

**TLC THE LAND CONSERVANCY
OF BRITISH COLUMBIA
FINANCIAL STATEMENTS**

APRIL 30, 2000

TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA

APRIL 30, 2000

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CHARTERED ACCOUNTANT

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AUDIT REPORT

To the Directors of
TLC The Land Conservancy of British Columbia


I have audited the balance sheet of TLC The Land Conservancy of British Columbia as at April 30, 2000 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained in the following paragraph, I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, TLC The Land Conservancy of British Columbia derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of this revenue was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to donation revenue, assets, surplus of revenue over expenses or fund balances.

In my opinion, except for the effects of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of TLC The Land Conservancy of British Columbia as at April 30, 2000, and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

September 1, 2000
Victoria, British Columbia



CHARTERED ACCOUNTANT


TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA

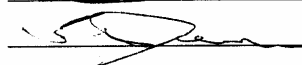
BALANCE SHEET

AS AT APRIL 30, 2000

	<u>General Funds</u>	<u>Restricted Funds</u>	<u>2000</u>	<u>1999</u>
ASSETS				
CURRENT				
Cash and short term deposits	\$ 118,012	\$ 25,638	\$ 143,650	\$ 41,336
Accounts receivable	3,773	6,038	9,811	8,212
Short term investments (Note 3)		350,000	350,000	40,000
Prepaid expenses	7,901	1,000	8,901	2,703
Inventory	32,485		32,485	180
Deposits on land (Note 4)		<u>164,950</u>	<u>164,950</u>	<u>28,000</u>
	162,171	547,626	709,797	120,431
INVESTMENTS (Note 5)	95,000	20,000	115,000	110,000
CAPITAL ASSETS (Note 6)	<u>10,710</u>	<u>4,109,751</u>	<u>4,120,461</u>	<u>2,415,559</u>
	<u>\$ 267,881</u>	<u>\$ 4,677,377</u>	<u>\$ 4,945,258</u>	<u>\$ 2,645,990</u>
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	\$ 15,992	\$ 31,376	\$ 47,368	\$ 40,952
Due to (due from) other Fund	(6,876)	6,876	-	-
Current portion of long term debt (Note 7)	<u>85,000</u>	<u>452,452</u>	<u>537,452</u>	<u>336,839</u>
	94,116	490,704	584,820	377,791
LONG TERM DEBT (Note 7)		1,462,273	1,462,273	898,292
FUNDS HELD IN TRUST (Note 8)	<u>95,000</u>		<u>95,000</u>	<u>95,000</u>
	<u>189,116</u>	<u>1,952,977</u>	<u>2,142,093</u>	<u>1,371,083</u>
FUND BALANCES				
Investment in capital assets	10,710	2,409,976	2,420,686	1,230,428
Externally restricted		314,424	314,424	(46,991)
Unrestricted	<u>68,055</u>		<u>68,055</u>	<u>91,470</u>
	<u>78,765</u>	<u>2,724,400</u>	<u>2,803,165</u>	<u>1,274,907</u>
	<u>\$ 267,881</u>	<u>\$ 4,677,377</u>	<u>\$ 4,945,258</u>	<u>\$ 2,645,990</u>

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED APRIL 30, 2000

	<u>General</u> <u>Funds</u>	<u>Restricted</u> <u>Funds</u>	<u>2000</u>	<u>1999</u>
REVENUE				
Memberships	\$ 23,240	\$	\$ 23,240	\$ 10,023
Donations in kind	109,440	304,736	414,176	231,736
Donations	98,545	1,339,047	1,437,592	408,440
Grants	86,834	351,110	437,944	745,410
Rental income		11,740	11,740	5,066
Interest and other income	22,701	9,125	31,826	6,163
Merchandise sales	<u>4,363</u>	<u>636</u>	<u>4,999</u>	<u>1,139</u>
	<u>345,123</u>	<u>2,016,394</u>	<u>2,361,517</u>	<u>1,407,977</u>
EXPENSES				
Advertising and promotion	5,405	9,810	15,215	11,174
Amortization	3,008	16,277	19,285	7,550
Charitable donations	2,500	200,816	203,316	12,500
Conferences and seminars	4,002	5,856	9,858	12,099
Cost of goods for resale	4,415	4,666	9,081	3,220
Fund raising expenses	12,996	870	13,866	3,577
Interest and bank charges	6,333	114	6,447	1,678
Interest on long term debt	3,363	108,163	111,526	39,440
Insurance	3,712		3,712	1,495
License, dues and fees	2,590	1,536	4,126	4,048
Memberships	1,640		1,640	1,032
Office expenses	27,787	8,015	35,802	9,357
Postage	5,438	500	5,938	2,621
Professional fees	17,812	5,728	23,540	7,632
Property appraisals and commissions	43,696	5,472	49,168	37,071
Property taxes		6,567	6,567	5,338
Rent and utilities	5,462	3,734	9,196	380
Repairs and maintenance	3,382	24,959	28,341	19,010
Salaries and benefits	175,203	51,735	226,938	55,014
Telephone	13,822	1,375	15,197	3,986
Travel	<u>22,396</u>	<u>12,104</u>	<u>34,500</u>	<u>17,825</u>
	<u>364,962</u>	<u>468,297</u>	<u>833,259</u>	<u>256,047</u>
EXCESS OF REVENUE OVER EXPENDITURES	(19,839)	1,548,097	1,528,258	1,151,930
FUND BALANCES, beginning of year	<u>98,604</u>	<u>1,176,303</u>	<u>1,274,907</u>	<u>122,977</u>
FUND BALANCES, end of year	\$ <u>78,765</u>	\$ <u>2,724,400</u>	\$ <u>2,803,165</u>	\$ <u>1,274,907</u>

TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED APRIL 30, 2000

	<u>General Funds</u>	<u>Restricted Funds</u>	<u>2000</u>	<u>1999</u>
CASH FLOWS FROM:				
Operating activities				
Excess of revenues over expenses	\$ (19,839)	\$ 1,548,097	\$ 1,528,258	\$ 1,151,930
Amortization of capital assets	3,008	16,277	19,285	7,550
Net change in non-cash working capital items	<u>(38,590)</u>	<u>4,904</u>	<u>(33,686)</u>	<u>29,841</u>
Net cash generated through operating activities	<u>(55,421)</u>	<u>1,569,278</u>	<u>1,513,857</u>	<u>1,189,321</u>
Financing and investing activities				
Loan proceeds	35,000	1,319,041	1,354,041	1,352,500
Loan principal repayments		(589,447)	(589,447)	(117,369)
Due to (from) other Fund	103,682	(103,682)		-
Purchase of land and capital assets	(6,585)	(2,071,236)	(2,077,821)	(2,458,232)
Donations and sale of land		353,634	353,634	40,000
Deposits on land		(136,950)	(136,950)	21,675
Purchase of long-term investments		<u>(5,000)</u>	<u>(5,000)</u>	<u>(7,500)</u>
Net cash used in financing and investing activities	<u>132,097</u>	<u>(1,233,640)</u>	<u>(1,101,543)</u>	<u>(1,168,926)</u>
Net (decrease) increase in cash	76,676	335,638	412,314	20,395
Cash, beginning of year	<u>41,336</u>	<u>40,000</u>	<u>81,336</u>	<u>60,941</u>
Cash, end of year	<u>\$ 118,012</u>	<u>\$ 375,638</u>	<u>\$ 493,650</u>	<u>\$ 81,336</u>
Cash balance represented by:				
Cash	\$ 118,012	\$ 25,638	\$ 143,650	\$ 41,336
Short term investments		<u>350,000</u>	<u>350,000</u>	<u>40,000</u>
	<u>\$ 118,012</u>	<u>\$ 375,638</u>	<u>\$ 493,650</u>	<u>\$ 81,336</u>

TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2000

1. NATURE OF ORGANIZATION

TLC The Land Conservancy of British Columbia protects plants, animals, natural communities and landscape features that represent diversity of life on Earth, by protecting the lands and waters they need to survive, and protects areas of scientific, historical, cultural, scenic or compatible recreation value. This is accomplished by acquiring protective control of these lands and waters through ownership of the land, long term leases or Conservation Covenants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Fund Accounting

The organization follows the restricted fund method of accounting for contributions.

The General Fund

The general Fund accounts for the organization's administrative and operational activities. This fund also reports donations received for which there are no restrictions attached by the donor.

b. The Restricted Funds

Funds that are restricted are subject to externally imposed instructions specifying how the funds are to be used.

c. Investments

Short term investments are recorded at the lower of cost and market value. Long-term investments are carried at cost and are written down when there has been a loss in value that is other than temporary.

d. Inventory

Inventory is valued at the lower of cost and net realizable value

e. Capital Assets

Capital assets are recorded at cost. Amortization is provided annually at rate calculated to write-off the assets over their estimated useful lives as follows:

Office equipment	- 20% diminishing balance
Computer equipment	- 30% diminishing balance
Buildings	- 5% diminishing balance
Equipment	- 20% diminishing balance

f. Revenue Recognition

Contributions, donations and pledges are accounted for when received. All other revenue and expenses are accounted for on the accrual basis of accounting.

3. SHORT TERM INVESTMENTS

	<u>2000</u>	<u>1999</u>
Term deposit bearing interest of 4.73%, maturing May, 2000	\$ 350,000	-
Term deposit bearing interest of 3.3% maturing June, 1999	<u>-</u>	<u>40,000</u>
	<u>\$ 350,000</u>	<u>\$ 40,000</u>

TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2000

4. DEPOSITS ON LAND

During the year, the society made the following deposits on land purchases:

	<u>2000</u>	<u>1999</u>
Deposit on purchase of proposed Lot B of proposed subdivision of PID: 002-667-300, District Lot 1227S, Similkimeen Division, Yale District. Non-refundable deposits forming part of purchase price of \$ 300,000. Further deposits of \$5,000 to be made May 30, and June 30, 2000. Completion date for the purchase is September 28, 2000. \$	12,550	-
Deposit paid to Tree Island Contracting Ltd. on the purchase of The Nanaimo River-Fry Road Property. Completion date of the agreement for purchase is June 27, 2000 for a full purchase price of \$766,750. This purchase has been completed subsequent to year end.	131,400	-
Non-refundable deposit paid on the purchase of property PID 002-427-678, part of E(DD367241) of section 105, Esquimalt District. Further \$5,000 deposits are to be made on or before May 31, and July 28, 2000. These deposits are to be applied to the purchase price of \$400,000. Completion date for the purchase is to be September 29, 2000.	11,000	-
Deposit on the purchase of property known as Thwaytes Landing comprised of 19 lots. Further deposits of \$10,000 each are required on May 30, June 30, August 31, September 30, October 31, 2000, January 31, 2001, June 30, 2001 and January 31, 2002. Completion dates for the purchases are as follows:		
Lots 1 - 7 July 14, 2000 \$ 426,700		
Lots 8 & 9 January 12, 2001 89,700		
D. L. 871 August 17, 2001 1,044,000		
Lots 10,11,E, F, G January 14, 2002 304,700		
Lots 12 - 15 June 14, 2002 <u>356,000</u>		
<u>\$ 2,221,100</u>	10,000	-
Deposit on purchase of Nanaimo River property, purchase completed September 22, 1999	-	6,000
Deposit on purchase of Mathews Point, purchase completed September 30, 1999	-	<u>22,000</u>
	<u>\$ 164,950</u>	<u>\$ 28,000</u>

TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2000

5. INVESTMENTS

	<u>2000</u>	<u>1999</u>
95 units in Northern Star Hedge Fund. A condition of the donation is that these units be retained for 10 years in Trust for the Greenway and Blueway Foundation. TLC possesses a letter indemnifying them of any loss in the value of the investment.	\$ 95,000	\$ 95,000
The following donations are required to be held for 10 years:		
Term deposit bearing interest of 5.35%, maturing August, 2004.	15,000	15,000
Term deposit bearing interest of 4.6%, maturing March, 2002	<u>5,000</u>	<u>-</u>
	<u>\$ 115,000</u>	<u>\$ 110,000</u>

6. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2000</u>	<u>Net 1999</u>
Office equipment	\$ 6,742	\$ 1,968	\$ 4,774	\$ 3,039
Computer equipment	<u>9,691</u>	<u>3,755</u>	<u>5,936</u>	<u>4,096</u>
General funds totals	<u>16,433</u>	<u>5,723</u>	<u>10,710</u>	<u>7,135</u>
Land	3,829,890	-	3,829,890	2,248,886
Buildings	253,234	13,444	239,790	142,252
Equipment	<u>48,471</u>	<u>8,400</u>	<u>40,071</u>	<u>17,286</u>
Restricted funds totals	<u>4,131,595</u>	<u>21,844</u>	<u>4,109,751</u>	<u>2,408,424</u>
Total Capital Assets	<u>\$ 4,148,028</u>	<u>\$ 27,567</u>	<u>\$ 4,120,461</u>	<u>\$ 2,415,559</u>

TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2000

7. LONG TERM DEBT

	<u>2000</u>	<u>1999</u>
Non-interest bearing note, due on demand	\$ 5,000	\$ -
Non-interest bearing note due on demand	50,000	50,000
Non-interest bearing note unsecured. No specified terms of repayment.	50,000	50,000
Promissory note, bearing interest at prime + 1/2 %, unsecured repayable in blended monthly payments of \$500.	79,700	-
Promissory note, secured by personal assets of executive director, bearing interest at 7%, due June 23, 2000	30,000	-
Mortgage secured by South Winchelsea Island property, 8% interest, repayable in semi-annual payments of \$50,000 plus interest maturing December, 2002	295,000	395,000
Mortgage payable to Pacific Coast Savings Credit Union, secured by real property, 6.7% interest, repayable in blended monthly payments of \$619 maturing in April 2004.	88,446	90,131
Mortgage secured by Black Creek property, 6.5% interest, no specified payments. Due October 30, 1999	-	175,000
Mortgage payable to Kamloops Mortgage Corporation, secured by real property, 14% interest, repayable in blended monthly payments of \$1,788 maturing in May, 2001	148,840	250,000
Mortgage payable to the Abkhazi Garden Preservation Society, secured by real property, 7% interest, repayable in quarterly installments of \$25,000 plus interest, due February 2005	1,000,000	-
Mortgage payable to Pacific Coast Savings Credit Union, secured by real property, 7.2 % interest, repayable in blended monthly payments of \$1,620, maturing April, 2001.	188,891	225,000
Mortgage payable to Pacific Coast Savings Credit Union, secured by real property, 7.6% interest, repayable in blended monthly payments of \$1695, maturing September 2000.	<u>63,848</u>	<u>-</u>
	1,999,725	1,235,131
Less current portion	<u>537,452</u>	<u>336,839</u>
	<u>\$ 1,462,273</u>	<u>\$ 898,292</u>

TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2000

7. LONG TERM DEBT (continued)

Principal payments required in each of the next five years are as follows:

2001	\$ 537,452
2002	225,725
2003	222,676
2004	121,301
2005	610,321
Thereafter	<u>282,250</u>
	<u>\$ 1,999,725</u>

8. FUNDS HELD IN TRUST

95 units of the Northern Star Hedge Fund are held for the Greenway and Blueway Foundation. TLC possesses a letter indemnifying them of any loss in the value of the investment.

9. SUBSEQUENT EVENTS:

Subsequent to year end, the organization negotiated the following contracts for the purchase of property:

- i) Property in the Sooke Hills known as the Seraphim Lands. The purchase price agreed upon was \$5,300,000. Deposits totalling \$50,000 have been made on the purchase, with further non refundable deposits of \$50,000 required on September 28, October 20, and November 30. The completion date for the purchase is February 9, 2001.
- ii) Property known as Gowland Point on South Pender Island. This purchase is to be made in partnership with the Capital Regional District. The total commitment the organization has made to the purchase of this property is \$ 355,000. The date of completion for this purchase is expected to be September 29, 2000.

10. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

11. COMPARATIVE BALANCES

The figures for the year ended April 30, 1999, presented for comparative purposes, are taken from financial statements reported on by another auditor.