



2023/24

# Annual Report

# Islands Trust Conservancy 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)*

Cover image: spotted coralroot

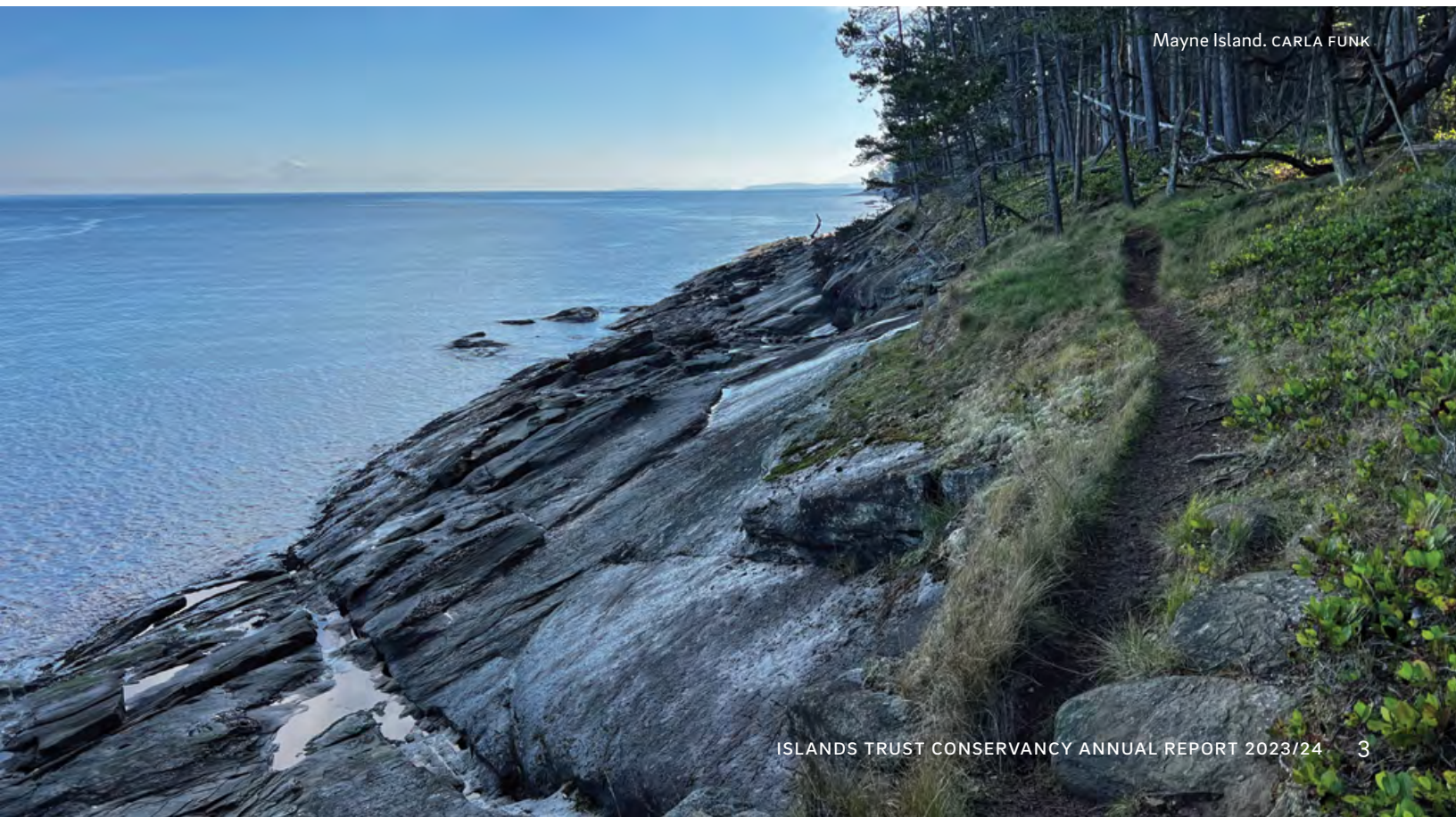
## Who We Are

Established in 1990, Islands Trust Conservancy (ITC) is a land trust, and part of 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.](#)

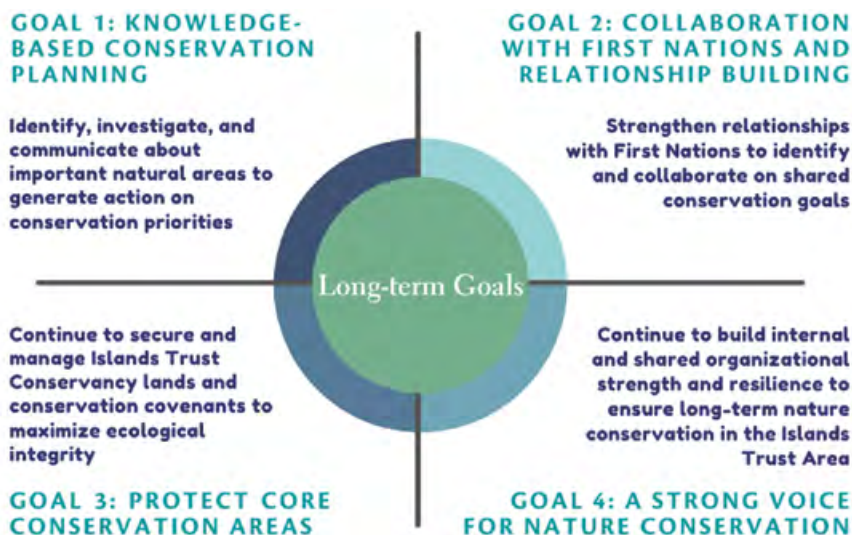


## How We Work

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.](#)



*Goals of the Regional Conservation Plan that guide the work of the Islands Trust Conservancy*



Monitoring in an Islands Trust Conservancy protected area. CARLA FUNK

## Our People

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

Dr. Risa Smith — Chair (July 2023–March 2024),

Vice Chair (April–July 2023), Appointed Member

Linda Adams — Chair (April–July 2023), Appointed Member

Susan Yates — Vice Chair (August–December 2023), Board Member

Lisa Gauvreau — Vice Chair (January–March 2024), Board Member

Tobi Elliott — Board Member

Ken Thomas — Appointed Member

Grant Scott — Board Member (resigned April 2023)

Charles Kahn — Appointed Member (August 2023–March 2024)

## Message from the Board Chair

This past year at Islands Trust Conservancy, collaboration has been central to our conservation accomplishments. The passion and dedication of community members, partners, and funders has supported the creation of new covenants and nature reserves as well as key restoration initiatives, including recovery of species at risk.



Conservation highlights for 2023 include:

- Finalizing the Livingstone Forest Conservation Covenant, with owners Christine Ferris and Doug Hopwood. This is our first covenant on Lasqueti Island
- Celebration of our 30<sup>th</sup> Nature Reserve, the Hoak-pus/Sandy Beach Nature Reserve, on Keats Island
- Expansion of the Nighthawk Hill NAPTEP Covenant on North Pender Island, funded through the Morrison Waxler Biodiversity Protection Legacy Fund

Restoration of properties that we manage has included:

- Removal of invasive species on Gambier and Denman Island
- Planting nearly 1,000 wildflowers, grasses, and sedges with Sidney Islanders to help restore ecological diversity in the Windthrow Covenant
- Ecosystem restoration on Sidney and Salt Spring Island, supported by Habitat Acquisition Trust, Habitat Restoration Field Crew, and Environment and Climate Change Canada

Our work on species at risk, through a generous grant from Environment and Climate Change Canada, has enabled us to focus on monitoring and recovery of several species at risk. This year we installed nest boxes and mounted audio recorders on Link Island to enhance habitat and better understand the needs of Western Screech-Owl. On North Pender Island, Sharp-tailed Snakes were spotted, as a result of our monitoring, in an area where they hadn't been seen in over 50 years.

In addition to the partners and collaborators already acknowledged, I would like to give a special shout out to the local Conservancies on each Gulf Island. With a little help from ITC's Opportunity Fund these organizations work tirelessly to protect the special places on the islands.

In partnership with us or with others, their work ensures that the natural environment, which has drawn us all to the Gulf and the Howe Sound Islands, continues to provide us with the ecosystem services on which we all depend, including supporting the health of the people who live here.

Half of the ITC Board has changed in 2023. Tobi Elliott, representing the Islands Trust Executive Committee, and Susan Yates, an elected Trustee, and myself remain. In 2023, we welcomed three new members to the ITC Board. Ken Thomas and Charles Kahn are provincially appointed board members and Lisa Gauvreau is our third elected Trustee. We also said good-bye to Linda Adams, a long-time board member whose patience and sage advice is missed. Our new Board is engaged and committed to the ITC mandate. I am looking forward to continuing our thoughtful discussions and making decisions that advance our mission and collaborations.

As we move into 2024, we will be focusing on a new relationship with the First Nations peoples who live around the Salish Sea. We will also be exploring how we define and manage risk to our properties, in these times of climate change and a growing human population. Of course, we will be continuing to use our current tools to protect and enhance the natural environment of the Gulf and the Howe Sound Islands.

It has been an honour to serve as Islands Trust Conservancy Board Chair since August 2023. I am looking forward to a productive 2024, in which the natural environment continues to be the basis of our health and prosperity.

Sincerely,

A handwritten signature in black ink, appearing to read 'Risa Smith', with a stylized flourish at the end.

**Risa Smith**  
ITC Board Chair

# Islands Trust Conservancy Protected Areas 2023/2024




## Southern Islands

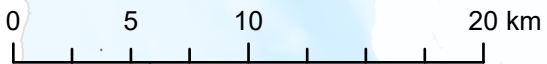
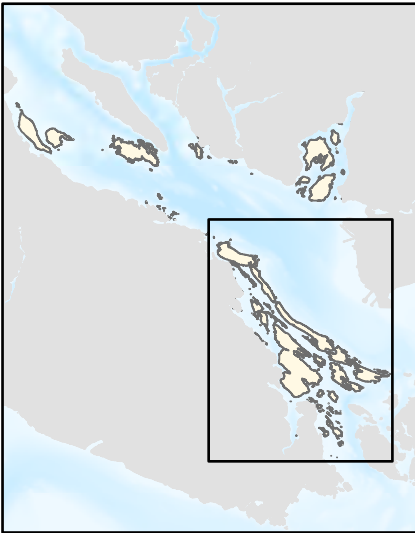


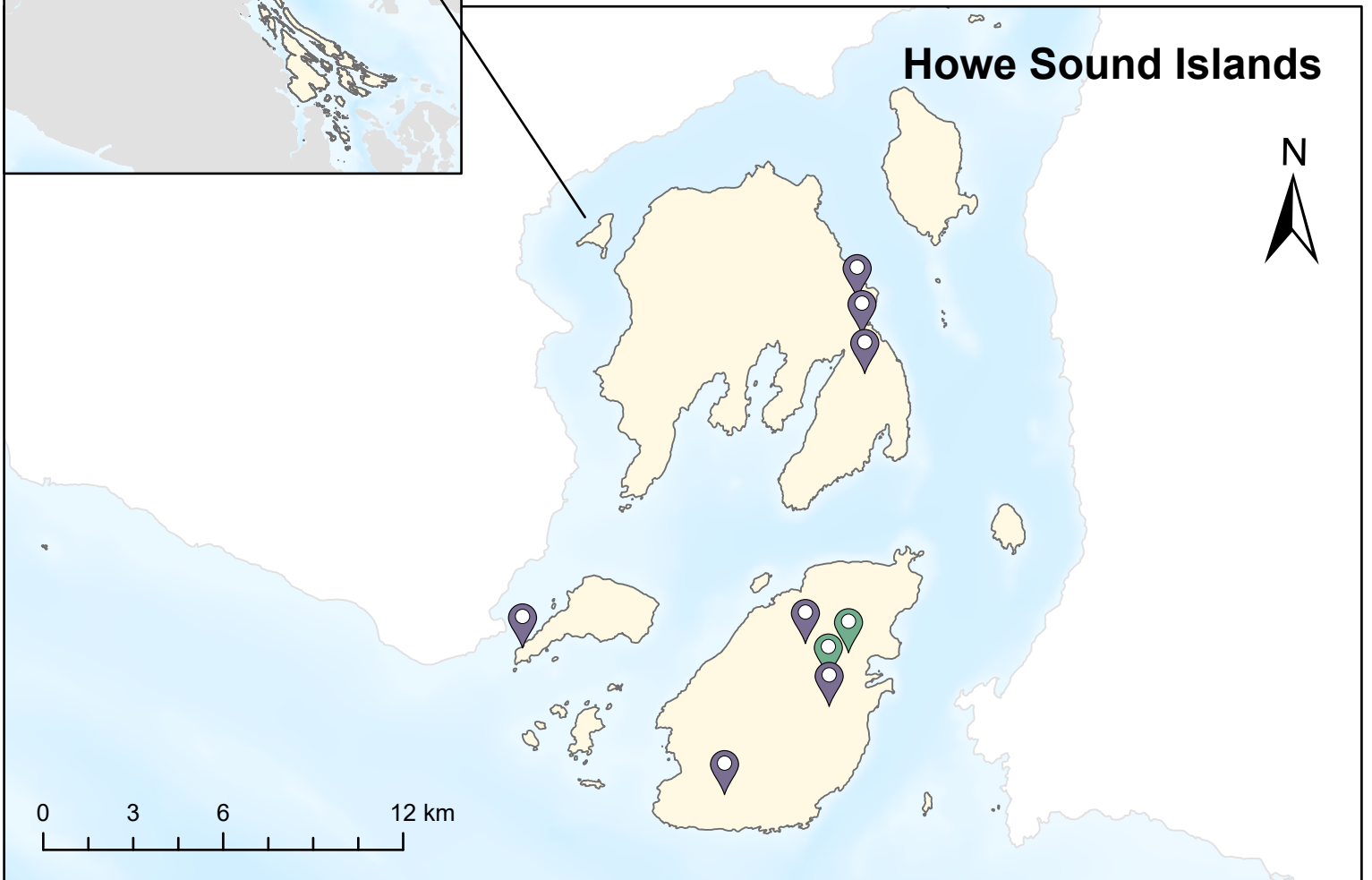
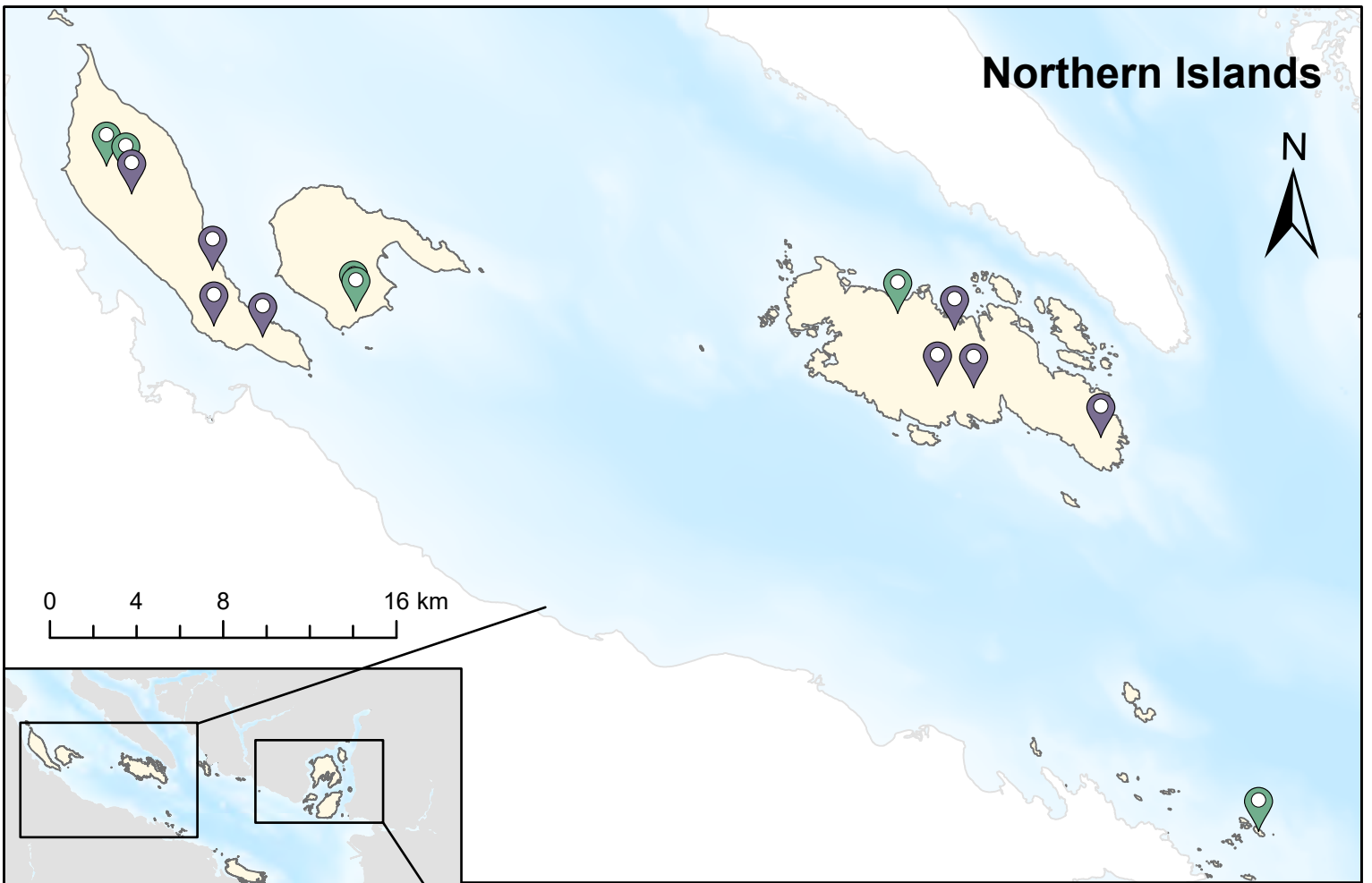
Larmour Lands Nature Reserve, Salt Spring Island  
+8.22Ha

Nighthawk Hill NAPTEP Covenant Addition, North Pender Island  
+0.96 Ha

Brooks Point Regional Park Covenant Addition, South Pender Island  
+2.00 Ha

-  ITC Nature Reserves
-  ITC Conservation Covenants
-  New ITC Protected Areas







## Program Highlights 2023/2024

### Islands Trust Conservancy Plan 2023–2025

Islands Trust Conservancy submitted a revised Islands Trust Conservancy Plan to the Minister of Municipal Affairs in December 2023, as required under the *Islands Trust Act*. The Islands Trust Conservancy Plan sets policy for:

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

In January of 2024, the Minister declined to approve the ITC Plan. Although ITC had referred the ITC Plan to First Nations, the Minister indicated that further engagement was needed.

Further engagement with First Nations is supported by the ITC's Reconciliation Declaration and by the ITC's Regional Conservation Plan. The ITC Board reviewed and approved a plan and budget for First Nations engagement into the 2024/25 fiscal year and ITC is looking forward to growing relationships with First Nations around land stewardship.

[Read more about our Islands Trust Conservancy Plan.](#)

### 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.

As Canada works toward protecting 30% of terrestrial habitat by 2030, Islands Trust Conservancy is committed to the protection and preservation of the Islands Trust Area through processes that respect and honour Reconciliation and mutually respectful relationships with Coast Salish Indigenous Peoples. In 2023/24, Islands Trust Conservancy reviewed policies that guide acquisition and management of land and covenants

to require engagement of First Nations prior to acquisition of land or covenants and during management planning for conservation lands.

## 2023/24 Nature Reserves

### Larmour Nature Reserve, Salt Spring Island Local Trust Area

In June 2023, 3.44 ha of land on Salt Spring Island was transferred to Islands Trust Conservancy to create the Larmour Lands Nature Reserve. This nature reserve was created to conserve the legacy of dedicated Salt Spring Island conservationist, Mike Larmour. The new nature reserve protects mature forests, wetlands, and is a connectivity to other protected areas, including habitat for multiple at-risk species.

[Read more about creating nature reserves.](#)

## 2023/24 Conservation Covenants

### Nighthawk Hill NAPTEP Covenant Addition (0.96 ha), North Pender 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 August 2023, Islands Trust Conservancy worked with North Pender Island landholders to expand their existing NAPTEP covenant. Nighthawk Hill NAPTEP Covenant, originally registered in 2012, protects Arbutus and Douglas-fir woodland, a steep ridge with moss and lichen-covered outcrops, and is a known nesting location for at-risk Common Nighthawk. The new covenant expands the protected area to include a small wetland and riparian area, protecting these vital habitats and doubling the size of the protected area to 1.9 ha. Protecting transition zones like this one, extending from the wetlands to the dry upper ridge, is one facet of planning for resiliency to climate change.

## Brooks Point Regional Park Covenant Addition

In 2014, Islands Trust Conservancy worked with Habitat Acquisition Trust, Pender Islands Conservancy Association, and Capital Regional District (CRD) Parks to conserve a parcel of land to connect three south facing parcels of Brooks Point Regional Park with Gowlland Point on South Pender. The added parcel, along with the four earlier acquired parcels, expanded Brooks Point Regional Park to 4.81 ha.

Brooks Point Regional Park features:

- Coastal headland with intertidal rocky shore and a sheltered beach
- Grassy meadow which explodes with native chocolate lilies in the spring
- Critical habitat for the endangered Sharp-tailed Snake
- Views of the Salish Sea, numerous islands, and Mount Baker
- Navigation beacon on Gowlland Point

To ensure that the natural values of the park would be conserved, Islands Trust Conservancy and Habitat Acquisition Trust now hold a conservation covenant on the park and work with CRD Parks to care for the stunning natural features.

[Read more about placing conservation covenants with us.](#)

▼ Andy Nowak and Mary Reher came to Pender Island in the 1980's. As development pressure increased on the island, they placed a conservation covenant to protect and steward the species and ecosystems on their land. "It feels good to know we did something of substance to preserve the earth and its creatures, and encourage other private [landholders] to do the same," says Mary Reher.



## Caring for the Land – Our Shared Responsibility

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

In 2023/24, this care included the following land management activities in partnership with local island conservancies and volunteers:

- Annual monitoring visits on all nature reserves to collaborate with management partners and evaluate management needs into the future
- 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 B.C., and the Sidney Island community on the SKʷÁMEN QENÁŁ,ENEŹ SĆÁ - Sidney Island Ecosystem Restoration Project
- Initiating the first management plans for Link Island Nature Reserve and Saturnina Island Nature Reserve (Gabriola Island Local Trust Area). Management plans were referred to First Nations for comment and to initiate conversations regarding cultural use of land
- Creation of signage for education, management, and safety at nine nature reserves
- Collaborating on educational signage to help protect the fragile ecosystem at McRae NAPTEP Covenant on Gabriola Island
- Habitat restoration and management including:
  - › Managing ten invasive species in 36 Islands Trust Conservancy protected areas on 13 islands including Gambier, Keats, Bowen, Salt Spring, Thetis, Lasqueti, Denman, Galiano, Saturnina, Pender, Gabriola, Mayne, and Link Islands
  - › Planting and/or seeding native plants in six Islands Trust Conservancy protected areas on Denman, Salt Spring, Sidney, Bowen, and Gabriola Islands

- › Maintaining restoration projects in 13 Islands Trust Conservancy protected areas with plantings in exclosures being maintained and monitored, including wetlands on Lasqueti Island and a wildflower meadow on Mt. Tuam on Salt Spring Island
- › Wetland and Beaver Assessment completed at John Osland Nature Reserve on Lasqueti Island
- › Aquatic Ecological Assessment completed for Forsen Creek at Ruby Alton Nature Reserve on Salt Spring Island
- › Controlling introduced invasive bullfrogs in the early stages of population establishment and invasion on Sidney Island

▼ An Environment and Climate Change Canada funded grant enabled Islands Trust Conservancy to work with islanders and partners to plant nearly 1,000 native meadow plant, bulbs, and corms, and sow 180,000 seeds in a covenant on Sidney Island to help restore ecological diversity and create a robust habitat for pollinators, such as butterflies and bees. KRISTIN MISKELLY



## Species at Risk Program – Protecting and Recovering Species

The goal of the Species at Risk Program is to prevent rare species loss from the Islands Trust Area. This is accomplished by conducting surveys and monitoring to increase knowledge, collect data to inform Islands Trust Conservancy mapping initiatives, protect habitat through our protected areas, and build support for conservation through engagement with First Nations, landholders, and Islands Trust staff and officials.

Highlights this year include:

- Completed the fourth year of implementing the Species at Risk Program, supported by the Priority Places Program through Environment and Climate Change Canada
- Conducted surveys and monitoring in Islands Trust Conservancy protected areas and confirmed the presence of species at risk including the Barn Swallow, Common Nighthawk, Great Blue Heron, Marbled Murrelet, Peregrine Falcon, Western Screech-Owl, Little Brown Myotis bat, Common Sharp-tailed Snake, Red-legged Frog, Western Toad, Northern Goshawk, Yellow Montane Violet, and Coastal Scouler’s Catchfly
- Confirmed two nesting pairs of Western Screech-Owl, and the successful breeding of one pair, in an Islands Trust Conservancy protected area
- Hosted a speaker series from February to May 2023. Topics during the 2023/24 fiscal year included:
  - › Methods for cataloguing, ranking, and mapping species at risk information
  - › Understanding a living cultural landscape, and the importance of P’hwulhp (Garry oak) meadows to the Quw’utsun mustimuhw (Cowichan Peoples)

[Read more about our Species at Risk Program.](#)

This project was undertaken with the financial support of:  
Ce projet a été réalisé avec l'appui financier de :



Environment and  
Climate Change Canada

Environnement et  
Changement climatique Canada

## Partnerships, Collaborations, and Supporters – Working with Others

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

In 2023/24, our collaborations included:

- 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
- Contributed to the revised edition of the BC Conservation Covenant Handbook, the go-to reference guide on conservation covenants for landowners and land trusts in B.C.
- Continued participation with the Coastal Douglas-fir and Associated Ecosystems Conservation Partnership (CDFCP) to prioritize high biodiversity areas and develop resources to support conservation
- Continued participation with the Capital Region Invasive Species Partnership to keep up to date on priority invasive species and best management practices for ITC's protected areas
- Continued membership with the Canadian Association of Gift Planners "Will Power" campaign, providing potential donors with information and the opportunity to leave a legacy gift for land conservation in the Islands Trust Area
- Active participation in SKTÁMEN QENÁŁ, ENEÇ SĆÅ – Sidney Island Ecological Restoration Project

## 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 Regional Conservation Plan guides the disbursement of funds and the Islands Trust Conservancy Board considers applications twice per year.

Islands Trust Conservancy dispensed the following Opportunity Fund grants in 2023/24:

- \$2,000 to the Thetis Island Nature Conservancy for the Thetis Island Nature Stewards Program
- \$4,950 to the Galiano Conservancy for costs associated with the acquisition of Quadra Hill on Galiano Island

Islands Trust Conservancy approved an additional grant which will be paid out in 2024/25:

- \$7,000 for costs associated with placing a NAPTEP conservation covenant on Gabriola Island

During 2023/24 Islands Trust Conservancy received \$9,484 in donations for the Opportunity Fund. On March 31<sup>st</sup>, 2024, the Opportunity Fund had \$86,648 available to grant Islands Trust Area-wide with an additional \$35,400 geographically restricted for the Hornby Island Local Trust Area.

## Directed Donations

Islands Trust Conservancy is a qualified donee through Canada Revenue Agency and can accept donations, gifts of stock, RRSPs, bequests, and other forms of gifts. Directed donations are for specific purposes. During 2023/24, Islands Trust Conservancy gratefully received \$9,484 in donations to the Opportunity Fund. Islands Trust Conservancy administers the following directed donation funds:

- Covenant Management and Defence Fund
- Gambier Island Acquisition Fund
- Lasqueti Island Acquisition Fund
- McFadden Creek Fund — Salt Spring Island
- Morrison-Waxler Biodiversity Fund — Pender Island



- Property Management Fund
- Ruby Alton Endowment Fund — Salt Spring Island
- Thetis Island Acquisition Fund
- William Tempest Fund — Hornby Island — Opportunity Fund
- Link Island Western Screech-Owl Project

## Financial Statements

Islands Trust Conservancy prepares Financial Statements annually, in compliance with the requirements under *Section 46* of the *Islands Trust Act*. Under the *Islands Trust Act*, Islands Trust Conservancy may receive money, land, and other property as donations or through grants in order to further the Object of the Islands Trust. Islands Trust Conservancy uses Canadian Public Sector Accounting Standards, including standards for government non-profit organizations, to manage its funds and land assets. Islands Trust Conservancy 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 2023/24 Financial Statements, Islands Trust Conservancy recognizes the following items of note:

- Grant revenue of \$220,000 from Environment and Climate Change Canada for the Islands Trust Conservancy Species at Risk Program
- Land acquisition on Salt Spring Island valued at \$721,000
- \$13,950 was provided to three different partners through the Opportunity Fund to facilitate conservation work

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 Islands Trust Council under the Islands Trust Council budget process. Details on these costs are available in the Islands Trust Financial Statements.

## Looking Ahead to 2024/25

Looking ahead, Islands Trust Conservancy is committed to meaningful early engagement and relationship-building with First Nations; collaborating to accomplish shared conservation priorities. Islands Trust Conservancy looks forward to continuing to work in partnership with landowners, donors, organizations, and community members in protecting and preserving species and ecosystems across the Islands in the Salish Sea for generations to come.

Thank you to all the landholders, donors, partners, and community members who make this work possible.

*Please consider creating a conservation legacy by remembering Islands Trust Conservancy in your Will.*

# Appendix: Islands Trust Conservancy Financial Statements

Financial Statements of

**THE ISLANDS TRUST  
CONSERVANCY**

Year ended March 31, 2024



**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, 2024
- 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, 2024, 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.

*KPMG LLP*

Chartered Professional Accountants

Victoria, Canada  
June 24, 2024



# THE ISLANDS TRUST CONSERVANCY

Statement of Operations

Year ended March 31, 2024, with comparative information for 2023

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	2024 Total	2023 Total
(Schedule 2)						
<b>Revenue:</b>						
Donations:						
Cash	\$ 26,412	\$ -	\$ -	\$ -	\$ 26,412	\$ 100,406
Land	-	-	721,000	-	721,000	1,208,000
Grants	-	220,007	-	-	220,007	245,529
Rental income	-	10,760	-	-	10,760	10,507
Investment income (loss)	8,990	36,632	-	-	45,622	10,205
	35,402	267,399	721,000	-	1,023,801	1,574,647
<b>Expenses:</b>						
Repairs and maintenance - Alton property	-	19,656	-	-	19,656	16,482
Property management	-	3,359	-	-	3,359	1,260
Asset retirement cost (note 4)	-	-	-	-	-	79,483
Accretion expense	-	2,146	-	-	2,146	1,226
Bank charges	-	190	-	-	190	143
Grants to external parties	-	-	-	-	-	101,001
Screech Owl management	16,910	-	-	-	16,910	-
Species at Risk	-	220,000	-	-	220,000	238,500
	16,910	245,351	-	-	262,261	438,095
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 18,492</b>	<b>\$ 22,048</b>	<b>\$ 721,000</b>	<b>\$ -</b>	<b>\$ 761,540</b>	<b>\$ 1,136,552</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, 2024, with comparative information for 2023

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	Total
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
Fund balances, March 31, 2023	84,882	431,540	15,345,100	3,164,601	19,026,123
Excess (deficiency) of revenue over expenses	18,492	22,048	721,000	-	761,540
<b>Fund balances, March 31, 2024</b>	<b>\$ 103,374</b>	<b>\$ 453,588</b>	<b>\$ 16,066,100</b>	<b>\$ 3,164,601</b>	<b>\$ 19,787,663</b>

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

# THE ISLANDS TRUST CONSERVANCY

## Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
<b>Cash provided by (used in):</b>		
<b>Operating activities:</b>		
Excess of revenue over expenses	\$ 761,540	\$ 1,136,552
Item not involving cash:		
Donation of land	(721,000)	(1,208,000)
Accretion	2,146	1,226
Asset retirement obligation	-	42,774
Changes in non-cash operating working capital:		
Grants payable	(17,565)	18,965
Grants receivable	1,850	8,100
Due to Islands Trust	29,821	(17,113)
Deferred contributions	(16,911)	45,049
	<u>39,881</u>	<u>27,553</u>
<b>Capital activities:</b>		
Cash received for settlement of asset retirement obligation	-	36,708
<b>Investing activities:</b>		
Decrease in short-term investments	(22,013)	2,683
Decrease in long-term investments	(8,976)	162,501
Purchase of investments	(191,709)	(167,000)
	<u>(222,698)</u>	<u>(1,816)</u>
<b>Increase (decrease) in cash</b>	<b>(182,817)</b>	<b>62,445</b>
Cash, beginning of year	357,156	294,711
<b>Cash, end of year</b>	<b>\$ 174,339</b>	<b>\$ 357,156</b>

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

# THE ISLANDS TRUST CONSERVANCY

Notes to Financial Statements

Year ended March 31, 2024

---

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, 2024

---

## 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, 2024

---

## 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, 2024

---

## 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, 2023 the Trust Conservancy adopted Canadian public sector accounting standard PS 3400 *Revenue Recognition*. The new accounting standard differentiates between revenue arising from transactions with performance obligations (exchange transactions) and transactions that do not have performance obligations (non-exchange transactions). 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, 2023 the Trust Conservancy adopted Canadian public sector accounting standard PS 3160 *Public Private Partnerships*. The new accounting standard establishes guidelines for the recognition, measurement, presentation, and disclosure of infrastructure procured through certain types of public private partnership arrangements. Given the nature of its work, the Trust Conservancy does not engage in these types of partnerships and as such, adoption of the standard has had no impact on the financial statements.

# THE ISLANDS TRUST CONSERVANCY

Notes to Financial Statements

Year ended March 31, 2024

---

## 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 4, 2024. It has an interest rate of 5.6%.

## 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.

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 present value of funds received from the donor to remove the structures.

Asset retirement obligations by asset are as follows:

	Acquisition year	2024	2023
<b>Asset</b>			
Ruby Alton house	2002	\$ 45,320	\$ 44,000
Link Island structures	2023	37,534	36,708
		<b>\$ 82,854</b>	<b>\$ 80,708</b>

# THE ISLANDS TRUST CONSERVANCY

Notes to Financial Statements

Year ended March 31, 2024

## 5. Land:

	Acquisition year	2024	2023
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	1,208,000
Larmour Nature Reserve, Salt Spring Island	2024	721,000	-
		12,256,169	11,535,169
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	2023	320,000	320,000
		3,809,931	3,809,931
		\$ 16,066,100	\$ 15,345,100

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

# THE ISLANDS TRUST CONSERVANCY

Notes to Financial Statements

Year ended March 31, 2024

## 6. Restricted Fund balances:

	2024	2023
Internally restricted:		
McFadden Creek management fund	\$ 18,635	\$ 20,626
Property Management fund	11,506	10,936
	<u>30,141</u>	<u>31,562</u>
Externally restricted:		
Alton Nature Reserve - maintenance fund	121,761	111,384
Morrison Fund	10,838	10,467
Covenant Defense Fund	125,087	118,894
Lasqueti Acquisition Fund	31,934	30,465
Gambier Acquisition Fund	131,659	127,433
Thetis Island Acquisition Fund	1,403	1,335
Link Island Removal Fund	765	-
	<u>423,447</u>	<u>399,978</u>
	<u>\$ 453,588</u>	<u>\$ 431,540</u>

## 7. Restricted for endowment purposes:

	Acquisition year	2024	2023
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, 2024

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

Investment gains (losses) on endowment funds for the year of \$6,502 (2023 - (\$2,683)) 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:

There were no interfund transfers in the current year or in the prior year.

## 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:

	2024	2023
Operations and property management	\$ 963,375	\$ 884,981
Board	9,747	10,725
Administration	289,113	279,181
	<u>\$ 1,262,235</u>	<u>\$ 1,174,887</u>

At March 31, 2024, amounts owing to Islands Trust were \$100,987 (2023 - \$71,061).

# THE ISLANDS TRUST CONSERVANCY

Notes to Financial Statements

Year ended March 31, 2024

---

## **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, 2024 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.

# THE ISLANDS TRUST CONSERVANCY

Statement of Financial Position

Schedule 1

March 31, 2023

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	2023 Total
<b>Assets:</b>					
Current assets:					
Cash	\$ 144,281	\$ 212,875	\$ -	\$ -	\$ 357,156
Short-term investments	-	178,950	-	88,000	266,950
Grants receivable	-	23,850	-	-	23,850
	144,281	415,675	-	88,000	647,956
Investments	-	172,249	-	-	172,249
Land	-	-	15,345,100	3,076,601	18,421,701
	\$ 144,281	\$ 587,924	\$ 15,345,100	\$ 3,164,601	\$ 19,241,906
<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
	59,399	75,676	-	-	135,075
Asset retirement obligations (note 4)	-	80,708	-	-	80,708
<b>Fund Balances:</b>					
Unrestricted	84,882	-	-	-	84,882
Investment in land (note 5)	-	-	15,345,100	-	15,345,100
Internally restricted (note 6)	-	31,562	-	-	31,562
Externally restricted (note 6)	-	399,978	-	-	399,978
Restricted for endowment purposes (note 7)	-	-	-	3,164,601	3,164,601
	84,882	431,540	15,345,100	3,164,601	19,026,123
	\$ 144,281	\$ 587,924	\$ 15,345,100	\$ 3,164,601	\$ 19,241,906

# THE ISLANDS TRUST CONSERVANCY

Statement of Operations

Schedule 2

Year ended March 31, 2023

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



**Victoria Office**

200-1627 Fort Street

Victoria BC V8R 1H8

250-405-5151

[islandstrust.bc.ca](https://islandstrust.bc.ca) [IsTrustConservancy](https://www.facebook.com/IsTrustConservancy) [IsTrustConserv](https://x.com/IsTrustConserv) [islandstrustconservancy](https://www.linkedin.com/company/islandstrustconservancy)

[islandstrustconservancy](https://www.instagram.com/islandstrustconservancy)



Islands Trust