

# Annual Report

2018/19







# Message from the Islands Trust Conservancy Board Chair

Working together to protect the islands in the Salish Sea

In life change is inevitable, in business it is vital—especially when the core business of our organization is to preserve and protect island ecosystems while facing unprecedented ecological change. In a time where scientists describe dramatic declines in biodiversity as one of nine critical breaches in the earth’s planetary boundaries alongside climate change, pollution, loss of freshwater and ocean acidification, it is clear the world-as-we-know it is changing forever. Set against this backdrop of global climate change and uncertainty, the Islands Trust Conservancy is also experiencing organizational transformation. Change is good, and necessary to remain a robust organization that can respond to the many challenges we will face in the coming decades.

One of the most significant changes in 2018/19 was that in May 2018, the Province responded to a long-standing request to rename the Islands Trust Fund to the Islands Trust Conservancy. Telling a compelling story that inspires nature protection is crucial to expanding our protected areas and support base. For many years, there was concern that the previous name was a barrier to effective communication and fundraising. The new name will help the organization be a strong and clear voice for nature conservation in the Islands Trust Area and beyond.

In addition to telling a compelling story, who is included in that story is important. The Islands Trust Area is situated within the territories of the Coast Salish peoples who have lived on and cared for these beautiful lands and waters since time immemorial. The Islands Trust Conservancy acknowledges the traditional and treaty territories of the Coast Salish peoples, on whose lands and waters the Conservancy works and lives, and commits to identifying and collaborating on shared conservation goals and projects of mutual interest. This commitment is cemented in goal two of the Regional Conservation Plan and will be central to all the work we do going forward.

Another timely change is that this is the first year the Conservancy worked with the new science-based and community-informed 2018–2027 Regional Conservation Plan. The Plan identifies ten year targets that will help the Conservancy work towards its vision of the islands and waters of Canada’s Salish Sea as a vibrant tapestry of diverse cultures and ecology where humans live and work in harmony with the natural world.

As a land trust and government body, the Islands Trust Conservancy promises the land and covenants we hold are protected forever. We treat each donation as an investment in our collective future. The Conservancy is also making some changes in staffing and technology to strengthen our capacity to help us continue to deliver on that promise.

While many special places have been protected in the past 29 years of the Conservancy’s history, there is still more work to do. Setting aside land for nature is only the first step. The Islands Trust Conservancy monitors properties every year to ensure compliance with covenants and monitor the ecological health. To do this effectively, the Islands Trust Conservancy is looking at utilizing technology in the field to streamline data collection in property monitoring—a step that will save time and important dollars for use elsewhere. The Conservancy is also trialing property monitoring in-house with existing staff. Most importantly, we are building capacity. In March 2018, Trust Council approved a new Covenant Management and Outreach Specialist position to help the Conservancy continue to deliver the high quality of care our donors expect.

The islands in the Salish Sea are fragile. The pressures facing this region are daunting, but not insurmountable. With careful planning, restoration of damaged areas, conservation and working with our partners and First Nations, we can ensure the natural beauty and diversity of these special islands in the Salish Sea are preserved for future generations.



Kate-Louise Stamford  
Chair, Islands Trust Conservancy





# Islands Trust Conservancy

## Role

The Islands Trust Conservancy was established in 1990 by the *Islands Trust Act* to preserve natural landscapes and ecosystems in the Islands Trust Area, which covers most of the Gulf and Howe Sound Islands. As the regional land trust for the Islands Trust Area, the Islands Trust Conservancy works with landowners and communities to protect places of natural significance in perpetuity. The Islands Trust Conservancy receives donations of land, conservation covenants and cash, monitors and manages land to conserve and restore biodiversity, and works with islanders on private land stewardship. As a *qualified donee* the Islands Trust Conservancy provides receipts for income tax purposes for all eligible donations.

## Members

### **Serving at the start of the 2018–2022 term:**

Kate-Louise Stamford, Gambier Island (2014–2018, Chair; 2018–present)

Sue Ellen Fast, Bowen Island Municipality (2018–present)

Doug Fenton, Thetis Island (2018–present)

Linda Adams, Salt Spring Island (Appointed Member, 2018–present)

Hoops Harrison, Vancouver and Saturna Island

(Appointed Member, 2016–present)

Robin Williams, Salt Spring Island

(Appointed Member, 2017–2018, 2018–present)

### **Serving during the 2014–2018 term:**

Tony Law, Hornby Island

(1996–2005, 2011–2014, 2014–2018; Chair, 2012–2018)

Susan Morrison, Lasqueti Island (2011–2014, 2014–2018)

Kate-Louise Stamford, Gambier Island (2014–2018)

Ron Bertrand, Abbotsford North and North Pender Island

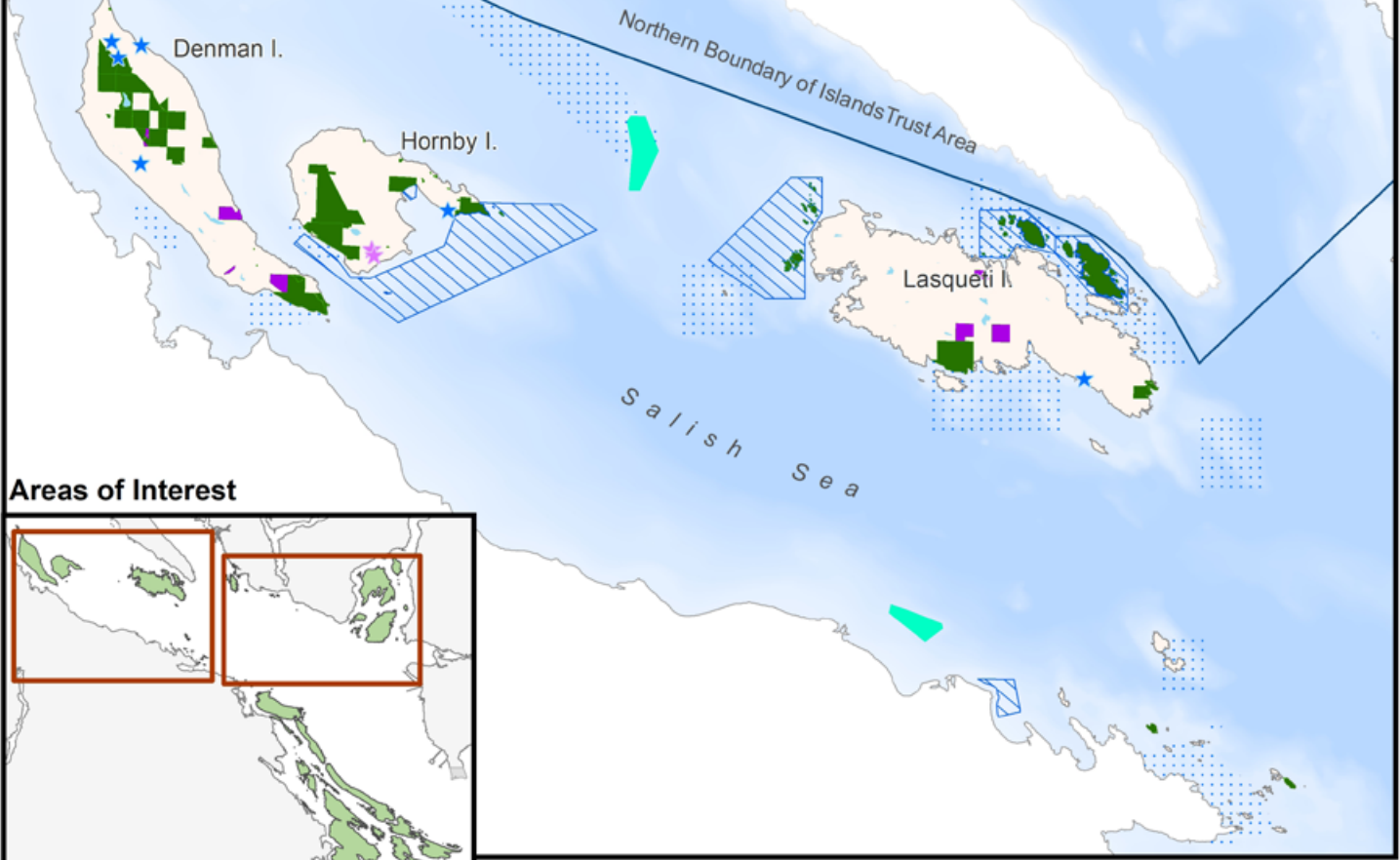
(Appointed Member, 2014–2015, 2015–2018)

Hoops Harrison, Vancouver and Saturna Island

(Appointed Member, 2016–2019)

# Protected Places in the Islands Trust Area as of March 31, 2019

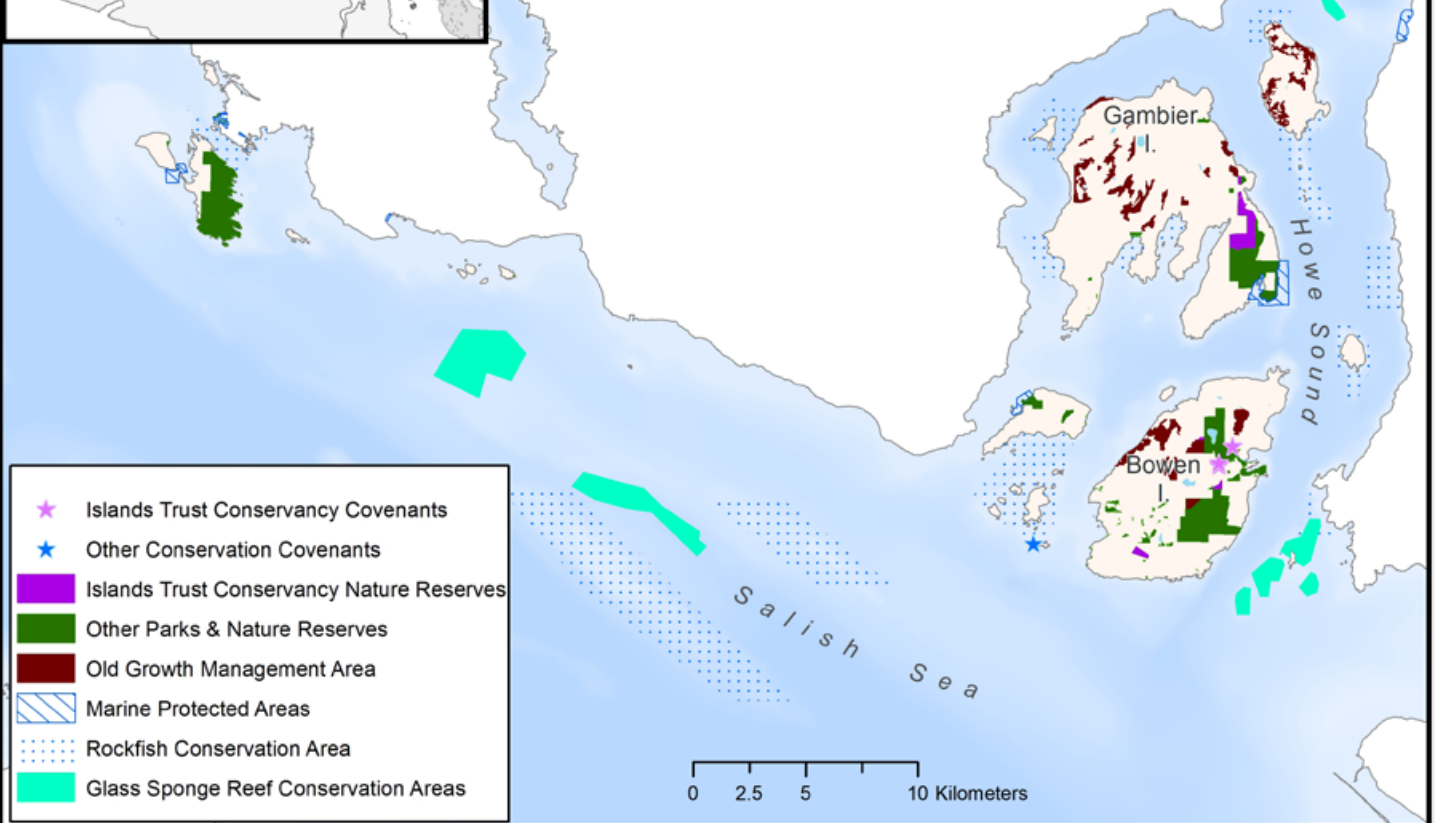
## Northern Islands



## Areas of Interest



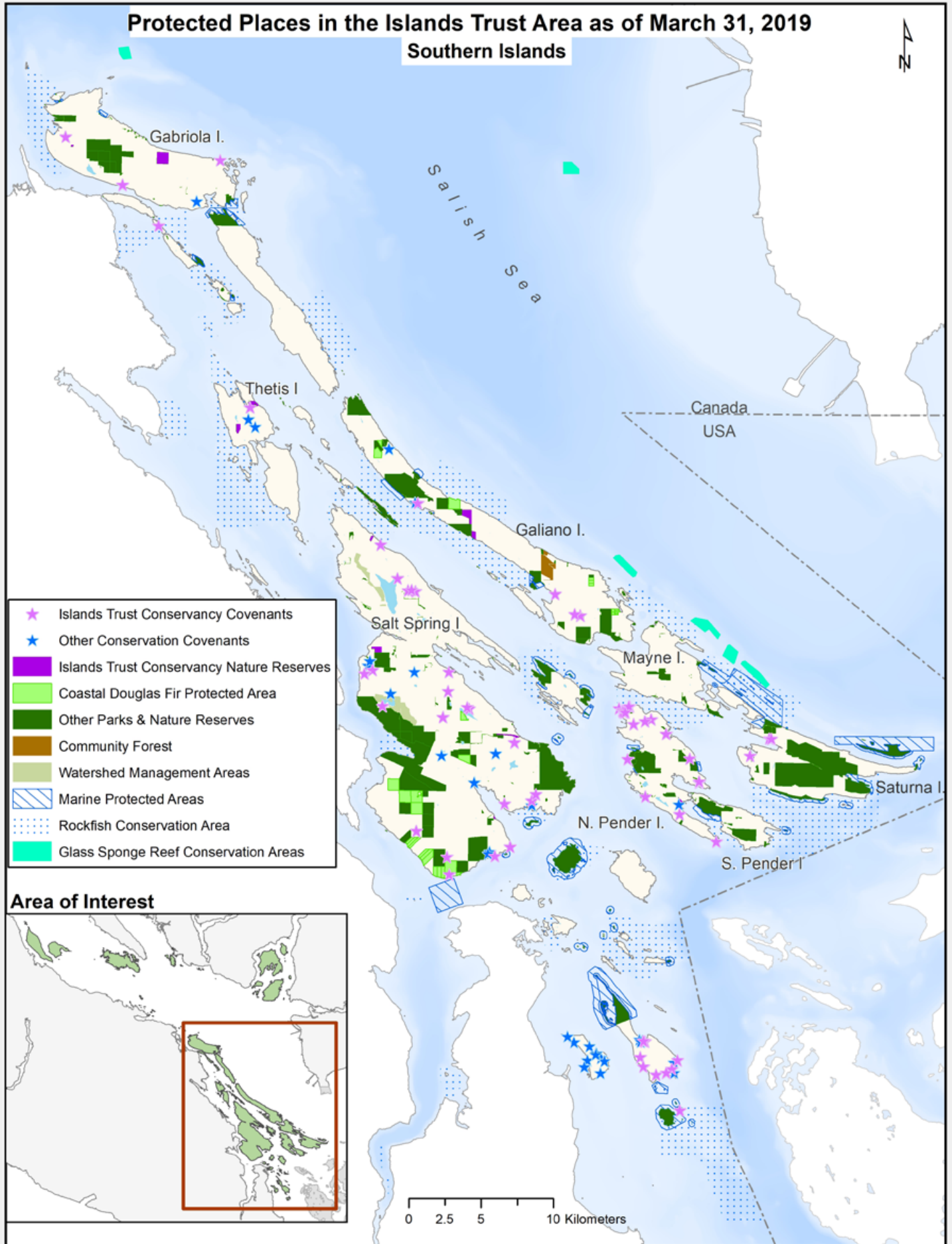
## Howe Sound Islands



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

# Protected Places in the Islands Trust Area as of March 31, 2019

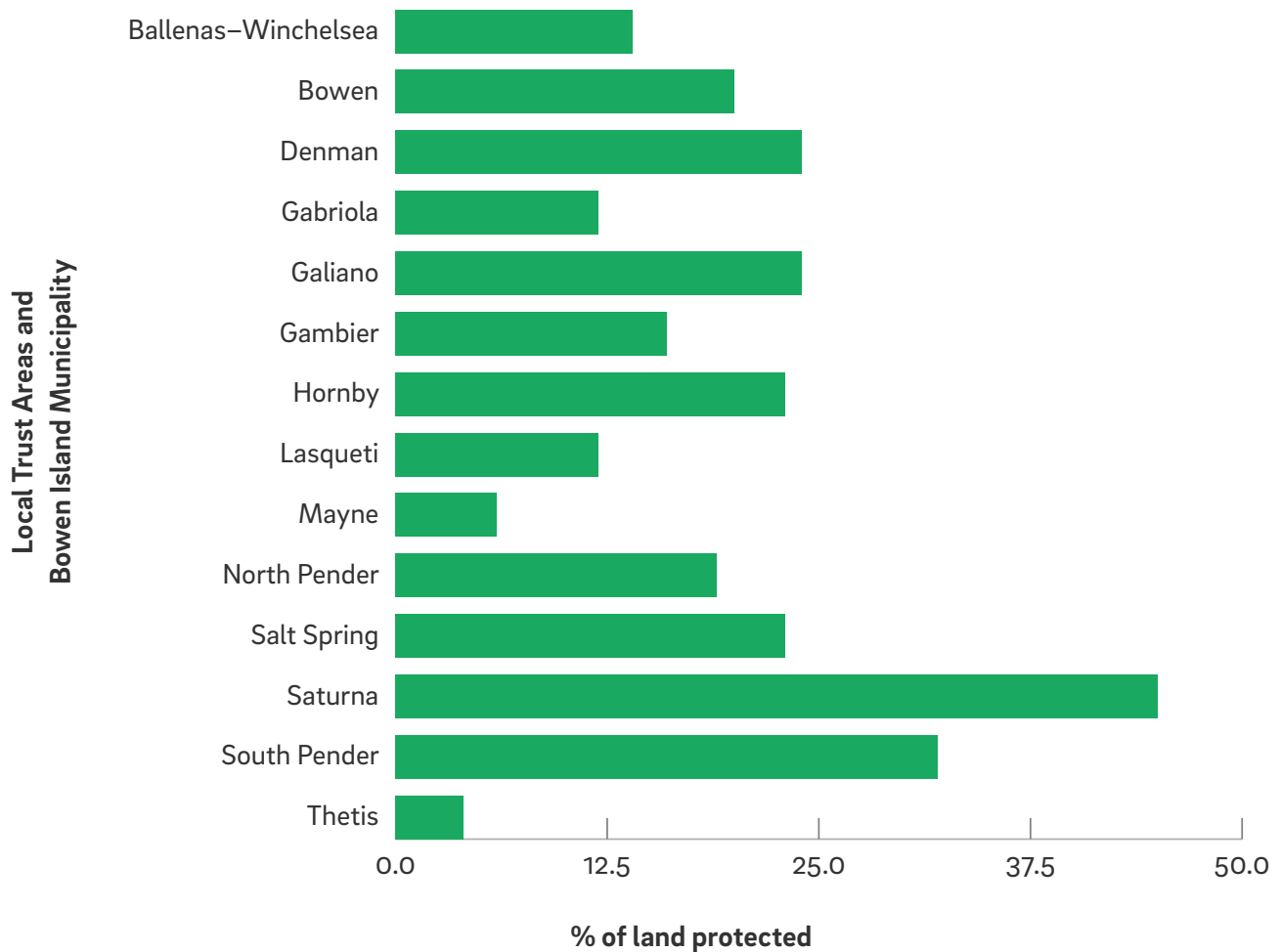
## Southern Islands



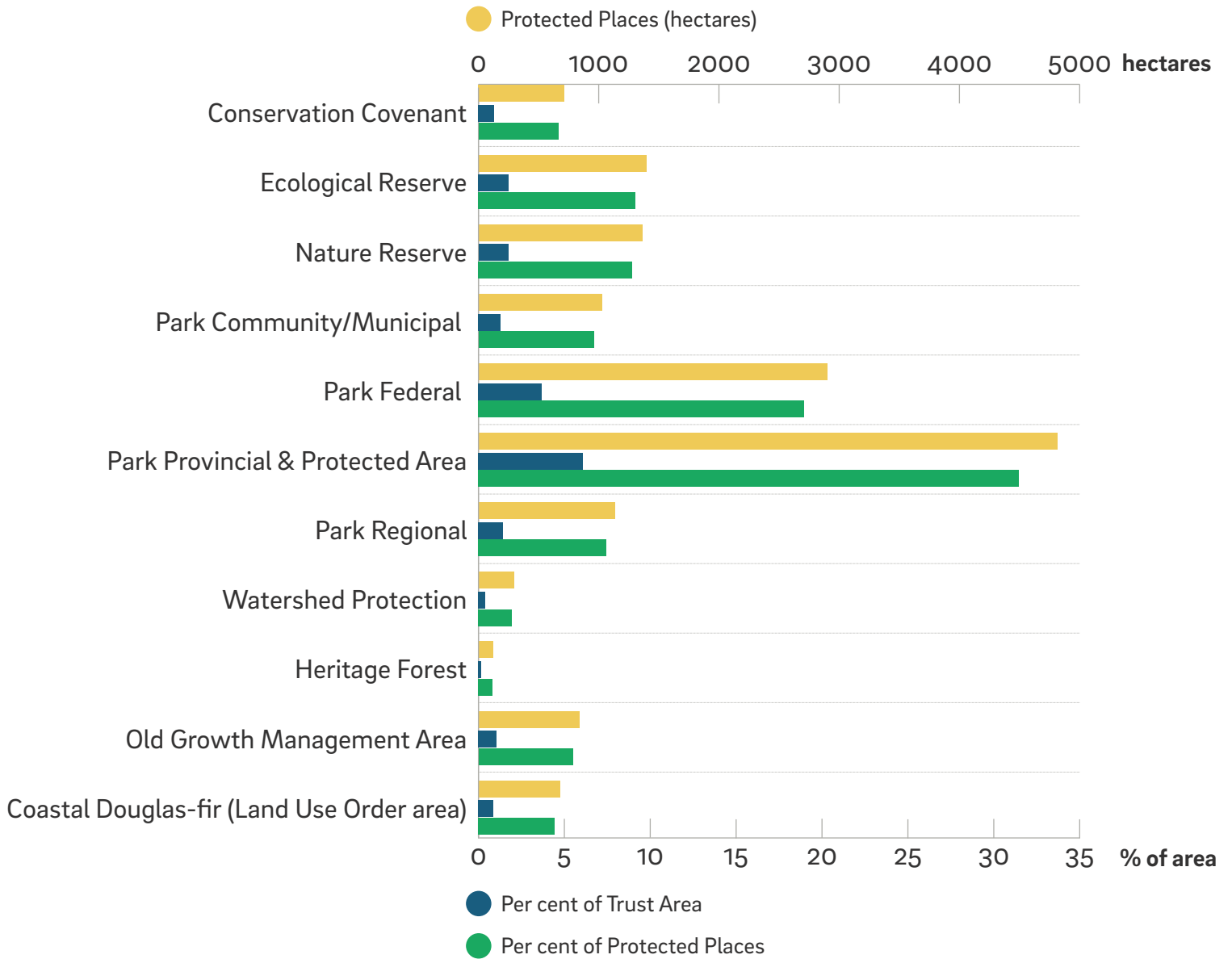
## Protected Places in the Islands Trust Area

As of March 2019, the Islands Trust Conservancy reached an important milestone, protecting over 1,290 hectares of natural and historic values, including 12,533 metres of shoreline, on 105 properties. By the same date, public and non-profit conservation organizations (including the Islands Trust Conservancy) had protected 15,309.66 hectares (19.37 per cent) of the Islands Trust Area.

### Protected Places in Each Local Trust Area and Bowen Island Municipality as of March 31, 2019



## Types of Protected Places in the Island Trust Area





SHEILA HARRINGTON

## Regional Conservation Plan

On January 30, 2018, the Islands Trust Conservancy Board approved its new ten-year, 2018–2027 Regional Conservation Plan to guide the work of the Islands Trust Conservancy to protect the ecosystems of the islands in the Salish Sea. The science-based and community-informed 2018–2027 Regional Conservation Plan, has four long-term goals with 25 objectives to focus its efforts and resources on the species and habitats most urgently in need of protection. Over the course of the 2018–2027 Regional Conservation Plan, the Islands Trust Conservancy will reassess its priorities and goals to continue to move towards effective protection of the natural landscape of the islands.

The 2018–2027 Regional Conservation Plan, sets ten-year objectives for the Islands Trust Conservancy that will help achieve the broader vision and long-term goals of the 2018–2027 Regional Conservation Plan. The following is a summary of the Islands Trust Conservancy’s progress in reaching the four long-term goals defined in the 2018–2027 Regional Conservation Plan in 2018/19:

### Goal 1: Science-based Conservation Planning

Identify, investigate, and communicate about important natural areas to generate action on conservation priorities

In order to contribute to effective conservation of biological diversity and ecological integrity in the Islands Trust Area, the Islands Trust Conservancy seeks to understand the status of ecosystems and species in the region. The Islands Trust Conservancy utilizes data to support careful decisions on how to manage and steward these lands.

## Mapping and Data Analysis

The Islands Trust Conservancy acquires and analyzes data, and shares it with others. In 2018/19, the The Islands Trust Conservancy:

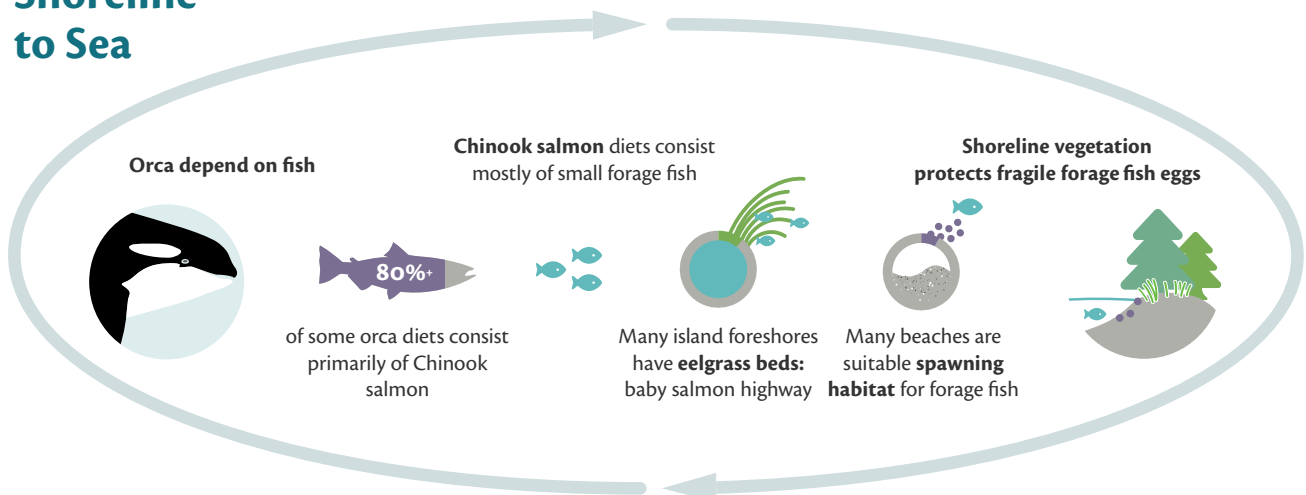
- Updated protected area mapping for the region and contributed to the British Columbia Non-Governmental Organization Conservation Areas Database.
- Coordinated updates of species at risk data with federal and provincial governments.
- Shared data with six non-profit, local, provincial and First Nation organizations.
- Mapped 12,533 metres (12.53 kilometres) of shoreline habitat.

## Connecting the Shoreline to the Sea

The Islands Trust Conservancy works with partner organizations to conserve marine ecosystems and nearshore habitats. In 2018/19, the Islands Trust Conservancy:

- Completed forage fish mapping (surf smelt and pacific sand lance) for James Island and Sidney Island. Forage fish are a key organism in marine food webs, feeding Chinook salmon and in turn many marine mammals, including the critically endangered southern resident killer whales, or Salish Sea orcas.
- Maintained and updated marine protected area data from partner agencies, including marine parks, Rockfish Conservation Areas, and Glass Sponge Reef Fishing Closure Areas. Marine data and mapping is shared on request.

## Shoreline to Sea







## Goal 2: Collaboration with First Nations

Strengthen relationships with First Nations to identify and collaborate on shared conservation goals

The Islands Trust Area is situated within the territories of the *Coast Salish* peoples and sits at the center of many First Nations gathering places and villages. First Nations have lived and cared for the beautiful lands and waters of the Salish Sea since time immemorial. The Islands Trust Conservancy acknowledges the traditional and treaty territories of the Coast Salish peoples, on whose lands and waters the Islands Trust Conservancy works and lives. The Islands Trust Conservancy commits to identifying and collaborating on shared conservation goals and projects of mutual interest.

### Change How We Work

The Islands Trust Conservancy is working to better engage with First Nations and is seeking opportunities to integrate traditional knowledge, identify and protect culturally significant species, and work together to improve stewardship of cultural and natural heritage.

- **Islands Trust Conservancy Board Training and Recruitment**  
On March 26, 2019, the Islands Trust Conservancy Board received a half-day of reconciliation training and understanding. The Islands Trust Conservancy Board also identified experience in First Nations relations and engagement as a primary attribute for board candidates and worked with the Crown Agencies and the Board Resourcing Office to add this attribute to its 2018 board recruitment process.
- **Management for Cultural Heritage and Sacred Significance**  
Through its understanding and training in reconciliation, the Islands Trust Conservancy reviewed its management planning processes related to properties acquired on Thetis Island and conducted a related archaeological review. The Islands Trust Conservancy also developed language for covenants that further protects existing and potential archaeological sites and contemplates traditional uses in covenant areas.

## Relationship Building

The Islands Trust Conservancy shared the 2018–2027 Regional Conservation Plan and expressed its goal of strengthening relationships with First Nations. The Islands Trust Conservancy also reached out to First Nations for management planning on Denman and Thetis Islands.

## Goal 3: Protect Core Conservation Areas

Continue to secure and manage Islands Trust Conservancy lands and conservation covenants to maximize ecological integrity. The core of the Islands Trust Conservancy work is to secure conservation areas that conserve biodiversity priorities within the Islands Trust Area. The Islands Trust Conservancy has developed systematic approaches rooted in science and best practices to determine which areas are most in need of protection and focusses its land securement and property management efforts in these areas.

### 2018/19 Conservation Covenants

Conservation covenants are a tool that permanently protects natural features on private property while allowing landholders to retain ownership of their land. The Islands Trust Conservancy manages the Natural Area Protection Tax Exemption Program (NAPTEP), which provides island landholders with an annual 65% property tax reduction on the portions of their land protected by a conservation covenant. This incentive is unique to the Islands Trust Area.

- **Swift Family Link Island NAPTEP Covenant, Northern Coast Salish Territory, Link Island**

The Swift Family Link Island NAPTEP Covenant protects 19.3 hectares (47 acres) in the Gabriola Island Local Trust Area. This covenant protects 2.9 kilometers of shoreline which is rich in marine life and supports cliff-nesting birds such as Pigeon Guillemot.



On shore, two seasonal wetlands support breeding populations of Northern Pacific Tree Frogs and are used extensively by bats for foraging. The covenant also protects Garry Oak outcrops and five provincially red and blue-listed plant communities.

## 2018/19 Land Acquisitions

- **Valens Brook Nature Reserve Addition (2.5 hectares), Northern Coast Salish Territory, Denman Island**

The Valens Brook Nature Reserve addition increases the size of the protected area to 6.3 hectares adding protection to Valens Brook—a salmon-bearing creek that runs through a maturing forest and a lush sword fern gully into Baynes Sound. The Valens Brook Nature Reserve is a story of neighbours inspiring neighbours to protect fragile island ecosystems.

- **Salish View Nature Reserve (11.5 hectares), Northern Coast Salish Territory, Lasqueti Island**

On December 21, 2018, the Islands Trust Conservancy and the Lasqueti Island Nature Conservancy successfully fundraised \$250,000 to purchase and protect Salish View Nature Reserve. The Salish View Nature Reserve connects with Squitty Bay Provincial Park, creating a contiguous shoreline to skyline protected area. Salish View boasts a 270-degree vista of the Salish Sea from the summit and is home to peregrine falcons and ancient groves of arbutus and Coastal Douglas-fir trees. The acquisition of the property is planned to conclude in the 2019–2020 fiscal year.

## Opportunity Fund

The Opportunity Fund provides support for ‘hard to fundraise’ costs associated with land protection or leverages donations through matching funds for land acquisition campaigns. The disbursement of funds is guided by the 2018–2027 Regional Conservation Plan and the Islands Trust Conservancy Board considers applications twice per year.

In 2018/19, the Opportunity Fund received \$2,334.16 in donations and calendar sales. The Islands Trust Conservancy awarded the following Opportunity Fund grants:

- \$3,990 to the Saturna Wetland Conservation Project for a phase one ecological assessment of a candidate conservation property.

- \$2,720 to the Galiano Conservancy Association for an ecological assessment associated with the acquisition of a candidate conservation property.

### Geographically Restricted Funds

Some Islands Trust Conservancy donors prefer to designate their gift to a specific island. To accommodate this request, the Islands Trust Conservancy has the ability to hold geographically-specific accounts, and currently maintains acquisition funds for Lasqueti Island, Gambier Island and Thetis Island. Interested donors can donate to an existing fund or set up an island specific fund.

### Take Care of What We Have

Acquiring a property or signing a conservation covenant is just the first step in ecosystem protection. The Islands Trust Conservancy monitors and manages its nature reserves according to management plans that identify long-term conservation, as well as restoration goals. In 2018/19 the Islands Trust Conservancy undertook many property management projects in partnership with island conservancies, including:

- Monitoring all Islands Trust Conservancy nature reserves to assess property management needs.
- Monitoring all Islands Trust Conservancy covenants to maintain relationships with landowners and ensure compliance.
- Revised management plans for the Medicine Beach Nature Sanctuary (North Pender Island) and the Morrison Marsh Nature Reserve (Denman Island).
- Initiated revision for the Mount Artaban, Brigade Bay Bluffs, and Long Bay Wetland Nature Reserves (Gambier Island), which involved surveying for species at risk, updating ecological inventories, assessing current management challenges, and undertaking public engagement through an online questionnaire and web conference.
- Removing exotic and invasive species from conservation covenants and nature reserves on Denman, Galiano, and Salt Spring Islands.
- Continuing trail improvement projects at Elder Cedar Nature Reserve (Gabriola Island).

- Planting and caging trees to restore 0.3 ha of coastal western hemlock forest in Brigade Bay Bluffs Nature Reserve (Gambier Island). Since 2017, 0.55 ha of forest have been restored at this reserve.
- Monitoring forest restoration projects at Singing Woods and David Otter Nature Reserves (Bowen Island), Lindsay Dickson Nature Reserve (Denman Island), Mt Trematon and John Osland Nature Reserves (Lasqueti Island), Trincomali Nature Sanctuary (Galiano Island), and Long Bay Wetland and Brigade Bay Bluffs Nature Reserves (Gambier Island).
- Participating in a Parks Canada-led Sidney Island Restoration project that will benefit Islands Trust Conservancy covenants.

#### **Goal 4: A Strong Voice for Nature Conservation**

Continue to build internal and shared organizational strength and resilience to ensure long-term nature conservation in the Islands Trust Area

The Islands Trust Conservancy has been a consistent presence in the conservation of species and ecosystems for almost 30 years. In order to remain a long lasting, stable agency the Islands Trust Conservancy must continually adapt to changing circumstances, both on the landscape and as an organization, while maintaining a stable base.



## Tell Our Story

The impacts and pressures on natural systems and habitats today is extreme. The work of securing and leaving a legacy for future generations has never been more urgent. That is why telling a compelling story about the important work of Islands Trust Conservancy and our partners is so critical to the work we all do. The Islands Trust Conservancy is engaging audiences in and beyond the Islands Trust Area to inspire conservation of the Islands in the Salish Sea—an area well loved by many.

- **Islands Trust Conservancy Name Change**

In May 2018, the provincial legislature amended the *Islands Trust Act*, renaming the Islands Trust Fund to the Islands Trust Conservancy. For many years, the Islands Trust Conservancy felt that its name was a barrier to effective communication and fundraising. The new name more clearly tells the story of the work the Islands Trust Conservancy does and will assist the Islands Trust Conservancy in its fundraising efforts. The name change was launched in September with a revised website and communications materials.

- **Island Profiles**

Each island area now has a conservation status information sheet telling its conservation story. These attractive information sheets convey the scientific baselines the Islands Trust Conservancy uses to measure conservation progress in the Islands Trust Area.

## Up to Date Tools and Strategies

The Islands Trust Conservancy needs to engage with the latest technology and best practices to be relevant and effective. Up to date tools will enable the Islands Trust Conservancy to tell compelling stories to connect with donors and supporters to inspire conservation in the Islands Trust Area. Likewise, advancing technology in the field builds efficiencies and saves important dollars for use elsewhere.

- **Islands Trust Conservancy Website Discovery Project**

The Islands Trust Conservancy worked with the Islands Trust in a phase one-discovery review of their websites to inform a successful budget request for a website rebuild in the next fiscal year. The discovery included reaching out to key audiences to listen and learn how the Islands Trust Conservancy can do a better job of communicating with our key audiences.

- **Technology in the Field**

The Islands Trust Conservancy is developing technology in the field to streamline data collection and storage of the growing number of properties it manages.

- **Islands Trust Conservancy Board Fund Development Advisory Committee**

In March 2018, the Islands Trust Conservancy Board elected to form a special Fund Development Advisory Committee to create of a strategy and an action plan to meet Islands Trust Conservancy funding needs.



### Build Strong Conservation Partners

The Islands Trust Conservancy strives to support and enhance the work of the Islands Trust and conservation partners working in the Islands Trust Area.

- **Encourage Local Governments to Prioritize Biodiversity**

The Islands Trust Conservancy strives to work with the Islands Trust Council, local trust committees, and island municipalities to share ecological data to help implement regional conservation goals and objectives within Official Community Plans and Land Use Bylaws. In 2018/19, the Islands Trust Conservancy provided ongoing support for Islands Trust Local Planning Services' use of sensitive ecosystem mapping, shoreline mapping (eelgrass and

forage fish) and Species at Risk mapping. It also assisted with the production of the Conservation Planning in Coastal Douglas-fir Ecosystems: A Quick Guide for Local Government handbook.

- **British Columbia Parks and Protected Areas Forum (BCPARF)**  
Islands Trust Conservancy staff participated in the British Columbia Protected Areas Forum hosted by the University of Northern British Columbia in 2018. Staff learned about integrating climate change models into conservation planning and indigenous conservation initiatives, including co-management of land.
- **Island Outreach**  
Islands Trust Conservancy staff and Islands Trust Conservancy Board member's co-hosted board-to-board and community celebrations for the completion of the Fairyslipper Forest Nature Reserve on Thetis Island. Staff and board members reached over 250 people, educating children, locals, and visitors about the role of protecting habitat to conserve sensitive island species.
- **Coastal Douglas-fir and Associated Ecosystems Conservation Partnership**  
The Islands Trust Conservancy Ecosystem Protection Specialist sits on the Steering Committee for the Coastal Douglas-fir and Associated Ecosystems Conservation Partnership (CDFCP). In 2018/19, the Islands Trust Conservancy collaborated with the Province of British Columbia on the Coastal Douglas-fir land use order to identify and scope in priority lands for protection in the Islands Trust Area.
- **Stewardship Education**  
The Islands Trust Conservancy encourages islanders to get involved in conserving and stewarding private land by supporting conservation education and sharing information on best practices. In 2018/19, the Islands Trust Conservancy promoted private land conservation through its website, the Heron newsletter (printed and online), e-news updates to subscribers, Facebook posts and Twitter. Islands Trust Conservancy brochures are also available in local libraries.

# **Appendix: Islands Trust Conservancy Financial Statements**

Financial Statements of

**THE ISLANDS TRUST  
CONSERVANCY**

Year ended March 31, 2019



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## INDEPENDENT AUDITORS' REPORT

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

### **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, 2019
- 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, except for the possible effects of the matter described in the 'Basis for Qualified Opinion' section of our auditors' report, the financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2019, 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 Qualified Opinion**

In common with many not-for-profit organizations, the Entity derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statements of financial position as at March 31, 2019 and March 31, 2018
- the donations revenues and excess of revenues over expenses reported in the statements of operations for the years ended March 31, 2019 and March 31, 2018
- the fund balances, at the beginning and end of the year, reported in the statements of changes in fund balances for the years ended March 31, 2019 and March 31, 2018
- the excess of revenues over expenses reported in the statements of cash flows for the years ended March 31, 2019 and March 31, 2018.



Our opinion on the financial statements for the year ended March 31, 2018 was qualified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “**Auditors’ Responsibilities for the Audit of the Financial Statements**” section of our auditors’ report.

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

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

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

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

In preparing the financial statements, management is responsible for assessing 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.

***Auditors’ Responsibilities for the Audit of the Financial Statements***

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

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

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

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



We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause 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  
July 16, 2019

# THE ISLANDS TRUST CONSERVANCY

Statement of Financial Position

March 31, 2019, with comparative information for 2018

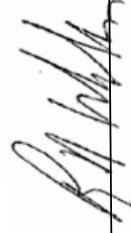
	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	2019 Total	2018 Total
<b>Assets:</b>						
Current assets:						
Cash	\$ 31,548	\$ 225,078	\$ -	\$ -	\$ 256,626	\$ 213,811
Short-term investments (note 2)	-	170,710	-	88,000	258,710	252,772
Inventory of fundraising items	-	-	-	-	-	667
	31,548	395,788	-	88,000	515,336	467,250
Investments (note 3)	-	68,227	-	-	68,227	66,522
Land (notes 4 and 6)	-	-	7,624,169	6,261,601	13,885,770	13,800,770
	\$ 31,548	\$ 464,015	\$ 7,624,169	\$ 6,349,601	\$ 14,469,333	\$ 14,334,542
<b>Liabilities:</b>						
Current liabilities:						
Property tax payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Islands Trust	2,704	(77)	-	-	2,627	-
Deferred revenue	-	-	-	-	-	-
	2,704	(77)	-	-	2,627	-
<b>Fund Balances:</b>						
Unrestricted	28,844	-	-	-	28,844	29,881
Investment in land (note 4)	-	-	7,624,169	-	7,624,169	7,624,169
Internally restricted (note 5)	-	23,525	-	-	23,525	23,439
Externally restricted (note 5)	-	440,567	-	-	440,567	392,452
Restricted for endowment purposes (note 6)	-	-	-	6,349,601	6,349,601	6,264,601
	28,844	464,092	7,624,169	6,349,601	14,466,706	14,334,542
	\$ 31,548	\$ 464,015	\$ 7,624,169	\$ 6,349,601	\$ 14,469,333	\$ 14,334,542

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

Approved by the Trust Conservancy Board:



Board member



Board member

# THE ISLANDS TRUST CONSERVANCY

Statement of Operations

Year ended March 31, 2019, with comparative information for 2018

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	2019 Total	2018 Total
(Schedule 2)						
<b>Revenue:</b>						
Donations:						
Cash	\$ 3,610	\$ 27,398	\$ -	\$ -	\$ 31,008	\$ 470,230
Land	-	-	-	85,000	85,000	-
Grants	-	5,076	-	-	5,076	25,701
Rental income	-	10,200	-	-	10,200	10,200
Investment income	108	8,468	-	-	8,576	1,437
Sale of fundraising items	125	-	-	-	125	136
	3,843	51,142	-	85,000	139,985	507,704
<b>Expenses:</b>						
Repairs and maintenance - Alton property	-	2,598	-	-	2,598	1,962
Cost of sales of fundraising items	668	-	-	-	668	675
Bank charges	222	343	-	-	565	1,698
Donations to conservancy groups	3,990	-	-	-	3,990	5,000
Consultant fees	-	-	-	-	-	6,691
	4,880	2,941	-	-	7,821	16,026
<b>Excess (deficiency) of revenue over expenses</b>	\$ (1,037)	\$ 48,201	\$ -	\$ 85,000	\$ 132,164	\$ 491,678

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, 2019, with comparative information for 2018

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	Total
Fund balances, March 31, 2017	\$ 31,950	\$ 445,110	\$ 7,073,903	\$ 6,291,901	\$ 13,842,864
Excess of revenue over expenses	(2,069)	493,747	-	-	491,678
Interfund transfer (note 7)	-	(522,966)	550,266	(27,300)	-
Fund balances, March 31, 2018	29,881	415,891	7,624,169	6,264,601	14,334,542
Excess of revenue over expenses	(1,037)	48,201	-	85,000	132,164
Fund balances, March 31, 2019	\$ 28,844	\$ 464,092	\$ 7,624,169	\$ 6,349,601	\$ 14,466,706

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

# THE ISLANDS TRUST CONSERVANCY

## Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
<b>Cash provided by (used in):</b>		
<b>Operating activities:</b>		
Excess of revenue over expenses	\$ 132,164	\$ 491,678
Item not involving cash:		
Donation of land	(85,000)	-
Changes in non-cash operating working capital:		
Inventory of fundraising items	667	675
Accounts receivable	-	27,300
Property tax payable	-	(498)
Due to Islands Trust	2,627	(2,921)
Deferred revenue	-	(541)
	<u>50,458</u>	<u>515,693</u>
<b>Capital activities:</b>		
Cash paid to acquire land	-	(550,266)
<b>Investing activities:</b>		
Increase (decrease) in short-term investments	(1,705)	680
(Decrease) in long-term investments	(5,938)	(1,652)
	<u>(7,643)</u>	<u>(972)</u>
<b>Increase (decrease) in cash</b>	<b>42,815</b>	<b>(35,545)</b>
Cash, beginning of year	213,811	249,356
<b>Cash, end of year</b>	<b>\$ 256,626</b>	<b>\$ 213,811</b>

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

# THE ISLANDS TRUST CONSERVANCY

Notes to Financial Statements

Year ended March 31, 2019

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

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

The 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.

On May 31, 2018, The Islands Trust Conservancy changed its legal name from Islands Trust Fund to The Islands 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 all investments at fair value as they are managed and evaluated on a fair value basis.

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, 2019

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## 1. Significant accounting policies (continued):

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

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

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses. When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations. During the years presented, there are no unrealized gains and losses, and as a result, no statement of remeasurement gains and losses has been included in these financial statements. All 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.

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, 2019

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## 1. Significant accounting policies (continued):

### (e) Liability for contaminated sites:

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

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

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

### (f) 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. Significant estimates include assumptions used in estimating the fair value of contributed land at the date of contribution. Actual results could differ from those estimates.

## 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 a guaranteed investment certificate that matures on April 16, 2019. It has an interest rate of 2.55%.

# THE ISLANDS TRUST CONSERVANCY

Notes to Financial Statements

Year ended March 31, 2019

## 4. Land:

	Acquisition date	2019	2018
Inner Island Nature Reserve, Denman Island	1992	\$ 70,000	\$ 70,000
Coats Millstone Reserve, Gabriola Island	1994	100,000	100,000
Medicine Beach Nature Sanctuary, North Pender Island	1996	477,000	477,000
Cunningham Reserve, Salt Spring Island	1994	265,000	265,000
Deep Ridge Reserve, Salt Spring Island	1992	255,000	255,000
Lower Mt. Erskine Nature Reserve, Salt Spring Island	1996	284,000	284,000
Kwel Nature Sanctuary, Lasqueti Island	1997	195,497	195,497
Singing Woods Nature Reserve, Bowen Island	1999	157,000	157,000
Trincomali Nature Sanctuary, Galiano Island	2001	242,406	242,406
Horton Bayviary Nature Reserve, Mayne Island	2002	210,000	210,000
Morrison Marsh Nature Reserve, Denman Island	2006	438,000	438,000
Brigade Bay Bluffs Nature Reserve, Gambier Island	2006	150,000	150,000
Long Bay Wetland Nature Reserve, Gambier Island	2006	305,000	305,000
Elder Cedar Nature Reserve, Gabriola Island	2007	658,000	658,000
Mount Artaban Nature Reserve, Gambier Island	2009	1,177,000	1,177,000
Fairy Fen Nature Reserve, Bowen Island	2011	1,817,000	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
Fairy Slipper Forest Nature Reserve, Thetis Island	2017	550,266	550,266
		\$ 7,624,169	\$ 7,624,169

## 5. Restricted Fund balances:

	2019	2018
Internally restricted:		
McFadden Creek management fund	\$ 23,525	\$ 23,439
Externally restricted:		
Alton Nature Reserve - maintenance fund	129,934	115,080
Morrison Fund	20,140	20,070
Covenant Defense Fund	111,453	105,534
Lasqueti Acquisition Fund	57,360	34,114
Gambier Acquisition Fund	120,392	116,368
Thetis Island Acquisition Fund	1,288	1,286
	440,567	392,452
	\$ 464,092	\$ 415,891

# THE ISLANDS TRUST CONSERVANCY

Notes to Financial Statements

Year ended March 31, 2019

## 6. Restricted for endowment purposes:

	Acquisition date	2019	2018
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
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, 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, Denman Island	2018	85,000	-
		6,261,601	6,176,601
		\$ 6,349,601	\$ 6,264,601

Investment gains (losses) on endowment funds for the year of \$1,914 (2018 - (\$157)) 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.

Certain properties as listed in the preceding table were acquired under the Federal Government Ecological Gift program. Recipients of ecological gifts are responsible for maintaining the biodiversity and environmental heritage values of the property in perpetuity.

# THE ISLANDS TRUST CONSERVANCY

Notes to Financial Statements

Year ended March 31, 2019

## 7. Interfund transfer:

During the year, there were no interfund transfers. In prior year, there was an interfund transfer of \$550,266 from the Restricted Fund to the Capital Fund, representing cash paid to acquire the Fairy Slipper Forest Nature Reserve on Thetis Island, and \$27,300 from the Endowment Fund to the Restricted Fund representing grant monies received for the purchase of Moore Hill Nature Reserve in the previous fiscal period.

## 8. 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 and Housing.

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:

	2019	2018
Operations and property management	\$ 485,276	\$ 515,807
Board	18,409	23,098
Administration	165,399	164,046
	<u>\$ 669,084</u>	<u>\$ 702,951</u>

For the year ended March 31, 2019, amounts payable to Islands Trust were \$2,627 (2018 - nil).

## 9. Financial risks and concentration of risk:

The Trust Conservancy's financial instruments consist of cash, short-term investments, accounts receivable, investments, property tax payable and 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, 2019 is the carrying value of cash, accounts receivable, short-term investments and investments. 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.

## 10. Contingencies:

The Conservancy is finalizing an agreement to transfer an 11.47 hectare parcel of land on Lasqueti Island to the Conservancy. The land was appraised in June 2017 at a value of \$300,000. The future receipt of this asset is dependent on a purchase sale agreement with a third party being assigned to the Conservancy and the Conservancy and the land owner meeting the requirements of the purchase and sale agreement. The land transfer is not reflected in these financial statements and will be recognized when control of the land transfers to the Conservancy.

# THE ISLANDS TRUST CONSERVANCY

Statement of Financial Position

Schedule 1

March 31, 2018

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	2018 Total
<b>Assets:</b>					
Current assets:					
Cash	\$ 29,214	\$ 184,597	\$ -	\$ -	\$ 213,811
Short-term investments (note 2)	-	164,772	-	88,000	252,772
Accounts receivable	-	-	-	-	-
Inventory of fundraising items	667	-	-	-	667
	29,881	349,369	-	88,000	467,250
Investments (note 3)	-	66,522	-	-	66,522
Land (notes 4 and 6)	-	-	7,624,169	6,176,601	13,800,770
	\$ 29,881	\$ 415,891	\$ 7,624,169	\$ 6,264,601	\$ 14,334,542
<b>Liabilities:</b>					
Current liabilities:					
Property tax payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Islands Trust	-	-	-	-	-
Deferred revenue	-	-	-	-	-
	-	-	-	-	-
<b>Fund Balances:</b>					
Unrestricted	29,881	-	-	-	29,881
Investment in land (note 4)	-	-	7,624,169	-	7,624,169
Internally restricted (note 5)	-	23,439	-	-	23,439
Externally restricted (note 5)	-	392,452	-	-	392,452
Restricted for endowment purposes (note 6)	-	-	-	6,264,601	6,264,601
	29,881	415,891	7,624,169	6,264,601	14,334,542
	\$ 29,881	\$ 415,891	\$ 7,624,169	\$ 6,264,601	\$ 14,334,542

# THE ISLANDS TRUST CONSERVANCY

Statement of Operations

Schedule 2

Year ended March 31, 2018

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	2018 Total
<b>Revenue:</b>					
Donations:					
Cash	\$ 3,475	\$ 466,755	\$ -	\$ -	\$ 470,230
Land	-	-	-	-	-
Grants	2,041	23,660	-	-	25,701
Rental income	-	10,200	-	-	10,200
Investment income	20	1,417	-	-	1,437
Sale of fundraising items	136	-	-	-	136
	5,672	502,032	-	-	507,704
<b>Expenses:</b>					
Repairs and maintenance - Alton property	-	1,962	-	-	1,962
Cost of sales of fundraising items	675	-	-	-	675
Bank charges	61	1,637	-	-	1,698
Donations to conservancy groups	5,000	-	-	-	5,000
Consultant fees	2,005	4,686	-	-	6,691
	7,741	8,285	-	-	16,026
<b>Excess (deficiency) of revenue over expenses</b>	\$ (2,069)	\$ 493,747	\$ -	\$ -	\$ 491,678

## Declaration on Climate Change Emergency

At its March 2019 meeting on Gabriola Island, the Islands Trust Council declared a climate change emergency in the Islands Trust Area.

In addition the declaration, Trust Council committed itself to a series of actions, including:

1. Declare a climate change emergency in the Islands Trust Area;
2. Add climate change mitigation, resilience, and adaptation policies to the Islands Trust Policy Statement amendment project;
3. Direct the Trust Council Chair to write to the chairs of regional districts in the Islands Trust Area asserting Trust Council's full support for declarations of a climate emergency;
4. Direct the Trust Council Chair to write to the Provincial Minister of the Environment, asserting the Islands Trust Council's support to help the Province close the 25% emissions gap in the CleanBC Plan, and calling on the Province to provide the powers and resources to local governments;
5. Direct the Trust Council Chair to write to the Federal Minister of the Environment, asserting the Islands Trust Council's support to help Canada meet its Nationally Determined Contribution target made in the Paris Agreement and call on the federal government to provide the powers and resources to local governments.
6. Direct staff to report back to the June 2019 Trust Council meeting on measures and land-use planning actions that the Islands Trust can take to advance progress toward local trust committee climate reduction targets and achieve further reductions in carbon from Trust operations.
7. Direct staff to include a central focus on equitable climate change mitigation, adaptation, and resilience into strategic planning to provide guidance and support for the Trust Area's efforts to transition away from fossil fuels in ways that consider those most vulnerable to climate impacts and most in need of support in transitioning to renewable energy.
8. Trust Council directs staff to work with First Nations and First Nations government agencies to seek support for the climate change emergency and to engage to coordinate climate action strategies with First Nations within the Islands Trust Area.

If you are reading a print version of this report, you can access hyperlinks by going to the online version at [islandstrustconservancy.ca/about-us/our-publications/](http://islandstrustconservancy.ca/about-us/our-publications/)

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ISLANDS TRUST CONSERVANCY



Islands Trust



BC CLIMATE ACTION COMMUNITY 2018