

TLC The Land Conservancy of British Columbia
Consolidated Financial Statements

April 30, 2006

Grant Thornton 

 **TLC** **The Land Conservancy**

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Auditors' Report

To the Directors of
TLC The Land Conservancy of British Columbia

We have audited the consolidated statement of financial position of TLC The Land Conservancy of British Columbia as at April 30, 2006 and the consolidated statements of operations and changes in fund balances, changes in funds invested in capital assets, and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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, the Society derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to donation revenues, net revenue, assets and fund balances.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations referred to in the preceding paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the Society as at April 30, 2006 and the results of its operations and its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles. As required by the Society Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

The comparative figures for 2005 are based upon financial statements which were reported on by another firm of chartered accountants.

Victoria, Canada
August 3, 2006

Grant Thornton LLP

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TLC The Land Conservancy of British Columbia

Consolidated Statements of Operations and Changes in Fund Balances

Year Ended April 30

2006

2005

	<u>General</u> <u>Fund</u>	<u>Restricted</u> <u>Fund</u>	<u>Total</u>	<u>Total</u>
Revenue				
Donations	\$ 595,671	\$ 1,131,986	\$ 1,727,657	\$ 4,295,823
Grants	442,058	917,891	1,359,949	1,010,053
Memberships	179,260	-	179,260	133,089
Other income	193,331	66,531	259,862	308,860
Donations in kind	55,853	2,328,817	2,384,670	718,780
Rental income	<u>4,405</u>	<u>55,779</u>	<u>60,184</u>	<u>18,319</u>
	<u>1,470,578</u>	<u>4,501,004</u>	<u>5,971,582</u>	<u>6,484,924</u>
Expenses				
Advertising and promotion	66,672	52,900	119,572	125,558
Amortization	19,964	34,539	54,503	46,067
Conferences and seminars	9,921	13,199	23,120	15,449
Consulting	143,994	85,748	229,742	173,884
Fund raising	59,898	9,963	69,861	84,971
Interest and bank charges	47,082	-	47,082	31,782
Interest on long-term debt	61,972	261,275	323,247	368,871
Insurance	34,835	36,324	71,159	56,912
Licences, dues and fees	649	1,704	2,353	1,323
Memberships	3,830	100	3,930	3,361
Office supplies, printing, postage	122,629	14,520	137,149	115,401
Professional fees	26,473	24,099	50,572	93,417
Property appraisals and commissions	298	10,450	10,748	64,392
Property taxes	1,242	86,053	87,295	60,045
Rent and utilities	24,652	41,058	65,710	37,784
Repairs and maintenance	54,177	127,187	181,364	187,217
Salaries, wages and benefits	375,202	1,419,534	1,794,736	1,524,457
Telephone	47,369	14,510	61,879	56,802
Transfers to other agencies	17,500	254,959	272,459	1,921,657
Travel	<u>104,951</u>	<u>42,118</u>	<u>147,069</u>	<u>98,611</u>
	<u>1,223,310</u>	<u>2,530,240</u>	<u>3,753,550</u>	<u>5,067,961</u>
Excess of revenue over expenses	247,268	1,970,764	2,218,032	1,416,963
Fund balances, beginning of year	<u>900,253</u>	<u>10,853,978</u>	<u>11,754,231</u>	<u>10,337,268</u>
Fund balances, end of year	\$ <u>1,147,521</u>	\$ <u>12,824,742</u>	\$ <u>13,972,263</u>	\$ <u>11,754,231</u>

See accompanying notes to the consolidated financial statements.

TLC The Land Conservancy of British Columbia

Consolidated Statement of Financial Position

April 30

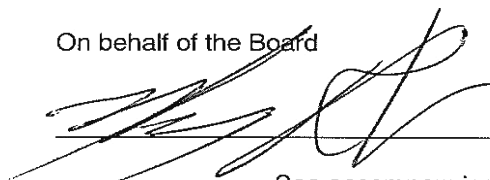
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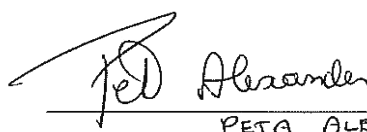
2005

	General Fund	Restricted Fund	<u>Total</u>	<u>Total</u>
Assets				
Current				
Receivables	\$ 33,428	\$ 89,910	\$ 123,338	\$ 78,220
Prepays	1,940	9,180	11,120	12,175
Inventory	47,947	-	47,947	42,831
Deposits on land (Note 2)	<u>-</u>	<u>54,325</u>	<u>54,325</u>	<u>37,000</u>
	83,315	153,415	236,730	170,226
Investments (Note 3)	-	124,000	124,000	-
Capital assets (Note 5)	<u>72,663</u>	<u>21,018,400</u>	<u>21,091,063</u>	<u>17,432,813</u>
	<u>\$ 155,978</u>	<u>\$ 21,295,815</u>	<u>\$ 21,451,793</u>	<u>\$ 17,603,039</u>
Liabilities				
Current				
Line of credit	\$ 313,888	\$ -	\$ 313,888	\$ 269,659
Payable and accruals	893,315	-	893,315	574,142
Deposits held	-	200,000	200,000	-
Due to (from) other Fund	(2,967,401)	2,967,401	-	-
Current portion of long-term debt (Note 6)	<u>745,000</u>	<u>2,614,125</u>	<u>3,359,125</u>	<u>2,454,000</u>
	(1,015,198)	5,781,526	4,766,328	3,297,801
Long-term debt (Note 6)	<u>23,655</u>	<u>2,689,547</u>	<u>2,713,202</u>	<u>2,551,007</u>
	<u>(991,543)</u>	<u>8,471,073</u>	<u>7,479,530</u>	<u>5,848,808</u>
Fund Balances				
Invested in capital assets	72,663	15,769,050	15,841,713	13,362,549
Externally restricted	-	(2,944,308)	(2,944,308)	(2,437,673)
Unrestricted	<u>1,074,858</u>	<u>-</u>	<u>1,074,858</u>	<u>829,355</u>
	<u>1,1147,521</u>	<u>12,824,762</u>	<u>13,972,263</u>	<u>11,754,231</u>
	<u>\$ 155,978</u>	<u>\$ 21,295,815</u>	<u>\$ 21,451,793</u>	<u>\$ 17,603,039</u>

Commitments and contingencies (Note 8)

On behalf of the Board


Director


PETA ALEXANDER
Director

See accompanying notes to the consolidated financial statements.

TLC The Land Conservancy of British Columbia Consolidated Statement of Changes in Funds Invested in Capital Assets

Year Ended April 30	2006			2005
	<u>General Fund</u>	<u>Restricted Fund</u>	<u>Total</u>	<u>Total</u>
Investment in capital assets, beginning of year	\$ 70,898	\$ 13,291,651	\$ 13,362,549	\$ 11,460,628
Additions to capital assets	21,729	4,131,025	4,152,754	6,568,332
Disposition to capital assets	-	(440,000)	(440,000)	(4,455,375)
Amortization to capital assets	(19,964)	(34,539)	(54,503)	(46,067)
Increase (reduction) in deposits on land	-	17,325	17,325	(203,000)
Reduction (increase) of debt relating to purchase of assets, net	<u>-</u>	<u>(1,196,412)</u>	<u>(1,196,412)</u>	<u>38,031</u>
Investment in capital assets, end of year	<u>\$ 72,663</u>	<u>\$ 15,769,050</u>	<u>\$ 15,841,713</u>	<u>\$ 13,362,549</u>

See accompanying notes to the consolidated financial statements.

TLC The Land Conservancy of British Columbia

Consolidated Statement of Cash Flows

Year Ended April 30

2006

2005

	<u>General</u> <u>Fund</u>	<u>Restricted</u> <u>Fund</u>	<u>Total</u>	<u>Total</u>
Cash flows from (used in)				
Operating activities				
Excess of revenue over expenses \$	247,268	\$ 1,970,764	\$ 2,218,032	\$ 1,416,963
Amortization	19,964	34,539	54,503	46,067
Non-cash donations and transfers, net	-	(1,874,000)	(1,874,000)	920,402
	<u>267,232</u>	<u>131,303</u>	<u>398,535</u>	<u>2,383,432</u>
Changes in non-cash operating working capital (Note 9)	<u>328,593</u>	<u>(58,599)</u>	<u>269,994</u>	<u>93,947</u>
	<u>595,825</u>	<u>72,704</u>	<u>668,529</u>	<u>2,477,379</u>
Financing activities				
Loan principal advances (repayments), net	(129,084)	1,196,408	1,067,324	(27,554)
Due to (from) other Fund	(489,237)	489,237	-	-
	<u>(618,321)</u>	<u>1,685,645</u>	<u>1,067,324</u>	<u>(27,554)</u>
Investing activities				
Purchase of land and capital assets	(21,733)	(2,381,024)	(2,402,757)	(5,904,331)
Proceeds on sale of capital assets	-	440,000	440,000	2,870,972
Deposits (paid) recovered on land, net	-	(17,325)	(17,325)	203,000
Deposits received on land	-	200,000	200,000	-
Investments	-	-	-	15,000
	<u>(21,733)</u>	<u>(1,758,349)</u>	<u>(1,780,082)</u>	<u>(2,815,359)</u>
Change in cash during the year	(44,229)	-	(44,229)	(365,534)
Cash and cash equivalents, beginning of year	<u>(269,659)</u>	<u>-</u>	<u>(269,659)</u>	<u>95,875</u>
Cash and cash equivalents, end of year	<u>\$ (313,888)</u>	<u>\$ -</u>	<u>\$ (313,888)</u>	<u>\$ (269,659)</u>

See accompanying notes to the consolidated financial statements.

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2006

Purpose of the Society and going concern

The purpose of the Society 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. The Society is a registered charity under the provisions of the Income Tax Act.

The Society's primary sources of revenue are contributions from the public (including gifts of land), membership revenue, and government grants. These resources are used to carry out the Society's mandate as described above. The Society's ability to meet its obligations and maintain operations is contingent upon successful completion of additional financing arrangements and the continuing support of its donors and grantors. The Society continually seeks financing to continue its conservation activities and to meet its ongoing administrative requirements. Although the Society has been successful in raising funds, there can be no assurances that additional funding will be available in the future. In the event that sufficient additional funding is not obtained, there is doubt about the Society's ability to continue as a going concern. It is management's belief that this vital funding will continue in the future, therefore these financial statements have been prepared on a going concern basis which assumes that the Society will be able to realize assets and discharge liabilities in the normal course of operations for the foreseeable future.

1. Summary of significant accounting policies

(a) Principles of consolidation

The consolidated financial statements consist of the accounts of the Society and its wholly-owned subsidiary company, TLC The Land Conservancy (Enterprises) Ltd.

(b) Fund accounting and revenue recognition

The Society follows the restricted fund method of accounting for contributions. Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions in kind are recognized at fair value at the date of contributions, if determinable. All other revenue is recognized in the period in which it is earned.

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

Restricted contributions are subject to externally imposed restrictions specifying how the funds are to be used and are disclosed in the Restricted Fund.

The Society receives a significant amount of donated services, the fair market value of which cannot be determined and, therefore, has not been recorded in the accounts.

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2006

1. Summary of significant accounting policies (continued)

(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) Capital assets and amortization

Capital assets are recorded at cost. Amortization is provided for by using the declining balance method and the following rates:

Buildings	5%
Furniture and equipment	20%
Computer equipment and software	30%
Vehicle	30%

(e) Inventory

Inventories of merchandise held for resale are recorded at the lower of cost or net realizable value.

(f) Contributed assets

Contributed capital assets are recognized at their fair value, which is supported by independent appraisal. During the year, the Society recognized contributed covenants of \$395,000 and contributed land of \$1,765,000. During 2005, the Society recognized contributed covenants of \$664,000.

(g) Financial instruments

The Society's financial instruments consist of cash, receivables, payables, line of credit and long term debt. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

(h) Long-lived assets

The Society regularly reviews the carrying value of long-lived assets and continually makes estimates regarding future cash flows and other factors to determine the fair value of the respective assets. If these estimates or their related assumptions change in the future, the Society may be required to record impairment charges for these assets.

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2006

1. Summary of significant accounting policies (continued)

(i) Use of estimates

The preparation of the consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the non-consolidated financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

2. Deposits on land	<u>2006</u>	<u>2005</u>
(a) Deposit on the purchase of land in the Horsefly area of British Columbia for a purchase price of \$55,000. Purchase to complete on certain rezoning and subdivision approval	\$ 2,000	\$ 2,000
(b) Deposit on the purchase of land known as the Keating Farm Estate in Duncan, British Columbia for a purchase price of \$680,000. Purchase completed June 30, 2005	-	10,000
(c) Deposit on the purchase of land known as the Squamish corridor in Squamish, British Columbia for a purchase price of \$850,000. Purchase completed September 30, 2005	-	25,000
(d) Deposit on the purchase of a property known as the Kogawa House in the City of Vancouver, British Columbia for a purchase price of \$679,000. Purchase to complete May 31, 2006	39,950	-
(e) Deposit on the purchase of two parcels of property known as Luke Creek in the Kootenay District of British Columbia for a combined price of \$247,500. Purchase to complete by July 14, 2006	<u>12,375</u>	<u>-</u>
	\$ 54,325	\$ 37,000

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2006

3. Investments	<u>2006</u>	<u>2005</u>
Charitable Remainder Trust Investment	\$ <u>124,000</u>	\$ <u>-</u>

The Society is named as a beneficiary of two Charitable Remainder Trusts. The balance of \$124,000 represents the actuarial value of the trusts at the date of funding. The actuarial value of Charitable Remainder Trusts received during the year are recorded in the statement of operations and changes in fund balances as a part of donations in kind revenue.

4. Due from related party

Included in accounts payable is a balance of \$61,000 due to the Executive Director. The amount due from the executive director of the Society bears no interest and has no stated terms of repayment.

5. Capital assets			<u>2006</u>	<u>2005</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Restricted Fund				
Land	\$ 18,536,962	\$ -	\$ 18,536,962	\$ 15,486,092
Covenants	1,888,841	-	1,888,841	1,488,841
Buildings	643,970	114,321	529,469	348,690
Furniture and equipment	<u>120,057</u>	<u>56,929</u>	<u>63,128</u>	<u>38,292</u>
	<u>21,189,650</u>	<u>171,250</u>	<u>21,018,400</u>	<u>17,361,915</u>
General Fund				
Furniture and equipment	96,886	45,675	51,211	46,795
Computer equipment	52,918	40,213	12,705	13,410
Vehicle	<u>19,325</u>	<u>10,578</u>	<u>8,747</u>	<u>10,693</u>
	<u>169,129</u>	<u>96,466</u>	<u>72,663</u>	<u>70,898</u>
	<u>\$ 21,358,779</u>	<u>\$ 267,716</u>	<u>\$ 21,091,063</u>	<u>\$ 17,432,813</u>

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2006

6. Long term debt	<u>2006</u>	<u>2005</u>
(a) Non-interest bearing note is unsecured and is due on demand	\$ 350,000	\$ 370,000
(b) Non-interest bearing note is unsecured and is due on demand	50,000	50,000
(c) Promissory note, unsecured, bears interest at prime plus 0.5% per annum and repayable in monthly payments of \$1,000, principal plus interest	46,535	55,976
(d) Mortgage related to Horsefly River property is secured by a first charge on real property, bears interest at 7.0% per annum and is repayable in monthly payments of \$539, principal and interest. Due April 2009	66,510	68,315
(e) Mortgage related to Horsefly River property is secured by a first charge on real property, bears interest at 7.0% per annum and is repayable in monthly payments of \$539, principal and interest. Due April 2009	66,510	68,315
(f) Mortgage payable to Coast Capital Savings Credit Union for Ayum Creek project is secured by real property, bears interest at 5.9% per annum and is repayable in blended monthly payments of \$570, principal and interest. Due November, 2007	76,067	78,757
(g) Mortgage payable to the Abkhazi Garden Preservation Corp., is secured by real property, bears interest at 6.0% per annum and is repayable in quarterly payments of \$8,125, plus interest. Due February 2010	455,000	487,500
(h) Mortgage payable to Coast Capital Savings Credit Union related to Ross Bay Villa Project, is secured by real property, bears interest at 5.4% per annum and is repayable in blended monthly payments of \$1,162, principal and interest. Due November 1, 2007	164,051	169,036
(i) Mortgage payable is secured by Wildwood property, bears interest at 6.0% per annum and is repayable in blended monthly payments of \$1,151, principal and interest. Due April 2008	118,373	124,953
(j) Mortgage payable is secured by Wildwood property, bears interest at 8.0% per annum and is repayable in annual payments of interest only. Due December 20, 2009	70,000	70,000

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2006

6. Long term debt (continued)	<u>2006</u>	<u>2005</u>
(k) Mortgage payable related to the Eagle Bluff Project is secured by real property, bears interest at 6.0% per annum and is repayable with blended monthly payments of \$855, principal and interest. Due November 2009	\$ 115,081	\$ 118,408
(l) Mortgage payable due to Thwaytes Landing Preservation Corp. relating to Thwaytes Landing project, is secured by a first charge on real property, bears interest at 7.75% per annum and is repayable in monthly payments of \$2,222, principal and interest. Due September 2008	328,883	355,552
(m) Mortgages payable secured by Squamish Corridor property, bears interest at 6.0% per annum and is repayable with monthly payments of interest only and principal is due September 2008	300,000	-
(n) Mortgage payable is secured by Abkhazi property #2, bears no interest and is repayable in quarterly payments of \$800. Due on demand	64,000	67,200
(o) Promissory note payable to the District of Saanich is unsecured and bears no interest. Due September 2006	313,850	363,850
(p) Loan related to the Sooke Potholes project is secured by real property, bears interest at 6.0% per annum and is repayable with principal payments of \$100,000 in 2007 and \$125,000 in 2008. Due March 2008	225,000	400,000
(q) Non-interest bearing loan with no stated terms of repayment and is due on demand	2,500	-
(r) Mortgage payable to Coast Capital Savings Credit Union related to Ayum Creek property, is secured by real property, bears interest at 5.65% per annum and is repayable in blended monthly payments of \$370. Due November 2007	51,231	52,788
(s) Mortgage payable with a charge on the Abkhazi property, bears interest at 7.5% per annum is repayable in blended monthly payments of \$512, principal and interest. Due March 2007	64,240	65,586

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2006

6. Long term debt (continued)	<u>2006</u>	<u>2005</u>
(t) Demand loan due to HSBC Bank Canada related to Squamish Corridor property, is secured by real property, bears interest at prime plus 1% per annum, and is repayable in blended monthly payments of \$5,750, principal and interest. Due September 2020	\$ 531,625	\$ -
(u) Loan due to HSBC Bank Canada related to the Sooke Potholes project, is secured by real property, bears interest at prime plus 1.25% per annum. \$600,000 in principal repaid August 2006. Remaining principal and interest to be repaid August 2007	900,000	1,100,000
(v) Loan payable is unsecured, bears interest at 6.0% per annum and is repayable in blended monthly payments of \$500. Due on demand	38,656	37,945
(w) Loan payable to the executive director, is unsecured, bears no interest and has no set terms of repayment	27,796	27,796
(x) Mortgage payable to 609427 B.C. Ltd., is secured by Keating Farm Estate property, bears interest at 8.5% per annum and is repayable with monthly payments of interest only. Due August 2006	700,000	-
(y) Mortgage payable, secured by Cowichan Lake property, bears interest at 6.0% per annum, principal and interest, and is due on July 30, 2006	100,000	-
(z) Various unsecured loans payable bearing interest at 4.0% per annum and having no principal payments until the due dates between September 2006–December 2008	79,000	124,000
(aa) Mortgage related to the Wildwood project bears interest at 6.0% per annum with monthly payments of \$840, principal plus interest. Due April 20, 2008	86,403	91,206
(bb) Mortgage related to the Wildwood project, is secured by real property, bears interest at 6.0% per annum with blended monthly payments of \$840, principal and interest. Due April 20, 2008	86,404	91,206

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2006

6. Long term debt (continued)	<u>2006</u>	<u>2005</u>
(cc) Loan payable, related to Wycliffe property, is secured by real property, bears interest at 4.0% per annum and is repayable in blended monthly payments of \$500, principal and interest. Due September 2006	\$ 49,500	\$ 55,500
(dd) Promissory note in favour of the Community Futures Development Corporation of Boundry Area bears interest at 8.0% per annum and is repayable in blended monthly payments of \$1,000, principal and interest. Due on demand	64,412	57,119
(ee) Loan payable, is unsecured, bears interest at 5.5% per annum and is repayable with payments of interest only in January, April and July of the year. Due October 2006	20,000	20,000
(ff) Loan due to Ducks Unlimited Canada, is unsecured, non-interest bearing loan repayable with payments of principal of \$12,500 in March and September of each year. Due September 2007	50,000	62,500
(gg) Promissory note in favour of the Grand Forks District Savings Credit Union is secured by a first charge on real property, bears interest at prime plus 1.0% per annum and is repayable in monthly payments of interest only of \$500. Due on demand	50,000	50,000
(hh) Unsecured loan payable bears interest at 3.0% per annum and is repayable with payments of interest only in September of each year. Due April 2007	250,000	250,000
(ii) Unsecured, non-interest bearing loan. Due May 2006	700	-
(jj) Loan due to Nature Trust of British Columbia is unsecured, bears interest calculated at 5.0% per annum, with principal and interest. Repaid in full July 2006	110,000	-
(kk) Loan payable to HSBC Bank Canada	-	68,000
(ll) Loan related to the Ross Bay Villa project	-	3,499
	<u>6,072,327</u>	<u>5,005,007</u>
Less: current portion	<u>3,359,125</u>	<u>2,454,000</u>
	<u>\$ 2,713,202</u>	<u>\$ 2,551,007</u>

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2006

6. Long term debt (continued)

Estimated principal payments for the next five years are as follows:

2007	\$ 3,359,125
2008	1,071,000
2009	1,096,000
2010	541,000
2011	<u>9,202</u>
	\$ <u>6,072,327</u>

7. Agreements for sale

(a) Thwaytes Landing

On January 23, 2002, the Society entered into an agreement with Pacific Parklands Foundation, the District of North Vancouver and the Greater Vancouver Regional District ("GVRD") to purchase a property referred to as Thwaytes Landing. The Society's one-third interest in this property has been recorded as land. The Society has also recognized a \$500,000 mortgage against the property.

Concurrent with the purchase, the Society has granted the GVRD an option to purchase the property for \$1. Under the terms of the option, the GVRD would assume the remaining balance of the mortgage, if any.

(b) Sooke Potholes

On March 9, 2005, the Society entered into an agreement with the Capital Regional District ("CRD") for the sale of land referred to as the Sooke Potholes other than the campground, lodge, storage and cabin sites. The total agreed sale price for the land, which consist of five parcels, is \$2,405,000. On March 24, 2005, one parcel, Lot 166, was transferred for consideration received of \$1,300,000. On January 15, 2006, a deposit of \$200,000 towards Lot 181 was received. This amount is carried as a deposit held on the balance sheet.

Subsequent to year end an additional \$600,000 was received for the sale of Lots 181, 182 and 203 and title was in the process of being transferred. The final \$305,000, relating to Lot 200, is expected in August 2007.

Included in this agreement, the Society granted the CRD a right of first refusal to purchase the remaining lands for consideration of \$1.

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8. Commitments and contingencies

(a) Nanaimo River property lease

During the year ended April 30, 2001, the Society entered into a ninety-nine year lease with the Regional District of Nanaimo for the Nanaimo River property. Under the terms of this lease, the Society received future lease revenue, designed to coincide with payment requirements of the mortgage on the same property. The final payment was received in June 2003.

(b) Craigflower Manor and Schoolhouse

On April 30, 2003, the Society entered into agreements with the Province of British Columbia to manage the Craigflower Manor and Schoolhouse, two historic sites. Under the terms of the agreements, which run until March 31, 2008, the Society received \$125,000 for the first year's refurbishing and operation of the sites. For subsequent years, the Society is eligible to apply for up to \$15,000 per site; \$30,000 aggregate, for the maintenance of the sites.

(c) Second Lake

On February 1, 2005, concurrent with the purchase of the Second Lake property, the Society entered into leases to lease the two residences on the property to the former owners for consideration of \$200 per annum, for ten years, with three options to renew the lease for five years each term at fair market rent.

(d) Blueways and Greenways Foundation

In 1999, the Society received a donation of units of the Northern Star Hedge Fund valued at \$95,000 to be held in trust for 10 years for the Blueways and Greenways Foundation. Concurrent with this donation, an agreement was signed that holds the Society harmless for any changes in value of the investments. As the units are held in trust for the Foundation, and the Society has no beneficial ownership, the investments are not presented on the financial statements. The Hedge Fund is a closed end investment trust whose units cannot be redeemed until 2019. The ultimate value of the units is uncertain.

(e) Computer operating leases

The Society leases various computer equipment under operating leases with the following minimum annual lease payments:

2007	\$	14,108
2008		10,178
2009		7,370
2010		<u>3,071</u>
	\$	<u>34,727</u>

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9. Supplemental cash flow information

	General Fund	Restricted Fund	Total <u>2006</u>	Total <u>2005</u>
Changes in non-cash working capital				
Decrease (increase) in:				
Receivables	\$ 9,007	\$ (54,125)	\$ (45,118)	\$ (26,912)
Prepays	5,529	(4,474)	1,055	520
Inventory	(5,116)	-	(5,116)	(12,312)
Payables and accruals	<u>319,173</u>	<u>-</u>	<u>319,173</u>	<u>132,651</u>
	<u>\$ 328,593</u>	<u>\$ (58,599)</u>	<u>\$ 269,994</u>	<u>\$ 93,947</u>

Interest on long-term debt paid on a cash basis was \$338,876 (2005: \$382,641).