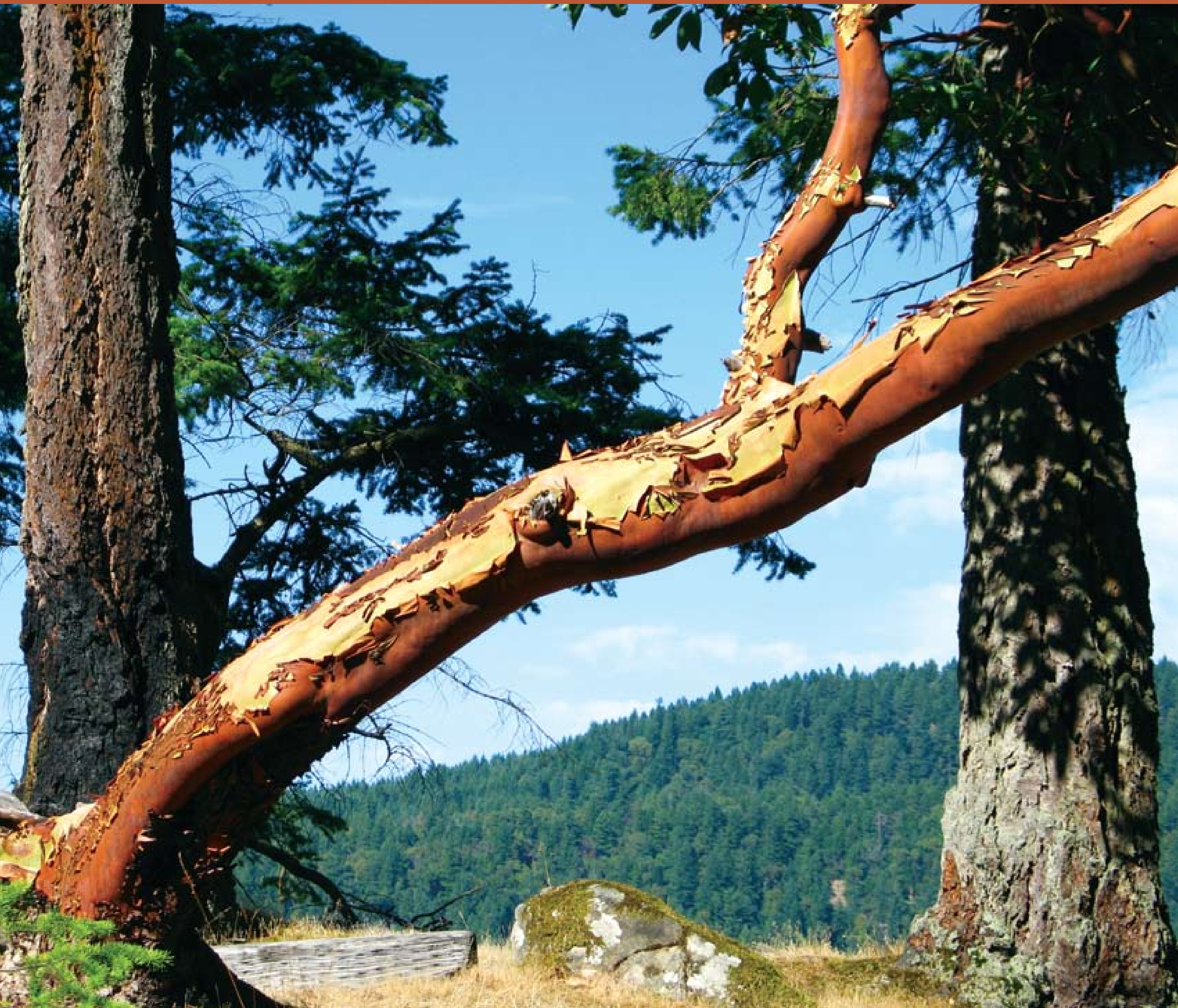
Islands Trust

Annual Report

2010-2011

Islands Trust

*Preserving **Island** communities, culture and environment*



Islands Trust **Annual Report** 2010–2011

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Message from the Islands Trust Council Chair

Achieving the Islands Trust mandate requires constant promotion of the values of this special region to other jurisdictions and regulatory agencies, and this year has been unusually busy on the advocacy front. Sometimes the threats to island life are fairly easy to understand, such as the impact of rising ferry costs, and sometimes they are complex, such as how to keep housing affordable and how to improve groundwater protection under the province's review of the *Water Act*.

This year Trust Council weighed in on many marine environment issues. We took positions on marine protected areas, derelict and abandoned vessels, freighters anchoring in Plumper Sound, improved protection of Glass Sponge Reefs, and most importantly, questioning BC's preparedness for oil spills from increased tanker traffic. One of the ways we strengthen our positions is by engaging with other local governments at the annual Union of BC Municipalities (UBCM) convention, and at the 2010 UBCM Convention, the Islands Trust:

- co-hosted a workshop called Finding Solutions for the Management of Derelict Vessels.
- Co-sponsored with local governments in the Association of Vancouver Island Coastal Communities a resolution seeking solutions for derelict vessels (the convention adopted the motion).
- Proposed a resolution *that the UBCM supports the establishment of a large, ecologically zoned National Marine Conservation Area Reserve in the southern Strait of Georgia* (the convention adopted the motion).

I also made a submission to the Senate Standing Committee on Fisheries on the Future of Lighthouses, and Executive Committee responded to the provincial government's *Water Sustainability Act* Policy Proposal.

With direction from Trust Council's strategic plan, we also worked hard for healthy island communities under such topics as affordable housing, food security and climate change. (See examples of our work under Executive Committee).

Community Stewardship Awards

Each year, the Islands Trust recognizes individuals and groups who support the Islands Trust mandate with significant contributions towards preserving the community, culture or the natural environment of an island. The recipients of Trust Council's ninth annual Community Stewardship Awards program were announced at our quarterly meeting on Saturna Island on June 17, 2010.

The Individual Awards recipients were Tekla Deverell of North Pender Island, for her gardening mentorship program for young people, and Patti Willis of Denman Island for preservation of the Denman Island environment. The Climate Change Award recognized Dorothy Cutting of Salt Spring Island, for the West Coast Climate Equity website and her climate change education work. Two additional Enduring Achievement awards were presented to Jon Guy of Saturna Island for his contributions to the vitality of Saturna Island's community life and to Sylvia Pincott of North Pender Island for preservation of the Pender Island environment.

The *Islands Trust Act*

On a more challenging note, this year there was increasing criticism of the Islands Trust legislation and mandate. The summer of 2010 was particularly busy with media interviews on the subject. We wondered whether there was a widespread shift in the support for the special legislation protecting the islands, and so in early 2011 we repeated an Ipsos-Reid poll last conducted in 2004. We were gratified to see that over 83% of British Columbians polled and 90% of islanders still want the islands to be protected from the development pressures facing other coastal communities.

We have since created new webpages explaining the history of the *Islands Trust Act,* all the amendments that have happened over the years, and how governance works at the Islands Trust. We welcome suggestions about how to continue improving and keeping the Islands special for all British Columbians.

Sheila Malcolmson, Chair, Islands Trust Council

Message from the Islands Trust Fund Board Chair

As a land trust committed to preserving and protecting the islands, the Islands Trust Fund tries to find the careful balance between protecting the sensitive ecology of the properties we care for, and allowing people to use and enjoy these natural areas. Human use is the biggest influence on island ecosystems, and we strive to find ways to preserve ecological integrity while also acknowledging community needs.

Occasionally, a site is so fragile that we have to exclude people from the landscape—some island habitats are extremely rare and vulnerable to even the slightest bit of trampling. But with so much of the islands privately owned, we understand that our communities are an integral part of what makes the islands special, and that people need opportunities to observe and appreciate the natural wonders of the islands.

This past year, the Trust Fund Board adopted a new vision for what we want the islands to look like in 50 to 100 years.

> *The Islands Trust Fund envisions the islands and waters of the Strait of Georgia and Howe Sound as a vibrant tapestry of culture and ecology where humans live and work in harmony with the natural world. This special place will have a network of protected areas that preserve in perpetuity the native species and natural systems of the islands. Engaged residents and conservation partners will work together to protect large natural areas and key wildlife habitat. Viable ecosystems will flourish alongside healthy island communities.*

To work toward this, we adopted seven new conservation goals for the islands in the new 2011-2015 Regional Conservation Plan (see page 8). One of those goals sets a new direction for the Islands Trust Fund—acknowledging that core conservation areas are only part of a biodiversity protection strategy and looking to find ways to support *working landscapes* such as agricultural, forestry and residential properties that allow both ecological and community needs to flourish. Landowners across the islands are finding different ways to meet human needs while also offering plants and animals protected homes. We hope to support their efforts.

The Islands Trust Fund is also working to encourage people to get involved in conservation. We see not only the need to integrate consideration for the environment into our everyday actions (e.g. naturalizing our properties with native plants or using less water), but also the need to integrate consideration of our communities into conservation. In partnership with the Islands Trust Fund, some islanders are leading the charge in driving conservation efforts in their communities. The Kikuchi family on North Pender Island protected their property with a conservation covenant, making sure the property remains forested and natural while also giving their children a sanctuary they can always enjoy (see page 5). The Sallas Forest Strata on Sidney Island is working to protect endangered species by tackling the non-native deer population (see page 6). The Lasqueti Island community is helping to restore parts of Mt. Trematon Nature Reserve by protecting hundreds of trees from browsing sheep (see page 6).

I encourage all islanders to consider how you can become involved in local land conservation. Learn about the rare species and ecosystems on your island, and share what you learn with your children, friends or neighbours. Join a community group involved in caring for local natural areas. Support land conservation with a donation of your time or money—every bit helps. We are so fortunate to live in this naturally beautiful islands' community. What can you do to help keep it that way?

Christine Torgrimson, Chair, Trust Fund Board

Message from the Chief Administrative Officer

The last year saw the fruition of many of the goals within Trust Council's strategic plan. The approval of new staff capacity led directly to improvements in our legislative, advocacy, bylaw enforcement and local planning services. Local planning services, in particular, were able to focus on complying with new provincial legislation around climate change and riparian area protection.

As our trustees and planners work with island communities to make island life ever more sustainable and to reduce our communities' carbon footprint, we are also working to reduce our organizational carbon footprint. We continue to reduce, reuse and recycle and, as of last year, compost our waste. Many employees routinely walk, cycle or take public transit to work, and even more make a special effort during Bike to Work week. Our use of paper is down from last year, organic waste has increased and our use of packaging, cans and other plastic has decreased.

Staff Appointments

We started this year on a sad note, as our valued co-worker and friend Valerie Sonstenes passed away suddenly on April 9, 2010. Valerie had joined the Islands Trust in 2006 as the planning secretary for the Northern Office. She was a trusted member of our Northern team who contributed a keen interest in planning work and consistent efforts to ensure work was completed in an accurate and timely way. She was also a dedicated shop steward with the BCGEU. In Valerie's memory, the Islands Trust made a contribution to the Gabriola Health Care Society, a preference expressed by Valerie's family.

In August of 2010, the Northern office welcomed a new Island Planner, Kaitlin Kazmierowski. Becky McErlean completed the team when she was promoted as the new Planning Secretary.

On Salt Spring Island, Stefan Cermak joined us in July 2010 to fill a newly-created Planner 1 position. Kristin Aasen joined the Salt Spring team as an Auxiliary Planner 1, covering for Justine Starke's parental leave.

Stephanie Somers joined us in June 2010, to serve in a new administrative support position in Bylaw Enforcement. The position also provides administrative support to the Director of Local Planning Services.

After more than 20 years with the Islands Trust, Brodie Porter retired in early 2011. Brodie had joined the Islands Trust on August 20, 1990 as a planning officer of the Southern team in Victoria. Brodie has worked on almost every island in the Islands Trust Area and became Regional Planning Manager in 2007. Throughout his career at the Islands Trust, Brodie has set a superb example of professionalism, compassion and mentorship. He was a respected and popular member of our staff.

Mac Fraser, who had been the Islands Trust's Director of Local Planning Services for four years, left the Islands Trust at the end of March 2011 to take on a new role as Chief Administrative Officer of the Powell River Regional District. During his time at the Islands Trust, Mac made significant improvements to our planning services. He led the 2007 review of our local planning unit that resulted in changes to internal management structure, improved staffing levels, improvements to bylaw enforcement and important and sustained improvements to staff engagement.

David Marlor was confirmed as the new Director for Local Planning Services and will assume this role on April 1, 2011. David started with the Islands Trust as Planner in the Salt Spring Island office in 1995, gaining a broad range of experience in island planning. In 1997, he accepted the position of Senior Planner in the Victoria office. That position evolved considerably over the years, as he took on responsibilities as Regional Planning Manager for the northern islands and more recently for the southern islands. Prior to working at the Islands Trust, David held planning positions with a number of organizations both private and public, including City Spaces Consulting and Alberta Municipal Affairs. He has a Diploma in Urban and Regional Planning, a Bachelor of Arts in Honours Geography and a Master of Arts from the University of British Columbia's School of Community and Regional Planning.

Staff Recognition Awards

At the December 2010 meeting of Trust Council, I had the pleasure of presenting the fourth annual staff recognition awards. Our staff recognition award program was developed by staff to recognize the achievements and contributions of their colleagues.

The Service Excellence Award goes to an individual who provides excellent customer service (internally or externally), is courteous, cooperative and dependable, assists others and is an excellent team member. There were three nominations for the award this year. The winner of the Islands Trust Service Excellence Award for 2010 was Northern Office planner Courtney Campbell for outstanding commitment to excellence in service, her professionalism, energy and enthusiasm.

The Excellence in Leadership Award is for an individual who encourages teamwork, empowers the team, mentors staff and communicates well. The 2010 recipient of the Islands Trust Excellence in Leadership Award was Trust Fund manager Jennifer Eliason for her excellence in building trust among team members through her honesty, respectful nature, and her "lead by example" approach to her work.

The Exceptional Team Effort Award goes to a regular or ad hoc team, or to a special team formed for a project. It is awarded for "exceptional effort beyond standard performance; effort that exceeds normal expectations; and for overcoming major challenges." Selecting the winner of the 2010 award was a particularly challenging task and two teams were selected:

> **The Trust Fund Team** with: Christine Pritchard, Jeff Ralph, Kate Emmings, Natalie Tamosiunas and Nuala Murphy because of their ability to accomplish amazing things and their commitment to protecting special ecosystems in the Islands Trust Area.
>
> **The Northern Team** with: Courtney Campbell, Marnie Eggen, Jacquie Hill, Chris Jackson, Kaitlin Kazmierowski, Becky McErlean, Peter Phillips, Linda Prowse, Theresa Vieau and Sonja Zupanec for demonstrated courage, sensitivity, strength and the best of human qualities through a difficult time when a colleague passed away.

The Champion Award goes to a staff member who champions the Islands Trust Policy Statement or strategic goals and has demonstrated this through a project or actions. After seventeen years with the Islands Trust, I was very surprised and honoured when staff nominated me and decided to give me this award in 2010. It continues to be an honour to serve this magnificent region and to work with all the people who work hard every day to keep it magnificent.

Linda Adams, Chief Administrative Officer

The Islands Trust Area

The Trust Area covers the islands and waters between the British Columbia mainland and southern Vancouver Island, including Howe Sound and as far north as Comox, with the exception of Texada Island. It is approximately 5200 square kilometres (2000 square miles) in size and has a resident population of approximately 25,000.

Located in the Strait of Georgia and Howe Sound, the Trust Area is a unique and special place—a scenic archipelago of 13 large islands and more than 450 smaller islands and islets. The area provides habitats for an exceptional variety of species: more than 200 types of migratory and resident birds and numerous species of fish and other marine and inter-tidal life, terrestrial wildlife and vegetation. Outstanding scenery and recreational resources include panoramic viewpoints, sheltered bays, protected marine waterways and anchorages, all of which contribute to the beauty, appeal and tranquility of this area.

The unique natural environment of the islands in the Strait of Georgia and Howe Sound has given the area national recognition. Realizing this, the government of British Columbia enacted special protective legislation in 1974 entitled the *Islands Trust Act*. The *Act* states that the object of the Islands Trust is 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 British Columbia generally, in cooperation with the municipalities, regional districts, improvement districts, other persons and organizations, and the government of British Columbia".

Organization & Responsibilities

The Trust is a unique federation of independent local governments, including the Bowen Island Municipality, which plan land use and regulate development in the Trust Area. Like other communities in British Columbia, island communities elect their local representatives every three years.

Two local trustees are elected for each group of islands designated as a local trust area or island municipality. For the twelve local trust areas, the two local trustees, together with an appointed chair from the Executive Committee, are responsible for the land use decisions within their local area. For the Bowen Island Municipality, the two local trustees are part of a seven-member council that is responsible for all functions of a local government, including land use decisions. Unlike the Bowen Island Municipal Council, each local trust committee has jurisdictional authority for the smaller islands and water that surround the major island in that local trust area.

The Islands Trust consists of a number of distinct corporate entities: the Trust Council, Executive Committee, twelve local trust committees and Trust Fund Board. The Bowen Island Municipality is also located within the Islands Trust Area. Two municipal trustees represent the Bowen Island Municipal Council on Trust Council. The Bowen Island Municipal Council has responsibilities related to the *Islands Trust Act*.

The Islands Trust Council

The twenty-six member Trust Council establishes general policies for carrying out the object of the Islands Trust. The Council also adopts an operational budget for the Islands Trust and manages the financial undertakings of all parts of the Islands Trust except for the Trust Fund, which manages its own operations. Trust Council appoints staff and auditors and adopts an annual budget. Tax levies on properties within the Trust Area are the primary funding source for the operations of the Islands Trust; additional revenue comes from a provincial grant and development application fees.

The *Islands Trust Act* requires Trust Council to implement an Islands Trust Policy Statement that is applicable to the whole Trust Area. The Minister of Community Services must approve the Policy Statement before it is adopted. The Policy Statement provides broad policy guidelines for Trust Council, the Trust Fund Board and the local trust committees and island municipality regarding the protection of ecosystems, the stewardship of resources and the promotion of sustainable communities. The positions and philosophy of Trust Council contained in the Policy Statement also constitute a policy framework for reference by the public and other agencies such as the regional districts of the Trust Area, the Province and its agencies.

Trust Council has three standing committees of trustees—the Local Planning Committee, Trust Programs Committee and Financial Planning Committee—which provide policy advice to Trust Council on issues referred by the Council and on committee initiatives.

Executive Committee

The Executive Committee comprises the Chair of the Islands Trust Council and three Vice-Chairs, all of whom are elected for a three-year term by Trust Council from among its members. The Executive Committee carries out the daily business of the Islands Trust and reviews the bylaws of local trust committees to ensure compliance with the Islands Trust object and the Policy Statement. The Executive Committee also acts as a local trust committee for a particular part of the Trust Area that is not included in any of the local trust areas or the island municipality.

Executive Committee
Sheila Malcolmson, Chair, Gabriola Island
Louise Bell, Vice-Chair, Denman Island
Peter Luckham, Vice-Chair, Thetis Island
Gary Steeves, Vice-Chair, North Pender Island

Local Trust Committees / Island Municipality

A local trust committee exists for each group of islands designated as a local trust area under the *Islands Trust Act,* except for Bowen Island, which is an island municipality.

Each local trust committee has three members—two locally elected trustees and one Executive Committee member who serves as Chair. A local trust committee is responsible for land use planning and regulation for its area of jurisdiction. The responsibilities include preparation and adoption of Official Community Plans, Land Use Bylaws, zoning and subdivision bylaws, regulation of soil removal and deposit, and authorization of permits under Part 26 of the *Local Government Act*.

The Bowen Island Municipality is served by a seven-member Council which holds broad municipal powers including land use planning. Two of the municipal councilors are elected to Trust Council by the community.

The *Islands Trust Act* requires all local trust committees to submit all bylaws to the Executive Committee for approval before they can be adopted. Island municipalities must submit an Official Community Plan to the Executive Committee for approval before adoption. Any island municipality bylaw that refers to matters included in the Islands Trust Policy Statement also requires Executive Committee approval. The *Islands Trust Act* and municipal letters patent establish the necessary procedures, should the Executive Committee find a bylaw at variance or contrary to the Policy Statement.

Trustees of the Islands Trust

Bowen
Alison Morse, Nerys Poole

Denman
Louise Bell, David Graham

Gabriola
Deborah Ferens, Sheila Malcolmson

Galiano
Louise Decario, Sandy Pottle

Gambier
Joyce Clegg, Jan Hagedorn

Hornby
Fred Hunt, Tony Law

Lasqueti
Jen Gobby, Susan Ann Morrison

Mayne
Jeanine Dodds, Colin Shew

North Pender
Derek Masselink, Gary Steeves

Salt Spring
George Ehring, Christine Torgrimson

Saturna
John Money (until October 7, 2010),
Dian Johnstone (from February 15, 2011)
Beverley Neff

South Pender
David Greer, Wendy Scholefield

Thetis
Sue French, Peter Luckham

Trust Fund Board

The Trust Fund Board is comprised of six members: two trustees elected by Trust Council, one trustee appointed by the Executive Committee and three members appointed by the Minister of Community Services for terms of one to three years.

As the conservation land trust of the Islands Trust, the Islands Trust Fund acquires and manages land for conservation, receives donations of land, conservation covenants and cash to help preserve places of natural significance or cultural value within the Trust Area, and undertakes stewardship education activities. The Islands Trust Fund provides tax receipts for all eligible donations.

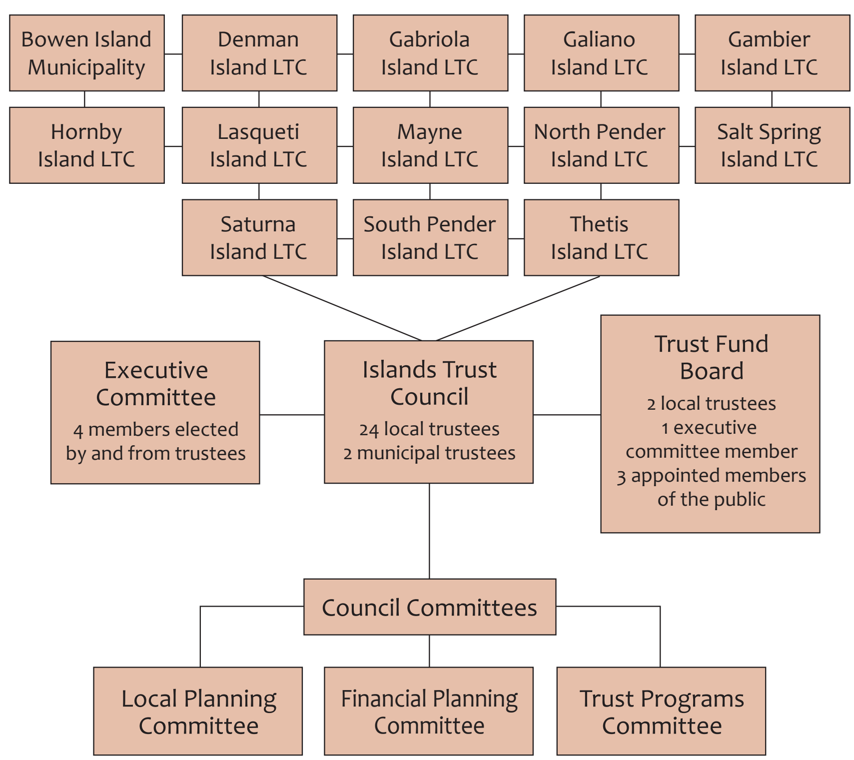
Every five years, the Trust Fund Board prepares an Islands Trust Fund Plan for approval by the Minister of Community Services, to establish policies regarding the operations of the Islands Trust Fund. In 2010, the Trust Fund Board adopted the 2011-2015 Regional Conservation Plan, which will help the Islands Trust Fund and its partners to focus limited resources on the areas and projects that yield the greatest benefit to biodiversity in the islands.

Trust Fund Board Members

Christine Torgrimson, Chair, Salt Spring Island (December 2008 – present)
Louise Bell, Denman Island (December 2008 – present)
Nerys Poole, Bowen Island (December 2008 – present)
Dereck Atha, Mayne Island (Appointed Member, June 2010 – present)
Michael Dunn, Mayne Island (Appointed Member, January 2008 – present)
Robert Grant, Vancouver and Denman Island (Appointed Member, July 2009 – present)

Islands Trust Legislative Structure

Local Trust Committees and Island Municipalities



Annual Report 2010-2011

Accomplishments

Strategic Plan for the 2008–2011 Term

Trust Council uses a strategic plan to set priorities and goals for each term. A strategic plan was adopted in September 2009 and updated March 24, 2010 to align Council's strategic priorities with its budget. The goals for this term are:

Goal 1 Ecosystem Preservation and Protection

We can create a legacy for the future by preserving and protecting the most significant parts of our natural environment:

- We will identify and protect our most significant riparian areas.
- We will improve the identification and protection of island biodiversity, as well as our most sensitive environments, and significant natural areas.
- We will work to reduce greenhouse gas emissions, both by managing our internal operations and by fostering energy-efficient communities in our land use decisions.

Goal 2 Stewardship of Island Resources

We will work to steward island resources, and to ensure that the scale, rate and type of development is compatible with the maintenance of island ecosystems.

- We will use land use planning tools to address the sustainability and quality of freshwater resources.
- We will support initiatives to achieve reliable, adequate and sustainable funding for the Trust Fund Board, our conservation land trust.
- We will take steps to advance good management of coastal areas, by encouraging landowner stewardship and by considering new planning tools.

Goal 3 Sustain Island Character and Healthy Communities

We recognize that the health of our communities is improved if our islands are safe and secure, if there is strong public involvement in decision-making, and if we accommodate people of differing age groups and income levels.

- We will work to support and restore socio-economic diversity with strategies for affordable, accessible and appropriate community housing.
- We will work to understand and minimize the negative effects that climate change could have on island communities.
- We will cultivate community engagement and participation in land use planning.

Goal 4 Organizational Effectiveness

Our island communities need effective and efficient government services.

- We will continue our work to provide services on an increasingly cost-effective basis.
- We will encourage recognition and support of the Islands Trust object by our communities and by other agencies and levels of government.

Trust Council's work flows from this strategic plan. A copy of the complete plan is available on the Islands Trust web site at: www.islandstrust.bc.ca/tc/pdf/tcstrategicagenda2008-2011.pdf

Executive Committee

The Executive Committee has a variety of responsibilities. In addition to the responsibilities of individual members serving as chair of local trust committees, the committee advocates for Trust Council, plans and promotes communications for the Islands Trust, liaises with the provincial government and conducts other functions as directed by Trust Council.

Executive Committee Advocacy

In response to concerns raised by communities through their elected trustees, Trust Council passed several resolutions in 2010–2011 and the Executive Committee took action accordingly.

Support for Island Communities

The Future of Lighthouses

On November 17, 2010 the Islands Trust Chair made a submission to the Senate Standing Committee On Fisheries And Oceans to support light keepers in light stations. Two staffed light stations remain in the Islands Trust Area: Chrome Island at the south end of Denman Island, and Entrance Island on the north tip of Gabriola Island. Chair Malcolmson expressed concern that de-staffing light stations will have a detrimental effect on public and environmental safety and the heritage values of lighthouse sites. She advocated that all staffed Canadian light stations should remain staffed, as light keepers provide invaluable services to mariners, aviators and island communities.

Based on input from stakeholders and communities, the Senate Committee completed a report in December 2010, which is highly critical of the plan to de-staff light stations. The report can be read in full at www.islandstrust.bc.ca/news/chaircorrespondence10.cfm

Water Sustainability Act

In February 2011, the Islands Trust Executive Committee responded to the provincial government's Water Sustainability Act Policy Proposal. The Executive Committee provided recommendations on bulk water extraction, salt water intrusion, hydro-fracturing and water conservation measures such as rainwater and grey water catchment and storage and followed up on the recommendations in a meeting with Environment Minister Murray Coell.

Support for the Marine Environment

Glass Sponge Reefs

At the request of the Galiano LTC, Chair Malcolmson wrote to the Honourable Gail Shea, Minister of Fisheries and Oceans, suggesting that glass sponge reefs should be protected by closing the area around the Galiano Reef (and others like it) to bottom trawling and other harmful fisheries. The glass sponge reefs are in need of urgent protection while the Islands Trust works with its provincial and federal counterparts on the establishment of a National Marine Protected Area for the Salish Sea. Citing the level of protection given the glass sponge reefs in the Hecate Strait, Chair Malcolmson's letter urged that the same or better protection be provided in the south.

A response from the Minister was received in November, referring to the Coldwater Coral and Sponge Conservation Strategy which was expected to be released that fall, and affirming that DFO had provided updates to the shrimp trawl and prawn-by-trap sectors regarding the locations and sensitivities of the glass sponge reefs in the Georgia Strait.

Marine Shipping Safety

Traffic in local waterways is predicted to increase as the provincial and federal governments press for more shipping activity through their Pacific Gateway and Asia-Pacific Gateway programs, and industry seeks to increase oil export by way of tankers on the West Coast. Increased marine traffic is accompanied by a growing risk of a hazardous material spill.

An information session at the June Trust Council meeting on Saturna Island introduced trustees to the state of shipping in the region and warned of BC's poor preparedness for oil spills. The presenting panel consisted of Captain Stephen Brown, President, BC Chamber of Shipping, Fred Felleman, Marine Consultant, Graham Knox, Manager, Environmental Emergencies, BC Ministry of Environment, Oonagh O'Connor, Marine Shipping Safety Advocate, Jim Lawson, Regional Director, Transport Canada, Yoss Leclerc, Director, Operations and Security, and Harbour Master, Port Metro Vancouver, and lastly, Captain Kevin Obermeyer, President and CEO, Pacific Pilotage Authority. Following this session, Trust Council amended its strategic plan to make protecting the marine environment the top priority of its advocacy program. Council's activities will include influencing federal and provincial policies on marine shipping safety and oil spill prevention and response. The session was digitally recorded.

In September, the Islands Trust supported resolutions endorsed by the Union of BC Municipalities to ban off-shore oil and gas exploration and development, to oppose any expansion of bulk crude oil tanker traffic on the north coast, and to oppose bitumen being shipped in pipelines across northern BC for loading onto crude oil tankers.

Islands Trust Council Chair Sheila Malcolmson and Richard Fralick, Chair of the San Juan County Council, jointly drafted a letter addressed to Admiral Robert J. Papp, Jr., Commandant of the United States Coast Guard; Marc Grégoire, Commissioner, Canadian Coast Guard; the Honourable Chuck Strahl, Canadian Minister of Transport, Infrastructure and Communities; and the Honourable John Baird, Canadian Minister of the Environment. The letter requested that the US Coast Guard, Canadian Coast Guard, Transport Canada and Environment Canada begin discussions in 2011 to review comparability of their maritime safety standards, and develop compatible regulations on both sides of the border to provide the best oil spill protection possible for the Salish Sea.

Abandoned Marine Vessels

At the September 2010 UBCM Convention, the Islands Trust co-hosted a well-attended workshop called Finding Solutions for the Management of Derelict Vessels, which brought together representatives from all levels of government and focused on possible solutions to the derelict vessel issue. At the convention, Islands Trust representatives met with the Honourable Pat Bell, Minister of Forests, Mines and Lands, and representatives from Bowen Island Municipality, the District of Central Saanich, the District of Sooke and the Honourable Murray Coell, MLA for Saanich North and the Islands. Islands Trust representatives cited specific problems local governments have encountered with the current framework for dealing with problem vessels, barges and docks, and requested Minister Bell's support for federal/provincial cooperation to develop a new approach to the issue.

Following the workshop and meetings at the UBCM conference, letters to the Honourable Steve Thomson, Minister of Natural Resource Operations, and to the Honourable Murray Coell, Minister of Environment, re-iterated the urgency of the issue.

Vessel Testing Project in Plumper Sound

On April 1, 2010, Golder Associates Ltd. proposed conducting a vessel wave modelling and performance trial in Plumper Sound to test a U.S. "fast ferry." After hearing strong objections to this proposal from the citizens and local trust committees around Plumper Sound, Chair Malcolmson sent a letter relaying concerns about the proposed vessel testing project. As of 2011, the project has not been approved due to concerns raised by Canadian regulatory agencies such as the Federal Department of Foreign Affairs and International Trade.

National Marine Conservation Area Reserve (NMCAR)

The Islands Trust introduced the following resolution, which was supported at the September 2010 Union of BC Municipalities (UBCM) convention:

> *WHEREAS the Southern Strait of Georgia in British Columbia is an ecologically, economically, and culturally rich area that contains the critical habitat of the endangered southern resident orca and is being harmed by a variety of human activities;*
>
> *AND WHEREAS the government of British Columbia and Parks Canada agreed in 1995 under the Pacific Marine Heritage Legacy to undertake a study to assess the feasibility of protecting and managing this area as a National Marine Conservation Area Reserve (NMCAR) under the Canada National Marine Conservation Areas Act, and have been engaged in the feasibility study since 2004:*
>
> *THEREFORE BE IT RESOLVED that the UBCM supports the establishment of a large, ecologically zoned NMCAR in the southern Strait of Georgia from the proposed southern end of Haro Strait, up to and including, Gabriola Passage, and urge immediate action from the provincial and federal governments to proceed on this initiative while respecting First Nations interests in the area."*

The response from the provincial Ministry of Environment was:

> "The Province recognizes that there are areas within the study area that would benefit from increased levels of protection. We are working collaboratively with the Federal Government on options available to provide that protection. Additional work is required to understand the views of affected First Nations, and to determine the implications of transferring provincially owned seabed to Canada. It is important to gather all the necessary information to support a decision, given the many provincial interests that are potentially affected by the proposal."

Support for the Environment

BC Species at Risk

The Islands Trust participated in a Species at Risk Local Government Working Group which prepared a discussion paper for the Task Force. In addition, Trust Council prepared a separate submission expressing hope that the Task Force's report "be rooted in the need to find a balance between the need to study, inventory and map species at risk, and the need for the Province of British Columbia to show strong leadership by taking, and enabling others to take, meaningful, timely actions that provide strong protection for the ecosystems and critical habitats that
support species at risk." The Islands Trust submission suggests specific measures on environmental management, provision of the regulatory framework, effective First Nation and stakeholder communications and engagement, and private land stewardship.

Letters from the Islands Trust Council Chair as well as submissions by the Executive Committee can be read in full at this link: www.islandstrust.bc.ca/news/chaircorrespondence10.cfm

Minutes of all Trust Council meetings, including resolutions, are on-line at www.islandstrust.bc.ca/tc/minutes.cfm.

Other Executive Committee Highlights

San Juan County

At their June 2010 meeting on Saturna Island, members of Islands Trust Council and the San Juan County Council exchanged information and discussed areas of mutual interest, including climate change, the Green Shores for Homes program, mapping of forage fish spawning beaches, affordable housing and the International Year of Biodiversity. Among the outcomes of the meeting was the joint request to the US Coast Guard, Canadian Coast Guard, Transport Canada and Environment Canada to collaborate on providing the best oil spill protection possible for the Salish Sea. (see under Executive Committee – Advocacy.)

Bowen Island Municipality

Trust Council meets with Bowen Island Municipality, the only municipality within the Islands Trust Area, at least once a term to discuss issues of mutual interest.

At the joint meeting in September 2010, agenda items included the Natural Area Protection Tax Exemption Program, the new national park proposed for Bowen Island, a presentation on the Islands Trust mapping program, and amendments to the Protocol Agreement between Bowen Island Municipality and the Islands Trust.

The agreement, originally signed in 2000, now includes additional text and flowcharts to clarify bylaw approval processes. Council approved the amended Protocol Agreement, which was consequently signed by the Minister of Community and Rural Development in January 2011. The agreement is posted at www.islandstrust.bc.ca/tc/pdf/orgagrsep142010oth.pdf

2010 Union of British Columbia Municipalities

The annual UBCM convention allows Islands Trust representatives to meet, and share ideas with MLAs and Electoral Directors. Chair Sheila Malcolmson and Vice-Chairs Louise Bell, Peter Luckham and Gary Steeves represented the Islands Trust Council; Bowen Island Municipal Trustee Alison Morse attended on behalf of Bowen Island Municipal Council and Islands Trust; Chief Administrative Officer Linda Adams also participated.

Islands Trust representatives met with MLAs Don McRae (Liberal), Comox Valley; Nicholas Simons (NDP), Powell River Sunshine Coast; Murray Coell (Liberal), Saanich North and the Islands; and Electoral Area Directors Bruce Jolliffe, Comox Valley RD Area A (Hornby and Denman LTAs), Mel Dorey, Cowichan Valley RD Area G (Thetis LTA), Garry Nohr, Sunshine Coast RD Area B (Gambier LTA), Lee Turnbull, Sunshine Coast RD Area F (Gambier LTA), Merrick Anderson, Powell River RD Area E (Lasqueti LTA), and Garth Hendren, Capital RD (Salt Spring LTA).

Formal Complaints Received

Islands Trust policy requires the reporting of any administrative fairness complaints received each year. There were 8 complaints in 2010–2011 regarding trustee and staff practices during processing of applications and during OCP consultation. All issues were investigated and addressed and complainants were advised of the outcome.

Bylaw Approvals

All local trust committee bylaws are considered by the Executive Committee in light of Islands Trust policies and procedures, and for bylaws that affect land use, reviews compliance with the Islands Trust Policy Statement. The Executive Committee also comments on land use bylaws and considers approvals of Official Community Plan bylaws for Bowen Island Municipality.

In 2010–2011, the Executive Committee approved fifty bylaws.

Presentations to Trust Council

Trust Council heard presentations during Trust Council quarterly meetings:

- by the BC Farm Industry Review Board to provide trustees with an introduction to the role of the board;
- by the Capital Regional District to show trustees a series of visitor education videos;
- by the Trust Fund Board on governance, jurisdiction and successes; and
- by Salt Spring Island Local Trustee Christine Torgrimson about Salt Spring Island activities related to the reduction of greenhouse gases.

Delegations Addressing Council in 2010–2011

At the June 2010 meeting, Andrée Fredette addressed Council as a spokesperson for Saturna Island Property Owners' Association (SIPOA) regarding the increasing use of Plumper Sound (between Saturna, North and South Pender, and Mayne islands in the distance) for commercial/industrial activity.

At the September 2010 Council meeting, Bridget Davison and Brian Williams, Keats Island spoke in support of protecting public beaches in the Islands Trust Area.

At the December Council meeting in Victoria, Gulf Islands Alliance Chair Misty MacDuffee addressed trustees regarding the impact of carbon trading on land use, and customizing the standard oath of office to include the Islands Trust mandate. Also, Dr. Tom Varzeliotis addressed Trust Council on a variety of issues including the Islands Trust's administrative fairness complaint system, support for audio recording as a form of record keeping, concerns with ALR applications and Section 946 of the *Local Government Act,* and Islands Trust's jurisdiction over shoreline boundaries.

At the March 2011 Council meeting, Council heard a presentation by David Maude of Mayne Island regarding control of the deer population on the islands. Julia Lucich, on behalf of the Transparency and Accountability in Governance Team, addressed trustees regarding issues including accessibility of agenda packages on the website, timing of meetings, and climate change. Presentations regarding the proposed 2011–2012 budget were made by the Saturna Island Property Owners Association represented by Bernie Ziegler and Ron Hall; Pender Island resident Mike Aston; and John Quesnel, Mike Best and Tim O'Connor on behalf of the Salt Spring Island Chamber of Commerce. Pender Islander Bruce Pendergast provided his perspective on the issue of short term vacation rentals on North Pender Island. On behalf of the Galiano Trails Society, Bowie Keefer provided a Power Point presentation on how hiking and trail networks can be extended on each island and be interconnected with foot passenger ferry links. Barbara Grimmer spoke on behalf of the BC Farmland Defense League regarding agriculture in the Trust Area.

Community members can present as a delegation to the Council or participate in a town hall session, which is a forum held regularly to promote informal dialogue between islanders and trustees. Meetings of local trust committees are also open to the public. In addition, many residents and property owners become directly involved by becoming members of advisory commissions.

Information on ongoing activities is available from notice boards on the islands, in island newspapers and newsletters, from the local trustees and Islands Trust staff and through the Islands Trust electronic newsletter. Those interested may also subscribe to the Islands Trust electronic news service and visit the Islands Trust website at www.islandstrust.bc.ca.

In 2010–2011, the Executive Committee approved fifty bylaws.

Trust Area Services Highlights

Communications

News Releases

The Islands Trust issued 29 news releases in 2010–2011 on subjects including bylaw enforcement, public input on the annual budget, quarterly Islands Trust Council meetings and agendas, land conservation activities, Community Stewardship Awards, special initiatives, court decisions and staff appointments. Islands Trust news releases are distributed to local media throughout the Islands Trust Area and outlying media interested in the area, other elected officials, and other interested agencies and governments, as well as subscribers to the Islands Trust electronic distribution service.

E-News

Three issues of the Islands Trust electronic newsletter, subscribed to by more than 1000 people, were distributed during 2010–2011. The newsletter is designed for everyone interested in the activities of the Islands Trust. To subscribe, please visit www.islandstrust.bc.ca/subscribe/default.cfm.

Electronic Subscribers

Anyone may subscribe to e-mail notifications of information including news releases, chair correspondence, local island updates, the quarterly E-News, meeting schedules and new publications. Nearly 2000 subscribers take advantage of this service. To subscribe to one or more topics, go to: www.islandstrust.bc.ca/subscribe/default.cfm

Islands Trust Website

At its final meeting in the fiscal year, Trust Council approved $40,000 to upgrade the Islands Trust website for improved customer service and a more open and transparent government. Trust Area Services staff have been developing a list of requirements and studying other local government websites and will seek competitive bids early in the next fiscal year from firms that understand the need for greater on-line public engagement. The Islands Trust now has a twitter feed under the user name Islands Trust.

Ipsos Reid Poll

In response to public questions and a petition questioning the relevance of the Islands Trust Act, the Islands Trust contracted Ipsos-Reid to repeat a public opinion survey from 2004. The results of the March 2011 poll indicate strong province-wide and Trust Area support for preserving and protecting British Columbia's Gulf Islands. Across BC, at least 83% of respondents agree the Gulf Islands should be protected from overdevelopment, and that the BC government should take action to make sure the Gulf Islands are preserved and protected; within the Islands Trust Area, agreement rises to 90%. There is strong agreement, both provincially and locally, that tourism should be managed to protect the islands' unique environment, and that mining, clear-cut logging, large tourist developments and fish farms should not be allowed. Full details are on the Islands Trust website at www.islandstrust.bc.ca/tc/pdf/opinionpollresults2011.pdf

Video Project

With a grant from the Government of Canada's New Horizons for Seniors Initiative, the Islands Trust is creating three short videos on the past, present and future of the Islands Trust. Guided by a citizen project advisory committee and by project partner Gulf Islands Film and Television School, the videos are intended as a lasting testament to civic leadership and will provide information about the Islands Trust to islanders, new trustees, staff, newcomers and other interested groups. Filming is scheduled for the fall of 2011.

Grants Administration

The Islands Trust pursues funding opportunities for projects which link to its strategic priorities. Grants can be initiated by staff, trustees or community partners, who often collaborate on funded projects. This year, Trust Council asked for an evaluation of the grants administration program and was satisfied that the program was successful enough to justify making the part-time grants administrator position permanent starting in April 2011. Since establishing the part time position in 2009, the grant revenue raised annually has increased from $16,500 in 2006–2007 to $130,000 in 2010–2011.

We thank the following funders for supporting the Islands Trust and island communities during 2010-2011:

- Investment Agriculture Foundation of British Columbia: Denman Island Agriculture Strategy
- Pacific Climate Impacts Consortium: Green Shores for Homes Program
- The Real Estate Foundation of British Columbia: Salt Spring Community Affordable Housing Strategy and Green Shores for Homes Program
- Solar BC: Community Energy System on Lasqueti Island and Promotion and Facilitation of Solar Hot Water on Salt Spring Island
- Stewardship Council for BC: Green Shores for Homes Program
- Service Canada's New Horizon for Seniors Program: Intergenerational Video Project
- Union of BC Municipalities: Seniors Housing Strategy on Salt Spring Island and Senior's Community Gardens on Salt Spring, Thetis and Denman Islands.

Natural Area Protection Tax Exemption Program

The Natural Area Protection Tax Exemption Program (NAPTEP) provides landowners who volunteer to permanently protect natural features of their land through conservation covenants the opportunity to receive a 65% exemption in property taxes on the protected portion of their land. NAPTEP was first introduced in 2005 in the Sunshine Coast and Capital Regional Districts. In 2009 and 2010 it was expanded to the Cowichan Valley and Comox Valley Regional Districts and Regional District of Nanaimo. In 2010, the Powell River Regional District agreed to the implementation of NAPTEP on the islands within their jurisdiction (Lasqueti Island Local Trust Area). The Islands Trust Fund rolled out the program on Lasqueti Island in early 2011 with a communications and outreach campaign.

In 2010, the Province amended the *Islands Trust Act* to make properties within island municipalities eligible for the NAPTEP program. Staff are now taking the next steps to include Bowen, Bowyer and Passage Islands in the program.

In 2010-2011 Trust Council issued one Natural Area Exemption Certificate. The Bachmann Covenant on Gabriola, originally donated in 2005, was converted to a standard NAPTEP covenant in 2010. The covenant protects 2.1 hectares of land with geological features and a Douglas-fir and arbutus forest.

There are currently nineteen properties in the Natural Area Protection Tax Exemption Program. In total, 69 hectares (170 acres) of private land are now protected through the program.

Local Planning Services Highlights

Food Security

In 2010, the Islands Trust initiated a project to address the issue of food security in the Islands Trust Area and provide public education through the creation of a food security guidebook to local trust committee and an associated web page which can be viewed at www.islandstrust.bc.ca/foodsecurity/foodsecurityhome.cfm. The report, "Food Security in the Islands Trust Area", reviewed world, national and regional food security issues and makes recommendations for policy amendments to encourage and incorporate food security in planning decisions. At the December 2010 Trust Council meeting, a series of resolutions were passed aimed at supporting local food security through decisions about land use planning, regulation and advocacy. Council also resolved to ask the Trust Fund Board to explore the feasibility of establishing a farm land trust.

Affordable Housing

Trust Council's Community Housing Task Force continued to implement the Community Housing Tool Kit and Seniors' Housing Strategy by assisting local trust committees developing community housing policies.

Trust Council Advisory Committees

Every term, members for three standing committees of the Islands Trust Council are appointed by the Chair to advise the Council on policy matters.

Local Planning Committee

Members
George Ehring, Salt Spring Island, Chair
Joyce Clegg, Gambier Island
David Graham, Denman Island
Jen Gobby, Lasqueti Island
Louise Decario, Galiano Island
Fred Hunt, Hornby Island
Tony Law, Hornby Island
Derek Masselink, North Pender Island, Vice Chair
John Money, Saturna Island (Until Oct 2010)
Gary Steeves, North Pender Island, Executive Committee Representative
Sheila Malcolmson, Gabriola Island, Ex Officio Member

The Local Planning Committee initiated work on integrated shoreline mapping and the Green Shores for Homes project in partnership with San Juan County and Seattle. The shoreline mapping project expands mapping undertaken as a pilot for Thetis Island that categorizes the shoreline and is designed to develop similar mapping for the major islands in the Trust Area. This project is expected to be completed by early 2012. Green Shores for Homes refers to a rating system that is being developed by the program's US partners, with Islands Trust staff participating on the Steering Committee and Technical Review Committee.

The Local Planning Committee began work on adoption of a bylaw adjudication system that is expected to be in place by the end of 2011 or early 2012; undertook planning for monitoring land protected by conservation covenants held by local trust committees, with recommendations to Trust Council; and began work on model permissive regulations for infrastructure and for green technologies, a project that is expected to be redefined and continued into the next term.

Trust Programs Committee

Members
Tony Law, Hornby Island, Chair
George Ehring, Salt Spring Island
Jeanine Dodds, Mayne Island
Sue French, Thetis Island
Jen Gobby, Lasqueti Island
David Greer, South Pender Island, Vice Chair
Jan Hagedorn, Gambier Island
Susan Ann Morrison, Lasqueti Island
Beverley Neff, Saturna Island
Peter Luckham, Thetis Island, Executive Committee Representative
Sheila Malcolmson, Gabriola Island, Ex Officio Member

Trust Council's strategic plan asked the Trust Programs Committee to assess what is needed to conduct a full review of the Islands Trust Policy Statement. Committee members recognized the scope of the project was too large for a group that meets only quarterly and asked Trust Council to strike a "Policy Statement Assessment Task Force," which met many times during the year, did extensive research and analysis, and prepared several documents for Trust Council. In March 2011, the task force submitted a detailed topic review inventory and received Trust Council's support to apply for funding that would give the 2011-2014 term of Trust Council the option to do a full review of the Policy Statement. Results of the funding application will not be known until late 2011.

The existing Policy Statement can be reviewed at this link: www.islandstrust.bc.ca/tc/pdf/orgpolstatement.pdf. The members of the Policy Statement Assessment Task Force were:

Nerys Poole, Bowen (Chair)
George Ehring, Salt Spring
David Greer, South Pender
Tony Law, Hornby
Sheila Malcolmson, Gabriola
Susan Ann Morrison, Lasqueti

Trust Programs Committee's regular work program includes reviewing all the nominations and making recommendations to Trust Council on the recipients of the annual Community Stewardship Awards. The results of this year's work are reported under the Trust Council Chair's introduction on page 4.

The committee's regular work program also includes guiding the "Indicator Program," which provides research and statistics on social, economic or environmental trends on the islands and in the region. This year, the reports focused on agricultural indicators to support Local Planning Service's work on food security for the islands.

Financial Planning Committee

Members
Alison Morse, Bowen Island, Chair
David Graham, Denman Island, Vice-Chair
Louise Bell, Denman Island, Executive Committee Representative
Joyce Clegg, Gambier Island
Sue French, Thetis Island
Peter Luckham, Thetis Island, Executive Committee Representative
Sheila Malcolmson, Executive Committee Representative
Susan Ann Morrison, Lasqueti Island (as of August 2010)
Gary Steeves, North Pender Island, Executive Committee Representative
Christine Torgrimson, Salt Spring Island

2010-2011 Financial Plan

On March 24, 2010, the Islands Trust Council approved an annual budget of $6.4 million for the fiscal year 2010–2011.

The budget represents an increase in property tax of 4.6% or approximately $2.77 per $100,000 of assessed property value. For a typical property owner, Islands Trust taxes only account for approximately 10-20% of total property taxes, depending upon location and other components of the tax bill. In addition to tax revenue, the budget also reflects revenue from other sources, both government and non-government, to support strategic projects.

The 2010-2011 budget supported reviews of official community plans on several islands and trust-wide work to implement the provincially-mandated Riparian Area Regulation and to comply with BC's Bill 27, *Green Communities*, which requires local governments to take steps aimed at reducing greenhouse gas emissions. Trust Council took into account the costs of communications and public engagement required by these initiatives.

Other budget additions related to two new staff positions: a planner for Salt Spring Island and a legislative services manager. Approval of the new planner position completes a 3-year plan to upgrade all aspects of Local Planning Services and improve land use planning and application processing services on Salt Spring Island. The legislative services manager position will ensure many essential tasks such as local elections, records management, annual reports, freedom of information and procedural certainty are carried out effectively.

Local Trust Committees and Bowen Island Municipality

There is a local trust committee for each group of islands designated as a local trust area by regulation under the *Islands Trust Act*. A local trust committee is responsible for advancing the object of the *Act* through land use planning and regulation for its area of jurisdiction.

Day-to-day planning activities of local trust committees and the Bowen Island Municipality included application processing; public, agency and trustee inquiries; local trust committee or municipality meetings; and Board of Variance support.

Bowen Island Municipality

Councilors Alison Morse and Nerys Poole represent Bowen Island Municipality on the Islands Trust Council. Bowen Island Municipality produces its own annual report, which can be found on-line at www.bimbc.ca.

During 2010-2011, Bowen Island Municipality continued work on an Official Community Plan update. The Islands Trust's Executive Committee and planners reviewed the proposed updates and provided feedback. Completion of the OCP is expected after further public hearings in 2011.

Denman Island Local Trust Committee

The Denman Island Local Trust Committee completed an Agriculture Strategy which included appointing a Steering Committee, receiving grant money from the Investment Agriculture Foundation of BC to match the $5,000 allocated to the project from the Islands Trust budget, and hiring consultants to conduct the research and write the report. This Agriculture Strategy forms the background work for the development of an Agriculture Area Plan to be completed in 2011-2012 with funding from the Local Trust Committee and external funding sources.

During 2010-2011, the Denman Island Local Trust Committee also gave first reading to proposed bylaws 199 and 200 that flowed from the OCP/LUB Targeted Review. This Targeted Review includes resolving difficulties faced by a number of property owners who have legally non-conforming densities that began mostly as cooperative land ownership situations in the 1960s and 1970s, when the homes in question were built in conformity with the density regulations at that time. Since then, changes to the bylaws had the unintended consequence of making the dwellings legally non-conforming and difficult to insure, renovate and repair.

The Local Trust Committee adopted Bylaw 195 which recognizes seasonally flooded agricultural fields and exempts them from requiring a development permit for agricultural activities in the Streams, Lakes and Wetlands development permit area. Months of work fine-tuning the bylaw with the community, the Ministry of Agriculture and Lands and the Agricultural Land Commission resolved this outstanding issue from the OCP/LUB review of last term.

Gabriola Island Local Trust Committee

The Gabriola Island Local Trust Committee held 11 business meetings, eight special meetings, and four Community Information Meetings. Work focused on the rezoning of the Gabriola Commons, and the rezoning of donated Forestry land for a medical clinic. Phase 1 of the Gabriola Island Official Community Plan review includes new and updated policies relating to multi-dwelling affordable housing and density banking for affordable housing, First Nations cultural references, bicycle and bus routes, housekeeping, and community context updates. Ongoing work with the Volunteer Review Committee helped inform these new OCP policies. Two protocol working group meetings were also held with the Snuneymuxw First Nation.

A Hazardous Areas and Steep Slopes mapping contract was carried out, which will inform Development Permit policy in the coming months. The Gabriola Island Local Trust Committee also hosted several workshops including a Riparian Areas Regulation workshop, and "Five for the Future", a community event focused on climate change and reducing Gabriola's greenhouse gas emissions.

Two Development Variance Permits, two Development Permits, two rezoning, and two subdivision application were received over the course of this fiscal year.

Galiano Island Local Trust Committee

The Galiano Island Local Trust Committee held eleven regular business meetings, fourteen special meetings, two community information meetings, and two public hearings. These public consultations focused on by-law amendments for an eating disorder clinic, greenhouse gas emissions reduction, community facilities lot size, land use contract amendment, updates to various sections of the land use bylaw, as well as amendments and updates to Official

Community Plan and Land Use Bylaw maps.

The Official Community Plan review continued with several advisory committees completing reports which were reviewed by the LTC and staff and incorporated into a progression of several OCP drafts. In May 2010, trustees met with Dale Wall, Deputy Minister, Ministry of Community, Aboriginal and Women's Services to update him on the Galiano Island Official Community Plan Review, in particular challenging areas such as the *Private Managed Forest Land Act* and the Road Network Plan. Other projects included geological hazard mapping and the completion of a groundwater study.

In total, twenty applications/referrals were received, including fourteen Building Permits, one subdivision and five Development Variance Permit applications. Several applications from previous years were advanced and/or completed which reduced the overall number of active applications.

Gambier Island Local Trust Committee

The Gambier Island Local Trust Committee adopted the first Official Community Plan for the associated islands in the Gambier Island Local Trust Area and is nearing completion of the first Land Use Bylaw for Passage and Bowyer Islands. Community information meetings were held throughout the Official Community Plan and Land Use Bylaw process, giving the property owners repeated opportunities to ask questions and provide input.

Hornby Island Local Trust Committee

The Hornby Island Local Trust Committee held extensive community consultations to inform the development of policies regarding vacation home rentals and a regulatory framework to implement such policies. This issue is of considerable interest to both residents and non-resident property owners of Hornby Island. A series of meetings resulted in proposed bylaws. The committee also continued work on updating the Official Community Plan and adopted amendments to address Climate Change Mitigation and Adaptation. In addition, several significant development applications were considered.

Lasqueti Island Local Trust Committee

The Lasqueti Island Local Trust Committee held six regular business meetings and, one Community Information Meeting for an Official Community Plan Amendment Bylaw to reduce local greenhouse gas emissions.

The Local Trust Committee focused on local greenhouse gas emission reduction using a number of initiatives including organizing a number of on-island climate change workshops featuring local guest speakers and starting a climate change column in the local newspaper. The LTC worked with the Advisory Planning Commission to complete a new publication entitled "Best Practices for Building and Living on Lasqueti Island", and to develop a greenhouse gas emission survey as a first step to complete an accurate local Greenhouse Gas inventory for Lasqueti Island.

A rezoning application was completed for a new institutional zoned property to establish a Lasqueti medical health centre and assisted living care facility. The committee also received applications for subdivision in the Agricultural Land Reserve.

Mayne Island Local Trust Committee

The Mayne Island Local Trust Committee held nine regular business meetings, three special meetings, and two Community Information Meetings. These public consultations focused on Bylaws 149, 150, 152, i.e. amending the Land Use Bylaw and Official Community Plan in order to include Sensitive Ecosystems Mapping products and policies, bylaw 151, i.e. Greenhouse Gas Emissions Reductions policies as well as a Temporary Use Permit for the siting of a local food store. The Committee also approved Bylaw 155 which permits the siting of erosion protection structures to be regulated through development permits on a case-by-case basis.

An Affordable Housing Options Task Force was established and met several times throughout the year to develop a report to guide the development of affordable housing policies.

In total 25 applications were received, including 18 building permits, one development permit, two development variance permits, two re-zonings, and two temporary use permits.

North Pender Island Local Trust Committee

In 2010–2011, the North Pender Island Local Trust Committee held 10 business meetings and two special meetings. Public hearings were held to gather input into Official Community Plan amendments to incorporate greenhouse gas emission reduction targets, policies and actions; Land Use Bylaw amendments for a new Water 6 (W6) zone for freshwater bodies of Buck Lake, Magic Lake and Gardom Pond; and addition of a new development permit area for Riparian and Aquatic to comply with the Provincial Riparian Areas Regulation.

The Local Trust Committee initiated a review of the Official Community Plan and Land Use Bylaw for Sidney Island. Work was also undertaken to identify water features aided by mapping work of the Pender Islands Conservation Association (PICA) and the Pender Island Trust Protection Society (PITPS).

Staff brought the following applications to the Local Trust Committee: eight development variance permits, nine development permits, one agricultural land reserve application, one subdivision application, three temporary use permits, one rezoning application, one board of variance application and 30 building permit referrals.

Salt Spring Island Local Trust Committee

2010–2011 was a year of translating planning projects into action for the Salt Spring Island Local Trust Committee. In consultation with community groups and citizens, the Local Trust Committee focused the work program on the implementation of bylaw amendments and other recommendations from the Area Farm Plan and the Industrial Task Force Report.

The LTC had initiated a review of Environmental Development Permit Areas on Salt Spring Island in 2009. During 2010, the committee focused on Slope Hazards and Riparian Areas; this work will continue throughout 2011.

Approvals for the new Salt Spring Island Public Library were finalized, enabling a new LEED Gold standard carbon-neutral library facility for the community. Construction of the new library began in 2011. In the meantime, the LTC issued a Temporary Use Permit to maintain library services at another location in Ganges.

A rezoning application completed in 2010 enabled a new indoor tennis facility to be located at the Salt Spring Golf and Country Club. The LTC also issued a development permit to Salt Spring Island ambulance service, enabling the service to relocate from a temporary location into a new building in a central location.

A development permit for Phase 3 of the Aptekmann/Creekside building was issued. This expansion project for Marks' Work Wearhouse displaced four existing small local shops, drawing attention to the current zoning and the Development Permit policies for Ganges Village.

Affordable Housing

2010 saw the release of the Salt Spring Island Housing Needs Assessment, confirming many of the perceived needs on Salt Spring Island. Access to affordable housing is an issue for significant part of the Island population: prices are escalating and rental housing stock is in short supply and often in poor condition. Because many families are struggling with housing costs, providing affordable housing for young families is important to keeping the Island's diversity. The most urgent needs are those of the homeless and those at risk of being homeless. The LTC will continue to work with the CRD and housing agencies in developing and implementing the Community Affordable Housing Strategy. A first step was planning staff engaging the community in a dialogue on secondary suites.

Practical steps to secure affordable housing on Salt Spring were also taken when the Local Trust Committee approved a bylaw creating a housing agreement for 10 affordable dwelling units. This collaboration with the CRD and the Salt Spring Island Land Bank Society marked the successful cooperation between agencies through the process of rezoning, financing and arranging legal agreements for an affordable housing project. A covenant was prepared to ensure sustainable building and design, including energy efficient building standards, a rainwater catchment system, buffering of adjacent lands and protection of trees and riparian values.

Taking Action on Climate Change

The Local Trust Committee engaged the Earth Festival Society to examine potential community and household climate action on Salt Spring Island. The work highlighted the feasibility of achieving the emissions reductions target incorporated into the Salt Spring Island Official Community Plan in 2010 of at least 15% reductions within six years. The two sectors considered the most likely to produce rapid reductions to meet the 2015 targets are transportation, food and agriculture.

Solar BC

Salt Spring Island was designated a Solar BC community in 2010, committing to a target of 20 solar hot water installations by 2011, and installations in 10% of homes by 2020. The community has already taken advantage of solar radiation in institutional, commercial and residential projects.

Community Food Security

2010 saw the completion of a multi-year, multi-stakeholder amenity zoning project to dedicate 60 acres of prime farmland in the Fulford Valley to the agricultural community. Working with the landowner, Three Point Properties and the SSI Farmers' Institute, the Local Trust Committee awarded one additional density to the newly subdivided residential property in the Island's south end in exchange for the gift of 60 acres of agricultural land to the community.

The Local Trust Committee deliberated on a 48% increase in applications in 2010, up from 25 to 37. These projects included three Zoning Bylaw amendments, two Agricultural Land Reserve decisions, ten Development Permits, seven Variance Permits, three Temporary Use Permits and five Soil Removal Permits. A Heritage Alteration Permit was also issued for the Ganges Village Core. In addition, 47 Building Permits, five Subdivisions and five Crown Land applications were reviewed by the Salt Spring office.

Saturna Island Local Trust Committee

The Saturna Island Local Trust Committee held four regular business meetings, three Community Information meetings and two public hearings. These public consultations focused on: Bylaw 99 (East Point water catchment and storage); Bylaw 100 (storage buildings on vacant lots); Bylaw 101 (greenhouse gas emissions reduction); Bylaw 102 (East Point development permit area); and a Temporary Use Permit for a picnic shelter in Thomson Park. Planning for a water workshop involving several specialists in the field of geohydrology was undertaken in early 2011.

In total, 11 applications/referrals were received, including nine Building Permits, one Temporary Use Permit, and one Development Variance Use Permit.

South Pender Island Local Trust Committee

In 2010-2011, the South Pender Island Local Trust Committee defined scope, timeline and budget and resource requirements for an Official Community Plan review. Further work involved development of information sheets on application types and a new Guide to Environmentally Friendly Building and Renovating in the Southern Gulf Islands.

In addition to the Local Trust Committee's eight business meetings, public hearings were held for the consideration of Official Community Plan amendments for greenhouse gas emission targets, policies and actions, and for the Official Community Plan and Land Use Bylaw amendments for the National Park.

Thetis Island Local Trust Committee

The Thetis Island Local Trust Committee continued work on the Official Community Plan/Land Use Bylaw review this last fiscal year, hiring a biologist to map the one watershed applicable to the Riparian Areas Regulation (RAR), and drafting a development permit area for shoreline protection which underwent peer review by professional biologists and geotechnical engineers. Both the shoreline development permit area and the RAR implementation have been put on hold, requiring more community review or staff work, and the proposed bylaws 88 and 89, the OCP and LUB, are proceeding without them.

The Local Trust Committee also undertook work on Thetis Island Sustainability Guidelines, modeled after the Salt Spring Island Sustainability Checklist and the Lasqueti Island Sustainability Guidelines. The Advisory Planning Commission reviewed both documents and recommended how Guidelines for Thetis could be created through a combination of the two examples. A planning consultant was hired to draft the Sustainability Guidelines based on their work. The draft is awaiting further review and discussion with the Cowichan Valley Regional District regarding implementation.

Executive Islands

Staff began preliminary work on the development of an Official Community Plan and Land Use Bylaw for the Executive Islands, known as the Ballenas/Winchelsea Islands, in late 2010. Draft Bylaw 27, the Official Community Plan, and Draft Bylaw 28, Land Use Bylaw, were developed in early 2011. The Executive Committee, acting as a Local Trust Committee, is reviewing comments received from referral agencies in order to move the draft bylaws to first reading.

Trust Fund Board

The Trust Fund Board administers the Islands Trust Fund, a conservation land trust established in 1990 to preserve endangered landscapes and ecosystems in the Islands Trust Area. The Islands Trust Fund works with Trust Area landowners and communities to protect special places in perpetuity through voluntary land donations, conservation covenants, land acquisition and stewardship education.

As of March 2011, the Trust Fund Board protects 1012 hectares of natural and cultural values on 80 properties.

Conservation Planning

With ambitious dreams of conserving natural areas, big and small, the Islands Trust Fund Board knew it needed partners and a plan. That's why the Islands Trust Fund collaborated with conservation organizations working throughout the region to develop the 2011-2015 Regional

Conservation Plan. The Plan's purpose is to help the Islands Trust Fund and its partners focus limited resources on areas and projects that will yield the greatest benefit to biodiversity in the islands.

In 2010, ecosystem mapping that identifies the region's most sensitive ecosystems was developed for the entire Trust Area. By consulting with islanders, various levels of governments, and national, regional and local conservation agencies, we identified a vision for the region and priorities for conservation. The Islands Trust Fund then adopted seven overarching long-term goals and numerous five-year objectives that, if achieved, will move us towards that vision.

The Regional Conservation Plan will guide the Trust Fund Board's decision-making about conservation proposals, applying for Crown land grants, and determining annual work programs. Each year the Islands Trust Fund will report on progress made and revisit goals and objectives to make sure they remain relevant to the conservation vision. For more information, visit www.islandstrustfund.bc.ca/planning.cfm.

VISION FOR THE REGION

The islands and waters of the Strait of Georgia and Howe Sound will be a vibrant tapestry of culture and ecology where humans live and work in harmony with the natural world. This special place will have a network of protected areas that preserve in perpetuity the native species and natural systems of the islands. Engaged residents and conservation partners will work together to protect large natural areas and key wildlife habitat. Viable ecosystems will flourish alongside healthy island communities.

CONSERVATION GOALS FOR THE ISLANDS

1. **Protect Core Conservation Areas**
   Secure core conservation areas (through land donation, direct purchase, and covenants) that conserve biodiversity priorities within the Islands Trust Area.
   *The Islands Trust Fund does not acquire land through expropriation
2. **Protect Biodiversity in Working Landscapes**
   Research ways biodiversity priorities can be maintained on lands outside core conservation areas, including working landscapes.
3. **Conserve Marine Ecosystems**
   Work with partner organizations to conserve marine ecosystems and habitats.
4. **Encourage Local Governments to Prioritize Biodiversity**
   Work with the Islands Trust Council, local trust committees and island municipalities to implement Regional Conservation goals and objectives within official community plans and land use bylaws
5. **Empower Islanders to Conserve the Islands**
   Encourage islanders to get involved in conservation and steward private land by supporting conservation education and share information on best practices.
6. **Build Strong Conservation Partners**
   Support and enhance the work of conservation partners working in the Islands Trust Area.
7. **Take Care of What We Have**
   Monitor and manage existing Islands Trust Fund core conservation areas to maintain and enhance existing biodiversity features.

Conservation Covenant Donations in 2010-2011

Since 1990, the Islands Trust Fund has helped island landowners protect 500 hectares of privately owned land with conservation covenants. Covenants are the best conservation tool we have available that assures permanent protection of natural features on a private property while allowing a landowner to retain ownership of the land they love.

In 2010, the Kikuchi Family donated a conservation covenant on their North Pender property to the Islands Trust Fund and the Pender Islands Conservation Association. The covenant restricts the Kikuchi's and any future landowner from removing native plants, using pesticides, dumping fill or garbage, or building on the property. The covenant protects a 1.8 hectare property, with a wetland and older forest. The newly protected area links two existing protected areas on Pender, forever providing a safe corridor for wildlife travel.

Islands Trust Fund Fundraising Campaigns

The Islands Trust Fund is recognized by the Canadian Revenue Agency as a qualified donee and undertakes work classified as 'charitable' under Canada Revenue Agency definitions. With the Islands Trust Fund's core operational expenses covered by the Islands Trust, 100% of funds donated to the Trust Fund Board go directly to 'on-the-ground' conservation work. Donated funds are used by the Trust Fund Board to cover costs associated with land acquisition (e.g. property purchase, appraisals, baselines) and special conservation projects (e.g. ecosystem mapping, regional conservation planning).

Opportunity Fund

The Opportunity Fund provides funding to partner agencies working on regionally important conservation projects. The Fund provides support for hard to fundraise costs associated with land protection and is used to lever increased donations to land acquisition projects. It is funded by donations from the general public and proceeds from the sales of Islands Trust Fund birthday calendars. The Regional Conservation Plan guides the allocation of funds from the Opportunity Fund.

In 2010-2011, the Opportunity Fund received $6,464 in donations. The Trust Fund Board awarded $3,000 to the Salt Spring Island Conservancy to cover legal and closing costs associated with the purchase of the new Alvin Indridson Nature Reserve (130 hectares). The Trust Fund Board also awarded $5,000 to the Galiano Conservancy Association for appraisal costs associated with the purchase of a 75 hectare waterfront property that, once protected, will be transformed into an outdoor youth learning center.

Covenant Management and Defence Fund

The Board is committed to maintaining and in some cases enhancing the natural areas and features protected by the covenants it holds. To do this, the Board established the Covenant Management and Defence Fund which will provide the financial resources needed to defend and manage or covenants long into the future. It is funded by donations, often by people concerned about the longevity of a certain covenant. It is an added security feature offered by the Islands Trust Fund to ensure we can protect our covenants in perpetuity.

In 2010-2011, the Covenant Management and Defence Fund received $22,330 in donations.

2010-2011 Free Crown Grant Program

The Trust Fund Board, in partnership with Trust Council and with the sponsorship of the Minister of Community, Sport and Cultural Development Services, can apply to the Province of British Columbia's Free Crown Grant program for parcels of Crown Land in the Islands Trust

Area. When the Trust Fund Board application is granted, the title of the property is received by the Trust Fund Board and its ecological values are protected in perpetuity as a nature reserve. The Trust Fund Board received its first Free Crown Grant in 2006, the Elder Cedar (S'ul-hween X'pey) Nature Reserve on Gabriola Island, and its second in 2008 the Mt. Artaban Nature Reserve on Gambier Island.

Fairy Fen Nature Reserve, Bowen Island

In July 2010, the Trust Fund Board received an 18-hectare property on Bowen Island through the Free Crown Grant Program. The new Fairy Fen Nature Reserve protects a fen described by biologists as one of the most undisturbed, biologically diverse and ecologically rare fens in southern British Columbia. Coastal reindeer lichen, Labrador tea, bog cranberry and yellow starry feather-moss are just a sampling of the plants found in the fen. Western Bluebirds use Fairy Fen as part of their migration route, Pileated Woodpeckers are often heard in the trees and Bald Eagles frequent the skies above.

The designation of Fairy Fen as a protected nature reserve culminates an effort spanning more than five years to preserve this rare wetland system. The Crown land parcel was chosen by the Bowen Island community as its highest priority area for the Free Crown Grant program. Once Fairy Fen was confirmed as the first choice, the Islands Trust Fund partnered with the Bowen Island Conservancy to satisfy the conditions of the transfer, including raising the funds needed to pay for the appraisal, land survey and management plan.

In 2011-2012, the Islands Trust Fund and the Bowen Island Conservancy will consult the Bowen community about wise management of the property, including the possible design of structures to ensure that visitors to the fen don't trample and compact the deep organic soils.

Property Management in 2010-2011

Acquiring a property or conservation covenant is just the first step in ecosystem protection. Each protected property is unique and requires a different level of management or restoration. Some require restoration of ecosystems damaged by past activities while others need on-going management of invasive species. The Islands Trust Fund manages its protected areas carefully, and develops a management plan for each nature reserve to guide the work. The goal is to ensure that the natural ecosystems on our Gulf and Howe Sound Island properties stay healthy for future generations. Here are some of the ways the Islands Trust Fund did this in 2010:

- With the help of 20 volunteers from Lasqueti Island, protected over 200 young trees on the Mt. Trematon Nature Reserve from feral sheep grazing with protective caging.
- Removed exotic and invasive species from the David Otter Nature Reserve (Bowen), Morrison Marsh and Lindsay Dickson Nature Reserves (Denman), Trincomali Nature Sanctuary and Laughlin Lake Covenant (Galiano), South Winchelsea Island Covenant, and the Andreas Vogt Covenant (Salt Spring Island through our partnerships with management groups (local conservancies).
- Planted 100 trees at the Singing Woods Nature Reserve (Bowen).
- Commissioned a rare plant survey on the Sidney Island covenants to identify sensitive areas in need of protection from deer browsing.
- Began management planning process for Fairy Fen Nature Reserve (Bowen).
- Rehabilitated the heritage gardens at the Ruby Alton Nature Reserve through careful pruning, weeding, and mulching (Salt Spring Island).

Financial Statements of

ISLANDS TRUST

Year ended March 31, 2011

ISLANDS TRUST
Financial Statements

Year ended March 31, 2011

Financial Statements

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of Islands Trust (the "Trust") are the responsibility of the Trust's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. 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.

Chief Administrator Officer

Treasurer

KPMG LLP
Chartered Accountants
St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7
Canada

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Independent Auditors' Report

To the Trustees of Islands Trust and the Minister of Community, Sport and Cultural Development

We have audited the accompanying financial statements of Islands Trust, which comprise the statement of financial position as at March 31, 2011, the statements of operations, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Islands Trust as at March 31, 2011, and its results of operations and its change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

June 15, 2011
Victoria, Canada

ISLANDS TRUST

Statement of Financial Position

March 31, 2011, with comparative information for 2010

		2011		2010
Financial assets:				
Cash and cash equivalents (note 2)	$	3,409,216	$	3,045,703
Accounts receivable		104,658		53,839
		3,513,874		3,099,542
Financial liabilities:				
Wages and benefits payable		1,046,483		1,007,430
Accounts payable and accrued liabilities		297,003		240,614
Deferred revenue		155,518		44,044
Employee benefit obligations (note 3)		205,979		217,451
Obligations under capital leases (note 4)		44,589		51,763
Cost recovery deposits (note 11(ii))		34,007		11,100
		1,783,579		1,572,402
Net financial assets		1,730,295		1,527,140
Non-financial assets:				
Tangible capital assets (note 5)		158,813		167,299
Prepaid expenses		14,879		957
		173,692		168,256
Accumulated surplus (note 6)	$	1,903,987	$	1,695,396

Commitments (note 9)

Contingent liabilities (note 10)

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

On behalf of the Trust Council:

P. Goodller _____ Trustee

_____ Trustee

ISLANDS TRUST

Statement of Operations

Year ended March 31, 2011, with comparative information for 2010

	Budget (unaudited - note 7)	2011	2010
Revenue:			
Property tax - general	$ 5,755,082	$ 5,755,082	$ 5,447,191
Property tax levy - Bowen Island Municipality	224,517	224,518	208,843
Provincial grant - operating	50,545	50,545	318,331
Fees and sales	110,000	127,613	89,458
Interest income	42,000	58,062	33,393
Other income	62,000	113,482	102,522
Total revenue	6,244,144	6,329,302	6,199,738
Expenses: (note 8)			
Council services	1,028,310	949,994	880,729
Local trust committee services	4,759,255	4,558,047	4,667,864
Trust fund services	638,410	612,670	587,341
Total expenses	6,425,975	6,120,711	6,135,934
Annual surplus (deficit)	(181,831)	208,591	63,804
Accumulated surplus, beginning of year	1,695,396	1,695,396	1,631,592
Accumulated surplus, end of year	$ 1,513,565	$ 1,903,987	$ 1,695,396

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

ISLANDS TRUST

Statement of Change in Net Financial Assets

Year ended March 31, 2011, with comparative information for 2010

	Budget (unaudited - note 7)	2011	2010
Annual surplus (deficit)	$ (181,831)	$ 208,591	$ 63,804
Acquisition of tangible capital assets	-	(56,304)	(55,687)
Amortization of tangible capital assets	20,000	64,790	50,180
	(161,831)	217,077	58,297
Use (acquisition) of prepaid expenses	-	(13,922)	28,934
Change in net financial assets	(161,831)	203,155	87,231
Net financial assets, beginning of year	1,527,140	1,527,140	1,439,909
Net financial assets, end of year	$ 1,365,309	$ 1,730,295	$ 1,527,140

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

ISLANDS TRUST

Statement of Cash Flows

Year ended March 31, 2011, with comparative information for 2010

		2011		2010
Cash provided by (used in):				
Operating activities:				
Annual surplus	$	208,591	$	63,804
Items not involving cash:				
Amortization of tangible capital assets		64,790		50,180
Change in non-cash operating assets and liabilities:				
Accounts receivable		(50,819)		28,390
Wages and benefits payable		39,053		169,456
Accounts payable and accrued liabilities		56,389		(116,615)
Deferred revenue		111,474		(235,517)
Employee benefit obligations		(11,472)		(2,590)
Cost recovery deposits		22,907		12,133
Prepaid expenses		(13,922)		28,934
Net change in cash from operating activities		426,991		(1,825)
Capital activities:				
Acquisition of tangible capital assets		(51,005)		(9,896)
Net change in cash from capital activities		(51,005)		(9,896)
Financing activities:				
Decrease in obligations under capital leases		(12,473)		(5,720)
Net change in cash from financing activities		(12,473)		(5,720)
Increase (decrease) in cash and cash equivalents		363,513		(17,441)
Cash and cash equivalents, beginning of year		3,045,703		3,063,144
Cash and cash equivalents, end of year	$	3,409,216	$	3,045,703
Supplemental cash flow information:				
Assets acquired under capital lease	$	5,299	$	45,791

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

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

1. Significant accounting policies:

The financial statements of Islands Trust are prepared by management in accordance with Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. 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.

(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.

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.

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

(c) 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. Investments in the Municipal Finance Authority of British Columbia ("MFA") Bond, Intermediate and Money Market Funds are recorded at cost plus earnings reinvested in the funds.

(d) 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.

1. Significant accounting policies (continued):

(d) Employee future benefits (continued):

A gratuity is also available to employees upon retirement. The cost of this benefit is actuarially determined based on periods of service and best estimates of retirement ages and expected future salary increases. The obligation under this benefit is accrued on projected benefits as the employees render services necessary to earn the future benefit.

(e) 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	5 - 10

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.

1. Significant accounting policies (continued):

(e) Non-financial assets (continued):

(ii) Contributions of tangible capital assets

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

(iii) Works of art and historical treasures

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

(iv) Interest capitalization

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

(v) Leased tangible capital assets

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

(f) 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. Significant estimates include assumptions used in estimating provisions for accrued liabilities, performing actuarial valuations of employee future benefits and estimating historical cost and useful lives of tangible capital assets. Actual results could differ from these estimates.

2. Cash and cash equivalents:

		2011		2010
Bank account balances	$	760,409	$	601,148
MFA Bond Fund		1,690,695		659,950
MFA Intermediate Fund		855,029		1,784,231
MFA Money Market Fund		103,083		374
	$	3,409,216	$	3,045,703

3. Employee benefit obligations:

The Trust provides sick leave and certain other benefits to its employees.

		2011		2010
Vacation	$	96,115	$	101,175
Compensatory time off		25,518		30,586
Accrued retirement allowance		84,346		85,690
	$	205,979	$	217,451

Vacation and compensatory time off represent the liability for accumulated banks for draw down at future dates and/or for payout either on an approved retirement, or upon termination or death. Accrued retirement allowance represents the Trust's share of the cost to provide employees with certain retirement allowances in the year of retirement, which were estimated by an actuarial valuation.

The significant actuarial assumptions used in measuring the Trust's accrued retirement allowance are as follows:

	2011	2010
Discount rate for present value of future benefits	6.75%	6.00%
Expected future inflation rates	3.00%	3.00%
Expected wage and salary increases	2.00%	2.00% - 3.00%

3. Employee benefit obligations (continued):

Other pension plans

The Trust and its employees makes contributions to the Public Service Pension Plan (the "Plan"), a jointly trusteed pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has about 51,000 active members and approximately 30,000 retired members.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and adequacy of Plan funding. The most recent valuation as at March 31, 2008 indicated an unfunded liability of $487,000,000 for basic pension benefits. The next valuation will be as at March 31, 2011, with results available in 2012. The actuary does not attribute portions of the unfunded liability to individual employers. Employee and employer contributions to the plan were increased by 0.15% of salaries effective April 1, 2009 in accordance with the plan actuary's recommendations. Contributions to the plan by the Trust totaled $241,889 (2010 - $219,900) during the year.

4. Obligations under capital leases:

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

		2011
2012	$	13,050
2013		12,200
2014		11,346
2015		10,492
2016		2,984
Total minimum lease payments		50,072
Less amounts representing interest (at rates ranging from 2.25% to 6.25%)		5,483
Present value of net minimum capital lease payments	$	44,589

Interest of $1,669 (2010 - $875) relating to capital lease obligations has been included in expenses on the statement of operations.

5. Tangible capital assets:

	Denman Island Site	Furniture and equipment	Computers	Leasehold improvements	Total 2011	Total 2010
Cost:						
Balance, beginning of year	$ 10,000	$ 95,319	$ 58,255	$ 225,468	$ 389,042	$ 333,355
Additions	-	5,299	44,786	6,219	56,304	55,687
Balance, end of year	10,000	100,618	103,041	231,687	445,346	389,042
Accumulated amortization:						
Balance, beginning of year	10,000	31,470	41,502	138,771	221,743	171,563
Amortization expense	-	17,441	22,295	25,054	64,790	50,180
Balance, end of year	10,000	48,911	63,797	163,825	286,533	221,743
Net book value, end of year	$ -	$ 51,707	$ 39,244	$ 67,862	$ 158,813	$ 167,299

Contributed tangible capital assets:

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is $nil (2010 - $nil).

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.

6. Accumulated surplus:

Accumulated surplus consists of:

	2011	2010
Invested in tangible capital assets	$ 114,224	$ 115,536
General Revenue Fund	1,789,763	1,579,860
	$ 1,903,987	$ 1,695,396

7. Budget data:

The unaudited budget data presented in these financial statements is based upon the 2011 operating budget approved by Trust Council. The following reconciles the approved budget to the budget figures reported in these financial statements.

	Budget amount
Operating budget:	
Revenue	$ 6,425,975
Less appropriation from surplus	(181,831)
	6,244,144
Expenses	6,425,975
Annual deficit	$ (181,831)

8. Classification of expenses by object:

	2011	2010
Staff salaries and benefits	$ 3,653,619	$ 3,496,406
Traveling/training and recruitment	186,975	158,543
Council and trustee costs	597,521	596,201
Office operations	900,987	935,889
Programs	460,042	553,561
Legal	255,189	345,154
Elections	1,588	-
Amortization	64,790	50,180
Total expenses by object	$ 6,120,711	$ 6,135,934

9. Commitments:

(i) Minimum annual lease payments

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

2012	$	243,142
2013		89,649
2014		88,868
2015		84,864
2016		84,864

(ii) Contracts

At March 31, 2011, the following major contracts were incomplete:

		Total contract value		Amount remaining
Gulf Islands Film and Television School	$	20,000	$	20,000
ME Kelly Consulting		22,688		13,943
Murdoch de Greef Inc.		43,569		43,569
C. Ferris TFB Covenant Monitoring		20,868		20,868
Other		41,940		13,013

Other contracts include five contracts with values ranging between $6,720 and $10,000.

Of the amount remaining listed above, $63,569 will be funded from deferred revenues. All contracts are due for completion within one year of March 31, 2011.

10. Contingent liabilities:

In the normal course of a year, claims for alleged damages are made against the Trust. Costs, if any, are recorded when a liability is likely and reasonably determinable.

11. Trust activities:

(i) Trust Fund under administration

The Trust administers The Islands Trust Fund (the "Fund") which is related through the composition of the Fund's Board. The Fund is empowered to accept donations, grants and bequests on behalf of the Trust and to hold land and other property in compliance with a plan approved by the Ministry of Community, Sport and Cultural Development. The Fund's Board is comprised of three members from Trust Council and up to three members appointed by the Minister of Community, Sport and Cultural Development.

For financial reporting purposes, the Trust and the Fund are reported on separately. These financial statements present the financial position and results of operations of the Trust.

The Fund'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:

	2011	2010
Programs	$ 464,117	$ 443,480
Board	15,638	17,355
Administration	132,915	126,506
	$ 612,670	$ 587,341

(ii) Third party trust funds:

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

	2011	2010
Cash received during the year	$ 52,759	$ 21,322
Cash paid during the year	29,852	9,189

The net payable from development applicants of $34,007 (2010 - $11,100) is reported as a liability on the Statement of Financial Position.

12. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted for the current year.

Financial Statements of

THE ISLANDS TRUST FUND

Year ended March 31, 2011

KPMG

KPMG LLP
Chartered Accountants
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Victoria BC V8W 3Y7

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Internet www.kpmg.ca

Independent Auditors' Report

To the Trustees of the Islands Trust Fund Board, the Trustees of the Islands Trust Council and the Minister of Community, Sport and Cultural Development

We have audited the accompanying financial statements of The Islands Trust Fund, which comprise the statement of financial position as at March 31, 2011, the statements of operations and changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

In common with many charitable organizations, The Islands Trust Fund derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of The Islands Trust Fund and we were not able to determine whether, as at or for the years ended March 31, 2011 and March 31, 2010, any adjustments might be necessary to revenue and excess of revenue over expenses reported in the statements of operations and changes in fund balances and current assets and fund balances reported in the statement of financial position.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Islands Trust Fund as at March 31, 2011, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

July 21, 2011
Victoria, Canada

THE ISLANDS TRUST FUND

Statement of Financial Position

March 31, 2011, with comparative information for 2010

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	2011 Total	2010 Total
Assets:						
Current assets:						
Cash	$ 40,409	$ 87,582	$ -	$ -	$ 127,991	$ 105,715
Short-term investments	-	151,470	-	88,000	239,470	131,367
Receivables	-	-	-	-	-	1,102
Inventory of fundraising items	2,708	-	-	-	2,708	2,948
	43,117	239,052	-	88,000	370,169	241,132
Land (notes 2 and 4)	-	-	6,800,903	3,594,000	10,394,903	8,577,903
	43,117	239,052	6,800,903	3,682,000	10,765,072	8,819,035
Liabilities:						
Accounts payable	-	14,740	-	-	14,740	-
	$ 43,117	$ 224,312	$ 6,800,903	$ 3,682,000	$ 10,750,332	$ 8,819,035
Fund Balances						
Unrestricted	$ 43,117	$ -	$ -	$ -	$ 43,117	$ 46,764
Investment in land (note 2)	-	-	6,800,903	-	6,800,903	4,983,903
Internally restricted (note 3)	-	15,980	-	-	15,980	15,294
Externally restricted (note 3)	-	208,332	-	-	208,332	91,074
Restricted for endowment purposes (note 4)	-	-	-	3,682,000	3,682,000	3,682,000
	$ 43,117	$ 224,312	$ 6,800,903	$ 3,682,000	$ 10,750,332	$ 8,819,035

See accompanying notes to financial statements.

Approved by the Trust Fund Board:

Louise Bell ______ Board member

______ Board member

THE ISLANDS TRUST FUND

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2011, with comparative information for 2010

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	2011 Total	2010 Total
Revenue:						
Donations:						
Cash	$ 6,174	$ 123,428	$ -	$ -	$ 129,603	$ 9,248
Land	-	-	1,817,000	-	1,817,000	-
Grants	-	2,840	-	-	2,840	3,703
Rental income	-	7,525	-	-	7,525	6,800
Investment income	151	6,150	-	-	6,300	14,596
Sale of fundraising items	435	-	-	-	435	870
	6,760	139,943	1,817,000	-	1,963,703	35,217
Expenses:						
Repairs and maintenance - Alton property	-	21,998	-	-	21,998	10,291
Cost of sales of fundraising items	240	-	-	-	240	172
Bank charges	65	1	-	-	66	40
Donations to conservancy groups	10,102	-	-	-	10,102	-
	10,407	21,999	-	-	32,406	10,503
Excess (deficiency) of revenue over expenses	(3,647)	117,944	1,817,000	-	1,931,297	24,714
Fund balances, beginning of year	46,764	106,368	4,983,903	3,682,000	8,819,035	8,794,321
Fund balances, end of year (notes 2, 3 and 4)	$ 43,117	$ 224,312	$ 6,800,903	$ 3,682,000	$ 10,750,332	$ 8,819,035

See accompanying notes to financial statements.

THE ISLANDS TRUST FUND

Statement of Cash Flows

Year ended March 31, 2011, with comparative information for 2010

	2011	2010
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 1,931,297	$ 24,714
Item not involving cash:		
Donation of land	(1,817,000)	-
Changes in non-cash operating working capital:		
Receivables	1,102	(264)
Inventory of fundraising items	240	172
Accounts payable	14,740	-
	130,379	24,622
Investing activities:		
Increase in short-term investments	(108,103)	(14,016)
Increase in cash	22,276	10,606
Cash, beginning of year	105,715	95,109
Cash, end of year	$ 127,991	$ 105,715

See accompanying notes to financial statements.

The 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.

The Islands Trust Fund (the "Trust Fund") is also incorporated under The Islands Trust Act of British Columbia and is empowered to accept donations, grants and bequests on behalf of the Trust and to hold land and other property in compliance with a Trust Fund plan approved by the Ministry of Community, Sport and Cultural Development.

The Trust Fund is administered by the Trust and for financial reporting purposes, the Trust and the Trust Fund are reported on separately. The Trust Fund's annual expenses are funded by and reported as part of the Trust in accordance with The Islands Trust Act. These financial statements present the financial position and changes in fund balances of the Trust Fund.

1. *Significant accounting policies:*

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations and include the following significant accounting policies:

(a) Fund accounting:

The Trust Fund follows the restricted fund method of accounting for contributions.

The Opportunity Fund reports unrestricted resources.

The Restricted Fund reports the assets, liabilities, revenue and expenses related to internally and externally restricted assets.

The Capital Fund reports the assets, liabilities, revenue and expenses related to the Trust Fund's capital assets.

The Endowment Fund reports resources that are contributed for endowment purposes.

(b) Financial instruments:

The Trust Fund has designated all non-derivative financial assets and liabilities as held for trading with the exception of certain obligations designated as other liabilities and loans and receivables. The Trust Fund initially records all non-derivative financial assets and liabilities at fair value. Cash and short-term investments are classified as held for trading and measured at fair value. The Trust Fund has not classified any assets or liabilities as available for sale. The Trust Fund does not currently hold any derivative financial instruments.

The Trust Fund complies with the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3861, *Financial Instruments – Disclosure and Presentation*, for the presentation and disclosure of financial instruments and non-financial derivatives.

1. Significant accounting policies (continued):

(c) Land:

Purchased land is recorded at cost. Contributed land is recorded at estimated fair value at the date of contribution.

(d) Revenue recognition:

Restricted contributions are recorded as revenue of the appropriate restricted fund when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions are recorded as revenue of the Opportunity Fund in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recorded as revenue in the Endowment Fund balance.

Interest income earned on Endowment Fund resources is restricted for the purpose of maintaining certain specified property and is recorded in the Restricted Fund. Interest income of internally restricted funds is recorded as revenue of the Restricted Fund. Other interest income is recorded as revenue of the Opportunity Fund when earned.

All other forms of income are recorded as revenue of the Opportunity Fund when received or receivable.

(e) Investment income:

Investment income, which is recorded on the accrual basis, includes interest income, dividends, net gain on sale of securities and net unrealized gains (losses).

(f) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the period. Actual results could differ from those estimates.

2. Land:

	Acquisition date	2011	2010
Inner Island Nature Reserve, Denman Island	1992	$ 70,000	$ 70,000
Coats Millstone Reserve, Gabriola Island	1994	100,000	100,000
Medicine Beach Nature Sanctuary, North Pender Island	1996	477,000	477,000
Cunningham Reserve, Salt Spring Island	1994	265,000	265,000
Deep Ridge Reserve, Salt Spring Island	1992	255,000	255,000
Lower Mt. Erskine Nature Reserve, Salt Spring Island	1996	284,000	284,000
Kwel Nature Sanctuary, Lasqueti Island	1997	195,497	195,497
Singing Woods Nature Reserve, Bowen Island	1999	157,000	157,000
Trincomali Nature Sanctuary, Galiano Island	2001	242,406	242,406
Horton Bayviary Nature Reserve, Mayne Island	2002	210,000	210,000
Morrison Marsh Nature Reserve, Denman Island	2006	438,000	438,000
Brigade Bay Bluffs Nature Reserve, Gambier Island	2006	150,000	150,000
Long Bay Wetland Nature Reserve, Gambier Island	2006	305,000	305,000
Elder Cedar Nature Reserve, Gabriola Island	2007	658,000	658,000
Mount Artaban Nature Reserve, Gambier Island	2009	1,177,000	1,177,000
Fairy Fen Nature Reserve, Bowen Island	2011	1,817,000	-
		$ 6,800,903	$ 4,983,903

3. Restricted Fund balances:

	2011	2010
Internally restricted:		
McFadden property	$ 15,980	$ 15,294
Externally restricted:		
Alton Nature Reserve - maintenance fund	20,617	27,001
Covenant Defense Fund – interest receivable	1,217	1,102
Covenant Defense Fund	57,300	35,000
Lasqueti Acquisition Funds	28,070	27,971
Gambier Acquisition Fund	101,128	-
	208,332	91,074
	$ 224,312	$ 106,368

The Covenant Defense Fund was previously named the Marilyn King – Covenant protection endowment.

4. Restricted for endowment purposes:

	Acquisition date	2011	2010
Short-term investments:			
Alton Nature Reserve - maintenance	2002	$ 88,000	$ 88,000
Land:			
Lindsay Dickson Nature Reserve, Denman Island	2001	2,200,000	2,200,000
Alton Nature Reserve, Salt Spring Island	2002	454,000	454,000
Properties acquired under the Federal Government Ecological Gifts program:			
Mt. Trematon Nature Reserve, Lasqueti Island	2006	320,000	320,000
David Otter Nature Reserve, Bowen Island	2007	620,000	620,000
		3,594,000	3,594,000
Total restricted for endowment purposes		$ 3,682,000	$ 3,682,000

Investment gain on endowment funds for the year of $5,907 (2010 - $18,407) has been recorded in the restricted fund.

Two properties owned by the Trust Fund Board, the Lindsay Dickson property on Denman Island, and the Alton property on Salt Spring Island, were donated on the condition that the properties be used and managed in certain ways. The Lindsay Dickson property was donated "for so long as the land is used as a nature reserve for the use, benefit and enjoyment of the residents of B.C.". The Alton property is to be held, managed and preserved for its ecological environment and scenic features and not as a recreational park. The residence, gardens and driveway are to be preserved and managed for non-profit purposes.

In the event that these properties are not managed accordingly, the properties could revert to the Province of British Columbia in the case of the Lindsay Dickson Nature Reserve, and to the Executors of the donor's estate in the case of the Alton Nature Reserve.

The Mt. Trematon Nature Reserve property on Lasqueti Island and the David Otter Nature Reserve property on Bowen Island were acquired under the Federal Government Ecological Gift program. Recipients of ecological gifts are responsible for maintaining the biodiversity and environmental heritage values of the property in perpetuity.

5. Related party:

The Trust is related to the Trust Fund through the composition of the Trust Fund's Board. The Trust Fund's Board is comprised of three members from the Trust's Council and up to three members appointed by the Minister of Community, Sport and Cultural Development.

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

	2011	2010
Programs	$ 464,117	$ 443,480
Board	15,638	17,355
Administration	132,915	126,506
	$ 612,670	$ 587,341

6. Financial instruments:

The Trust Fund's financial instruments include cash, short-term investments, receivables and accounts payable. The fair value of these instruments approximates their carrying values. It is management's opinion that the Trust Fund is not exposed to significant interest, currency or credit risks arising from these financial instruments.

7. Capital management:

The Trust Fund receives its principal source of capital through funding received from donations, grants and bequests. The Trust Fund's annual expenses are funded by the Islands Trust. The Trust Fund defines capital to be fund balances.

The Trust Fund's objective to manage its capital is to preserve capital with the monitoring of funding, grants and expenses. The Trust Fund has complied with the external restrictions on the funding provided.

8. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

Islands Trust

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