totaled \$690,627 in the year, representing various grants received and spent. Total

transfers were higher than budget by \$127,627 (33%) due to unanticipated increases in approved grant funds recognized from the following agencies:

- Province of BC's Healthy Watershed Initiative (\$44,000 increase) for freshwater work
- Government of Canada's Species at Risk program (\$37,500 increase)
- Province of BC's Conservation Economic Stimulus Initiative (\$16,500 increase).
- Denman Farm Plan (\$10,000),
- Thetis Community to Community (\$4,000), and
- Gabriola Active Transportation Connection (\$15,000).

Fees and Sales from land-use applications were approximately \$2,500 (2%) lower than budgeted, due primarily to less zoning amendment applications than anticipated.

Investment income was lower than budgeted due to low interest rates. The approved budget anticipated higher interest rate recoveries than the pandemic realized resulting in substantially lower earnings in this area than planned.

Other income primarily reflects smaller grants recognized in the year and NAPTEP fees received. The \$33,779 reported in the year was higher than budget by approximately \$25,779, (322%) due primarily to \$15,000 received from the Provincial government to pay for specific work on the groundwater recharge mapping project being delivered in collaboration with the province, plus the recognition of \$14,000 in historical constituency funds granted to SSIWPA for their operations. These funds were received in 2017 and incorrectly recorded as deferred revenue/restricted in the year of receipt. In the last year, staff investigated the rationale for deferring these funds and finding none, have recognized the value of the funds in the statement of operations.

#### **CONSOLIDATED EXPENSES**

Total expenses in the financial statements is reported at \$8.7M which includes amortization expense and excludes capital spending that has been capitalized as tangible capital assets on the Statement of Financial Position, in accordance with Public Sector Accounting Standards. This is not the same methodology used to develop the budget, which treats capital spending as an expense. To adjust reported expenses to reflect a proper basis of comparison, we adjust as follows:

Total expenses per March 31, 2022 financial statements	\$8,684,279
Plus actual spending on capitalized assets	66,514
Total for budget comparison purposes	\$8,750,793
<u>Vs. Total approved budget</u>	<u>9,093,119</u>
Over (under) budget	(\$ 342,326)

Total actual spending was lower than budget by approximately \$340,000 (3.7%) due mainly to reduced costs associated with pandemic-adjusted business practices (less travel for staff and trustees, ongoing electronic meetings for public bodies and staff, less training), underspending on projects due primarily to delays in completion of work, and staff vacancies primarily in planning services.

A breakdown of comparison between approved budget to actual results, by functional area, is as follows:

#### **COUNCIL SERVICES**

Council expenses include costs related to three main areas (outlined below) plus as an allocation of administrative expenses. Total expenses in this area came in higher than budget by approximately \$64,000 (5%).

*Trust Council* (TC) costs are comprised of TC meeting costs, Council committee costs (LPC, TPC, FPC), elections and by-elections costs, insurance premiums associated with Council work, general legal costs relating to Trust Wide issues, memberships and training for trustees associated with their Council work, Trust Council portion of trustee remuneration and benefits.

Trust Council spending was lower than budget by approximately \$30,000 (-10%) due mainly to:

- Lower than planned costs for Trust Council and Council Committees



- A change in the allocation of insurance costs between Trust Council and Local Trust Committees, putting more of this expense to Council than budgeted.

*Executive Committee (EC)* costs are comprised of applications sponsored by EC, EC meeting expenses, EC mobile device costs, training, travel and conferences for EC members, and the EC portion of trustee remunerations and benefits.

Executive Committee costs were higher than budget by approximately \$2,000 (2%) due mainly to higher than budgeted sponsorship of applications by EC.

*Trust Area Services (TAS)* costs are comprised of grants in aid for history and heritage, trust-wide communications costs, contracted TAS services, legal costs relating to TC issues, memberships, subscriptions, mobile devices, training, travel, salaries and benefits for TAS staff, Policy Statement Review project costs, Secretariat Function project costs, Website Renewal project costs, Climate Change project costs, Stewardship Education project costs, Reconciliation project costs, and TAS portion of the Governance Management and Review project costs.

TAS expenses were higher than budget by approximately \$104,000 (17%) due primarily to:

- Planned and approved overspending on the Policy Statement project of \$100,000 (342%). This additional spending was approved by Trust Council via resolutions #2021-077 and #2021-081 which increased the PS project budget from \$29,400 to \$186,400. Actual spending on the project in the fiscal year landed at \$129,819.
- Higher salaries and benefits costs of \$50,146 (2%) due primarily to staff overtime incurred for the PS project.
- Offsetting areas of underspending in the TAS areas include:
  - History and Heritage Funding Grants in Aid (-\$5,000) due to no approved grants in the year
  - Communications (-\$8,000) due to staff vacancy and turnover in the communications position
  - Climate Change Indicators (-\$25,000) due to a redirection of these funds to the PS project (see TC and TPC resolutions)
  - Stewardship Education (-\$9,000) due to reduced scope of planned work to focus on the PS project
  - Reconciliation Action Plan (-\$11,000) due to reduced capacity to engage due to the pandemic.

#### **LOCAL PLANNING SERVICES (LPS)**

LPS expenses include costs related to five main areas (outlined below) plus as an allocation of administrative expenses. Total expenses in this area came in lower than budget by approximately \$503,000 (-8%).

**Local Trust Committee** costs are comprised of the LTC-engaged First Nation protocol funds, rent, phone, internet and office service for on-island trustee offices, the trustee portion of insurance costs, general legal costs, bylaw enforcement legal costs, legal litigation costs, statutory notices, trustee expenses, LTC and APC meeting expenses, LTC communications and special project expenses, and the LTC portion of trustee remuneration and benefits.

Local Trust Committee expenses were lower than budget by approximately \$27,000 (-3%) due primarily to:

- Less costs incurred for trustee-incurred expenses and LTC/APC meeting expenses due to continued electronic meetings throughout a significant portion of the year.
- Reduced LTC communications and statutory notice costs.
- No special projects undertaken
- Reduced general legal costs generally associated with less project work than planned
- Reduced bylaw enforcement costs reflective of staff vacancies in bylaw
- Reduced legal litigation costs (legal claims information discussed in-camera with TC)
- There areas of underspending are offset by the following areas of overspending:
  - Increased insurance costs and
  - Increased costs for trustee health and dental benefits due to rises in premiums as well as the addition of Employee Family Assistance coverage for trustees.

**LPS Projects** costs are comprised of all LTC projects and related protocol funds, Eelgrass mapping project costs, Coastal Douglas Fir Mapping and Bylaw project costs, Regional Freshwater Management Strategy project costs, Groundwater Recharge Mapping project costs, Heritage Overlap Mapping project costs, Housing Density Bonus project costs, and includes all SSIWPA expenses.

LPS project spending was less than budget by approximately \$180,000 (-24%) due mainly to:

- Underspending on the Groundwater Recharge Mapping project -\$38,000 due to delayed timing of work being delivered by contractors.
- No work advanced on the Housing Density Bonus project -\$10,000 due to competing priorities.
- Underspending on LTC projects due to revised timelines imposed for the SSI Ganges Village project, incomplete work on the SSI Watershed Protection project, and no costs incurred on Westen Lake project.
- Underspending was slightly offset by overspending on the Regional Freshwater Strategy (+\$41,000) where additional funds were received from the grantor to increase the scope of the project.

**Planning staff** costs are comprised of all salaries, benefits, training, and travel costs associated with LPS staff or contractors used to cover staff vacancies. Planning staff costs were lower than budget by approximately \$175,000 (-6%) due mainly to:

- Reduced costs for training and travel associated with the ongoing pandemic.
- Vacancies in planning staff positions primarily in the northern office.

**\*LPS facilities** costs are comprised of expenses associated with board of variance activities, land titles registrations, LPS staff meeting expenses, memberships, subscriptions, mobile devices, training, travel, salaries and benefits for LPS staff, office rent, internet, postage/courier, telephone and supplies for the Gabriola Island and the Salt Spring Island offices, as well as a portion of the Southern office.

Total expenses in the year related to LPS facilities was \$11,000 (3%) higher than budget due primarily due to:

- Higher than planned Gabriola office rent as a result of a revised office lease incurred when the property was sold and changed hands.
- Higher than planned office costs associated with the Victoria office lease due to rising insurance and property tax costs incurred by the landlord and apportioned out to tenants.

**Bylaw enforcement** costs are comprised of all salaries, benefits, training, and travel costs associated with bylaw enforcement staff or contractors used to cover staff vacancies or collect on fines. Bylaw enforcement expenses were under budget by approximately \$39,000 (-11%) due primarily to:

- Reduced salaries and benefits costs as a result of staff vacancies in the year, and
- Lower than planned travel costs, also associated with the reduced level of staffing in the year.

#### **ISLANDS TRUST CONSERVANCY (ITC) SERVICES**

ITC expenses include costs related to three main areas (outlined below) plus as an allocation of administrative expenses. Total expenses in this area came in higher than budget by approximately \$30,000 (3%).

**ITC Board** costs are comprised of ITC board meeting expenses, honoraria and training for board members. Board expenses were under budget by approximately \$7,000 (-45%) due to reduced meeting expenses as a result of less electronic meeting held than anticipated.

**Conservancy Staff & Associated Costs** are comprised of ITC communications, ecosystem mapping, ITC legal costs, mobile devices, training, travel, contract services, salaries and benefits for ITC staff. These expenses were over budget by approximately \$8,000 (1%) due to:

- Greater spending on communications (\$11,000) due to increased work on special projects associated with grants
- Increases costs for contract services (\$3,000) due to increased projects undertaken with new grant funds
- Increased legal costs (\$8,000) due to increased property management work undertaken in the year as a result of increased grant funding

- These areas of overspending were partially offset by underspending in Ecosystem mapping (-15,000).

**Property Management** costs are comprised of property management and conservation planning and land securement. These expenses were over budget by approximately \$30,000 (22%) due to increased programming underway in the year as a result of increased Species at Risk funding secured. All overspending in this area is paid for my new grant funding.

### **GENERAL ADMINISTRATION**

General administrative expenditures include costs related to six main areas (outlined below) plus as an allocation of administrative expenses. General administration costs are allocated to the three functional areas of the Trust (Council, LTC Services, and ITC) based on their relative dollar magnitudes for the period.

**Senior Management** costs are comprised of contract services related to executive functions, electronic data management costs, broadcasting of public meeting costs, and the mobile devices, training, travel, salaries and benefits for executive office staff. Executive office expenses were under budget by approximately \$33,000 (-7%) due mainly to:

- Underspending in salaries and benefits (-\$21,000) due to lower than budgeted raises for excluded staff members due to PSA-driven caps on increases in the year.
- Lower costs secured under contract for broadcasting public meetings
- Unspent contingency funds (-\$5,000)
- Reduced costs for staff training and travel (-\$3,000) as a result of workloads restricted staff's opportunities to attend training in the year.

**Administrative services** costs are comprised of third party contracted services for financial systems maintenance, HR and Payroll processing services, training, travel, salaries and benefits for administrative services staff. Administrative services expenses were under budget by approximately \$30,000 (-6%) due to:

- Unspent salaries and benefits costs (-\$27,000) resulting from staff leaves in the year that were not backfilled,
- Reduced costs for staff travel and training as a result of workloads restricted staff's opportunities to attend training in the year.

**Office operations** costs are comprised of audit fees, bank charges, carbon offset purchases, internet, insurance premiums associated with office contents and operations, office rent and outside services, office supplies and postage, recruitment costs, safety, telephone, organization-wide training, all staff meetings costs and staff recognition expenses. Office operations were higher than budget by approximately \$12,000 (5%) due to:

- Higher costs for office supplies (\$6,000) as a result of rising costs of goods and a return of some staff to the office spaces.
- A rise in insurance costs (\$2,000), consistent with market activity.
- Higher than planned office costs associated with the Victoria office lease due to rising insurance and property tax costs incurred by the landlord and apportioned out to tenants.

**Information Systems** costs are comprised of software licensing, third party technical support, computer supplies, mobile devices, and all salaries, benefits, training, and travel costs associated with Information Systems staff. Information systems expenses were under budget by approximately \$1,500 (-0.24%). This variance is negligible.

**\*Computer, Furniture and Equipment** spending relates to purchases of hardware, software, furniture and equipment. Total spending in year for this area shows on the financial statements as \$12,235 reflected computer equipment expensed in the year. Computer and equipment assets purchased and capitalized in the year amounts to \$65,000, approximately double the budget of \$33,200. This is due primarily to:

- Software assets purchased in the year that were budgeted as software subscriptions (software as a service) versus software assets
- Unplanned purchases of LTC-hybrid meeting streaming kits
- Increased hardware needs for staff – often due to multiple part-time staff filling in for a customary single full-time role.

*Amortization expense* is an estimation of the use/wear and tear on capital assets in use for Islands Trust and Islands Trust Conservancy operations. Amortization expense was under budget by approximately 16% due to variations in the timing of capital assets purchases through the year.

### **CONSOLIDATED EXPENSES BY OBJECT**

Public Sector Accounting Standards determine that financial reporting for government entities be reported “by function” (i.e.: service area) in the Statement of Financial Operations as discussed in the earlier section of this report. Expenses “by object” (i.e.: type) are reported in accompanying financial statements notes. For purposes of great transparency and understanding of Islands Trust financial results, March 31, 2022 expenses by object are shown as follows:

<b>Description</b>	<b>Approved Budget</b>	<b>31-Mar-22</b>	<b>\$ over (under) budget</b>	<b>% over (under) budget</b>
Traveling/training and recruitment	123,407	68,321	(55,086)	-45%
Council and trustee costs	850,907	798,765	(52,142)	6%
Office operations	946,109	1,001,408	22,099	2%
Programs	1,111,209	1,035,255	(75,954)	-7%
Legal	286,127	255,687	(30,440)	35%
Staff salaries and benefits	5,524,160	5,342,092	(182,068)	-11%
Amortization	218,000	182,751	(35,249)	-16%
<b>Total*</b>	<b>9,059,919</b>	<b>8,684,279</b>	<b>(408,840)</b>	<b>-1%</b>
<u>Capital Purchases</u>	<u>33,200</u>	<u>66,514</u>	<u>45,035</u>	<u>100%</u>
Total including Capital	9,093,119	8,750,793	21,184	-4%

*\*Excludes \$33,200 in budgeted capital spending to align with March 31, 2022 actuals which capitalizes (removes) \$66,514 of actual capital spending from expenses.*

*Traveling/training and recruitment* costs were under budget primarily due to reduced investment in training for staff across all levels of the organization, due in large part to competing priorities and high workloads. Continued reductions in travel due to the ongoing pandemic also impact this area of expense.

*Council and trustee costs* were under budget due to reduced costs incurred by executive for travel associated with their LTC chairing duties, less spending overall by LTCs, as well as a small misallocation of insurance associated with Trust Council work coded to the Local Trust Committee insurance.

*Office operations* were over budget due to rising costs of insurance, higher office lease costs as well as the rising cost of supplies.

*Programs* were under budget due mainly to underspending on projects, including Groundwater Recharge Mapping, Housing Density Bonus work, Heritage Overlap Mapping, and LTC projects.

*Legal* expenses were under budget due to less legal defense costs incurred for litigations against LTCs.

*Staff salaries and benefits* were under budget due to vacancies in the year primarily in planning services.

*Amortization* was under budget due to an overestimation of amortization expense for the year.

*Capital* spending was over budget due primarily due the capitalization of software costs formerly expected to be treated as software subscriptions (i.e.: software as a service), purchases of LTC meeting streaming kits that were not contemplated in the budget, and increased hardware needs for new staff primarily where multiple staff were employed to fill a single full time position due to temporary leaves or vacancies.

**ATTACHMENT(S):** Detailed Statement of Financial Operations, March 31, 2022

**FOLLOW-UP:** As directed.

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**Prepared By:** Finance Officer

Director, Administrative Services

**Reviewed By:** Russ Hotsenpiller, Chief Administrative Officer/May 27, 2022

# Islands Trust

Detailed Statement of Operations  
For The Year Ending March 31, 2022

Description	31-Mar-22		
	March 31, 2021 Actuals	Approved Budget	Actuals
<b>REVENUES:</b>			
Fees & Sales	168,378	120,000	117,488
Government Transfers: Unrestricted Provincial Grant	180,000	180,000	180,000
Government Transfers: Restricted Government Grants	217,624	383,000	510,627
General Property Tax Levy - All LTAs	6,783,141	7,079,771	7,079,772
Special Property Tax Requisition - SSI LTA	75,500	75,500	75,500
Municipal Property Tax Levy - BIM	303,026	311,188	311,188
Investment Income	22,054	60,000	11,914
Other Income	3,687	8,000	33,779
<b>Total Revenue</b>	<b>7,753,409</b>	<b>8,217,459</b>	<b>8,320,268</b>
<b>EXPENSES:</b>			
Trust Council	235,779	299,865	270,289
Executive Committee	103,984	97,990	99,773
Trust Area Services	537,356	612,352	715,852
General Admin Allocation - 14%	288,706	299,889	287,744
<b>Total Council Expenses</b>	<b>1,165,825</b>	<b>1,310,096</b>	<b>1,373,658</b>
<b>Local Planning Services</b>			
Local Trust Committees	806,056	794,654	767,991
Projects	275,345	736,748	556,357
Planning Staff	2,535,322	2,888,807	2,714,224
LPS Facilities	346,705	359,639	370,449
Bylaw Enforcement	208,441	370,819	331,039
General Admin Allocation - 74%	1,373,182	1,529,021	1,436,790
<b>Total Local Planning Services Expenses</b>	<b>5,545,050</b>	<b>6,679,688</b>	<b>6,176,850</b>
<b>Trust Conservancy</b>			
Board	5,378	15,525	8,503
Conservancy Staff and Associated Costs	517,663	680,440	688,271
Property Management	183,461	154,810	188,324
General Admin Allocation - 12%	232,547	252,560	248,672
<b>Total Trust Conservancy Expenses</b>	<b>939,048</b>	<b>1,103,335</b>	<b>1,133,771</b>
<b>General Admin</b>			
Senior Management	421,313	453,646	420,497
Admin Services	457,974	523,560	493,910
Office Operations	251,930	251,620	263,810
Information Systems	541,820	601,443	600,004
Computer/Furniture & Equipment	32,641	33,200	12,235
Amortization Expense	188,759	218,000	182,751
Total General Admin Allocated	(1,894,435)	(2,081,469)	(1,973,206)
<b>Net General Admin</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenses</b>	<b>7,649,923</b>	<b>9,093,119</b>	<b>8,684,279</b>
<b>Annual Surplus (Deficit)</b>	<b>103,487</b>	<b>(875,660)</b>	<b>(364,011)</b>
Less Non-Cash Expenditures - Amortization	-	(218,000)	-
(Increase) decrease in amounts Invested in Capital Assets	81,230	(373,660)	102,753
Transfer (to) from General Surplus Fund	(205,336)	(204,000)	278,913
Transfer (to) from LTC Project Specific Reserve Fund	28,383	(80,000)	(12,978)
Transfer (to) from Special Tax Requisition Fund	(7,764)	-	(4,677)
<b>Unallocated Annual Surplus (Deficit)</b>	<b>-</b>	<b>-</b>	<b>0</b>

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**To:** Financial Planning Committee      **For the Meeting of:** June 1, 2022

**From:** Director, Administrative Services      **Date Prepared:** May 26, 2022

**SUBJECT:** **March 31, 2022 Allocated Financial Statements**

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**PURPOSE:**

To provide Financial Planning Committee with allocated Financial Statements for the fiscal year ending March 31, 2022.

**BACKGROUND:**

In 2006/07, Local Trust Committees (LTCs) had concerns about their ability to conduct business and to undertake community planning projects due to the amount of planning staff available. In response to these concerns, Trust Council requested the Finance Department to develop a process to allocate revenues and expenditures to LTCs based on actual financial results for the fiscal period.

The process of allocating revenues and expenses to Local Trust Committees was revised in 2015/16, and was further refined in 2017/18. The process is completed through three major steps:

**1. Revenues and expenses directly attributed to Local Trust Areas**

The Islands Trust financial system tracks most financial transactions by location code (among other segments) which enables such expenses to be reported by specific Local Trust Committee (and other work units). The first step in the process is to report this information.

Revenues received are allocated as follows:

- Fees and sales revenues – allocated by specific LTC, as tracked in the accounting system.
- Property tax revenues (LTAs) – allocated to LTCs based on net converted assessment values per BC Assessment.
- Special Property tax levies – allocated to the LTC for which it was levied.
- Property tax levy (BIM) – allocated to BIM.
- Provincial Grant/Interest and other income – allocated to LTCs and Island Municipalities based on net converted assessment values per BC Assessment.
- Grant Income – allocated by specific LTC, as tracked in the accounting system.

**2. LPS Administration expenses allocated to Local Trust Committees**

Planning staff and bylaw enforcement officers record their time in the Time Collection system. Time allocation options for planning and bylaw staff are limited to the following categories:

- LPS Admin Staff - where all LPS administrative staff working and related travel time would be reported.

- LPS Planner Administration - where Planner time spent on LTC, council committee and Trust Council meeting attendance, preparation and travel would be recorded.
- LPS Planner Current Planning – where planner time for application processing would be recorded. This includes time spent at public meetings, travel for site visits, research and reporting, and general work associated with application processing.
- LPS Planner Projects – this includes planner time spent working on LTC work program items and Islands Trust wide planning projects, including related travel.
- LPS Project [specific project name] – these codes capture time spend on specific LTC planning projects.
- LPS Region Management – review and preparation of documents for meetings, staff support and mentoring, and related travel.
- LPS Cost Recovery – specific applications operating under cost-recovery agreements have time codes set up for staff time tracking.
- Bylaw Enforcement – BE time and related travel time by bylaw enforcement staff.
- General Leave – paid time off for all staff who record time such as vacation time.
- General Administration – staff meetings, training, conferences and related travel for all staff who record time.

The data collected by staff in the Time Collection system is used to develop allocation percentages for each of the three planning offices: Northern, Southern, and Salt Spring Island. These percentages are used to allocate certain LPS-administrative expenses attributable to Local Planning Services, as follows:

- *Planning Costs, Northern Office* – allocated based on the percentage of planning time in the Northern office reported to specific Local Trust Committees.
- *Planning Costs, Southern Office* - allocated based on the percentage of planning time in the Southern office reported to specific Local Trust Committees.
- *Planning Costs, Salt Spring Island* – allocated 100% to Salt Spring Island Local Trust Committee.
- *Director LPS Costs* – allocated to each Local Trust Committee based on the percentage of total planning time reported to a specific Local Trust Committee by all offices.
- *LTC Executive Committee expenses* - allocated to each Local Trust Committee based on the percentage of total planning time reported to a specific Local Trust Committee by all offices.
- *Bylaw Costs* – allocated based on the percentage of bylaw enforcement officer, administrative assistant, and manager time reported to specific Local Trust Committees.

### **3. Non-LPS Administration expenses allocated to Local Trust Areas and Island Municipalities**

*Trust Council Expenses* – allocated to each Local Trust Committee based on their percentage of assessed values in relation to all Local Trust Areas, including Island Municipalities.

*Trust Conservancy Expenses* – allocated to each Local Trust Area based on their percentage of assessed values in relation to all Local Trust Areas, including Island Municipalities.



#### *General Administrative Expenses*

- *Non-LPS related* – allocated to each Local Trust Area based on their percentage of assessed values in relation to all Local Trust Areas, including Island Municipalities.
- *LPS-related* – allocated to Local Trust Committees only (excludes Island Municipalities) based on their percentage of assessed values in relation to all Local Trust Committees.

The inclusion of Island Municipalities was new as of fiscal 2018. Previous year's statements will not show these separately.

#### **Conclusions:**

- The Time Collection system is only as reliable as the users of the system. In fiscal 2022, there were staff not using the system to record their time in a timely manner. Several staff who left the organization did so without up-to-date time entry, leaving supervisors to estimate missing hours for the fiscal year. Due to the significant delay between time worked and time entry to the system, there is a low degree of confidence in the accuracy of staff time used for allocations in these statements, meaning cost allocations based on staff hours may be less reliable. Staff have been reminded that this information is important and should be input on a weekly basis. New processes requiring supervisor tracking and follow-up are being worked on which should help increase the accuracy and usefulness of the data collected.
- The process to produce the Allocated Financial Statements remains an imperfect reflection of Local Trust Area resource use, due to the many services that are shared throughout the Islands Trust organization.

**ATTACHMENT:** March 31, 2022 Allocated Financial Statements.

#### **FOLLOW-UP:**

Forward to Trust Council for information, if desired.

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**Prepared By:** Director, Administrative Services  
**Reviewed By:**

**ISLANDS TRUST**
**Allocated Financial Statements**

For the year ended March 31, 2022

<i>Net Covered Assessment Values</i>	0.0% LTC Bal/Win	3.0% LTC Denman	11.3% LTC Gabriola	5.4% LTC Galiano	5.3% LTC Gambier	4.4% LTC Hornby	1.2% LTC Lasqueti	5.2% LTC Mayne	8.3% LTC N. Pender	32.5% LTC Salt Spring	1.9% LTC Saturna	1.3% LTC S. Pender	1.9% LTC Thetis	18.3% BIM	100.0% Total
<b>Direct Revenue</b>															
Fees & Sales	12,575	1,010	5,651	15,295	7,285	8,479	110	8,426	13,748	37,364	2,695	3,805	1,045	-	117,488
Property Tax Levy - General	1,650	259,365	980,603	469,070	456,799	380,687	100,353	453,667	722,219	2,813,355	166,386	112,938	162,680	311,188	7,390,960
Special LTC Tax Requisition	-	-	-	-	-	-	-	-	-	75,500	-	-	-	-	75,500
Grant income for projects	-	10,686	15,250	-	-	-	-	-	-	14,656	-	-	3,981	-	44,574
<b>Total Direct Revenue</b>	<b>14,225</b>	<b>271,061</b>	<b>1,001,504</b>	<b>484,365</b>	<b>464,084</b>	<b>389,166</b>	<b>100,463</b>	<b>462,093</b>	<b>735,967</b>	<b>2,940,876</b>	<b>169,081</b>	<b>116,743</b>	<b>167,706</b>	<b>311,188</b>	<b>7,628,521</b>
<b>LTC Direct Expenses - Operating</b>															
Computer - internet charges	-	-	-	842	-	-	-	-	-	-	-	-	-	-	842
Legal - general	-	1,727	7,991	4,705	-	-	-	2,458	19,040	11,850	-	-	-	-	47,771
Legal - bylaw enforcement litigation	-	112	6,799	12,596	659	543	402	3,055	16,559	32,523	-	-	7,849	-	81,098
Legal - litigation	-	-	19,058	-	-	-	-	-	11,173	32,762	-	-	-	-	62,993
LTC Trustee Expenses	-	316	-	496	484	-	99	3	-	269	-	364	3	-	2,034
LTC Meeting Expenses	261	2,237	4,255	4,164	2,890	2,042	2,693	1,588	3,497	6,568	503	1,367	1,279	-	33,343
LTC Local Exp APC Meeting Expenses	-	416	186	1,126	-	2,186	-	691	57	1,996	-	437	-	-	7,095
LTC Local Exp Communications	-	990	369	3,153	-	240	-	1,319	-	25	-	-	-	-	6,096
LTC Local Exp Special Projects	-	-	-	-	-	-	-	-	-	-	-	38	-	-	38
Notices - Statutory & Non-Statutory	-	494	2,165	2,721	-	90	137	1,509	3,346	1,601	103	766	74	-	13,004
Office - Lease costs	-	1,680	-	7,848	-	-	-	1,200	7,337	-	1,800	-	-	-	19,865
Office - outside services	-	-	-	1,981	-	-	-	-	300	-	-	-	-	-	2,281
Trustee Remuneration	-	15,845	33,121	17,207	15,393	16,015	12,131	17,345	22,535	61,378	12,502	11,223	13,100	-	247,795
Trustee Remuneration - Benefits	-	4,964	4,581	3,992	5,798	4,613	4,806	4,332	5,891	6,049	5,112	2,285	4,660	-	57,083
<b>LTC Direct Operating Subtotal</b>	<b>261</b>	<b>28,781</b>	<b>78,524</b>	<b>60,831</b>	<b>25,224</b>	<b>25,729</b>	<b>20,268</b>	<b>33,501</b>	<b>89,734</b>	<b>155,020</b>	<b>20,021</b>	<b>16,480</b>	<b>26,965</b>	<b>-</b>	<b>581,337</b>
<b>LTC Direct Expenses - LTC Projects</b>															
Projects - Trust Wide	73	11,408	43,132	20,632	20,092	16,744	4,414	19,955	31,767	123,745	7,318	4,968	7,155	-	311,403
Project - Funded by Special requisition	-	-	-	-	-	-	-	-	-	85,202	-	-	-	-	85,202
LTC Specific Projects	-	10,686	19,190	16,961	5,822	22,313	20	154	2,740	80,251	-	259	3,595	-	161,990
<b>LTC Projects Subtotal</b>	<b>73</b>	<b>22,095</b>	<b>62,322</b>	<b>37,593</b>	<b>25,914</b>	<b>39,058</b>	<b>4,434</b>	<b>20,108</b>	<b>34,507</b>	<b>289,198</b>	<b>7,318</b>	<b>5,226</b>	<b>10,751</b>	<b>-</b>	<b>558,595</b>
<b>Total Direct Expenses (Operating + Projects)</b>	<b>334</b>	<b>50,875</b>	<b>140,846</b>	<b>98,424</b>	<b>51,138</b>	<b>64,787</b>	<b>24,702</b>	<b>53,609</b>	<b>124,241</b>	<b>444,217</b>	<b>27,339</b>	<b>21,706</b>	<b>37,715</b>	<b>-</b>	<b>1,139,932</b>
<b>Direct Revenues less Direct Expenses</b>	<b>13,891</b>	<b>220,186</b>	<b>860,658</b>	<b>385,942</b>	<b>412,945</b>	<b>324,380</b>	<b>75,761</b>	<b>408,484</b>	<b>611,726</b>	<b>2,496,658</b>	<b>141,742</b>	<b>95,037</b>	<b>129,991</b>	<b>311,188</b>	<b>6,488,589</b>
<b>Indirect Planning Expenses</b>															
Allocate Planning Costs - Northern Team	7,466	120,858	279,029	11,887	172,425	76,111	44,856	5,012	5,076	102,867	739	643	49,074	-	876,042
Allocate Planning Costs- Southern Team	-	-	-	253,603	-	-	38,684	164,354	309,919	-	73,322	74,624	-	-	914,506
Allocate Planning Costs - SSI Team	-	-	-	-	-	-	-	-	-	791,428	-	-	-	-	791,428
Allocate Director LPS	1,418	22,956	52,999	49,302	32,750	14,457	15,696	31,440	58,455	277,892	13,742	13,965	9,321	-	594,392
Allocate LTC Executive expenditures	218	3,528	8,146	7,578	5,034	2,222	2,413	4,833	8,985	42,714	2,112	2,147	1,433	-	91,362
Allocate Bylaw Team	-	9,753	43,653	23,409	4,112	5,289	1,461	12,959	40,745	186,247	541	933	1,934	-	331,039
<b>Total Indirect Planning Expenses</b>	<b>9,102</b>	<b>157,095</b>	<b>383,828</b>	<b>345,778</b>	<b>214,322</b>	<b>98,079</b>	<b>103,109</b>	<b>218,598</b>	<b>423,179</b>	<b>1,401,148</b>	<b>90,456</b>	<b>92,312</b>	<b>61,763</b>	<b>-</b>	<b>3,598,769</b>
<b>Net surplus (shortfall) before Administrative</b>	<b>4,789</b>	<b>63,091</b>	<b>476,830</b>	<b>40,163</b>	<b>198,624</b>	<b>226,300</b>	<b>(27,348)</b>	<b>189,886</b>	<b>188,547</b>	<b>1,095,510</b>	<b>51,286</b>	<b>2,725</b>	<b>68,228</b>	<b>311,188</b>	<b>2,889,820</b>
<b>Administrative Expenses</b>															
Allocate Trust Council	169	26,586	100,516	48,082	46,824	39,022	10,287	46,503	74,031	288,382	17,055	11,577	16,675	162,545	888,254
Allocate Trust Conservancy	115	18,046	68,228	32,637	31,783	26,487	6,982	31,565	50,250	195,745	11,577	7,858	11,319	110,331	602,922
Allocate Net Administration	390	61,348	231,945	110,950	108,048	90,045	23,737	107,307	170,828	665,450	39,356	26,713	38,479	88,057	1,762,655
<b>Total Administrative Allocation</b>	<b>674</b>	<b>105,980</b>	<b>400,689</b>	<b>191,669</b>	<b>186,655</b>	<b>155,554</b>	<b>41,006</b>	<b>185,375</b>	<b>295,109</b>	<b>1,149,578</b>	<b>67,988</b>	<b>46,148</b>	<b>66,474</b>	<b>360,933</b>	<b>3,253,832</b>
<b>Net Surplus (Shortfall) incl. Special Taxes</b>	<b>4,115</b>	<b>(42,889)</b>	<b>76,141</b>	<b>(151,506)</b>	<b>11,969</b>	<b>70,746</b>	<b>(68,353)</b>	<b>4,511</b>	<b>(106,563)</b>	<b>(54,067)</b>	<b>(16,702)</b>	<b>(43,423)</b>	<b>1,754</b>	<b>(49,745)</b>	<b>(364,011)</b>
<b>Made up of:</b>															
Surplus from SSIWPA										(9,702)					(9,702)
Other Surplus (Shortfall)	4,115	(42,889)	76,141	(151,506)	11,969	70,746	(68,353)	4,511	(106,563)	(44,365)	(16,702)	(43,423)	1,754	(49,745)	(354,309)
	<b>4,115</b>	<b>(42,889)</b>	<b>76,141</b>	<b>(151,506)</b>	<b>11,969</b>	<b>70,746</b>	<b>(68,353)</b>	<b>4,511</b>	<b>(106,563)</b>	<b>(54,067)</b>	<b>(16,702)</b>	<b>(43,423)</b>	<b>1,754</b>	<b>(49,745)</b>	<b>(364,011)</b>

## REQUEST FOR DECISION

**To:** Financial Planning Committee      **For the Meeting of:** June 1, 2022

**From:** Director, Administrative Services      **Date Prepared:** May 12, 2022

**SUBJECT:** 2021/22 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 2021/22 Annual Report for approval by Trust Council and submission to the Minister of 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 2022 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 2021/22 Annual Report at its meeting on February 23, 2022.

**2 IMPLICATIONS OF RECOMMENDATION**

**ORGANIZATIONAL:** Under Trust Council's Policy, all Local Trust Committees 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 2022 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 6 and consideration by Trust Council in June. Upon approval by Trust Council, staff will send the Annual Report to the Minister of Municipal Affairs and circulate it as indicated in Trust Council's policy.

**FIRST NATIONS:** Information about activities with First Nations 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 2021/22 Annual Report for approval by Trust Council and submission to the Minister of Municipal Affairs.

##### **Alternative:**

That Financial Planning Committee approve the attached text as amended for inclusion in the 2021/22 Annual Report for approval by Trust Council and submission to the Minister of Minister of Municipal Affairs.

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**Prepared By:**

Director, Administrative Services

**Reviewed By/Date:**

# Financial Planning Committee

## Role

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

## Members

The FPC consists of 10 trustees from across the Islands Trust Area:

- One member from the Trust Programs Committee (the chair, unless otherwise appointed)
- One member from the Regional Planning Committee (the chair, unless otherwise appointed)
- The four members of the Executive Committee
- One member from the Trust Conservancy Board
- Three other trustees. The chair of the committee is elected from amongst the other trustees

### **Members serving for the 2018–2022 term:**

Peter Grove\*, Salt Spring Island, Chair

Paul Brent\*, Saturna Island, Vice-Chair

Deb Morrison\*, North Pender Island, Trust Programs Committee (October 23, 2019)

Laura Busheikin\*, Denman Island, Regional Planning Committee

Peter Luckham, Thetis Island, Executive Committee, Chair Trust Council

Sue Ellen Fast, Bowen Island, Executive Committee

Laura Patrick, Salt Spring Island, Executive Committee

Dan Rogers, Gambier Island, Executive Committee

Robin Williams, Islands Trust Conservancy Board (term ended December 31, 2019)

Kate-Louise Stamford\*, Islands Trust Conservancy Board (appointed February 13, 2020)

Tahirih Rockafella\*, Galiano Island

\* indicates a current member of the Audit Committee

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

## 2021-22 Highlights

As part of its ongoing responsibilities, FPC oversaw, through its Audit Committee, the completion of the annual financial statement audit for Islands Trust and Islands Trust Conservancy for the fiscal year ending March 31, 2021. The Audit Committee met with external auditors, KPMG LLP, to review their audit findings reports and initiated planning for the March 31, 2022, 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.

FPC facilitated Trust Council's development of the 2022/23 budget. The committee included recommendations on the amount to draw from surplus funds, the amount of the property tax requisition to Trust Area landowners, and the Bowen Island municipal tax levy based on Trust Council's Policy 7.2.6 Municipal Tax Requisition Calculation. As part of the budget development process, FPC reviewed the feasibility of completing all proposed projects in terms of available staff resources, and considered options to fund specific local trust committee projects via special tax requisitions. FPC also oversaw a public consultation on the draft budget. This year, thanks to increased promotion via social media, FPC saw a record number of responses; 1,256 members of the public went online to take the survey and spent an average of eleven minutes contributing their thoughts. FPC also offered the first webinar about the draft budget. In an effort to increase public awareness of Trust activities and understanding of Trust financials, FPC supported the creation of a tax notice insert which will be circulated by the Province of BC to all Trust area taxpayers with their rural tax notice.

The Salt Spring Island Local Trust Committee requested an additional special property tax requisition to coordinate the Salt Spring Island Watershed Protection Alliance, which Trust Council approved upon recommendation from FPC.

FPC provided quarterly financial updates on actual results and financial forecasts based on the second and third quarter to the Trust Council for information and review.

In addition to these annual committee activities, FPC has also begun review of potential cost recovery options for staff time spent reviewing building permits on behalf of other organisations.

# BRIEFING

**To:** Financial Planning Committee **For the Meeting of:** June 1, 2022  
**From:** Trust Area Services **Date Prepared:** May 26, 2022  
**SUBJECT:** **OPTIONS WITH REGARDS TO EARLIER CONSULTATION ON THE BUDGET**

## PURPOSE:

This briefing provides Financial Planning Committee (FPC) with information on an option for changing the draft budget public engagement process to give FPC longer time to consider public engagement results, and outlines potential additional avenues for research.

## BACKGROUND:

Under its Terms of Reference, FPC has responsibility for representing the interests of Council, Executive Committee, and Council Committees throughout the budget process, which includes designing the process for public input on the draft budget each year.

[Trust Council's Budget Process Policy](#) (6.3.1) provides a framework for the planning, preparation, presentation and approval of the annual budget bylaw and financial plan to ensure overall effectiveness and clarity for Trust Council's budget discussions and decision-making. The policy sets out the steps to plan and prepare the budget, and assigns responsibilities to various parties who contribute to the budget development. Interested and affected parties (termed stakeholders in the policy) and timelines are set out in appendices to the policy. Timelines set out in Appendix B are as follows and are consistent with how the budget consultation process has been delivered historically.

## Budget Process Policy APPENDIX B: Budget Timelines

August FPC Meeting	FPC reviews draft budget assumptions and principles.
October FPC Meeting	FPC reviews and discusses the first draft of the budget.
November FPC Meeting	FPC approves the draft budget, and the draft budget assumptions and principles to be submitted to December Trust Council.
December Trust Council meeting	Trust Council endorses the draft budget for the purposes of seeking public input and supports the draft budget assumptions and principles recommended by Financial Planning Committee.
January	Consult with Bowen Island Municipality regarding the municipal tax requisition calculation. FPC reviews public consultation materials at their January meeting. In order to meet the Trust Council's continued commitment to transparency and dialogue with the community, the Financial Planning Committee seeks public input on the draft budget.

February FPC Meeting	FPC reviews the draft budget and public input regarding the budget. FPC makes recommendations for March Trust Council on property tax requisition, Bowen Island Municipality tax levy and any local trust committee special tax requisitions.
March Trust Council Meeting	At its March regular business meeting, Trust Council approves the final budget and financial plan. Formal resolutions to direct the preparation of the financial plan and revenue anticipation borrowing bylaws will be made. Financial plan and revenue anticipation bylaws forwarded to Ministry of Municipal Affairs for approval.

In January 2022, following discussion about the potential benefit of FPC having longer time to consider the public engagement results, FPC passed the following resolution:

*That Financial Planning Committee request staff to provide options with regards to earlier consultation on the budget and budget process.*

Staff do not recommend engaging on a draft budget prior to approval of a draft budget by Trust Council in December so have identified only one option for engaging earlier. The current and alternative option are outlined below.

Month	Current budget consultation process	Alternate timeline that would enable FPC to get budget engagement results at their January meeting
	Concerns have been raised that this timeline gives FPC members only about a week to consider the public engagement results prior to making final budget recommendations to Trust Council. It also presents tight timeframes for staff to make final survey changes and to collate and redact survey results when there are open-ended questions.	While this approach provides FPC with more time to consider the budget engagement results <i>it also risks negative public feedback about engaging over the winter holiday period.</i> This timeframe gives staff about the same number of days (3-4 days) to collate results after survey closes.
<b>August</b>	FPC approves a project charter setting out the project timelines, consultation activities and budget.	FPC approves a project charter setting out the project timelines, consultation activities and budget.
<b>November</b>	FPC reviews draft communication materials (e.g. advertising plan, advertisements, social media posts and previous year's survey).	FPC reviews draft communication materials and draft survey (e.g. advertising plan, advertisements, social media posts and previous year's survey).
<b>December</b>	Trust Council approves a draft budget for consultation. Following this meeting, staff develop a draft survey for review and approval by FPC at its January meeting	Trust Council approves a draft budget for consultation. Following this meeting, staff develop an updated draft survey for review and approval via special meeting of FPC or by the Committee Chair



		<p><b>(post-TC):</b> FPC/FPC Chair approves/amends the draft survey with updated information/themes from the draft budget approved for consultation in December. A budget webinar could be held mid-December prior to the winter office closure.</p> <p><b>Mid-December:</b> Staff amend the survey as requested and launch the budget consultation period (runs for roughly 3 - 4 weeks throughout the winter holiday period).</p>
<b>January</b>	<p><b>Mid-January:</b> FPC approves/amends the draft survey with updated information/themes from the draft budget approved for consultation in December.</p> <p>Staff amend the survey as requested and, about two days after the FPC meeting staff launch the budget consultation period which typically is open for 16-17 days. In January 2022, FPC offered a webinar about the draft budget for the first time (six days after consultation period opened).</p> <p>(Note: consultation period constrained by February FPC agenda package deadline.)</p>	<p><b>Early January:</b> Survey closes and staff prepare the results for mid-January FPC meeting. FPC discusses the engagement results, updated budget information from staff, and additional inputs as required, and requests staff to make changes to the draft budget.</p> <p>(Note: consultation period constrained by January FPC agenda package deadline.)</p>
<b>February</b>	<p><b>Early February:</b> Survey closes and staff consolidate information for FPC's February meeting.</p> <p>FPC discusses the engagement results, updated budget information from staff, and additional inputs as required, and recommends an amended budget to Trust Council for consideration in March.</p>	<p>FPC discusses the engagement results, updated budget information from staff, and additional inputs as required, requests additional changes to the draft budget, and recommends an amended budget to Trust Council for consideration in March.</p>

Additional concerns about the budget engagement process that have been raised in past years include:

- Survey is not statistically reliable as participation is self-selected and there is no ability to limit the number of times an individual can respond.
  - FPC could request staff to research alternate engagement methods and prepare cost estimates. Depending on the method/software considered staff may need to prepare a public Request for Information process via BC Bid to develop cost estimates.
- Public has insufficient information to meaningfully answer the survey questions.
  - FPC responded to this concern by providing a budget webinar in the 2022/23 budget cycle.
  - In addition, the survey provided context for each question in the preamble to the question.
  - For the 2023/24 budget development process, time permitting, staff intend to create plain language project summaries to provide more information about proposed projects.
- The survey is too long.
  - FPC could request fewer questions.

**ATTACHMENTS:** None.

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**AVAILABLE OPTIONS:**

1. Request that staff prepare proposed amendments to Appendix B of the Budget Process Policy for approval by Trust Council to reflect the presented revised timeline that allows for FPC to receive budget engagement results in January of each year.
2. Request staff to research alternate budget engagement methods and provide options to FPC with cost estimates.

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**FOLLOW-UP:**

Staff will follow-up as directed.

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**Prepared By:** Clare Frater, Director, Trust Area Services, February 25, 2022  
**Reviewed By/Date:** Russ Hotsenpiller, Chief Administrative Officer/May 26, 2022



## REQUEST FOR DECISION

**To:** Financial Planning Committee      **For the Meeting of:** June 1, 2022  
**From:** Director, Administrative Services      **Date Prepared:** May 11, 2022  
**SUBJECT:** Work Program Update

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### RECOMMENDATION:

That Financial Planning Committee approve the proposed top priorities report [as presented or as amended], and forward it to Trust Council.

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

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### 1 PURPOSE:

To provide recommendations for amendments to Financial Planning Committee's Work Program – Top Priorities.

### 2 BACKGROUND:

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

### 3 IMPLICATIONS OF RECOMMENDATION

**ORGANIZATIONAL:** None.

**FINANCIAL:** None.

**POLICY:** None.

**IMPLEMENTATION/COMMUNICATIONS:** None.

**FIRST NATIONS:** None.

**OTHER:** None.

### 4 RELEVANT POLICY: NA

### 5 ATTACHMENTS:

1. Current FPC Work Program – Top Priorities
  2. Proposed FPC Work Program – Top Priorities
- 

### RESPONSE OPTIONS

#### Recommendation:

That Financial Planning Committee approve the top priorities report [as presented or as amended], and that the report be forwarded to Trust Council.

**Alternative:** None identified.

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**Prepared By:** Robert Barlow

**Reviewed By/Date:** Director Administrative Services/May 11, 2022

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## Financial Planning Committee

## Current

## Top Priorities Report

**1. Finalize 2022/23 budget and 5-year financial plan****Responsible****Dates**

Forward FPC's recommended 2022/23 budget to the March 2022 Trust Council meeting for approval.

Julia Mobbs

Rec'd: 16-Feb-2022  
Target: 31-Mar-2022

Prepare the 5-year financial plan and forward to the Minister for approval.

**2. Annual Financial Statements & Audit****Responsible****Dates**

Underway: Audit planning with the appointed auditors, KPMG LLP. Audit Committee meeting with KPMG on February 16, 2022.

Julia Mobbs

Rec'd: 16-Feb-2022

Upcoming: Preparation of financial statements and audit package for audit fieldwork in May 2022. Audit Committee meeting on June 1, 2022 with KPMG LLP to present audit findings.

Nancy Roggers

Target: 01-Jun-2022

**3. Financial Policy Review****Responsible****Dates**

Review selected Trust Council financial policies:

Julia Mobbs

Rec'd: 16-Feb-2022

·6.5.2 Budget Control and Adjustment Authority

Target: 31-Aug-2022

·6.3.2 Special Property Tax Requisitions

·7.2.1 Trustee Remuneration



# Proposed

## Top Priorities Report

### 1. Budget 2023/24: Draft 1 Review

Review Draft 1, version 1 of the 2023/24 budget on October 12, 2022  
 Review Draft 1, version 2 of the 2023/24 budget on November 30, 2022

#### Responsible

Clare Frater  
 David Marlor  
 Julia Mobbs

#### Dates

Rec'd: 01-Jun-2022  
 Target: 01-Dec-2022

### 2. Budget 2023/24 Public Consultation: Planning

Discussion of the Public Consultation plan begins at FPC's August meeting each year. Review of planned consultation materials and engagement platforms will continue at FPC's January meeting prior to consultation initiation that same month.

#### Responsible

Clare Frater

#### Dates

Rec'd: 01-Jun-2022  
 Target: 01-Jan-2023

### 3. Financial Policy Review

Review selected Trust Council financial policies:  
 ·6.5.2 Budget Control and Adjustment Authority  
 ·6.3.2 Special Property Tax Requisitions  
 ·7.2.1 Trustee Remuneration

#### Responsible

Julia Mobbs

#### Dates

Rec'd: 16-Feb-2022  
 Target: 20-Sep-2022