

2022 - 23 Annual Report



## Reconciliation Declaration

Islands Trust Conservancy acknowledges that the lands and waters that encompass the Salish Sea have been home to Indigenous Peoples since time immemorial. We recognize that we are all intertwined in the ecosystems that are the lands, waters, culture, and ecology that embody this place.

Islands Trust Conservancy will strive to create opportunities for knowledge-sharing, understanding, and collaboration as people come together to preserve and protect the special nature of the islands within the Salish Sea.

Islands Trust Conservancy is committed to the protection and preservation of this place through processes that respect and honour Reconciliation and mutually respectful relationships with Coast Salish Indigenous Peoples. We express our recognition for the past, present, and future stewardship and knowledge that has been shared by Indigenous Peoples and are humbled and grateful.

*Adopted: July 16, 2019 Islands Trust Conservancy Board in METULIYE (Victoria)*

Hardhack blooming. PHOTO: AISLYN KING



# Islands Trust Conservancy

## Who We Are

Established in 1990, Islands Trust Conservancy (ITC) is a land trust and part of the group of agencies that form Islands Trust, dedicated to preserving and protecting the fragile and unique ecosystems of the Islands Trust Area in the Salish Sea. This region covers approximately 79,000 hectares of land and over 482,000 hectares of water on the southern coast of British Columbia. It includes 450 islands between southern Vancouver Island, mainland B.C., and Howe Sound.

Our mission is to protect these very special places by encouraging, undertaking, and assisting in voluntary conservation initiatives across the Islands. We work with many allies including: private landholders and donors, local conservancies, environmental organizations, charitable foundations, academic institutions, businesses, First Nations, and all levels of government.

The Governments of Canada and British Columbia set a goal of 30% protected area by 2030 because science shows that nature needs our help in order to reverse the decline in biodiversity, better fight climate change, and maintain a strong, sustainable economy. Islands Trust Conservancy is doing its part to meet this goal within the Islands Trust Area — an area where only 20% of the land is in protected status. [Read more about how you can protect nature with us at islandstrust.bc.ca/conservancy/protect-nature/](https://islandstrust.bc.ca/conservancy/protect-nature/)

## How We Work

We preserve and protect the Islands by:

- **Working with landholders to support voluntary land protection.** We accept donations and other transfers of land, manage them as nature reserves, and collaborate with landowners to conserve private lands through conservation covenants
- **Monitoring and restoring sensitive ecosystems and habitat for species at risk.** We do this in collaboration with island communities and conservation partners
- **Providing strategic funds to conservation partners.** We support land conservation across the Islands
- **Identifying priority areas across the Islands Trust Area.** We ensure maximal impact through our work in addressing the biodiversity and climate crisis
- **Reconciliation Action.** We work to build relationships with First Nations to identify areas of significance for protection and to incorporate Indigenous Knowledge into land management practices

[Read more about our conservation planning at islandstrust.bc.ca/conservancy/conservation-planning/](https://islandstrust.bc.ca/conservancy/conservation-planning/)



Goals of the [Regional Conservation Plan](#) that guide the work of the Islands Trust Conservancy

## Our People

Islands Trust Conservancy is directed by a Board made up of three members appointed by the Province of BC and up to two members elected from the Islands Trust Council and one member elected by the Islands Trust Executive Committee.

### **April 2022–October 2022**

- › Kate-Louise Stamford — Chair
- › Sue Ellen Fast — Vice Chair
- › Linda Adams — Board Member
- › Doug Fenton — Board Member
- › Dr. Risa Smith — Board Member

### **November 2022–March 2023**

- › Linda Adams — Chair
- › Dr. Risa Smith — Vice Chair
- › Tobi Elliott — Board Member
- › Grant Scott — Board Member
- › Susan Yates — Board Member

Overlooking Howe Sound



# Message from the Board Chair

This past year at Islands Trust Conservancy has been one of *renewal*; from the development of our programs and organizational processes post-COVID, to the restoration of unique and ecologically-important habitats in the islands. We are prioritizing collaboration to show up for each other, the land, waters, and species of all kinds across the Islands Trust Area for the betterment of current and future generations.



Our ongoing commitment to increasing protected areas in the islands was furthered this year through the incredible actions of our partners, donors, landholders, local island conservancies, staff and volunteers. A special example from this past year is Link Island. In April 2022, as fulfillment of her wishes before she passed away, Betty Swift gifted Link Island to the Islands Trust Conservancy for use as an ecological preserve. Her family has renewed this commitment through an intention to work with us on research projects for species at risk, investigation of the impacts of climate change, and exploration of First Nations cultural uses on the land. It has been inspiring to hear about developments in research on Link Island, with ongoing collaboration taking place between Islands Trust Conservancy staff, the Swift Family and conservation partners to assess the island for the presence and protection of threatened Western Screech Owls.

This year, we have also created significant opportunities to give back to nature and the islands in incredible ways through our Species at Risk Program, from the restoration of a prairie oak (Garry oak) meadow, to supporting environmental DNA (eDNA) research, to hosting a free 6-part Speaker Series online with hundreds of attendees. It is an honour to be a part of a community of professionals, researchers, and volunteers who demonstrate their commitment and passion for conservation through their actions daily.

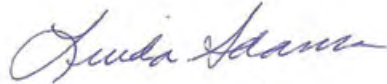
Collaboration has and continues to be central to the success of the Islands Trust Conservancy. Over the past 12 months, we have enjoyed a diversity of collaborations with First Nations artist Eliot White-Hill,

Parks Canada, the Province of BC, local island conservancies, community members, and more to further conservation objectives.

Renewal at the conservancy has also been brought about through changes to our board in the 2022 Islands Trust election. In November 2022, the ITC Board said goodbye to trustees Kate Louise Stamford, Sue Ellen Fast, and Doug Fenton and we welcomed Tobi Elliott as our Islands Trust Executive Committee Representative, and Grant Scott and Susan Yates as our members elected from Trust Council. I have been grateful for their perspectives, knowledge, and expertise in the latter part of the 2022–23 fiscal year and look forward to working with them closely over this next year to further the work of the Islands Trust Conservancy.

As we move forward into 2023–24, I am proud that Islands Trust Conservancy is building relationships, initiating thoughtful discussions and opportunities for knowledge sharing, continuing to protect, conserve, and restore important ecosystems, and relying on the commitment, passion, and resilience of our communities to renew and collaborate time and again.

Sincerely,

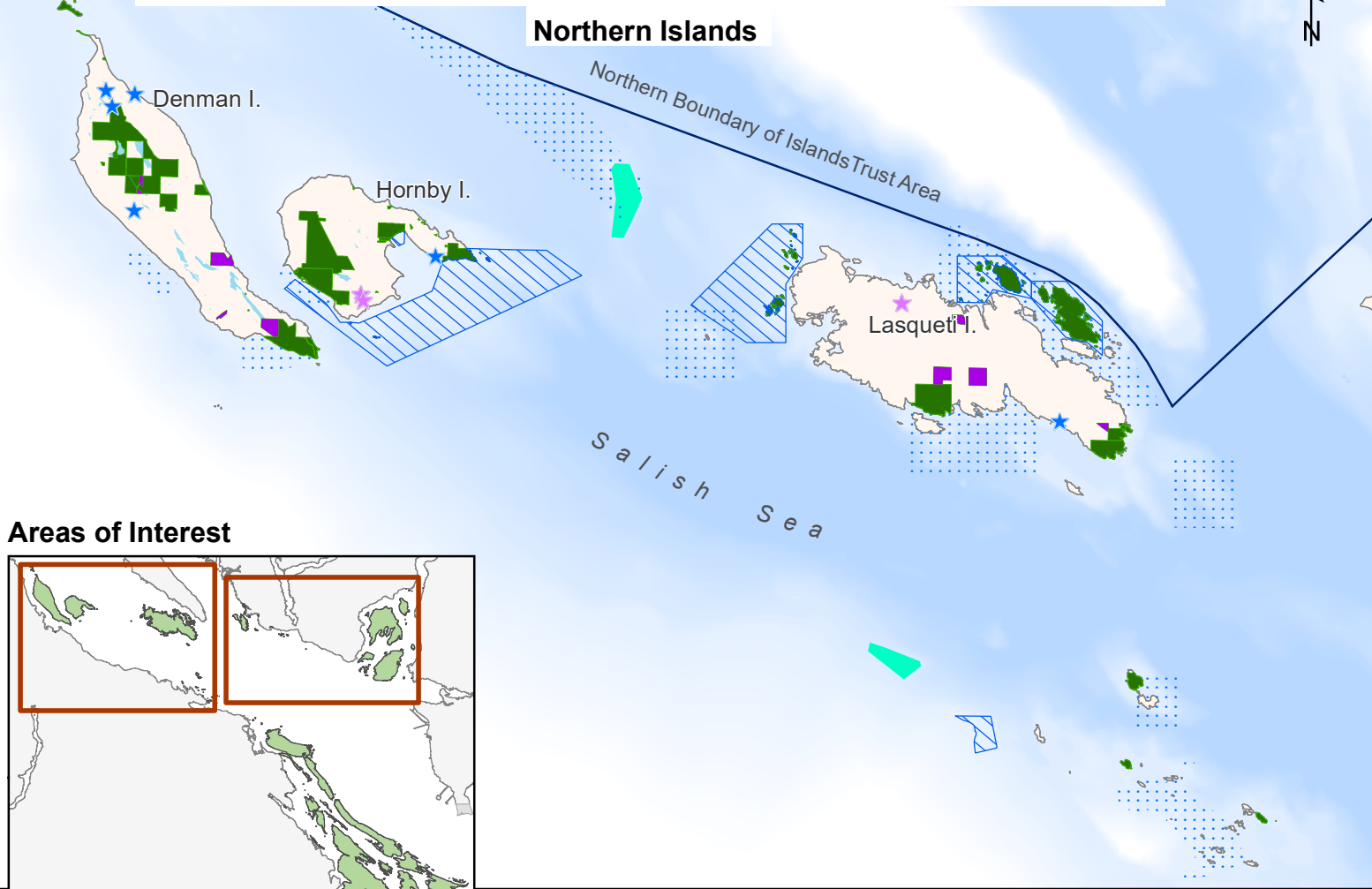
A handwritten signature in blue ink that reads "Linda Adams". The signature is written in a cursive, flowing style.

**Linda Adams**  
Chair

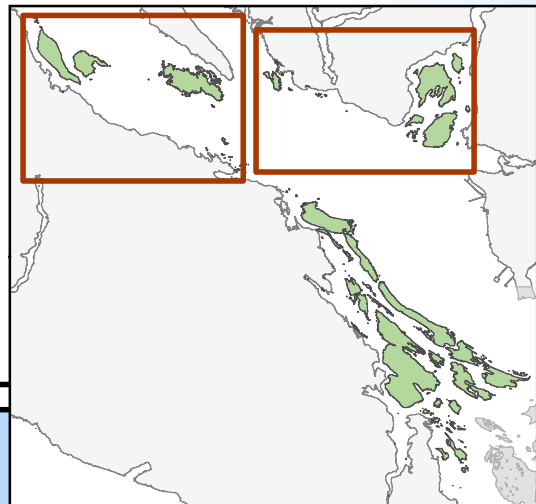
# Protected Places in the Islands Trust Area as of March 31, 2023



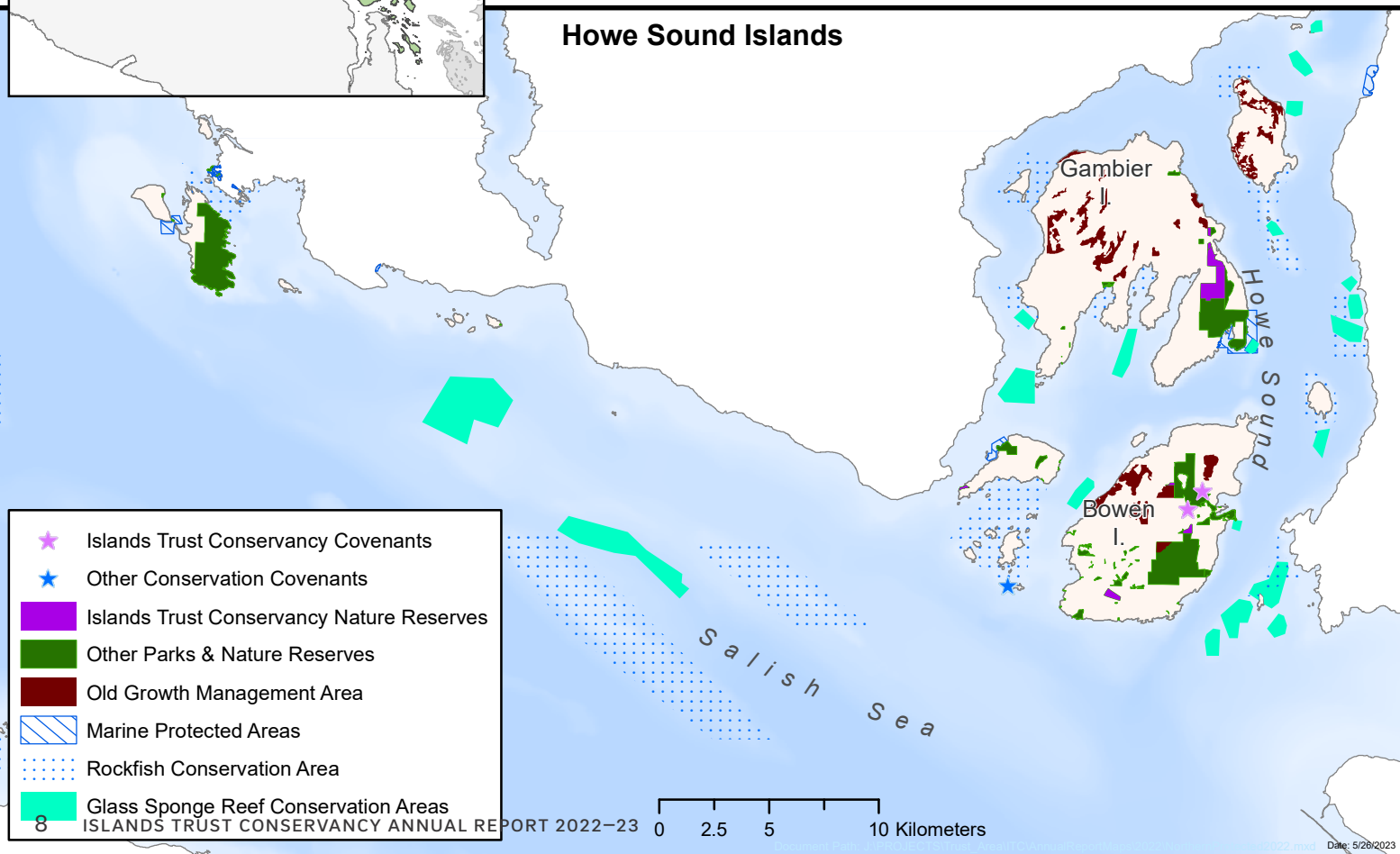
## Northern Islands



## Areas of Interest



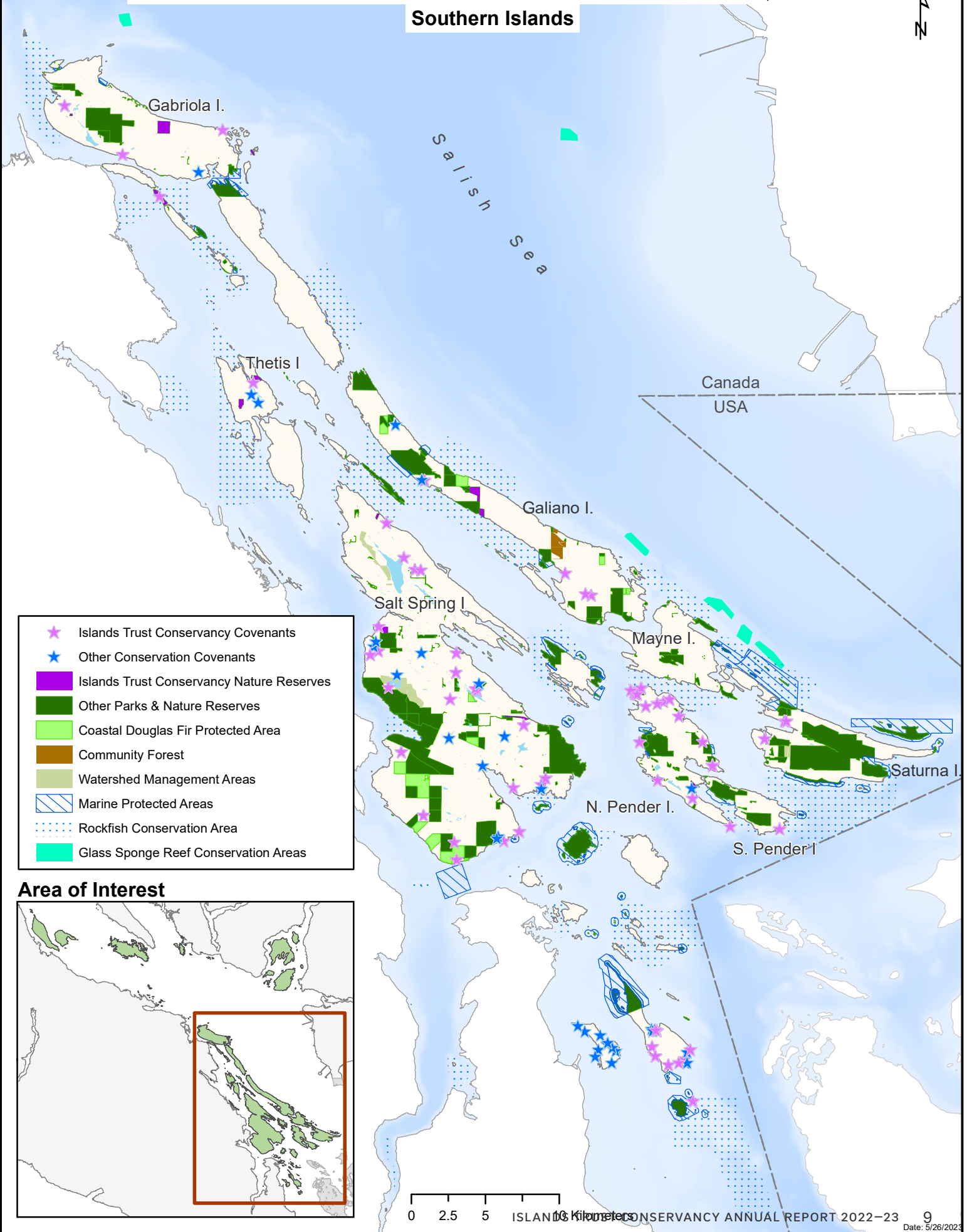
## Howe Sound Islands



-  Islands Trust Conservancy Covenants
-  Other Conservation Covenants
-  Islands Trust Conservancy Nature Reserves
-  Other Parks & Nature Reserves
-  Old Growth Management Area
-  Marine Protected Areas
-  Rockfish Conservation Area
-  Glass Sponge Reef Conservation Areas

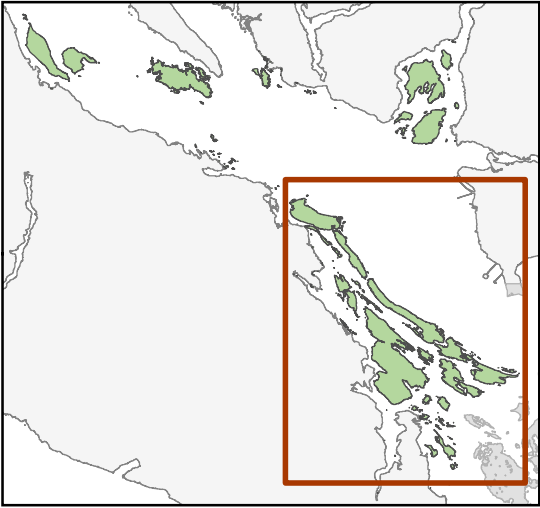
# Protected Places in the Islands Trust Area as of March 31, 2023

## Southern Islands



- ★ Islands Trust Conservancy Covenants
- ★ Other Conservation Covenants
- Islands Trust Conservancy Nature Reserves
- Other Parks & Nature Reserves
- Coastal Douglas Fir Protected Area
- Community Forest
- Watershed Management Areas
- Marine Protected Areas
- Rockfish Conservation Area
- Glass Sponge Reef Conservation Areas

### Area of Interest



0 2.5 5 10 Kilometers

# Program Highlights

## 2022–23

### Islands Trust Conservancy Plan 2023–2025

Islands Trust Conservancy submitted a revised Islands Trust Conservancy Plan to the Minister of Municipal Affairs in December 2022, as required under the *Islands Trust Act*. The proposed Islands Trust Conservancy Plan will be a three-year plan and sets policy for:

- Acquisition, management and disposal of property of the Islands Trust Conservancy
- Investment of funds
- Goals for major acquisitions

[Read more about our Islands Trust Conservancy Plan at islandstrust.bc.ca/about-us/accountability/plans-and-strategies/](https://islandstrust.bc.ca/about-us/accountability/plans-and-strategies/)

### Land Conservation – Nature’s Future

Islands Trust Conservancy is committed to increasing the protected areas in the Islands for the benefit of all species living in the Salish Sea. We do this through the creation of nature reserves and conservation covenants – legal agreements with landholders to care for nature that are designed to last in perpetuity. Protected areas are important in safeguarding high biodiversity areas, allowing for the movement of wildlife and the conservation of unique ecosystems. Protected areas benefit people as well by providing clean water and air, resilience against the effects of climate change, and contribute to social and psychological wellbeing.



Betty Swift and family at Link Island

## 2022–23 Nature Reserve Additions

### Link Island Nature Reserve (21.45 ha), Gabriola Island Local Trust Area

In April 2022, Link Island was gifted to Islands Trust by Betty Swift and her family as a nature reserve. It is the largest complete island managed by the Islands Trust Conservancy and protects over three kilometres of undeveloped shoreline, coastal cliffs, wetlands, intricate sandstone formations, tidal flats and mixed forest ecosystems including coastal Douglas-fir, arbutus, and prairie oak (Garry oak) woodlands. Link Island Nature Reserve will continue to remain closed to the public, but will be available for research activities and cultural practices important to First Nations. Management planning has begun and will be complete in 2023–24. [Read more about creating nature reserves at islandstrust.bc.ca/conservancy/protect-nature/create-a-nature-reserve/](https://islandstrust.bc.ca/conservancy/protect-nature/create-a-nature-reserve/)

## 2022–23 Conservation Covenants

### Livingstone Forest NAPTEP Covenant (11.35 ha), Lasqueti Island Local Trust Area

Islands Trust Conservancy manages the Natural Area Protection Tax Exemption Program (NAPTEP) on behalf of Trust Council. NAPTEP provides island landholders with an annual 65% property tax reduction on the portion of their land protected by a conservation covenant. This incentive is unique to the Islands Trust Area. In July 2022, Islands Trust Conservancy entered into our first NAPTEP covenant on Lasqueti Island. The covenant protects a mature forest and part of a large wetland with portions of open water. The landowner's intention is for the forest to be protected for carbon storage and sequestration. [Read more about placing conservation covenants with us at islandstrust.bc.ca/conservancy/protect-nature/conservation-covenants/](https://islandstrust.bc.ca/conservancy/protect-nature/conservation-covenants/)  
[Explore Islands Trust Conservancy properties online](#)



# Caring for the Land — Our Shared Responsibility

Islands Trust Conservancy leads the ongoing management of the 113 protected areas in our care. This commitment involves regular monitoring and land management practices in accordance with management plans that identify long-term conservation and restoration goals.

In 2022–23, this care included the following land management activities in partnership with local Island conservancies and volunteers:

- Annual monitoring and trail maintenance (where applicable) on all Nature Reserves
- Monitoring Islands Trust Conservancy conservation covenants to maintain relationships with landholders and ensure compliance with their covenant agreement terms
- Collaborating with Parks Canada, First Nations, the Province of BC, and the Sidney Island community on the Sidney Island Ecosystem Restoration Project
- Developing the first management plans for Sandy Beach Nature Reserve (Keats Island) and Lisa Baile Nature Reserve (North Pender Island). Management plans were referred to First Nations for comment and to initiate conversations regarding cultural use of land
- Creation of a welcome sign at S'ul-hween X'pey (Elder Cedar) Nature Reserve on Gabriola Island with First Nations artist Eliot White-Hill
- Collaborating on educational signage to help protect the fragile ecosystem at McRae NAPTEP Covenant on Gabriola Island
- Habitat restoration and management including:
  - › Managing over 14 priority invasive species from 30 ITC protected lands on 13 islands: Bowen, Gambier, Keats, Salt Spring, Thetis, Lasqueti, Denman, Galiano, Sidney, Little D'Arcy, Pender, Gabriola and Link.

- › Installing native plants on two conservation properties.
- › Maintaining restoration projects on multiple ITC protected lands, including wetland restoration on Lasqueti Island and oak meadows at the Mt. Tuam Pollinator Project.
- › Controlling introduced invasive bullfrogs in the early stages of population establishment/invasion on Sidney Island.

S'ul-hween X'pey (Elder Cedar) Nature Reserve welcome sign on Gabriola



# Species at Risk Program — Protecting the Rare and Special

Islands Trust Conservancy completed the third year of our Species at Risk Program, which began in late 2020 and has been extended until March 2026 with funding from Environment and Climate Change Canada. Through the Species at Risk Program, we have:

- Conducted monitoring and surveys for species at risk on 10 ITC properties spanning six islands confirming the presence of species at risk, including: Common Sharp-tailed Snake, Western Screech-owl, Little Brown Myotis bats, and Coastal Scouler's Catchfly
- Installed new nest boxes for Western Screech-owls on Link Island
- Supported research projects utilizing environmental DNA (eDNA) to survey for Common Sharp-tailed Snakes on multiple ITC properties and Coastal Tailed Frog on Gambier Island
- Hosted a Species at Risk Speaker series from February to May 2023. Speaker topics from the 2022–23 fiscal year included:
  - › Panel Discussion on Indigenous Heritage & Ecological Conservation in the Salish Sea.
  - › Species at Risk and Critical Habitat Protection on Non-federal Lands.
  - › Growing Native Plant Species for People and Place.
  - › Monitoring and Restoration of Rare Ecosystems.

[Read more about our Species at Risk Program at islandstrust.bc.ca/conservancy/species-at-risk/](https://islandstrust.bc.ca/conservancy/species-at-risk/)



Environment and  
Climate Change Canada

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## Partnerships, Collaborations and Supporters – Working with Others

Working with others helps Islands Trust Conservancy to effectively achieve its goals and we are grateful to be able to collaborate with so many individuals, agencies and groups.

- Continued a partnership with researchers studying climate change impacts on bull kelp beds throughout coastal B.C.
- Updated protected-area mapping for the region and contributed to the British Columbia Non-Governmental Organization Conservation Areas Database
- Shared spatial and other data including mapping of eelgrass beds, bull kelp beds, sensitive ecosystems, species at risk, and protected areas, with First Nations, local conservancies, community organizations, researchers, and all levels of government
- Continued a multi-year project to develop management responses to climate change impacts in Nature Reserves
- Contributed to the revised edition of *Greening Your Title*, the go-to reference guide on conservation covenants for landowners and land trusts in BC (publication pending in 2023)
- Continued participation with the Coastal Douglas-fir and Associated Ecosystems Conservation Partnership (CDFCP) to prioritize high biodiversity areas and develop resources to support conservation

# Opportunity Fund

The Opportunity Fund provides support for hard-to-fundraise costs associated with land protection and leverages donations through matching funds for land-acquisition campaigns. The disbursement of funds is guided by the Regional Conservation Plan and the Islands Trust Conservancy Board considers applications twice per year.

Islands Trust Conservancy dispensed the following Opportunity Fund grants in 2022–23:

- \$50,000 to the Nature Conservancy of Canada for the purchase of Reginald Hill on Salt Spring Island
- \$6,000 to the Gabriola Land and Trails Trust for the Nature Stewards Program on Gabriola Island
- \$30,000 to the Raincoast Conservation Foundation, including a \$25,000 directed donation, for the purchase of KELÁ\_EKE Kingfisher Forest on North Pender Island

As of March 31, 2023, the Opportunity Fund had \$100,215 available to grant.



# Creation of New Funds — Directed Donations

Islands Trust Conservancy is a qualified donor through the Canada Revenue Agency and can accept donations, gifts of stock, bequests and other forms of gifts. In 2022–23, Islands Trust Conservancy gratefully received directed donations as follows:

## Hornby Island Donation

Islands Trust Conservancy received a donation of approximately \$45,000 through the estate of William Tempest for conservation on Hornby Island. The donation has been partially disbursed and will be completed in 2023–24. Gifted funds have been allocated towards covenant management on Hornby Island and to the Opportunity Fund for grants to Hornby Island conservation projects.

## Link Island Western Screech Owl Project

Islands Trust Conservancy received a donation of approximately \$25,000 from an anonymous donor for a Western Screech-owl Project on Link Island. The funds will be spent over the next two to three years.

## Link Island Building Removal Fund

In addition to receiving Link Island as a donation in April 2022, Islands Trust Conservancy received a donation of approximately \$36,700 for a building removal fund in the event that the Islands Trust Conservancy should elect to remove buildings from the island. These funds have been invested and will be used when the agreement for use of the cabin on the island comes to an end.

## Looking Ahead to 2023–24

As we move into a new year, Islands Trust Conservancy is prioritizing work that furthers our Reconciliation efforts and relationship development with First Nations. Islands Trust Conservancy will continue to accept conservation requests through the Opportunity Fund Grant and will work with landholders and managers who wish to protect and care for land. We look forward to strengthening existing collaborations and building new ones that will help us in continuing to protect and preserve islands in the Salish Sea for generations to come.

Thank you to all the donors, supporters, partners, and allies who make this work possible. Together, we are creating a conservation legacy that will protect and preserve islands in the Salish Sea for all species to thrive for generations to come.

*Please consider remembering Islands Trust Conservancy in your Will. More information can be found online at [islandstrust.bc.ca/conservancy/how-you-can-help/planning-your-legacy/gifts-in-your-will-2/](https://islandstrust.bc.ca/conservancy/how-you-can-help/planning-your-legacy/gifts-in-your-will-2/)*

David Otter Nature Reserve, Bowen Island



# Appendix: Financial Statements

Islands Trust Conservancy (ITC) prepares Financial Statements annually, in compliance with the requirements under section 46 of the *Islands Trust Act*. Under the *Islands Trust Act*, ITC may receive money, land and other property as donations or through grants in order to further the object of the Islands Trust. ITC uses Canadian Public Sector Accounting Standards, including standards for government non-profit organizations, to manage its funds and land assets. ITC currently holds and manages the following funds:

- **Opportunity Fund:** Used for unrestricted resources, most notably for the Opportunity Fund Grant Program
- **Restricted Fund:** Used for internally and externally restricted assets, including grants, funds restricted for property management, and funds restricted for land acquisition
- **Capital Fund:** Used to record the value of land donated, acquired or transferred without external restrictions
- **Endowment Fund:** Used primarily for land that is restricted through donation agreements

In its 2022–23 Financial Statements, the Islands Trust Conservancy recognizes the following items of note:

- Grant revenue of \$238,500 from Environment and Climate Change Canada for the Islands Trust Conservancy Species at Risk Program
- Receipt of land (Link Island Nature Reserve) valued at \$1,208,000
- Issuance of grants in the amount of \$101,001, including \$96,386 in [Opportunity Fund](#) Grants to conservation agencies for land conservation initiatives in the Islands Trust Area

While Islands Trust Conservancy manages land and funds as noted in its Financial Statements, the cost of Islands Trust Conservancy operations are the responsibility of Trust Council under the Trust Council budget process. Details on these costs are available in the Islands Trust Financial Statements.

Financial Statements of

**THE ISLANDS TRUST  
CONSERVANCY**

Year ended March 31, 2023



KPMG LLP  
St. Andrew's Square II  
800-730 View Street  
Victoria BC V8W 3Y7  
Canada  
Telephone 250-480-3500  
Fax 250-480-3539

## INDEPENDENT AUDITOR'S REPORT

*To the Trustees of The Islands Trust Conservancy Board, the Trustees of Islands Trust and the Minister of Municipal Affairs*

### **Opinion**

We have audited the financial statements of the Islands Trust Conservancy (the Entity) which comprise:

- the statement of financial position as at March 31, 2023
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2023, and its results of operations, its changes in fund balances and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis for Opinion**

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

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

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

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

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

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

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

We also:

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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



Chartered Professional Accountants

Victoria, Canada

August 29, 2023

# THE ISLANDS TRUST CONSERVANCY

Statement of Financial Position

March 31, 2023, with comparative information for 2022

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	2023 Total	2022 Total
<b>Assets:</b>						
Current assets:						
Cash	\$ 144,281	\$ 212,875	\$ -	\$ -	\$ 357,156	\$ 294,711
Short-term investments (note 2)	-	178,950	-	88,000	266,950	269,633
Grants receivable	-	23,850	-	-	23,850	31,950
	144,281	415,675	-	88,000	647,956	596,294
Investments (note 3)	-	172,249	-	-	172,249	167,750
Land (notes 5 and 7)	-	-	15,345,100	3,076,601	18,421,701	17,213,701
	\$ 144,281	\$ 587,924	\$ 15,345,100	\$ 3,164,601	\$ 19,241,906	\$ 17,977,745
<b>Liabilities:</b>						
Current liabilities:						
Deferred contributions	\$ 45,049	\$ -	\$ -	\$ -	\$ 45,049	\$ -
Grants payable	14,350	4,615	-	-	18,965	-
Due to Islands Trust	-	71,061	-	-	71,061	88,174
Asset retirement obligations (note 4)	59,399	75,676	-	-	135,075	88,174
	-	80,708	-	-	80,708	-
<b>Fund Balances:</b>						
Unrestricted	84,882	-	-	-	84,882	114,230
Investment in land (note 5)	-	-	15,345,100	-	15,345,100	14,137,100
Internally restricted (note 6)	-	31,562	-	-	31,562	32,043
Externally restricted (note 6)	-	399,978	-	-	399,978	441,597
Restricted for endowment purposes (note 7)	-	-	-	3,164,601	3,164,601	3,164,601
Subsequent event (note 11)	84,882	431,540	15,345,100	3,164,601	19,026,123	17,889,571
	\$ 144,281	\$ 587,924	\$ 15,345,100	\$ 3,164,601	\$ 19,241,906	\$ 17,977,745

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

Approved by the Islands Trust Conservancy Board:



Board member

Board member

# THE ISLANDS TRUST CONSERVANCY

Statement of Operations

Year ended March 31, 2023, with comparative information for 2022

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	2023 Total	2022 Total
						(Schedule 2)
<b>Revenue:</b>						
Donations:						
Cash	\$ 61,258	\$ 39,148	\$ -	\$ -	\$ 100,406	\$ 107,547
Land	-	-	1,208,000	-	1,208,000	-
Grants	-	245,529	-	-	245,529	280,704
Rental income	-	10,507	-	-	10,507	10,455
Investment income (loss)	5,895	4,310	-	-	10,205	(6,337)
	67,153	299,494	1,208,000	-	1,574,647	392,369
<b>Expenses:</b>						
Repairs and maintenance - Alton property	-	16,482	-	-	16,482	21,788
Property management	-	1,260	-	-	1,260	4,880
Asset retirement cost (note 4)	-	79,483	-	-	79,483	-
Accretion expense	-	1,226	-	-	1,226	-
Bank charges	115	28	-	-	143	132
Grants to external parties	96,386	4,615	-	-	101,001	22,000
Species at Risk	-	238,500	-	-	238,500	242,500
Conservation Stimulus	-	-	-	-	-	38,500
	96,501	341,594	-	-	438,095	329,800
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ (29,348)</b>	<b>\$ (42,100)</b>	<b>\$ 1,208,000</b>	<b>\$ -</b>	<b>\$ 1,136,552</b>	<b>\$ 62,569</b>

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

# THE ISLANDS TRUST CONSERVANCY

Statement of Changes in Fund Balances

Year ended March 31, 2023, with comparative information for 2022

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	Total
Fund balances, March 31, 2021	\$ 15,754	\$ 509,547	\$ 10,327,169	\$ 6,974,532	\$ 17,827,002
Excess (deficiency) of revenue over expenses	98,476	(35,907)	-	-	62,569
Interfund transfer (note 9)	-	-	3,809,931	(3,809,931)	-
Fund balances, March 31, 2022	114,230	473,640	14,137,100	3,164,601	17,889,571
Excess (deficiency) of revenue over expenses	(29,348)	(42,100)	1,208,000	-	1,136,552
<b>Fund balances, March 31, 2023</b>	<b>\$ 84,882</b>	<b>\$ 431,540</b>	<b>\$ 15,345,100</b>	<b>\$ 3,164,601</b>	<b>\$ 19,026,123</b>

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

# THE ISLANDS TRUST CONSERVANCY

## Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
<b>Cash provided by (used in):</b>		
<b>Operating activities:</b>		
Excess of revenue over expenses	\$ 1,136,552	\$ 62,569
Item not involving cash:		
Donation of land	(1,208,000)	-
Accretion	1,226	-
Asset retirement obligation	42,774	-
Changes in non-cash operating working capital:		
Grants payable	18,965	-
Grants receivable	8,100	21,550
Due to Islands Trust	(17,113)	6,576
Deferred contributions	45,049	-
	<u>27,553</u>	<u>90,695</u>
<b>Capital activities:</b>		
Cash received for settlement of asset retirement obligation	36,708	-
<b>Investing activities:</b>		
Decrease in short-term investments	2,683	7,592
Decrease in long-term investments	162,501	-
Purchase of investments	(167,000)	(167,750)
	<u>(1,816)</u>	<u>(160,158)</u>
<b>Increase (decrease) in cash</b>	<b>62,445</b>	<b>(69,463)</b>
Cash, beginning of year	294,711	364,174
<b>Cash, end of year</b>	<b>\$ 357,156</b>	<b>\$ 294,711</b>

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

# THE ISLANDS TRUST CONSERVANCY

Notes to Financial Statements

Year ended March 31, 2023

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The Islands Trust Conservancy (the “Trust Conservancy”) is incorporated under The Islands Trust Act of British Columbia and is empowered to accept donations, grants and bequests on behalf of The Islands Trust and to hold land and other property in compliance with a Trust Conservancy plan approved by the Ministry of Municipal Affairs.

The Islands Trust Council (the “Trust”) is also incorporated under The Islands Trust Act of British Columbia. 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 Trust Conservancy is administered by the Trust and for financial reporting purposes, the Trust and the Trust Conservancy are reported on separately. The Trust Conservancy’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 Conservancy.

## 1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards including the 4200 standards for government not-for-profit organizations:

### (a) Fund accounting:

The Trust Conservancy 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 Conservancy’s capital assets.

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

### (b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record short-term investments at fair value as they are managed and evaluated on a fair value basis. Investments in guaranteed investment certificates are recorded at amortized cost.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

# THE ISLANDS TRUST CONSERVANCY

Notes to Financial Statements

Year ended March 31, 2023

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## 1. Significant accounting policies (continued):

### (b) Financial instruments (continued):

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

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses. When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations. During the years presented, there are no unrealized gains and losses, and as a result, no statement of remeasurement gains and losses has been included in these financial statements. Short-term investments held by the Trust Conservancy are classified as Level 2 investments for fair value measurement and there were no changes in classification in the years presented.

### (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. Restricted contributions for which there is no restricted fund are recognized as revenue of the Opportunity Fund in the period in which related expenses are incurred.

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.

# THE ISLANDS TRUST CONSERVANCY

Notes to Financial Statements

Year ended March 31, 2023

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## 1. Significant accounting policies (continued):

### (e) Liability for contaminated sites:

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

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) the Trust Conservancy is directly responsible or accepts responsibility;
- (iv) it is expected that future economic benefits will be given up; and
- (v) a reasonable estimate of the amount can be made.

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

### (f) Asset retirement obligations:

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

- (i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (ii) The past transaction or event giving rise to the liability has occurred;
- (iii) It is expected that future economic benefits will be given up; and
- (iv) A reasonable estimate of the amount can be made.

The liability for the removal of asbestos and other hazardous materials in the Ruby Alton house owned by the Trust Conservancy has been recognized based on estimated expenses on remediation or demolition of the structure. The liability for costs to remove rustic structures on Link Island has been recognized based on contributed funds received for the purposes of future removal of the structures.

# THE ISLANDS TRUST CONSERVANCY

Notes to Financial Statements

Year ended March 31, 2023

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## 1. Significant accounting policies (continued):

### (g) Natural assets:

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

### (h) 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. Estimates include assumptions used in estimating the fair value of contributed land at the date of contribution and asset retirement obligations. Actual results could differ from those estimates.

### (i) Change in accounting policy:

On April 1, 2022 the Trust Conservancy adopted Canadian public sector accounting standard PS 3280 *Asset Retirement Obligations*. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The standard was adopted on a prospective basis at the date of adoption resulting in no changes to accumulated surplus or annual surplus for comparative years presented.

On April 1, 2022 the Trust Conservancy recognized an asset retirement obligation related to a building containing asbestos and other hazardous materials located on the Ruby Alton Nature Reserve. The impact of this recognition and related accretion expense is reflected in the financial statements for the year ending March 31, 2023, along with other obligations arising the reporting year.

Under the prospective method, the assumptions used on initial recognition of these asset retirement obligations are those as of the date of adoption of the standard. Assumptions used in the subsequent calculations are revised yearly.

# THE ISLANDS TRUST CONSERVANCY

Notes to Financial Statements

Year ended March 31, 2023

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## 2. Short-term investments:

Short-term investments consist of an endowment fund with the Victoria Foundation and Municipal Finance Authority of British Columbia ("MFA") Short Term Bond and Money Market Funds. Investments in MFA Funds are recorded at market value.

## 3. Investments:

Investments consist of guaranteed investment certificate that matures on November 2, 2023. It has an interest rate of 4.95%.

## 4. Asset retirement obligations:

The Trust Conservancy owns one building located on the Ruby Alton Nature Reserve that is known to contain asbestos and other hazardous materials, which represents a health hazard upon demolition or remediation of the building and there is a legal obligation to remove it. Following the adoption of *PS 3280 Asset Retirement Obligations*, the Trust Conservancy recognized an obligation relating to the removal and post-removal care of the hazardous materials in this building as estimated at April 1, 2022. Estimated costs have been based the calculated current value of costs associated to address the future obligation.

During the 2023 year, the Trust Conservancy received a contributed asset, Link Island Nature Reserve, which contains a rustic cabin structure that will require future removal as a result of an agreement with the donor family. This required removal represents an asset retirement obligation under PS 3280. Estimated costs have been based on the value of funds received from the donor to remove the structures.

The transition and recognition of asset retirement obligations resulted in newly recognized liabilities as follows:

	Acquisition year	2023
<b>Asset</b>		
Ruby Alton house	2002	\$ 44,000
Link Island structures	2023	36,708
		<hr/> <b>\$ 80,708</b>

# THE ISLANDS TRUST CONSERVANCY

Notes to Financial Statements

Year ended March 31, 2023

## 5. Land:

	Acquisition year	2023	2022
Inner Island Nature Reserve, Denman Island	1992	\$ 70,000	\$ 70,000
Coats Millstone Reserve, Gabriola Island	1994	100,000	100,000
E,HO, (Medicine Beach) Nature Sanctuary, North Pender Island	1996	477,000	477,000
Cunningham Nature Reserve, Salt Spring Island	1994	265,000	265,000
Deep Ridge Nature 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
S'ul-hween X'pey (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	1,817,000
Laughlin Lake Nature Reserve, Galiano Island	2013	56,000	56,000
Vanilla Leaf Land Nature Reserve, Galiano Island	2014	217,000	217,000
Fairyslipper Forest Nature Reserve, Thetis Island	2017	550,266	550,266
Sandy Beach Nature Reserve, Keats Island	2022	2,703,000	2,703,000
Link Island Nature Reserve, Link Island	2023	1,208,000	-
		11,535,169	10,327,169
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
John Osland Nature Reserve, Lasqueti Island	2012	890,000	890,000
Valens Brook Nature Reserve Lot A, Denman Island	2013	280,000	280,000
Burren's Acres Nature Reserve, Gabriola Island	2014	210,000	210,000
Moore Hill Nature Reserve, Thetis Island	2017	780,000	780,000
Valens Brook Nature Reserve Lot 1, Denman Island	2019	85,000	85,000
Salish View Nature Reserve, Lasqueti Island	2020	304,931	304,931
Lisa Baile Nature Reserve, North Pender Island	2022	320,000	320,000
		3,809,931	3,809,931
		\$ 15,345,100	\$ 14,137,100

The Conservancy has a 99-year lease with BC Parks Foundation to manage Lands owned by the Foundation as a Nature Reserve.

# THE ISLANDS TRUST CONSERVANCY

Notes to Financial Statements

Year ended March 31, 2023

## 6. Restricted Fund balances:

	2023	2022
Internally restricted:		
McFadden Creek management fund	\$ 20,626	\$ 21,393
Property Management fund	10,936	10,650
	<u>31,562</u>	<u>32,043</u>
Externally restricted:		
Alton Nature Reserve - maintenance fund	111,384	156,758
Morrison Fund	10,467	14,809
Covenant Defense Fund	118,894	115,790
Lasqueti Acquisition Fund	30,465	27,541
Gambier Acquisition Fund	127,433	125,398
Thetis Island Acquisition Fund	1,335	1,301
Link Island Removal Fund	-	-
	<u>399,978</u>	<u>441,597</u>
	<u>\$ 431,540</u>	<u>\$ 473,640</u>

## 7. Restricted for endowment purposes:

	Acquisition year	2023	2022
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
McFadden Creek Nature Sanctuary, Salt Spring Island	2015	422,601	422,601
		<u>3,076,601</u>	<u>3,076,601</u>
		<u>\$ 3,164,601</u>	<u>\$ 3,164,601</u>

# THE ISLANDS TRUST CONSERVANCY

Notes to Financial Statements

Year ended March 31, 2023

## 7. Restricted for endowment purposes (continued):

Investment gains (losses) on endowment funds for the year of (\$2,683) (2022 - (\$6,587)) have been recorded in the Restricted Fund.

Two properties owned by the Trust Conservancy, 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.

In 2015, the McFadden Creek Nature Sanctuary on Salt Spring Island was donated to the Trust Conservancy on the condition that the property was to be protected, preserved and maintained in its natural state. Should a disposition of this property ever be triggered, there is a Right of First Refusal on the property in favor of the Wild Bird Trust of BC.

## 8. Interfund transfer:

During the year, there were no interfund transfers. In the prior year, there was an interfund transfer of \$3,809,931 from the Endowment Fund to the Capital Fund, reflecting the value of lands historically received under the Ecological Gift Program no longer restricted for endowment purposes.

## 9. Related party:

The Trust is related to the Trust Conservancy through the composition of the Trust Conservancy’s Board. The Trust Conservancy’s Board is comprised of three members from the Trust’s Council and up to three members appointed by the Minister of Municipal Affairs.

The Trust Conservancy’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:

	2023	2022
Operations and property management	\$ 884,981	\$ 876,595
Board	10,725	8,503
Administration	279,181	248,673
	<u>\$ 1,174,887</u>	<u>\$ 1,133,771</u>

At March 31, 2023, amounts owing to Islands Trust were \$71,061 (2022 - \$88,174).

# THE ISLANDS TRUST CONSERVANCY

Notes to Financial Statements

Year ended March 31, 2023

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## **10. Financial risks and concentration of risk:**

The Trust Conservancy's financial instruments consist of cash, short-term investments, investments, grants receivable, grants payable and amounts due to Islands Trust. It is management's opinion that the Trust Conservancy is not exposed to significant interest, currency or credit risk arising from these financial instruments. The maximum exposure to credit risk at March 31, 2023 is the carrying value of cash, short-term investments and investments and grants receivable. The Trust Conservancy deals with creditworthy counterparties to mitigate credit risk. The Trust Conservancy manages its liquidity risk by monitoring its operating requirements. Interest rate risk is not significant due to the short term nature of investments held. There have been no significant changes to risk exposure in the years presented.

## **11. Subsequent event:**

Subsequent to March 31, 2023 the transfer of Larmour Nature Reserve, a 3.36 hectare land parcel located in the Salt Spring Island Local Trust Area, from Jonathan Penn to the Trust Conservancy was completed. The approximate \$374,015 assessed value of the donated land is not reflected in the assets or fund balances as at March 31, 2023. The value of these donated assets will be recorded in the financial statements of the year ending March 31, 2024.

# THE ISLANDS TRUST CONSERVANCY

Statement of Financial Position

Schedule 1

March 31, 2022

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	2022 Total
<b>Assets:</b>					
Current assets:					
Cash	\$ 114,230	\$ 180,481	\$ -	\$ -	\$ 294,711
Short-term investments	-	181,633	-	88,000	269,633
Grants receivable	-	31,950	-	-	31,950
	114,230	394,064	-	88,000	596,294
Investments	-	167,750	-	-	167,750
Land	-	-	14,137,100	3,076,601	17,213,701
	\$ 114,230	\$ 561,814	\$ 14,137,100	\$ 3,164,601	\$ 17,977,745
<b>Liabilities:</b>					
Current liabilities:					
Due to Islands Trust	\$ -	\$ 88,174	\$ -	\$ -	\$ 88,174
	114,230	-	-	-	114,230
Investment in land	-	-	14,137,100	-	14,137,100
Internally restricted	-	32,043	-	-	32,043
Externally restricted	-	441,597	-	-	441,597
Restricted for endowment purposes	-	-	-	3,164,601	3,164,601
	114,230	473,640	14,137,100	3,164,601	17,889,571
	\$ 114,230	\$ 561,814	\$ 14,137,100	\$ 3,164,601	\$ 17,977,745

# THE ISLANDS TRUST CONSERVANCY

Statement of Operations

Schedule 2

Year ended March 31, 2022

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	2022 Total
<b>Revenue:</b>					
Donations:					
Cash	\$ 104,847	\$ 2,700	\$ -	\$ -	\$ 107,547
Land	-	-	-	-	-
Grants	-	280,704	-	-	280,704
Rental income	-	10,455	-	-	10,455
Investment income (loss)	250	(6,587)	-	-	(6,337)
	105,097	287,272	-	-	392,369
<b>Expenses:</b>					
Repairs and maintenance - Alton property	-	21,788	-	-	21,788
Property management	-	4,880	-	-	4,880
Bank charges	121	11	-	-	132
Grants to external parties	6,500	15,500	-	-	22,000
Species at Risk	-	242,500	-	-	242,500
Conservation Stimulus	-	38,500	-	-	38,500
	6,621	323,179	-	-	329,800
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 98,476</b>	<b>\$ (35,907)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 62,569</b>

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