

**ANNUAL FINANCIAL STATEMENTS 2001  
TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA**

**BALANCE SHEET**

**AS AT APRIL 30, 2001**

	<u>General Funds</u>	<u>Restricted Funds</u>	<u>2001</u>	<u>2000</u>
<b>ASSETS</b>				
<b>CURRENT</b>				
Cash and short term deposits	\$ 48,270	\$ -	\$ 48,270	\$ 143,650
Accounts receivable	61,850	8,890	70,740	9,811
Short term investments (Note 3)	-	178,431	178,431	350,000
Prepaid expenses	13,846	6,168	20,014	8,901
Inventory	29,000	-	29,000	32,485
Deposits on land (Note 4)	-	70,000	70,000	164,950
	<hr/>	<hr/>	<hr/>	<hr/>
	152,966	263,489	416,455	709,797
<b>INVESTMENTS (Note 5)</b>	95,010	20,000	115,010	115,000
<b>DUE FROM TLC THE LAND CONSERVANCY (ENTERPRISES) LTD. (Note 5)</b>	33,779	20,744	54,523	-
<b>CAPITAL ASSETS (Note 6)</b>	<hr/>	<hr/>	<hr/>	<hr/>
	29,822	11,117,318	11,147,140	4,120,461
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 311,577	\$ 11,421,551	\$ 11,733,128	\$ 4,945,258
<b>LIABILITIES</b>				
<b>CURRENT</b>				
Accounts payable and accrued liabilities	\$ 16,700	\$ 119,121	\$ 135,821	\$ 47,368
Due to (due from ) other Fund	(27,277)	27,277	-	-
Current portion of long term debt (Note 7)	<hr/>	<hr/>	<hr/>	<hr/>
	190,000	1,549,185	1,739,185	537,452
	<hr/>	<hr/>	<hr/>	<hr/>
	179,423	1,695,583	1,875,006	584,820
<b>LONG TERM DEBT (Note 7)</b>	-	4,155,586	4,155,586	1,462,273
<b>FUNDS HELD IN TRUST (Note 8)</b>	<hr/>	<hr/>	<hr/>	<hr/>
	95,000	-	95,000	95,000
	<hr/>	<hr/>	<hr/>	<hr/>
	274,423	5,851,169	6,125,592	2,142,093
<b>FUND BALANCES</b>				
Invested in capital assets	29,821	5,532,548	5,562,369	2,420,686
Externally restricted	-	37,834	37,834	314,424
Unrestricted	<hr/>	<hr/>	<hr/>	<hr/>
	7,333	-	7,333	68,055
	<hr/>	<hr/>	<hr/>	<hr/>
	37,154	5,570,382	5,607,536	2,803,165
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 311,577	\$ 11,421,551	\$ 11,733,128	\$ 4,945,258

**APPROVED ON BEHALF OF THE BOARD:**

\_\_\_\_\_ Executive Director

\_\_\_\_\_ Treasurer

**TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA  
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED APRIL 30, 2001**

	<u>General Funds</u>		<u>Restricted Funds</u>	<u>2001</u>	<u>2000</u>
	<u>Administration</u>	<u>Program Delivery</u>			
<b>REVENUE</b>					
Memberships	\$ 35,600	\$ -	\$ -	\$ 35,600	\$ 23,240
Donations in kind	52,175	-	261,697	313,872	414,176
Donations	311,073	9,715	1,350,446	1,671,234	1,437,592
Grants	108,499	18,400	2,980,871	3,107,770	437,944
Rental income	-	-	208,705	208,705	11,740
Interest and other income	4,815	-	34,266	39,081	31,826
Merchandise sales	-	-	-	-	4,999
	<u>\$ 512,162</u>	<u>\$ 28,115</u>	<u>\$ 4,835,985</u>	<u>\$ 5,376,262</u>	<u>\$ 2,361,517</u>

**TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA  
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED APRIL 30, 2001**

	<u>General Funds</u>		<u>Restricted Funds</u>	<u>2001</u>	<u>2000</u>
	<u>Administration</u>	<u>Program Delivery</u>			
<b>EXPENSES</b>					
Advertising and promotion	\$ 1,875	\$ -	\$ 60,326	\$ 62,201	\$ 15,215
Amortization	6,209	1,260	20,461	27,930	19,285
Charitable donations	-	36,500	1,222,331	1,258,831	203,316
Conferences and seminars	2,211	8,065	4,546	14,822	9,858
Consulting	1,786	6,454	23,444	31,684	2,688
Cost of goods for resale	-	-	-	-	9,081
Fund raising expenses	1,082	-	30,555	31,637	13,866
Interest and bank charges	6,538	-	188	6,726	6,447
Interest on long term debt	-	2,920	220,034	222,954	111,526
Insurance	2,500	5,778	-	8,278	3,712
License, dues and fees	837	3,169	1,263	5,269	4,126
Memberships	-	2,988	47	3,035	1,640
Office expenses	24,197	6,049	15,133	45,379	35,802
Postage	9,393	2,348	2,917	14,658	5,938
Professional fees	14,234	-	61,175	75,409	23,540
Property appraisals and commissions	-	1,062	81,214	82,276	49,168
Property taxes	-	-	14,280	14,280	6,567
Rent and utilities	8,547	-	12,975	21,522	9,196
Repairs and maintenance	17,621	3,167	28,108	48,896	28,341
Salaries, benefits and subcontract	93,680	259,787	147,857	501,324	226,938
Telephone	13,020	8,680	5,219	26,919	15,197
Travel	7,483	22,448	37,930	67,861	34,500
	<u>211,213</u>	<u>370,675</u>	<u>1,990,003</u>	<u>2,571,891</u>	<u>833,259</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	300,949	(342,560)	2,845,982	2,804,371	1,528,258
<b>FUND BALANCES, beginning of year</b>	<u>78,765</u>	<u>-</u>	<u>2,724,400</u>	<u>2,803,165</u>	<u>1,274,907</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 379,714</u>	<u>\$ (342,560)</u>	<u>\$ 5,570,382</u>	<u>\$ 5,607,536</u>	<u>\$ 2,803,165</u>

**TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA**

**STATEMENT OF CHANGES IN FUNDS INVESTED IN CAPITAL ASSETS**

FOR THE YEAR ENDED APRIL 30, 2001

	<u>General Funds</u>	<u>Restricted Funds</u>	<u>2001</u>	<u>2000</u>
<b>Investment in Capital Assets, Beginning of year</b>	\$ 10,710	\$ 2,409,976	\$ 2,420,686	\$ 1,230,428
Additions to capital assets	26,580	7,049,557	7,076,137	2,077,821
Disposition of capital assets	-	(21,529)	(21,529)	(353,634)
Amortization of capital assets	(7,469)	(20,461)	(27,930)	(19,285)
Additions to (reduction in) Deposits on land	-	(94,950)	(94,950)	136,950
Additions to debt relating to Asset purchase	-	(5,531,182)	(5,531,182)	(1,241,041)
Debt Principal repayments	-	1,741,137	1,741,137	589,447
<b>Investment in Capital Assets, end of year</b>	<u>\$ 29,821</u>	<u>\$ 5,532,548</u>	<u>\$ 5,562,369</u>	<u>\$ 2,420,686</u>

**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED APRIL 30, 2001

	<u>General Funds</u>	<u>Restricted Funds</u>	<u>2001</u>	<u>2000</u>
<b>CASH FLOWS FROM:</b>				
<b>Operating activities</b>				
Excess of revenues over expenses	\$ (41,611)	\$ 2,845,982	\$ 2,804,371	\$ 1,528,258
Amortization of capital assets	7,469	20,461	27,930	19,285
Net change in non-cash Working capital items	(59,830)	79,726	19,896	(33,686)
<b>Net cash generated through Operating activities</b>	<u>(93,972)</u>	<u>2,946,169</u>	<u>2,852,197</u>	<u>1,513,857</u>
<b>Financing and investing activities</b>				
Loan proceeds	110,000	5,531,182	5,641,182	1,354,041
Loan principal repayments	(5,000)	(1,741,137)	(1,746,137)	(589,447)
Due to (from) other Fund	(20,411)	20,411	-	-
Purchase of land and capital assets	(26,580)	(7,049,557)	(7,076,137)	(2,077,821)
Donation and sale of capital assets	-	21,529	21,529	353,634
Deposits on land	-	94,950	94,950	(136,950)
Due to (from) TLC The Land Conservancy (Enterprises) Ltd.	(33,779)	(20,754)	(54,533)	-
Purchase of long-term investments	-	-	-	(5,000)
<b>Net cash used in financing And investing activities</b>	<u>24,230</u>	<u>(3,143,376)</u>	<u>(3,119,146)</u>	<u>(1,101,543)</u>
Net (decrease) increase in cash	(69,742)	(197,207)	(266,949)	412,314
Cash, beginning of year	118,012	375,638	493,650	81,336
<b>Cash, end of year</b>	<u>\$ 48,270</u>	<u>\$ 178,431</u>	<u>\$ 226,701</u>	<u>\$ 493,650</u>
<b>Cash balance represented by:</b>				
Cash	\$ 48,270	\$ -	\$ 48,270	\$ 143,650
Short term investments	-	178,431	178,431	350,000
	<u>\$ 48,270</u>	<u>\$ 178,431</u>	<u>\$ 226,701</u>	<u>\$ 493,650</u>

# TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA

## NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2001

### 1. NATURE OF ORGANIZATION

TLC The Land Conservancy of British Columbia is incorporated under the Society Act of British Columbia and is a charitable organization as defined under the Income Tax Act of Canada. Its purpose is to protect 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 to protect 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) Measurement

The financial statement of the society have been prepared in accordance with Canadian generally accepted accounting principles. Because a precise determination of many assets and liabilities is dependent on future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

#### (b) 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.

##### 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 rates calculated to write-off the assets over their estimated useful lives as follows:

Office furniture and equipment	- 20% diminishing balance
Equipment	- 20% diminishing balance
Vehicle	- 30% diminishing balance
Computer equipment	- 30% diminishing balance
Buildings	- 5% 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.

### 6. SHORT TERM INVESTMENTS

	<u>2001</u>	<u>2000</u>
Term deposit bearing interest of 4.73%, maturing May, 2000	\$ -	\$ 350,000
Term deposit bearing interest of 3.05% maturing May 30, 2001	178,431	-
	<u>\$ 178,431</u>	<u>\$ 350,000</u>

**4. DEPOSITS ON LAND**

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

	<u>2001</u>	<u>2000</u>
Deposit on purchase of Salt Spring Island property PID 024-548-821 Lot 1 of Sections 63 and 64 South Salt Spring Island Cowichan District Plan VIP69136. Completion date for the purchase is to be September 30, 2001.(see also Note 11)	\$ 50,000	\$ -
Deposit on the purchase of property known as Thwaytes Landing comprised of 19 lots. Negotiations are ongoing.	20,000	10,000
Deposit on purchase of Harper property. Purchase completed December 31, 2000.	-	12,550
Deposit paid on the purchase of The Nanaimo River-Fry Road Property. Purchase completed June 27, 2000.	-	131,400
Non-refundable deposit paid on the purchase of Atkins Road property. This deposit, along with an additional \$64,000 was donated to the CRD for the purchase of this property.	-	11,000
	<u>\$ 70,000</u>	<u>\$ 164,950</u>

**6. INVESTMENTS**

	<u>2001</u>	<u>2000</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	5,000	5,000
Investment in TLC The Land Conservancy (Enterprises) Ltd. Recorded at cost	10	-
	<u>\$ 115,010</u>	<u>\$ 115,000</u>

**6. CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2001</u>	<u>Net 2000</u>
Office furniture and equipment	\$ 8,105	\$ 3,331	\$ 4,774	\$ 4,774
Equipment	9,939	1,132	8,807	-
Vehicle	1,412	212	1,200	-
Computer equipment	23,108	8,067	15,041	5,936
General funds totals	<u>42,564</u>	<u>12,742</u>	<u>29,822</u>	<u>10,710</u>
Covenants	37,501	-	37,501	-
Land	10,749,291	-	10,749,291	3,829,890
Buildings	316,189	26,537	289,652	239,790
Computer equipment	10,616	1,592	9,024	-
Office furniture and equipment	5,182	1,378	3,804	-
Equipment	38,401	10,355	28,046	40,071
Restricted funds totals	<u>11,157,180</u>	<u>39,862</u>	<u>11,117,318</u>	<u>4,109,751</u>
Total Capital Assets	<u>\$ 11,199,744</u>	<u>\$ 52,604</u>	<u>\$ 11,147,140</u>	<u>\$ 4,120,461</u>

**7. LONG TERM DEBT**

	<u>2001</u>	<u>2000</u>
Non-interest bearing note, due on demand	\$ -	\$ 5,000
Non-interest bearing note, unsecured. No specified terms of repayment	350,000	50,000
Non-interest bearing note unsecured. No specified terms of repayment.	50,000	50,000
Promissory note bearing interest of 4.5%, unsecured. Due August 31, 2001	50,000	-
Promissory note, bearing interest at prime + 1/2 %, unsecured repayable in blended monthly payments of \$500.	79,280	79,700
Promissory note, secured by personal assets of executive director, bearing interest at 7%, due September 23, 2001.	30,000	30,000
Mortgage secured by South Winchelsea Island property, 8% interest, repayable in semi-annual payments of \$50,000 plus interest due December, 2002	195,000	295,000
Mortgage payable to Pacific Coast Savings Credit Union, secured by real property, 6.7% interest, repayable in blended monthly payments of \$619 due April 2004.	86,843	88,446
Mortgage payable to Kamloops Mortgage Corporation, secured by real property, 14% interest, repayable in blended monthly payments of \$1,788 due May, 2001	-	148,840
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	900,000	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, due April, 2002.	185,625	188,891
Mortgage payable secured by Wildwood property, bearing interest of 7.5%. Repayable in monthly payments of \$20,000 plus interest. Balance due June 20, 2003.	520,000	-

**7. LONG TERM DEBT (continued)**

	<u>2001</u>	<u>2000</u>
Mortgage payable secured by Wildwood property, bearing interest of 8.0%. Repayable in annual payments of \$10,000 plus interest. Balance due December 20, 2009	90,000	-
Mortgage payable, secured by Nanaimo river property, bearing interest of 7.0%. Repayable in three annual payments of \$41,667 plus interest. Due June 26, 2003 (Refer also to note 12 )	125,000	-
Mortgage payable secured by Nanaimo River property, bearing interest of 7.0%. Repayable in three annual payments of \$3,333 plus interest. Due June 26, 2003	10,000	-
Mortgage payable secured by Harper property, bearing interest of 6.5%. Repayable in four semi-annual payments of \$50,000 plus interest, due December 31, 2002	200,000	-
Mortgage payable secured by Cowichan property, bearing		

no interest. Repayable in two annual payments of \$16,666	33,332	-
Mortgage payable, secured by Abkhazi Property #2, bearing no interest. Repayable in quarterly payments of \$800. Balance due February 9, 2006	80,000	-
Promissory note payable to the District of Saanich, bearing no interest, unsecured, due September 15, 2003	392,850	-
Mortgage payable secured by Sooke Hills property, bearing interest of 8.65%. Repayable by annual principal payments of \$600,000, interest paid monthly. Balance due April 1, 2005. (Refer also to Note 10 )	2,400,000	-
Loan payable to Ducks Unlimited, non-interest bearing.	60,000	-
Mortgage payable to Pacific Coast Savings Credit Union, secured by real property, 7.6% interest, repayable in blended monthly payments of \$1695, due September 2001.	56,841	63,848
	5,894,771	1,999,725
Less current portion	1,739,185	537,452
	<u>\$4,155,586</u>	<u>\$ 1,462,273</u>

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

2002	\$ 1,739,185
2003	1,165,313
2004	1,246,938
2005	769,868
2006	120,085
Thereafter	853,682
	<u>\$ 5,894,771</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. RELATED PARTY TRANSACTIONS

During the year, the company entered into the following transactions with related parties:

### (a) TLC The Land Conservancy (Enterprises) Ltd.

The Society leases both South Winchelsea Island and Abkhazi Gardens, land and buildings to TLC The Land Conservancy (Enterprises) Ltd, a wholly owned subsidiary of the Society. The leases for the properties are negotiated on an annual basis. Lease income received by the Society for 2001 for both properties was \$1. Inventory purchased for resale carried on the Society's books at a cost of \$3,485 and equipment with a net book value of \$21,529 were sold to TLC The Land Conservancy (Enterprises) Ltd. on May 1, 2000 for the carrying value of the assets.

At year end, a receivable in the amount of \$ 54,523 (2000 \$NIL) was due from TLC The Land Conservancy (Enterprises) Ltd. This receivable bears no interest and has no specific terms of repayment.

### (b) Real Estate Commissions

Mr. William Turner, volunteer Executive Director of the society, also acts as the society's Realtor and has done so for the past four years enabling the society, in many instances, to forego real estate fees. During the year, the Sutton Group Westcan Realty and Mr. Turner, as their employee, received a gross commission on the purchase of the Sooke Hills (Seraphim) property of \$75,000. Mr. Turner, in turn, donated \$50,000 of this commission back to the society.



**10. AGREEMENT FOR SALE**

On February 14, 2001, the society entered into an agreement with the Capital Regional District for the sale of lands held by the society in the Malahat, Otter and Sooke Districts (known as "the Sooke Hills"). the total purchase price for the properties is \$3,000,000. Title to the properties will transfer to the Capital Regional District as payments are received by the society. During the year, the society transferred Parcels 1, 2, 3, 4, 5, and 9 of the property and received \$600,000. The remainder of the property will be transferred as follows:

<u>Transfer date</u>	<u>Land parcel</u>	<u>Proceeds per agreement</u>	<u>Cost</u>
April 1, 2002	Parcels 6, 7, 8 and 17	\$ 600,000	\$ 673,100
April 1, 2003	Parcels 11 & 13	600,000	1,038,800
April 1, 2004	Parcel 12	600,000	1,240,200
April 1, 2005	Parcels 10, 14, 15, and 16	600,000	1,319,700
		<u>\$ 2,400,000</u>	<u>\$ 4,271,800</u>

**11. SUBSEQUENT EVENTS**

- (a) Subsequent to April 30, 2001 negotiations relating to the purchase of the Salt Spring Island property, came to an impasse. The negotiations are being continued by the Province of British Columbia. \$10,000 of the \$50,000 deposit made by the society on this property will be forfeited, while the remaining \$40,000 will be returned to TLC.
- (b) On May 28, 2001, the society contracted for the purchase of the High Street property, PID 004-880-773, Lot 2, Plan 5296 and PID 004-875-923, Block 1, section 916, Plan 1407. The contract requires payment of a \$10,000 deposit on or before June 15, 2001 with the remaining \$440,000 due on August 13, 2001. The society negotiated on behalf of, and assigned the contract to, the District of View Royal.

**12. COMMITMENTS AND CONTINGENCIES**

- (a) Nanaimo River property lease.

During the year, the society entered into a ninety-nine year lease with the Regional District of Nanaimo for the Nanaimo River property (PID 008-996-369 West 25 Acres of Section 6, Range 8, Cranberry District, except part in Plan VIP70831, and PID 008-996-318, Section 7, Range 8, Cranberry District, except part in Plan VIP70950). Under the terms of this lease, the society received \$200,000 on June 26, 2000 and will receive future lease payments, designed to coincide with payment requirements of the mortgage on the same property as follows:

June 26, 2001	\$ 50,000
June 26, 2002	50,000
June 26, 2003	50,000
	<u>\$150,000</u>

- (b) High Street property.  
As stated in Note 11, the society assigned the purchase of the High Street Property to the District of View Royal. Under the terms of the contract, the society is obligated to fulfill the terms if the District of View Royal defaults on its commitment. The total contract price is \$450,000.