



Islands Trust Conservancy

2024/25 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 in 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 photo: Death camas, common camas, sea blush, and Pacific sanicle, Saturnina Island Nature Reserve. Photo by Islands Trust Conservancy.

Who We Are

Established in 1990, Islands Trust Conservancy (ITC) is a registered land trust, and a distinct corporate entity of Islands Trust. The Islands Trust Conservancy is dedicated to preserving and protecting the fragile and unique ecosystems throughout the Islands Trust Area in the Salish Sea, which lies between the mainland of British Columbia and Vancouver Island, and includes the Átl'ka7sem/Howe Sound area. This region covers over 450 islands and inlets, featuring rich archeological and culturally significant sites, and a vast diversity of ecosystems and species, many of which are endangered, or under the threat of becoming endangered.

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 partners including: private landholders and donors, local conservancies, environmental organizations, charitable foundations, academic institutions, businesses, First Nations, and all levels of government.

[Read more about how you can protect nature with us.](#)

Fool's onion, Sidney Island. Photo by Islands Trust Conservancy

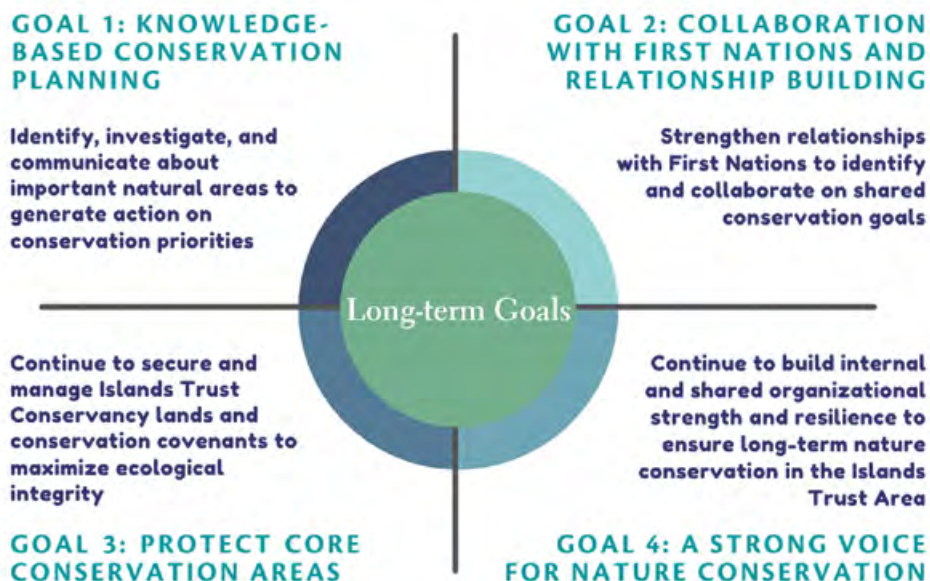


The United Nations and Government of Canada set a goal of 30% protected area by 2030. Scientific consensus is that we must protect at least 30% of lands, waters, and oceans by 2030 in order to stop biodiversity decline and the climate change crisis. Islands Trust Conservancy is doing its part to meet this goal in the Islands Trust Area – where 20% of the land is in protected status.

How We Work

We preserve and protect the islands by:

- **Working with landholders to support voluntary land protection.** Through generous donations and other land transfers, we establish and manage nature reserves and collaborate with landholders to conserve private lands through conservation covenants.
- **Monitoring and restoring sensitive ecosystems and habitat for species at risk.** We work in collaboration with island communities, conservation partners, and experts to take action to support the recovery of species and ecosystems at risk.
- **Providing strategic funds to conservation partners.** We value our conservation partners and know we cannot achieve this mission alone. We support land conservation across the islands through our Opportunity Fund Program.
- **Identifying priority areas across the Islands Trust Area.** Utilizing the most current data available, we strive to maximize our impact in addressing the biodiversity and climate crises.
- **Commitment to Reconciliation Action.** We are building capacity towards working in meaningful relationships with First Nations to ensure that conservation and land protection and management honours free, prior and informed consent, Indigenous ways of knowing and cultural practices.



Our People

There are six trustees that serve on the Islands Trust Conservancy Board. Two trustees are elected by the Islands Trust Council from its membership, one is elected from the Executive Committee, and three trustees are appointed by the Minister of Housing and Municipal Affairs as coordinated through the Crown Agencies and Board Resourcing Office. The Islands Trust Conservancy is guided by a five-year plan which is approved by the Minister of Municipal Housing and Affairs.

Lisa Gauvreau Islands Trust Council Elected Board Member	Chair (January 2025–current) <i>Vice-Chair (January 2024–December 2024)</i> <i>Board Member (July 2023–December 2023)</i>
Tanner Timothy Provincially Appointed Board Member	Vice-Chair (January 2025–current) Appointed Member (August 2024– current)
Susan Yates Islands Trust Council Elected Board Member	Board Member (January 2024–current) <i>Vice-Chair (August 2023–January 2024)</i> <i>Board Member (December 2022–July 2023)</i>
Tobi Elliott Islands Trust Executive Committee Representative	Board Member (December 2022– current)
Dr. Risa Smith Provincially Appointed Board Member	Appointed Member (January 2025– current) <i>Chair (July 2023–December 2024)</i> <i>Vice Chair (April 2022–July 2023)</i> <i>Board Member (August 2021–March 2022)</i>
Charles Kahn Provincially Appointed Board Member	Appointed Member (August 2023–current)
Ken Thomas Provincially Appointed Board Member	Appointed Member (April 2023–August 2024)

Message from the Board Chair

This past year at Islands Trust Conservancy, community has been central to ongoing conservation and stewardship efforts in the Islands Trust Area. The support and dedication of local conservancies, community members, partners, experts, and funders has helped to accomplish key restoration projects, support species at risk, and establish new conservation covenants.



Conservation highlights for 2024 include:

- Celebrated the expansion of the Nighthawk Hill NAPTEP Covenant on North Pender Island with landholders Mary Reher and Andy Nowak
- Finalized the Skye Larmour NAPTEP Covenant on Salt Spring Island
- Finalized the Koontz NAPTEP Covenant on Gabriola Island

Habitat restoration of land that Islands Trust Conservancy manages has included:

- Management of sensitive ecosystems through the removal of hundreds of cubic metres of invasive plant species on Salt Spring, Gambier, Denman, and Galiano Islands in partnership with local conservancies and community volunteers
- Continued monitoring and management of the largest Garry oak meadow restoration project in the Salish Sea on Mt. Tuam, Salt Spring Island to protect and enhance habitat for species at risk including plants, butterflies, bats, and other important pollinator species
- Planning and implementing ecosystem restoration for the benefit of species at risk and ecosystems on Gabriola, North Pender, Little D'Arcy, and Salt Spring Islands, in collaboration with the Gabriola Land and Trails Trust and Habitat Acquisition Trust's Restoration Field Crew

Through a generous grant from Environment and Climate Change Canada, we have continued into our fifth year of surveying, monitoring, and restoring habitat for species at risk. This year, we began a propagation project for Coastal Scouler's Catchfly, a critically endangered flowering plant. We conducted inventories for a wide variety of species at risk on Lasqueti Island, and continued ongoing Common Sharp-tailed Snake, Western Screech-Owl, and bat surveying and monitoring on numerous ITC nature reserves and covenants. One exciting highlight this spring

was confirming two mating pairs of Western Screech-Owls on one of ITC's nature reserves that fledged two owlets. Since the launch of this project, two additional Western Screech-Owl territories have been confirmed in the region, providing hope for this federally threatened species.

In addition to restoration and monitoring projects, Islands Trust Conservancy fostered community through three different education events. We convened local, provincial, and federal experts to deliver a presentation to Islands Trust trustees about the *Canadian Species at Risk Act* and its relevance in the Islands Trust Area. On Galiano Island, we supported the Galiano Conservancy Association in their delivery of the Salish Sea Conservation Forum; a day of brainstorming, information sharing, and networking for conservation professionals working to protect habitat and biodiversity in the Salish Sea. On Pender Island, we co-hosted a presentation with the Pender Island Conservancy to educate local islanders about leaving a legacy for conservation.

Changes to the Islands Trust Conservancy Board occurred in 2024. Dr. Risa Smith stepped down from her role as Chair, but remains on the ITC Board as one of our three provincially appointed board members, including Charles Kahn and new Vice-Chair and board member, Tanner Timothy. Returning board members include Tobi Elliott, representing the Islands Trust Executive Committee, Susan Yates, elected trustee, and myself as the Chair. Our Board is passionate and committed to the Islands Trust Conservancy mandate through thoughtful discussions and decisions that further our mission and community.

In 2025, we are celebrating Islands Trust Conservancy's 35th anniversary through various initiatives, including features in the spring, summer, and fall Heron newsletters, a celebration at the Islands Trust Council meeting on Salt Spring Island in June, and the launch of a new blog on the ITC website, titled the Islands Trust Conservancy Journal. We will continue to draw on our dedicated staff and passionate community in the Islands Trust Area to continue our mission to preserve and protect the islands we love.

I'm looking forward to continuing to witness, and be a part of, the deep care and community-mindedness that drives conservation at Islands Trust Conservancy.

Sincerely,



Lisa Gauvreau
ITC Board Chair

Program Highlights 2024/2025

Islands Trust Conservancy's Five-Year Plan

Under the *Islands Trust Act*, Islands Trust Conservancy is required to submit a new Conservation Plan every five years to the Minister of Housing and Municipal Affairs for approval. The overall objective of the Five-Year Plans is to set policy for the:

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

When the time came in 2022 to submit the next iteration of the Five-Year Plan (2023–2027), the Conservancy recognized that much work was still needed in building relationships with First Nations to encourage meaningful engagement on the Plan, recognizing that Indigenous Governing Bodies have not had the opportunity to inform, consult and participate in land protection proposals, management planning and stewardship projects in the Islands Trust Area.

Building relationships takes time. Rather than submitting the next Five-Year Plan, the Conservancy Board chose to submit an interim three-year plan (2023–2025) to Minister Kang, allowing for time to build relationships to inform the next Five-Year Plan. Though the Minister supported ITC's intention to focus on building trust and forming meaningful relationships with First Nations, the three-year interim plan was declined and it was requested that ITC moves forward with engagement. The ITC Board approved a plan and budget for First Nations engagement in 2024. The next Five-Year Plan (2028–2032) is scheduled to be submitted to the Minister for approval in December 2027, giving ITC time to initiate engagement, begin conversations and host meetings with interested Nations. Due to a lack of staff capacity from changes in a key staff position, work on initiating engagement with First Nations in 2024/25 will begin in 2025/26.

Land Conservation – Nature’s Future

Islands Trust Conservancy is committed to increasing the number and extent of protected areas in the Islands Trust Area for the benefit of all species living in the Salish Sea. We do this through the establishment 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 for safeguarding areas of cultural and biological richness, and for creating corridors that allow for the movement of wildlife and the conservation of unique ecosystems. Species and ecosystems living in protected areas benefit people as well by providing clean water and air, offering resilience against the effects of climate change, and improving social, spiritual and mental wellbeing.

As Canada works toward protecting 30% of terrestrial habitat by 2030, Islands Trust Conservancy is committed to the protection and preservation of biodiversity in the Islands Trust Area through processes that respect and honour Reconciliation and mutually respectful relationships with First Nations.

2024/25 NAPTEP Conservation Covenants

Islands Trust Conservancy manages the Natural Area Protection Tax Exemption Program (NAPTEP) on behalf of Islands Trust Council. NAPTEP provides qualified island landholders with an annual 65% property tax reduction on the portion of their land that is protected by a conservation covenant. This incentive is unique to the Islands Trust Area. Two new NAPTEP covenants were registered in 2024/25.

Skye Larmour NAPTEP Covenant, Salt Spring Island Local Trust Area

In October 2024, Skye Larmour protected 2.45 ha of ecologically significant land on Salt Spring Island with a NAPTEP conservation covenant. This covenant expands habitat protection provided by the adjacent Larmour Lands Nature Reserve, generously transferred to Islands Trust Conservancy in 2023, and is part of honouring the legacy of Skye’s father, Mike Larmour, a dedicated Salt Spring Island conservationist. The new conservation covenant protects mature forests, wetlands, and habitat for multiple at-risk species while allowing the working farm to continue running on the remainder of the property. This covenant is co-held with Salt Spring Island Conservancy and was completed in collaboration with the Salt Spring Island Water Preservation Society.



Cliff habitat in Koontz NAPTEP Covenant, Gabriola Island.
Photo by Islands Trust Conservancy.

Koontz NAPTEP Covenant, Gabriola Island Local Trust Area

In October 2024, Islands Trust Conservancy worked with the Gabriola Land & Trails Trust and dedicated Gabriola Island conservationist Yarrow Koontz to protect most of her property with a NAPTEP covenant. This 2.68 ha covenant now protects in perpetuity forested wetlands, a pond, arbutus forests, rocky balds, and small cliffs, all of which are prime habitat for otters, frogs, owls, salmon, lizards, and more. Yarrow's covenant area protects not only a diversity of habitats but also the ecological transition zones amongst them, a crucial facet for connecting habitat and building resiliency to climate change.

Caring for the Land – Our Shared Responsibility

Islands Trust Conservancy carefully manages, or oversees the management of, the 115 protected lands in our care. This commitment involves regular monitoring and land stewardship activities in accordance with management plans and conservation covenant agreements that identify long-term conservation and restoration goals.

In 2024/25, this care included the following land management activities in partnership with local conservancies, contractors, landholders and volunteers:

- Annual monitoring visits on all 34 nature reserves to collaborate with management partners and evaluate management needs into the future
- Monitoring 79 Islands Trust Conservancy held conservation covenants to maintain relationships with landholders and co-covenant holders, to ensure compliance with the terms of our covenant agreements, and assess priority stewardship needs
- Collaborating with First Nations to initiate archeological assessments for Link Island Nature Reserve and Saturnina Island Nature Reserve (Gabriola Island Local Trust Area). The development of

management plans for these nature reserves is on hold while we consult with First Nations

- Creation of signage for education, management, and safety at five nature reserves
- Habitat restoration and management including working with community and conservation partners on:
 - › Managing a variety of invasive species in Islands Trust Conservancy nature reserves and conservation covenants
 - › Construction of low-impact fencing to protect species at risk, including Common Sharp-tailed Snake habitat
 - › Maintaining and monitoring restoration projects including wetlands on Lasqueti Island and a Garry oak meadow on Mt. Tuam on Salt Spring Island

Species at Risk Program – Protecting and Supporting the Recovery of Species at Risk

The goal of Islands Trust Conservancy’s Species at Risk Program is to facilitate research and action for the protection and recovery of species and ecosystems at risk in the Islands Trust Area, and to ensure that species at risk maintain healthy populations. We work toward this goal by implementing species-specific recommended management activities, published in federal and provincial recovery documents, in compliance with the *Federal Species at Risk Act*. Recovery actions can include research (surveys, monitoring and mapping), habitat protection (establishment of protected areas), habitat restoration (e.g., invasive species control, nest box installation, planting) and community engagement (e.g. webinars, publications, and community-based conservation activities).

Highlights this year include:

- Completing the fifth year of the Species at Risk Program, supported by Priority Places funding from Environment and Climate Change Canada
- Conducting surveys and monitoring at 14 Islands Trust Conservancy protected areas for seven focal species at risk:
 - › Coastal Scouler’s Catchfly (endangered)
 - › Little Brown Myotis (endangered)
 - › Northern Goshawk *laingi* subspecies (threatened)

- › Sharp-tailed Snake Pacific Coast population (threatened)
 - › Western Screech-Owl *kennicottii* subspecies (threatened)
 - › Northern Red-legged Frog (special concern)
 - › Western Toad (special concern)
- Hosting an educational presentation titled ‘*Canada’s Species at Risk Act in the Islands Trust Area: What Trustees Need to Know*’, in collaboration with federal, provincial and local government partners
 - Supporting and collaborating with nine local island conservancies to conduct species at risk monitoring and habitat restoration activities on ITC protected areas

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



Little brown bat

Invasive species removal on Salt Spring Island: Our Covenant Management and Outreach Specialist with Habitat Acquisition Trust's 2024 Restoration Field Crew during a two-day shiny geranium pull in a conservation covenant on Salt Spring Island. Image by Chelsea Nuez.



Partnerships, Collaborations, and Supporters – Working with Others

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

In 2024/25, collaborations included:

- Publishing results of a partnership project with researchers studying climate change impacts on bull kelp beds throughout coastal B.C.
- Updating protected-area mapping for the region which contributes to the British Columbia Non-Governmental Organization Conservation Areas Database
- Sharing 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
- Continuing participation with the Coastal Douglas-fir Conservation Partnership (CDFCP) to prioritize high biodiversity areas and develop resources to support conservation
- Collaborating with federal and provincial agencies on management of species at risk and habitat in the Mt. Tuam Special Management Area
- Continuing participation with the Capital Region Invasive Species Partnership to keep up to date on priority invasive species and best management practices for our protected areas
- Continuing membership with the Canadian Association of Gift Planners “Will Power” national campaign, providing potential donors with information and opportunities to leave a legacy gift for land conservation in the Islands Trust Area
- Collaborating with Parks Canada, First Nations, the Province of B.C., and the Sidney Island community on SKʷÁMEN QENÁŁ, ENEŁ SĆÁ – Sidney Island Ecosystem Restoration Project
- Supporting the Galiano Conservation Association in the delivery of the Salish Sea Conservation Forum
- Providing a joint presentation with Pender Islands Conservancy Association on Legacy Giving in the Islands Trust Area



PHOTO: K. MAYES

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 ITC Regional Conservation Plan guides decisions around disbursement of Opportunity Fund applications. The Islands Trust Conservancy Board considers applications twice per year.

Islands Trust Conservancy dispensed two Opportunity Fund grants in 2024/25:

- \$8,000 to the Bowen Island Conservancy for costs associated with a land acquisition project at Cape Roger Curtis
- \$6,715 to the Gabriola Nature and Trails Trust for costs associated with a NAPTEP conservation covenant on Gabriola Island

During 2024/25 Islands Trust Conservancy received \$4,063 in donations for the Opportunity Fund. On March 31st, 2025, the Opportunity Fund had \$100,329.13 available to grant Trust Area-wide with a portion of that amount restricted for use only in 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. Unrestricted donations are directed to those programs and projects in greatest needs, while directed donations are donations that can be allocated for specific purposes.

In addition to the Opportunity Fund, the following directed donation funds are administered by Islands Trust Conservancy:

- 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 through the Victoria Foundation — Salt Spring Island
- Thetis Island Acquisition Fund
- Link Island Western Screech Owl Project

Islands Trust Conservancy remains grateful for the generosity and vision of its donors.

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 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:** Available to support funding on new conservation opportunities, as directed by the ITC Board

- **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 2024/25 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
- A total of \$16,155 in cash donations was received in 2024/25 fiscal year
- A total of \$14,715 was disbursed to support land conservation in the Islands Trust Area

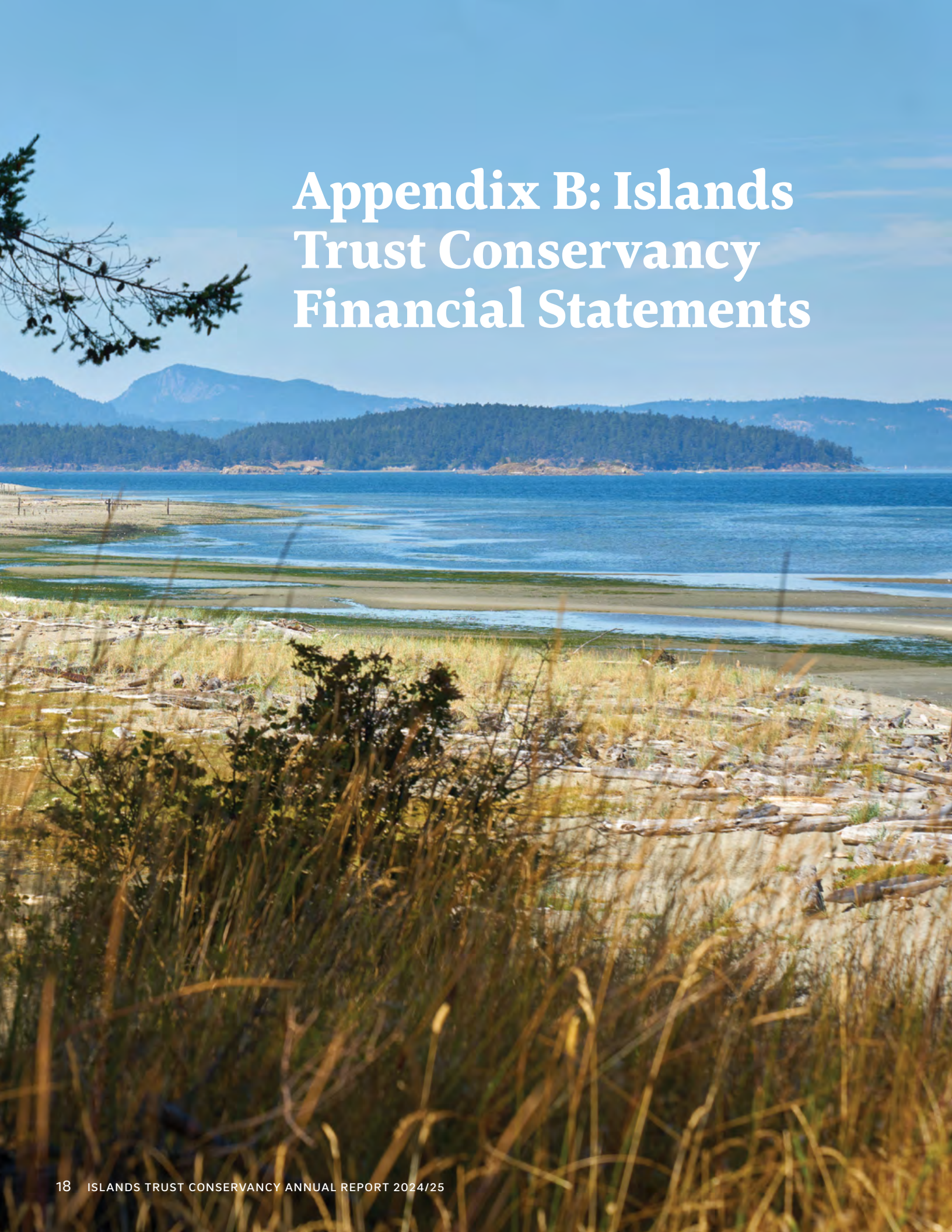
While Islands Trust Conservancy manages land and funds as noted in its Financial Statements, operational costs of Islands Trust Conservancy are the responsibility of the Islands Trust Council under the Islands Trust Council budget process. Details on these costs are available in the 2024/25 Islands Trust Financial Statements.

Looking Ahead to 2025/26

In 2025/26, Islands Trust Conservancy is looking forward to celebrating its 35th anniversary with partners and community in the Islands Trust Area. We will continue to collaborate in partnership with landholders, donors, organizations, community members, local island conservancies and First Nations in protecting and preserving species and ecosystems across the islands in the Salish Sea — building on the stewardship of Indigenous Peoples who have cared for these lands and waters since time immemorial.

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 B: Islands Trust Conservancy Financial Statements

Financial Statements of

**THE ISLANDS TRUST
CONSERVANCY**

Year ended March 31, 2025



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Trustees of The Islands Trust Conservancy Board, the Trustees of Islands Trust and the Minister of Housing and 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, 2025
- 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, 2025, 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

Victoria, Canada
May 27, 2025

THE ISLANDS TRUST CONSERVANCY

Statement of Financial Position

March 31, 2025, with comparative information for 2024

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	2025 Total	2024 Total
Assets:						
Current assets:						
Cash	\$ 145,629	\$ 234,986	\$ -	\$ -	\$ 380,615	\$ 174,339
Short-term investments (note 2)	-	402,004	-	88,000	490,004	661,897
Grants receivable	-	22,000	-	-	22,000	22,000
Land (notes 3 and 6)	145,629	658,990	-	88,000	892,619	858,236
	-	-	16,066,100	3,076,601	19,142,701	19,142,701
	\$ 145,629	\$ 658,990	\$ 16,066,100	\$ 3,164,601	\$ 20,035,320	\$ 20,000,937
Liabilities:						
Current liabilities:						
Deferred contributions	\$ 28,138	\$ -	\$ -	\$ -	\$ 28,138	\$ 28,138
Grants payable	6,715	-	-	-	6,715	1,400
Security deposit	-	425	-	-	425	425
Due to Islands Trust	49	87,130	-	-	87,179	100,457
Asset retirement obligations (note 4)	34,902	87,555	-	-	122,457	130,420
	-	84,424	-	-	84,424	82,854
	34,902	171,979	-	-	206,881	213,274
Fund Balances:						
Unrestricted	110,727	-	-	-	110,727	103,374
Investment in land (note 3)	-	-	16,066,100	-	16,066,100	16,066,100
Internally restricted (note 5)	-	30,493	-	-	30,493	30,141
Externally restricted (note 5)	-	456,518	-	-	456,518	423,447
Restricted for endowment purposes (note 6)	-	-	-	3,164,601	3,164,601	3,164,601
Subsequent event (note 10)	110,727	487,011	16,066,100	3,164,601	19,828,439	19,787,663
	\$ 145,629	\$ 658,990	\$ 16,066,100	\$ 3,164,601	\$ 20,035,320	\$ 20,000,937

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

Approved by the Islands Trust Conservancy Board:

Lisa Gray-Vreear

Board member

Ann's Jirky

Board member

THE ISLANDS TRUST CONSERVANCY

Statement of Operations

Year ended March 31, 2025, with comparative information for 2024

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	2025 Total	2024 Total
						(Schedule 2)
Revenue:						
Donations:						
Cash	\$ 14,058	\$ 2,097	\$ -	\$ -	\$ 16,155	\$ 26,412
Land	-	-	-	-	-	721,000
Grants	-	220,000	-	-	220,000	220,007
Rental income	-	11,120	-	-	11,120	10,760
Investment income	8,010	40,926	-	-	48,936	45,622
	22,068	274,143	-	-	296,211	1,023,801
Expenses:						
Repairs and maintenance - Alton property	-	17,561	-	-	17,561	19,656
Property management	-	1,000	-	-	1,000	3,359
Accretion expense	-	1,570	-	-	1,570	2,146
Bank charges	-	589	-	-	589	190
Grants to external parties	14,715	-	-	-	14,715	-
Screech Owl management	-	-	-	-	-	16,910
Species at Risk	-	220,000	-	-	220,000	220,000
	14,715	240,720	-	-	255,435	262,261
Excess of revenue over expenses	\$ 7,353	\$ 33,423	\$ -	\$ -	\$ 40,776	\$ 761,540

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, 2025, with comparative information for 2024

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	Total
Fund balances, March 31, 2023	\$ 84,882	\$ 431,540	\$ 15,345,100	\$ 3,164,601	\$ 19,026,123
Excess of revenue over expenses	18,492	22,048	721,000	-	761,540
Fund balances, March 31, 2024	103,374	453,588	16,066,100	3,164,601	19,787,663
Excess of revenue over expenses	7,353	33,423	-	-	40,776
Fund balances, March 31, 2025	\$ 110,727	\$ 487,011	\$ 16,066,100	\$ 3,164,601	\$ 19,828,439

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

THE ISLANDS TRUST CONSERVANCY

Statement of Cash Flows

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 40,776	\$ 761,540
Item not involving cash:		
Donation of land	-	(721,000)
Accretion	1,570	2,146
Changes in non-cash operating working capital:		
Grants receivable	-	1,850
Deferred contributions	-	(16,911)
Grants payable	5,315	(17,565)
Security deposit	425	-
Due to Islands Trust	(13,703)	29,821
	<u>34,383</u>	<u>39,881</u>
Investing activities:		
Decrease (increase) in short-term investments	171,893	(222,698)
Increase (decrease) in cash	206,276	(182,817)
Cash, beginning of year	174,339	357,156
Cash, end of year	\$ 380,615	\$ 174,339

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

THE ISLANDS TRUST CONSERVANCY

Notes to Financial Statements

Year ended March 31, 2025

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 Housing and 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. Fixed income securities are recorded at cost or amortized cost. 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, 2025

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, 2025

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, 2025

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.

2. Short-term investments:

Short-term investments have a maturity date of less than one year consisting of guaranteed investment certificates, an endowment fund with the Victoria Foundation and Municipal Finance Authority of British Columbia ("MFA") Short Term Bond and Money Market Funds.

THE ISLANDS TRUST CONSERVANCY

Notes to Financial Statements

Year ended March 31, 2025

3. Land:

	Acquisition year	2025	2024
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
Hoak-pus (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	721,000
		12,256,169	12,256,169
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	\$ 16,066,100

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, 2025

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. Estimated costs have been based the calculated current value of costs associated to address the future obligation. The Trust used a general inflationary rate of 1.60% (2024 – 3.00%) based on estimated labor and material costs in calculating the provision.

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 Trust used a general inflationary rate of 2.25% (2024 – 2.25%) based on estimated labor and material costs in calculating the provision.

The asset retirement obligations is as follows:

	2025	2024
Opening balance	\$ 82,854	\$ 80,708
Accretion on provision	1,570	2,146
Closing balance	\$ 84,424	\$ 82,854

5. Restricted Fund balances:

	2025	2024
Internally restricted:		
McFadden Creek management fund	\$ 18,450	\$ 18,635
Property Management fund	12,043	11,506
	30,493	30,141
Externally restricted:		
Alton Nature Reserve - maintenance fund	135,577	121,761
Morrison Fund	11,096	10,838
Covenant Defense Fund	131,015	125,087
Lasqueti Acquisition Fund	35,319	31,934
Gambier Acquisition Fund	140,822	131,659
Thetis Island Acquisition Fund	1,467	1,403
Link Island Removal Fund	1,222	765
	456,518	423,447
	\$ 487,011	\$ 453,588

THE ISLANDS TRUST CONSERVANCY

Notes to Financial Statements

Year ended March 31, 2025

6. Restricted for endowment purposes:

	Acquisition year	2025	2024
Short-term investments			
Alton Nature Reserve - maintenance	2002	\$ 88,000	\$ 88,000
Land:			
Lindsay Dickson Nature Reserve, Denman Island	2001	2,200,00	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
		3,076,601	3,076,601
		\$ 3,164,601	\$ 3,164,601

Investment gains (losses) on endowment funds for the year of \$13,512 (2024 - \$6,502) 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.

THE ISLANDS TRUST CONSERVANCY

Notes to Financial Statements

Year ended March 31, 2025

7. 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 Housing and 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:

	2025	2024
Operations and property management	\$ 1,019,945	\$ 963,375
Board	9,876	9,747
Administration	327,615	289,113
	<u>\$ 1,357,436</u>	<u>\$ 1,262,235</u>

At March 31, 2025, amounts owing to Islands Trust were \$87,179 (2024 - \$100,457).

8. 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, 2025 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.

9. Comparative information:

Certain comparative information has been reclassified to conform to the classification used in the current year.

10. Subsequent event:

On April 4, 2025, the United States government imposed new tariffs on imports and exports from/to Canada. The Islands Trust Conservancy does not expect to experience operational disruption as a result of these tariffs as it does not rely on cross-border trade to provide its services. The tariffs have potential to impact the cost of purchased goods and services; this potential impact has been assessed as immaterial. The Islands Trust Conservancy continues to adopt practices that prioritize procurement from Canadian suppliers, further limiting the risk of impact to operations and the financial statements.

THE ISLANDS TRUST CONSERVANCY

Statement of Financial Position

Schedule 1

March 31, 2024

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	2024 Total
Assets:					
Current assets:					
Cash	\$ 57,472	\$ 116,867	\$ -	\$ -	\$ 174,339
Short-term investments (note 2)	83,468	309,204	-	88,000	480,672
Grants receivable	-	22,000	-	-	22,000
	140,940	448,071	-	88,000	677,011
Investments (note 3)	-	181,225	-	-	181,225
Land (notes 5 and 7)	-	-	16,066,100	3,076,601	19,142,701
	\$ 140,940	\$ 629,296	\$ 16,066,100	\$ 3,164,601	\$ 20,000,937

Liabilities:					
Current liabilities:					
Deferred contributions	\$ 28,138	\$ -	\$ -	\$ -	\$ 28,138
Grants payable	1,400	-	-	-	1,400
Due to Islands Trust	8,028	92,854	-	-	100,882
	37,566	92,854	-	-	130,420
Asset retirement obligations (note 4)	-	82,854	-	-	82,854
Fund Balances:					
Unrestricted	103,374	-	-	-	103,374
Investment in land (note 5)	-	-	16,066,100	-	16,066,100
Internally restricted (note 6)	-	30,141	-	-	30,141
Externally restricted (note 6)	-	423,447	-	-	423,447
Restricted for endowment purposes (note 7)	-	-	-	3,164,601	3,164,601
	103,374	453,588	16,066,100	3,164,601	19,787,663
Subsequent event (note 11)					
	\$ 140,940	\$ 629,296	\$ 16,066,100	\$ 3,164,601	\$ 20,000,937

THE ISLANDS TRUST CONSERVANCY

Statement of Operations

Schedule 2

Year ended March 31, 2024

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	2024 Total
Revenue:					
Donations:					
Cash	\$ 26,412	\$ -	\$ -	\$ -	\$ 26,412
Land	-	-	721,000	-	721,000
Grants	-	220,007	-	-	220,007
Rental income	-	10,760	-	-	10,760
Investment income (loss)	8,990	36,632	-	-	45,622
	35,402	267,399	721,000	-	1,023,801
Expenses:					
Repairs and maintenance - Alton property	-	19,656	-	-	19,656
Property management	-	3,359	-	-	3,359
Asset retirement cost (note 4)	-	-	-	-	-
Accretion expense	-	2,146	-	-	2,146
Bank charges	-	190	-	-	190
Grants to external parties	-	-	-	-	-
Screech Owl management	16,910	-	-	-	16,910
Species at Risk	-	220,000	-	-	220,000
	16,910	245,351	-	-	262,261
Excess (deficiency) of revenue over expenses	\$ 18,492	\$ 22,048	\$ 721,000	\$ -	\$ 761,540

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