

**TLC The Land Conservancy of British Columbia
Consolidated Financial Statements**

April 30, 2007

Grant Thornton 

 **TLC** The Land Conservancy

Contents

	<u>Page</u>
Auditors' Report	1
Consolidated Statements of Operations and Changes in Fund Balances	2
Consolidated Statement of Financial Position	3
Consolidated Statement of Changes in Funds Invested in Capital Assets	4
Consolidated Statement of Cash Flows	5
Notes to the Consolidated Financial Statements	6-18

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, 2007 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, 2007 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.

Grant Thornton LLP

Victoria, Canada
July 27, 2007 except as to note 9(e) being August 3, 2007

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TLC The Land Conservancy of British Columbia

Consolidated Statements of Operations and Changes in Fund Balances

Year Ended April 30

2007

2006

	General Fund	Restricted Fund	Total	Total
Revenue				
Donations	\$ 1,642,656	\$ 4,873,372	\$ 6,516,028	\$ 1,727,657
Grants	477,856	877,117	1,354,973	1,359,949
Memberships	252,886	-	252,886	179,260
Other income	80,201	168,575	248,776	259,862
Donations in kind	777,056	2,302,966	3,080,022	2,384,670
Rental income	141,492	102,520	244,012	60,184
	<u>3,372,147</u>	<u>8,324,550</u>	<u>11,696,697</u>	<u>5,971,582</u>
Expenses				
Advertising and promotion	98,332	49,626	147,958	119,572
Amortization	25,900	48,102	74,002	54,503
Conferences and seminars	22,342	4,458	26,800	23,120
Consulting	102,110	29,110	131,220	229,742
Fund raising	42,397	9,549	51,946	69,861
Interest and bank charges	77,262	-	77,262	47,082
Interest on long-term debt	36,070	294,200	330,270	323,247
Insurance	34,207	42,041	76,248	71,159
Licences, dues and fees	927	812	1,739	2,353
Memberships	5,500	639	6,139	3,930
Office supplies, printing, postage	62,010	3,789	65,799	137,149
Professional fees	52,477	26,548	79,025	50,572
Other expenses	17,260	7,830	25,090	10,748
Property taxes	2,820	72,345	75,165	87,295
Rent and utilities	53,486	21,625	75,111	65,710
Repairs and maintenance	66,612	176,197	242,809	181,364
Salaries, wages and benefits	892,926	1,264,281	2,157,207	1,794,736
Telephone	53,421	14,185	67,606	61,879
Transfers to other agencies	471,774	2,110,000	2,581,774	272,459
Travel	121,523	29,171	150,694	147,069
	<u>2,239,356</u>	<u>4,204,508</u>	<u>6,443,864</u>	<u>3,753,550</u>
Excess of revenue over expenses	1,132,791	4,120,042	5,252,833	2,218,032
Fund balances, beginning of year	<u>1,147,520</u>	<u>12,824,742</u>	<u>13,972,262</u>	<u>11,754,230</u>
Fund balances, end of year	<u>\$ 2,280,311</u>	<u>\$ 16,944,784</u>	<u>\$ 19,225,095</u>	<u>\$ 13,972,262</u>

See accompanying notes to the consolidated financial statements.

TLC The Land Conservancy of British Columbia

Consolidated Statement of Financial Position

April 30

2007

2006

	General Fund	Restricted Fund	<u>Total</u>	<u>Total</u>
Assets				
Current				
Cash and cash equivalents	\$ 136,982	\$ 100,000	\$ 236,982	\$ -
Receivables	59,536	242,172	301,708	123,338
Prepaid expenses	12,080	4,880	16,960	11,120
Inventory	29,253	-	29,253	47,947
Deposits on land (Note 2)	<u>-</u>	<u>110,000</u>	<u>110,000</u>	<u>54,325</u>
	237,851	457,052	694,903	236,730
Investments (Note 3)	-	134,000	134,000	124,000
Capital assets (Note 5)	<u>149,546</u>	<u>25,389,770</u>	<u>25,539,316</u>	<u>21,091,063</u>
	<u>\$ 387,397</u>	<u>\$ 25,980,822</u>	<u>\$ 26,368,219</u>	<u>\$ 21,451,793</u>
Liabilities				
Current				
Line of credit	\$ -	\$ -	\$ -	\$ 313,888
Payables and accruals (Note 4)	420,903	160,694	581,597	854,315
Deposits held	-	-	-	200,000
Deferred membership revenue	101,221	-	101,221	39,000
Due to (from) other Fund	(3,737,723)	3,737,723	-	-
Current portion of long-term debt (Note 6)	<u>703,691</u>	<u>1,610,314</u>	<u>2,314,005</u>	<u>3,359,125</u>
	(2,511,723)	5,508,731	2,996,823	4,766,328
Deferred revenue (Note 7)		496,633	496,633	-
Long-term debt (Note 6)	<u>618,994</u>	<u>3,030,674</u>	<u>3,649,668</u>	<u>2,713,202</u>
	<u>(1,892,914)</u>	<u>9,036,038</u>	<u>7,143,124</u>	<u>7,479,530</u>
Fund Balances				
Invested in capital assets	149,546	20,858,779	21,008,325	15,841,713
Externally restricted	-	(3,913,995)	(3,913,995)	(2,944,308)
Unrestricted	<u>2,130,765</u>	<u>-</u>	<u>2,130,765</u>	<u>1,074,858</u>
	<u>2,280,311</u>	<u>16,944,784</u>	<u>19,225,095</u>	<u>13,972,263</u>
	<u>\$ 387,397</u>	<u>\$ 25,980,822</u>	<u>\$ 26,368,219</u>	<u>\$ 21,451,793</u>

Commitments and contingencies (Note 9)

On behalf of the Board

Director

Director

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

Year Ended April 30	2007			2006
	<u>General Fund</u>	<u>Restricted Fund</u>	<u>Total</u>	<u>Total</u>
Investment in capital assets, beginning of year	\$ 72,663	\$ 15,769,050	\$ 15,841,713	\$ 13,362,549
Additions to capital assets	104,707	7,624,472	7,729,179	4,152,754
Disposition of capital assets	(1,924)	(3,205,000)	(3,206,924)	(440,000)
Amortization to capital assets	(25,900)	(48,102)	(74,002)	(54,503)
Increase in deposits on land	-	55,675	55,675	17,325
Reduction (increase) of debt relating to purchase of capital assets, net	<u>-</u>	<u>662,684</u>	<u>662,684</u>	<u>(1,196,412)</u>
Investment in capital assets, end of year	<u>\$ 149,546</u>	<u>\$ 20,858,779</u>	<u>\$ 21,008,325</u>	<u>\$ 15,841,713</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

2007

2006

	<u>General Fund</u>	<u>Restricted Fund</u>	<u>Total</u>	<u>Total</u>
Increase (decrease) in cash and cash equivalents				
Operating activities				
Excess of revenue over expenses \$	1,132,791	\$ 4,120,042	\$ 5,252,833	\$ 2,218,032
Amortization of capital assets	25,900	48,102	74,002	54,503
Loss on disposal of capital assets	1,474		1,474	-
Non-cash donations and transfers, net	-	401,900	401,900	(1,874,000)
	<u>1,160,165</u>	<u>4,570,044</u>	<u>5,730,209</u>	<u>398,535</u>
Changes in non-cash operating working capital (Note 10)	<u>(388,746)</u>	<u>12,732</u>	<u>(376,014)</u>	<u>269,994</u>
	<u>771,419</u>	<u>4,582,776</u>	<u>5,354,195</u>	<u>668,529</u>
Financing activities				
Loan principal advances (repayments), net	554,031	(662,685)	(108,654)	1,067,324
Due to (from) other Fund	<u>(770,324)</u>	<u>770,324</u>	<u>-</u>	<u>-</u>
	<u>(216,293)</u>	<u>107,639</u>	<u>(108,654)</u>	<u>1,067,324</u>
Investing activities				
Purchase of land and capital assets	(104,706)	(5,926,373)	(6,031,079)	(2,402,757)
Proceeds on sale of capital assets	450	1,105,000	1,105,450	440,000
Deposits paid on land, net	-	(55,675)	(55,675)	(17,325)
Investment in farming co-operatives	-	(10,000)	(10,000)	-
Deposits received on land	-	(200,000)	(200,000)	200,000
Deferred revenue	-	496,633	496,633	-
	<u>(104,256)</u>	<u>(4,590,415)</u>	<u>(4,694,671)</u>	<u>(1,780,082)</u>
Net increase (decrease) in cash and cash equivalents, during the year	450,870	100,000	550,870	(44,229)
Line of credit, beginning of year	<u>(313,888)</u>	<u>-</u>	<u>(313,888)</u>	<u>(269,659)</u>
Cash and cash equivalents (line of credit), end of year	<u>\$ 136,982</u>	<u>\$ 100,000</u>	<u>\$ 236,982</u>	<u>\$ (313,888)</u>

See accompanying notes to the consolidated financial statements.

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2007

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 funding 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 managements' 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, 2007

1. Summary of significant accounting policies (continued)

(c) Cash and cash equivalents

Cash and cash equivalents are comprised of cash in the bank, cash on hand and instruments with maturity dates of three months or less when acquired.

(d) 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.

(e) Inventory

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

(f) 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	5%, 20%, 30% and 50%
Computer equipment and software	30% and 50%
Vehicles	30%

Land and covenants included in capital assets are either purchased or donated. Covenants are legal agreements entered into by the Society under which a landowner voluntarily restricts or limits the type and amount of development that may take place on his or her land to conserve its natural features. Once registered on title, that agreement runs with the title and binds all future owners. Its value is measured as the difference between the fair value of the property before and after the covenant is registered.

(g) 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 \$0 (2006: \$395,000) and contributed land of \$1,698,100 (2006: \$1,765,000).

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2007

1. Summary of significant accounting policies (continued)

(h) Endowment contributions

The Society receives endowment contributions which are specified for transfer for holding purposes to the Victoria Foundation, the Vancouver Foundation or the Community Foundation of the South Okanagan (the "foundations"). Receipts are shown as revenues of the General Fund and the corresponding transfer is shown in expenses under transfers to other agencies. These funds are held by the foundations and the Society is entitled to receive an annual distribution from income earned on them between 4.75% and 5.00%. As at April 30, 2007, funds held by the foundations had a fair market value of approximately \$693,000.

(i) Financial instruments

The Society's financial instruments consist of cash and cash equivalents, receivables, line of credit, payables and accruals 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.

(j) 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.

(k) Use of estimates

The preparation of 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 consolidated financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2007

2. Deposits on land	<u>2007</u>	<u>2006</u>
(a) Deposit on the purchase of a property known as the Skaha Bluffs in the Okanagan region of British Columbia for a purchase price of \$5,250,000. Purchase to complete October 2007 subject to full funding being raised	\$ 10,000	\$ -
(b) Deposit on the purchase of a property known as the Fort Shepherd Flats near Trail, British Columbia for a purchase price of \$1,500,000. Purchase to complete by October 2007 subject to completion of subdivision and other conditions	100,000	-
(c) Deposit on the purchase of land in the Horsefly area of British Columbia. Purchase completed during the year	-	2,000
(d) Deposit on the purchase of a property known as the Kogawa House in the City of Vancouver, British Columbia. Purchase completed during the year	-	39,950
(e) Deposit on the purchase of two parcels of property known as Luke Creek in the Kootenay District of British Columbia. Purchase completed during the year	<u>-</u>	<u>12,375</u>
	<u>\$ 110,000</u>	<u>\$ 54,325</u>
<hr/>		
3. Investments	<u>2007</u>	<u>2006</u>
Investment in Keating Community Farm Co-operative	\$ 5,000	\$ -
Investment in Horse Lake Community Farm Co-operative	5,000	-
Charitable Remainder Trust Investment	<u>124,000</u>	<u>124,000</u>
	<u>\$ 134,000</u>	<u>\$ 124,000</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 is recorded in the statement of operations and changes in fund balances as a part of donations in-kind revenue.

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2007

4. Due to related parties

Included in payables and accruals is \$34,241 (2006: \$61,000) due to the executive director of the Society. The amount due to the executive director of the Society bears no interest and has no stated terms of repayment.

5. Capital assets

			<u>2007</u>	<u>2006</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Restricted Fund				
Land	\$ 21,304,038	\$ -	\$ 21,304,038	\$ 18,536,962
Covenants	3,392,451	-	3,392,451	1,888,841
Buildings	718,801	142,671	576,130	529,469
Furniture and equipment	<u>193,832</u>	<u>76,681</u>	<u>117,151</u>	<u>63,128</u>
	<u>25,609,122</u>	<u>219,352</u>	<u>25,389,770</u>	<u>21,018,400</u>
General Fund				
Furniture and equipment	148,573	59,906	88,667	51,211
Computer equipment and software	60,436	45,814	14,622	12,705
Vehicle	<u>58,226</u>	<u>11,969</u>	<u>46,257</u>	<u>8,747</u>
	<u>267,235</u>	<u>117,689</u>	<u>149,546</u>	<u>72,663</u>
	<u>\$ 25,876,357</u>	<u>\$ 337,041</u>	<u>\$ 25,539,316</u>	<u>\$ 21,091,063</u>

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2007

6. Long term debt	<u>2007</u>	<u>2006</u>
(a) Unsecured loan payable to a director bears interest at 4.0% per annum and is repayable with payments of interest only in November of each year. Interest due in November, 2006 was unpaid as at April 30, 2007. Due on demand	\$ 350,000	\$ 350,000
(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 and interest. Due on demand	37,272	46,535
(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	64,577	66,510
(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	64,577	66,510
(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	73,579	76,067
(g) Mortgage payable to the Abkhazi Garden Preservation Corp.	-	455,000
(h) Mortgage payable to Coast Capital Savings Credit Union related to Ross Bay Villa Project, is secured by real property, bears interest at 5.65% per annum and is repayable in blended monthly payments of \$1,185, principal and interest. Due November 2007	158,863	164,051
(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	111,393	118,374

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2007

6. Long term debt (continued)	<u>2007</u>	<u>2006</u>
(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 2009	\$ 70,000	\$ 70,000
(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	111,854	115,081
(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 plus interest. Due September 2008	304,437	328,883
(m) Mortgages payable secured by Squamish Corridor property, each bears interest at 7.25% per annum and is repayable with monthly payments of interest only. Due September 2008	300,000	300,000
(n) Mortgage payable is secured by Abkhazi property #2, bears interest at 6.0% and is repayable in monthly payments of \$409, principal and interest. Due February 2009	62,650	64,000
(o) Promissory note payable to The Corporation of the District of Saanich is unsecured, bears no interest and is repayable in equal annual payments of \$54,770 in September each year starting in September 2007. Due September 2011	273,850	313,850
(p) Mortgage payable, related to the Sooke Potholes project, is secured by real property, bears interest at 6.0% per annum and is repayable with quarterly principal payments of \$25,000 plus interest with the remainder due March 2008. As at April 30, 2007, one principal payment was in arrears	150,000	225,000
(q) Non-interest bearing loan. Repaid in full June 2007	2,500	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	49,612	51,231

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2007

6. Long term debt (continued)	<u>2007</u>	<u>2006</u>
(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 May 2009	\$ 62,791	\$ 64,240
(t) Loan payable 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 to July 2020. Due on demand	495,745	531,625
(u) Mortgage payable to HSBC Bank Canada related to the Sooke Potholes project	-	900,000
(v) Loan payable is unsecured, bears interest at 6.0% per annum (calculated and compounding monthly) and is repayable in monthly principal payments of \$500 plus interest and is due on demand. Unpaid interest in the current year has been added to the debt outstanding	41,040	38,656
(w) Loan payable to a member of management, is unsecured, bears no interest and has no set terms of repayment. Due on demand	27,796	27,796
(x) Mortgage payable to 609427 B.C. Ltd.	-	700,000
(y) Mortgage payable on Cowichan Lake property	-	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 2008 – October 2009	79,000	79,000
(aa) Mortgage related to the Wildwood project bears interest at 6.0% per annum with monthly payments of \$840, principal and interest. Due April 2008	81,309	86,404
(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 2008	81,309	86,404
(cc) Mortgage payable, related to Wycliffe property, is secured by real property, bears interest at 4.0% per annum and is repayable in monthly principal payments of \$500 plus interest. Due September 2009	43,500	49,500

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2007

6. Long term debt (continued)	<u>2007</u>	<u>2006</u>
(dd) Promissory note in favour of the Community Futures Development Corporation of Boundary Area bears interest at 8.0% per annum and is repayable in blended monthly payments of \$1,000, principal and interest. Due March 2008	\$ 56,013	\$ 64,410
(ee) Loan payable, unsecured.	-	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. As at April 30, 2007, one semi-annual payment was in arrears	25,000	50,000
(gg) Mortgage payable to the Grand Forks District Savings Credit Union is secured by a first charge on real property, bears interest at the base lending rate plus 1.0% per annum and is repayable with blended monthly payments of \$500, principal and interest. Due April 2008	50,000	50,000
(hh) Unsecured loan payable to a director bears interest at 3.0% calculated and compounded monthly and is repayable with payments of interest only in September of each year. Interest due in September, 2006 was unpaid as at April 30, 2007. Due on demand	250,000	250,000
(ii) Unsecured, non-interest bearing loan. Due on demand	400	700
(jj) Loan due to Nature Trust of British Columbia	-	110,000
(kk) Mortgage payable (including \$81,843 payable to a director and the director's spouse), secured by Keating Farm Estate property, bears interest at 7.25% per annum and is repayable with monthly principal payments of \$2,585 plus interest. Due August 2009	384,660	-
(ll) Mortgage payable to a director, secured by Abkhazi Garden property, bears interest at prime plus 2.0% per annum and is repayable with blended monthly payments of \$10,037, principal and interest. Due February 2012	1,195,911	-
(mm) Mortgages payable, secured by Cowichan River property, bears interest at 6.0% per annum and is repayable with blended monthly payments of \$640, principal and interest. Due March 2012	99,854	-

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2007

6. Long term debt (continued)	<u>2007</u>	<u>2006</u>
(nn) Mortgages payable, secured by Kogawa House property, bears interest at 6.0% per annum and is repayable with blended monthly payments of \$709, principal and interest. Due May 2009	\$ 108,210	\$ -
(oo) Mortgage payable, secured by Luke Creek property, bears interest at 6.0% per annum and is repayable with blended monthly payments of \$555, principal and interest. Due May 2009	46,525	-
(pp) Various unsecured loans payable (including \$30,000 payable to three directors and \$20,000 payable to a member of management) bearing interest at 7.0% to 8.0% per annum and with interest payable annually on the anniversary date of the loan. No principal payments are due until the loan maturity dates which occur over October 2011–February 2014	506,000	-
(qq) Various unsecured non-interest bearing loans, including \$3,000 owed to a member of management. Repaid in full June 2007	27,500	-
(rr) Unsecured loan payable bears interest at 5.5% per annum and is repayable with payments of interest quarterly. Due October 2007	20,000	-
(ss) Unsecured loan payable bears interest at 6.0% per annum and is repayable with payments of interest annually. Due April 2009	5,506	-
(tt) Loan payable related to financing of a motor vehicle, secured by the motor vehicle, non-interest bearing with monthly payments of \$573. Due July 2009	15,462	-
(uu) Loan payable related to financing of a motor vehicle, secured by the motor vehicle, non-interest bearing with monthly payments of \$423. Due March 2012	<u>24,978</u>	<u>-</u>
	5,963,673	6,072,327
Less: current portion	<u>2,314,005</u>	<u>3,359,125</u>
	<u>\$ 3,649,668</u>	<u>\$ 2,713,202</u>

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2007

6. Long term debt (continued)

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

2008	\$ 2,314,005
2009	986,009
2010	832,087
2011	94,667
2012	1,566,905
Thereafter	<u>170,000</u>
	\$ <u>5,963,673</u>

7. Deferred revenue

On August 29, 2006, the Society entered into a lease whereby the Society leased the majority of the land associated with the Keating Farm property to the Keating Community Farm Cooperative (the "Cooperative") for a period of 99 years. The lease transfers, by way of a Profit a Prendre, interest in the land to the Cooperative so that the Cooperative has the right to farm, cultivate, harvest and to graze, keep and raise domestic animals on the land.

The lease was sold for \$500,000 with \$230,000 paid on closing and the balance due by December 31, 2006. Any balance not paid by December 31, 2006 bears interest at 7.5%, calculated monthly, not in advance. If the balance is not paid by December 31, 2008, the Society has the right to cancel the lease. As at April 30, 2007, \$185,000 of the original sale value was unpaid to the Society and was included in Receivables.

The revenue from the sale is being taken into income on a straight-line amortization basis over the 99 year term of the lease.

8. 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.

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2007

8. Agreements for sale (continued)

(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 consists of five parcels, is \$2,405,000. On March 24, 2005, one parcel, Lot 166, was transferred for consideration received of \$1,300,000. During the year, the sales of the remaining four parcels were completed for \$1,105,000.

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

9. 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.

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2007

9. Commitments and contingencies (continued)

(e) Gerald Island

Subsequent to the year end, the Society entered into a Contract of Purchase and Sale for the acquisition of Gerald Island, an island situated between Vancouver Island and the mainland of British Columbia. The purchase price of the property is \$1,375,000 and has a closing date of October 2, 2007. On August 3, 2007, the Province of British Columbia approved the assignment of the contract to the Government and agreed to refund deposits paid by the Society.

(f) Operating leases

The Society leases office space, automobiles and computer equipment under operating leases expiring at various dates between October, 2007 and January, 2017. The following are the minimum annual lease payments under the leases:

2008	\$	90,966
2009		141,066
2010		133,266
2011		121,526
2012		124,300
Thereafter		<u>629,958</u>
	\$	<u>1,241,082</u>

10. Supplemental cash flow information

	General Fund	Restricted Fund	Total <u>2007</u>	Total <u>2006</u>
Changes in non-cash working capital				
Decrease (increase) in:				
Receivables	\$ (26,108)	\$ (152,262)	\$ (178,370)	\$ (45,118)
Prepaid expenses	(10,140)	4,300	(5,840)	1,055
Inventory	18,694		18,694	(5,116)
Payables and accruals	(433,413)	160,694	(272,719)	280,173
Deferred membership revenue	<u>62,221</u>	<u>-</u>	<u>62,221</u>	<u>39,000</u>
	\$ <u>(388,746)</u>	\$ <u>12,732</u>	\$ <u>(376,014)</u>	\$ <u>269,994</u>

Interest on long-term debt paid on a cash basis was \$306,091 (2006: \$320,501).
