



Grant Thornton

Consolidated Financial Statements

TLC The Land Conservancy of British Columbia

April 30, 2009

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Grant Thornton

## Auditors' report

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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, 2009 and the consolidated statements of operations, 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, 2009 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.

Victoria, Canada  
August 12, 2009

*Grant Thornton LLP*

Chartered accountants

# TLC The Land Conservancy of British Columbia

## Consolidated Statement of Operations

Year ended April 30

2009

2008

				(Note 16)
	General Fund	Restricted Fund	Total	Total
Revenue				
Donations	\$ 2,062,863	\$ 1,055,379	\$ 3,118,242	\$ 5,826,375
Grants	569,069	2,901,268	3,470,337	3,743,115
Memberships	381,543	-	381,543	425,989
Other income	163,543	248,958	412,501	463,013
Donations in kind	112,361	3,685,583	3,797,944	7,520,192
Rental income	<u>135,704</u>	<u>103,967</u>	<u>239,671</u>	<u>242,448</u>
	<u>3,425,083</u>	<u>7,995,155</u>	<u>11,420,238</u>	<u>18,221,132</u>
Expenses				
Advertising and promotion	114,970	20,641	135,611	122,968
Amortization	55,505	71,654	127,159	97,780
Conferences and seminars	14,404	7,491	21,895	20,299
Consulting	112,324	39,704	152,028	164,293
Fundraising	52,611	2,658	55,269	21,862
Interest and bank charges	45,149	-	45,149	49,008
Interest on long-term debt	125,604	268,181	393,785	393,955
Insurance	35,522	57,611	93,133	84,223
Licences, dues and fees	1,115	1,283	2,398	3,719
Memberships	3,571	400	3,971	7,343
Office supplies, printing, postage	83,603	5,675	89,278	86,947
Professional fees	35,146	2,064	37,210	36,835
Other expenses	45,334	82,323	127,657	158,279
Property taxes	708	87,971	88,679	70,020
Rent and utilities	152,992	26,059	179,051	163,437
Repairs and maintenance	45,643	73,620	119,263	216,269
Salaries, wages and benefits	796,364	1,206,509	2,002,873	2,400,617
Telephone	63,665	13,949	77,614	78,706
Transfers to other agencies	186,772	2,292,933	2,479,705	4,534,753
Travel	<u>96,669</u>	<u>11,659</u>	<u>108,328</u>	<u>146,772</u>
	<u>2,065,497</u>	<u>4,274,559</u>	<u>6,340,056</u>	<u>8,858,085</u>
Excess of revenue over expenses	\$ <u>1,359,586</u>	\$ <u>3,720,596</u>	\$ <u>5,080,182</u>	\$ <u>9,363,047</u>

See accompanying notes to the consolidated financial statements.

## TLC The Land Conservancy of British Columbia Consolidated Statement of Changes in Fund Balances

Year ended April 30	2009			2008
	General Fund	Restricted Fund	<b>Total</b>	(Note 16) <b>Total</b>
Fund balances, beginning of year				
As previously reported	\$ 2,606,580	\$ 25,981,562	<b>\$ 28,588,142</b>	\$ 19,225,095
Adjustment of prior year interfund transfers (Note 15)	<u>(5,534,634)</u>	<u>5,534,634</u>	<u>-</u>	<u>-</u>
As restated	(2,928,054)	31,516,196	<b>28,588,142</b>	19,255,095
Excess of revenue over expenses	1,359,586	3,720,596	<b>5,080,182</b>	9,363,047
Interfund transfers	<u>(38,134)</u>	<u>38,134</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ (1,606,602)</u>	<u>\$ 35,247,926</u>	<u><b>\$ 33,668,324</b></u>	<u>\$ 28,588,142</u>

See accompanying notes to the consolidated financial statements.

# TLC The Land Conservancy of British Columbia

## Consolidated Statement of Financial Position

April 30

2009

2008

	General Fund	Restricted Fund	<b>Total</b>	(Note 16) <b>Total</b>
<b>Assets</b>				
Current				
Cash and cash equivalents	\$ -	\$ 342,780	\$ 342,780	\$ 965,000
Receivables (Note 9)	45,357	263,461	308,818	253,213
Prepays	16,462	7,708	24,170	18,553
Inventory	28,391	-	28,391	25,946
Deposits on land (Note 4)	-	83,923	83,923	48,878
	<u>90,210</u>	<u>697,872</u>	<u>788,082</u>	<u>1,311,590</u>
Investments (Notes 5 and 9)	-	335,602	335,602	319,000
Capital assets (Note 7)	<u>217,298</u>	<u>40,136,338</u>	<u>40,353,636</u>	<u>35,646,646</u>
	<u>\$ 307,508</u>	<u>\$ 41,169,812</u>	<u>\$ 41,477,320</u>	<u>\$ 37,277,236</u>

### Liabilities

Current				
Line of credit	\$ 172,523	\$ -	\$ 172,523	\$ 206,593
Payables and accruals (Note 6)	390,285	154,796	545,081	812,663
Refundable deposits	-	133,395	133,395	-
Deferred rental revenue	93,986	-	93,986	85,900
Deferred membership revenue	49,317	-	49,317	55,015
Due to (from) other Fund	(685,155)	685,155	-	-
Current portion of long-term debt (Note 8)	<u>779,026</u>	<u>2,179,048</u>	<u>2,958,074</u>	<u>3,893,370</u>
	799,982	3,152,394	3,952,376	5,053,541
Deferred revenue (Note 9)	-	497,490	497,490	498,059
Long-term debt (Note 8)	<u>1,114,128</u>	<u>2,245,002</u>	<u>3,359,130</u>	<u>3,137,494</u>
	<u>1,914,110</u>	<u>5,894,886</u>	<u>7,808,996</u>	<u>8,689,094</u>
<b>Fund Balances</b>				
Invested in capital assets	226,045	34,530,742	34,756,787	30,536,284
Externally restricted	-	744,184	744,184	801,077
Unrestricted	<u>(1,832,647)</u>	<u>-</u>	<u>(1,832,647)</u>	<u>(2,749,219)</u>
	<u>(1,606,602)</u>	<u>35,274,926</u>	<u>33,668,324</u>	<u>28,588,142</u>
	<u>\$ 307,508</u>	<u>\$ 41,169,812</u>	<u>\$ 41,477,320</u>	<u>\$ 37,277,236</u>

Commitments and contingencies (Note 11)

On behalf of the Board

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Director *Laurel Pickers* Director

See accompanying notes to the consolidated financial statements.

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

Year Ended April 30	<b>2009</b>			2008
	<u>General Fund</u>	<u>Restricted Fund</u>	<u>Total</u>	<u>Total</u>
Investment in capital assets, beginning of year	\$ 171,513	\$ 30,364,771	<b>\$ 30,536,284</b>	\$ 21,008,325
Additions to capital assets	107,863	6,936,107	<b>7,043,970</b>	10,232,210
Disposition of capital assets	-	(2,209,821)	<b>(2,209,821)</b>	(27,100)
Amortization to capital assets	(53,331)	(73,828)	<b>(127,159)</b>	(97,780)
Increase (reduction) in deposits on land	-	35,045	<b>35,045</b>	(61,122)
Reduction of debt relating to purchase of capital assets, net	<u>-</u>	<u>(521,532)</u>	<b><u>(521,532)</u></b>	<u>(518,249)</u>
Investment in capital assets, end of year	<u>\$ 226,045</u>	<u>\$ 34,530,742</u>	<b><u>\$ 34,756,787</u></b>	<u>\$ 30,536,284</u>

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See accompanying notes to the consolidated financial statements.

# TLC The Land Conservancy of British Columbia

## Consolidated Statement of Cash Flows

Year Ended April 30 2009 2008

	<u>General Fund</u>	<u>Restricted Fund</u>	<u>Total</u>	<u>Total</u>
Increase (decrease) in cash and cash equivalents				(Note 16)
<b>Operating activities</b>				
Excess of revenue over expenses \$	1,359,586	\$ 3,720,596	\$ 5,080,182	\$ 9,363,047
Amortization of capital assets	53,331	73,828	127,159	97,780
Non-cash donations and transfers, net	-	(1,178,335)	(1,178,335)	(3,600,950)
	<u>1,412,917</u>	<u>2,616,089</u>	<u>4,029,006</u>	<u>5,859,877</u>
Changes in non-cash operating working capital (Note 12)	<u>(201,553)</u>	<u>6,087</u>	<u>(195,466)</u>	<u>135,969</u>
	<u>1,211,364</u>	<u>2,622,176</u>	<u>3,833,540</u>	<u>5,995,846</u>
<b>Financing activities</b>				
Loan principal advances (repayments), net	21,528	(735,188)	(713,660)	1,067,191
Due to (from) other Fund	<u>(1,099,706)</u>	<u>1,099,706</u>	<u>-</u>	<u>-</u>
	<u>(1,078,178)</u>	<u>364,518</u>	<u>(713,660)</u>	<u>1,067,191</u>
<b>Investing activities</b>				
Purchase of land and capital assets	(99,119)	(3,556,695)	(3,655,814)	(6,631,260)
Proceeds on sale of capital assets	-	-	-	27,100
Deposits paid on land, net	-	(35,045)	(35,045)	61,122
Investment in farming co-operative	-	(16,602)	(16,602)	-
Deferred revenue	-	(569)	(569)	1,426
	<u>(99,119)</u>	<u>(3,608,911)</u>	<u>(3,708,030)</u>	<u>(6,541,612)</u>
Net (decrease) increase in cash and cash equivalents	34,070	(622,220)	(588,150)	521,425
Cash and cash equivalents (net of line of credit), beginning of year	<u>(206,593)</u>	<u>965,000</u>	<u>758,407</u>	<u>236,982</u>
Cash and cash equivalents (net of line of credit), end of year	<u>\$ (172,523)</u>	<u>\$ 342,780</u>	<u>\$ 170,257</u>	<u>\$ 758,407</u>

See accompanying notes to the consolidated financial statements.



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# **TLC The Land Conservancy of British Columbia**

## **Notes to the Consolidated Financial Statements**

April 30, 2009

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### **1. 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.

As a charity, 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 the continuing support of its donors and grantors. Considering the current economic environment and the significant deterioration in cash flows, the ability to meet these obligations and maintain operations is in doubt. A public dispute during the year may have caused disbelief in some donors or potential donors that these obligations will not be met. This could result in callable loans or withdrawal of financial support by debtors and other creditors. The Society continually seeks funding to continue its conservation activities and to meet its ongoing administrative requirements. Even though the Society has been successful in raising funds over its twelve years of operation and has a consistent record of growing its membership base year over year, 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.

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### **2. 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.

Membership revenue is assessed on a monthly or on an annual basis. Monthly membership revenue is recognized as received. Annual membership revenue is amortized to revenue on a monthly basis with the balance reflected as deferred membership revenue.

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# TLC The Land Conservancy of British Columbia

## Notes to the Consolidated Financial Statements

April 30, 2009

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### 2. Summary of significant accounting policies

#### (b) Fund accounting and revenue recognition (continued)

Rental income and all other revenues are recognized as revenue in the period in which it is earned.

The General Fund accounts for the Society's administrative and operational activities. The fund 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 Restricted Fund also reflects contributions received for the acquisition and conservation of certain capital assets and net investment in such capital assets.

The General Fund supports the Restricted Fund when the excess of revenue over expenses of the Restricted Fund is not sufficient to cover the cost of the investment in capital assets by the Restricted Fund and its on-going maintenance and upkeep. The cumulative amount of support is shown in the offsetting accounts "Due to (from) Other Fund" in the Consolidated Statement of Financial Position.

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.

#### (c) Cash and cash equivalents

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

#### (d) Investments

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. Cost is determined on a first-in, first-out basis.

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# TLC The Land Conservancy of British Columbia

## Notes to the Consolidated Financial Statements

April 30, 2009

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### 2. Summary of significant accounting policies (continued)

#### (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.

During the year, the Society acquired historic collections with a cost of \$38,356. No amortization is being provided for on such assets.

#### (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 land of \$3,391,000 (2008: \$2,250,000) and contributed covenants of \$0 (2008: \$4,847,500).

#### (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 2% and 3.0%. As at April 30, 2009, the funds held by the foundations had a fair market value of approximately \$597,000 (2008: \$684,920).

#### (i) Financial instruments

The Society's financial instruments consist of cash and cash equivalents, receivables, deposits on land, investments, a line of credit, payables and accruals, due to (from) other funds, and long term debt. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest rate, credit or currency risks arising from these financial instruments.

The Society has classified cash and cash equivalents as held for trading. These instruments are initially recognized at cost and subsequently recognized at their fair value, which approximates cost due to their short-term to maturity

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# **TLC The Land Conservancy of British Columbia**

## **Notes to the Consolidated Financial Statements**

April 30, 2009

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### **2. Summary of significant accounting policies**

#### **(i) Financial instruments (continued)**

The Society has classified receivables and deposits on land as loans and receivables. These assets are initially recognized at fair value. Fair value is approximated by the instruments' initial cost in a transaction between unrelated parties. Receivables are subsequently measured at their amortized cost using the effective interest method. Gains and losses arising from changes in fair value are recognized in net earnings upon de-recognition or impairment.

The Society has classified its investments (as described in Note 5) in charitable remainder trusts, and cooperatives as available for sale. These financial instruments are initially recognized at cost and subsequently continue to be measured at cost as there is no available quoted market price in an active market.

The Society has classified payables and accruals and long-term debt as other financial liabilities. These liabilities are initially recognized at their fair value. Fair value is approximated by the instruments' initial cost of a transaction between unrelated parties. Other financial liabilities are subsequently measured at their amortized cost using the effective interest method. Gains and losses arising from changes in fair value are recognized in net earnings upon de-recognition or impairment.

#### **(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.

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# **TLC The Land Conservancy of British Columbia**

## **Notes to the Consolidated Financial Statements**

April 30, 2009

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### **3. Current and future changes in accounting policies**

#### **Current changes**

Effective May 1, 2008, the Society adopted CICA Handbook Section 1535 - Capital Disclosures, which requires the Society to disclose information about the objectives, policies and processes for the management of its capital. The impact of this new accounting standard in the Society's financial statements is disclosed in Note 13.

Effective April 1, 2008, the CICA issued Section 3031, Inventories, which has replaced the existing Section 3030 with the same title. The new Section establishes that inventories should be measured at the lower of cost and net realizable value, with guidance on the determination of cost. The adoption of this standard had no effect on inventory balances or the financial statement disclosure for the Society.

#### **Future changes**

Section 4460 Disclosure of Related Party Transactions by Not-for-Profit Organizations has been amended to align the definition of related parties to CICA 3840 Related party Transactions. Related parties exist when one party has the ability to exercise, directly or indirectly, control, joint control or significant influence over the other. Two or more related parties are related when they are subject to common control, joint control or significant influence. Two not-for-profit organizations are related parties if one has an economic interest in the other. Related parties also include management and immediate family members.

Section 4470 Disclosure of Allocated Expenses by Not-for-Profit Organizations establishes disclosure standards for not-for-profit organizations that classifies its expenses by function and allocates its expenses to a number of functions to which the expenses relate.

These standards will be effective for the Society's 2010 fiscal year end. Management has not determined the effect the adoption of these standards may have on the Society's financial statements.

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## TLC The Land Conservancy of British Columbia

### Notes to the Consolidated Financial Statements

April 30, 2009

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<b>4 Deposits on land</b>	<b><u>2009</u></b>	<b><u>2008</u></b>
(a) Deposit on the purchase of land in the Victoria area of British Columbia	\$ -	\$ 30,000
(b) Deposits on the purchase of a conservation covenant on a property located on Gabriola Island, British Columbia known as Gabriola Commons. Purchase was to complete by December, 2008 but has yet to be finalized. Ownership of the property is to be transferred to Gabriola Commons Foundation. It is anticipated that a new agreement to purchase the covenant will be signed at that time	<b>39,923</b>	17,878
(c) Deposit on the purchase of a property in the Kootenay Region of British Columbia	-	1,000
(d) Deposit on the purchase of a property in the Saanich Peninsula, Deposit refunded on June 15, 2009	<b>10,000</b>	
(e) Deposit on the purchase of a property in the Victoria area of British Columbia known as Madrona Farm. Purchase to complete by January 2010 subject to funding being raised	<u><b>34,000</b></u>	<u>-</u>
	<u><b>\$ 83,923</b></u>	<u><b>\$ 48,878</b></u>

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<b>5. Investments</b>	<b><u>2009</u></b>	<b><u>2008</u></b>
Investment in Keating Community Farm Co-operative		
Membership units	\$ 30,002	\$ 5,000
Note receivable (Note 9)	<b>176,600</b>	185,000
Investment in Horse Lake Community Farm Co-operative	<b>5,000</b>	5,000
Charitable Remainder Trust investments	<u><b>124,000</b></u>	<u>124,000</u>
	<u><b>\$ 335,602</b></u>	<u><b>\$ 319,000</b></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.

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# TLC The Land Conservancy of British Columbia

## Notes to the Consolidated Financial Statements

April 30, 2009

6. Related party transactions	<u>2009</u>	<u>2008</u>
Due to the executive director of the Society:		
Included in accounts payable	\$ 80,336	\$ 61,153
Loans payable	<u>66,799</u>	<u>66,799</u>
	<u>\$ 147,135</u>	<u>\$ 127,952</u>
Due to directors of the Society:		
Loans and mortgages payable	\$ 10,000	\$ 675,227
Paid to directors of the Society:		
For professional services rendered	\$ 2,400	\$ 11,998
Received from related parties:		
Donations	\$ 17,820	\$ 63,431

7. Capital assets			<u>2009</u>	<u>2008</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Restricted Fund				
Land	\$ 29,907,439	\$ -	\$ 29,907,439	\$ 26,024,509
Covenants	8,739,951	-	8,739,951	8,739,951
Buildings	1,549,651	221,022	1,328,629	578,573
Furniture and equipment	249,517	127,554	121,963	132,100
Historic collections	<u>38,356</u>	-	<u>38,356</u>	-
	<u>40,484,914</u>	<u>348,576</u>	<u>40,136,338</u>	<u>35,475,133</u>
General Fund				
Furniture and equipment	173,794	88,671	85,123	80,005
Computer equipment	63,052	54,323	8,729	10,777
Vehicle	<u>193,856</u>	<u>70,410</u>	<u>123,446</u>	<u>80,731</u>
	<u>430,702</u>	<u>213,404</u>	<u>217,298</u>	<u>171,513</u>
	<u>\$ 40,915,616</u>	<u>\$ 561,980</u>	<u>\$ 40,353,636</u>	<u>\$ 35,646,646</u>

# TLC The Land Conservancy of British Columbia

## Notes to the Consolidated Financial Statements

April 30, 2009

<b>8. Long term debt</b>	<b><u>2009</u></b>	<b><u>2008</u></b>
(a) Loan payable is unsecured, bears interest at 4.0% per annum and is repayable with payments of interest only in November of each year. Interest due in November, 2008 was unpaid as at April 30, 2009 (paid in July 2009). 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, repaid during year	-	27,412
(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 2012	60,287	62,506
(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 2012	60,287	62,506
(f) Mortgage payable to Coast Capital Savings Credit Union for Ayum Creek project is secured by real property, bears interest at prime plus 2.0% per annum and is repayable in blended monthly payments of \$585, principal and interest. Due November 2009	68,246	71,105
(g) Mortgage payable to Coast Capital Savings Credit Union related to Ross Bay Villa Project, is secured by real property, bears interest at prime plus 2.0% per annum and is repayable in blended monthly payments of \$1,265, principal and interest. Due November 2009	147,664	153,715
(h) 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 2013	96,132	103,988
(i) 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
(j) 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	104,173	108,127



# TLC The Land Conservancy of British Columbia

## Notes to the Consolidated Financial Statements

April 30, 2009

8. Long term debt (continued)	<u>2009</u>	<u>2008</u>
(k) 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 6.0% per annum and is repayable in monthly payments of \$2,278, principal plus interest. Due September 2013	\$ 249,434	\$ 277,768
(l) Mortgages payable secured by Squamish Corridor property, each bears interest at 7.25% per annum and is repayable with monthly payments of interest only	-	300,000
(m) Mortgages payable secured by Squamish Corridor property, each bears interest at 6.0% per annum and is repayable with monthly payments of interest only. Due September 2011	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 2012	60,106	61,415
(o) Promissory note payable to the District of Saanich is unsecured, bears no interest and is repayable in equal annual payments of \$54,770 in September each year until September 2011	164,310	219,080
(p) Mortgage payable, related to the Sooke Potholes project, is secured by real property, bears interest at 5.0% per annum with monthly interest payments of \$156. Due March 2012	37,500	75,000
(q) Mortgages payable to Coast Capital Savings Credit Union related to the Ayum Creek property, is secured by real property, bears interest at prime plus 2.0% per annum and is repayable in blended monthly payments of \$1,660. Due November 2009	46,110	48,003
(r) Mortgage payable with a charge on a lot purchased and now incorporated into the Abkhazi Garden property, bears interest at 7.5% per annum is repayable in blended monthly payments of \$512, principal and interest. Due May 2009	59,552	61,231

# TLC The Land Conservancy of British Columbia

## Notes to the Consolidated Financial Statements

April 30, 2009

8. Long term debt (continued)	<u>2009</u>	<u>2008</u>
(s) Mortgage 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. Due on demand	\$ 383,863	\$ 432,452
(t) Loan payable is unsecured, bears interest at 6.0% per annum (calculated and compounding monthly) and is repayable on demand. Unpaid interest in the current year has been added to the debt outstanding	46,259	43,572
(u) Unsecured loan bears no interest and has no set terms of repayment	27,799	27,799
(v) Various unsecured loans payable bearing interest at 4.0% per annum and having no principal payments until the due dates between October 2009 to December 2011	69,000	79,000
(w) Mortgage related to the Wildwood project, is secured by real property and bears interest at 6.0% per annum with monthly payments of \$840, principal and interest. Due April 2013	70,169	75,904
(x) 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 2013	24,776	33,116
(y) 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	31,500	37,500
(z) Promissory note in favour of the Community Futures Development Corporation of Boundary Area bears interest at 6.25% per annum and is repayable in blended monthly payments of \$1,000, principal and interest. Due March 2010	39,739	48,194
(aa) Mortgage payable to the Grand Forks District Savings Credit Union is secured by a first charge on real property, bears interest at a variable rate (5.25% as at April 30, 2009) and is repayable with blended monthly payments of \$500, principal and interest. Due April 2010	47,375	50,000

# TLC The Land Conservancy of British Columbia

## Notes to the Consolidated Financial Statements

April 30, 2009

<b>8. Long term debt</b> (continued)	<u><b>2009</b></u>	<u><b>2008</b></u>
(bb) Unsecured loan 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, 2008 was unpaid as at April 30, 2009 (repaid in July 2009). Due on demand	\$ 250,000	\$ 250,000
(cc) Mortgage payable, 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	275,547	306,567
(dd) Mortgage payable, 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	1,125,772	1,172,742
(ee) Mortgage 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	96,127	98,045
(ff) Mortgage 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	103,945	106,141
(gg) 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	38,257	42,513
(hh) Various unsecured loans payable, bearing interest from 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 March 2010 to February 2014	500,000	500,000
(ii) Unsecured loan payable, bears interest at 5.5% per annum and is repayable with payments of interest quarterly. Due October 2009	20,000	20,000
(jj) Unsecured loan payable repaid during year	-	5,506
(kk) 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	1,718	8,590

# TLC The Land Conservancy of British Columbia

## Notes to the Consolidated Financial Statements

April 30, 2009

8. Long term debt (continued)	<u>2009</u>	<u>2008</u>
(ll) 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	\$ 14,817	\$ 19,897
(mm) Loan payable related to financing of a motor vehicle, secured by the motor vehicle, non-interest bearing with monthly payments of \$427. Due May 2012	15,803	20,929
(nn) Loan payable related to financing of a motor vehicle, secured by the motor vehicle, non-interest bearing with monthly payments of \$531. Due March 2013	24,961	31,334
(oo) Various unsecured loans payable, bearing interest from 2.8% to 8.0% per annum with interest payable on maturity. No principal payments are due until the loan maturity dates which occur over September 2009 to February 2014, with the exception of one \$10,000 loan due February 2009 which remains unpaid	197,416	255,000
(pp) Unsecured loan payable, non-interest bearing, due February 2010, with \$164,179 forgiven during the year	20,821	185,000
(qq) Unsecured loan payable, bears interest at 7.0% per annum and is repayable with interest payable annually on the anniversary date of the loan. Due May 2010	300,000	300,000
(rr) Loan payable to the Capital Regional District repaid during year	-	250,000
(ss) Unsecured loan payable to Mountain Equipment Cooperative, of which \$346,070 was forgiven during the year with the balance repaid	-	529,207
(tt) Mortgage payable, secured by the Kinghorn property, bears interest at 6.0% per annum and is repayable with interest on maturity. Due August 2009	500,000	-
(uu) Unsecured loan payable, bears interest at 5.25% per annum and is repayable with payments of interest annually. Due June 2011	27,000	-
(vv) Various unsecured loans payable bearing interest at 6.0% per annum with interest payable annually on the anniversary date of the loan. No principal payments are due until the loan maturity dates which occur over December 2011 to December 2013	60,000	-

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## TLC The Land Conservancy of British Columbia

### Notes to the Consolidated Financial Statements

April 30, 2009

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8. Long term debt (continued)	<u>2009</u>	<u>2008</u>
(ww) Unsecured loan payable, bears interest at 4.0% per annum and is repayable, with interest, over three monthly installments from July 2009 to September, 2009	\$ 10,766	\$ -
(xx) Loans payable related to financing of motor vehicles, secured by the motor vehicles, non-interest bearing with combined monthly payments of \$1,389. Due June 2013 to July 2013	<u>69,973</u>	<u>-</u>
	<b>6,317,204</b>	7,030,864
Less: current portion	<u>2,958,074</u>	<u>3,893,370</u>
	<b>\$ <u>3,359,130</u></b>	<b>\$ <u>3,137,494</u></b>

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

2010	\$ 2,958,074
2011	639,411
2012	2,209,708
2013	173,970
2014	<u>336,041</u>
	<b>\$ <u>6,317,204</u></b>

Section 3855 states that a financial liability is recognized at fair value, except for certain related party transactions. The fair value of a loan with a non-market rate of interest is not equal to the cash consideration received. It can be estimated as the present value of all future cash payments discounted using the prevailing market rate of interest for a similar instrument with a similar credit rating. Except for specified loans from certain related parties, any difference between the fair value of a loan and the cash consideration is recognized immediately in net income.

The fair value of all loans does not differ significantly from their carrying value.

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# TLC The Land Conservancy of British Columbia

## Notes to the Consolidated Financial Statements

April 30, 2009

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### 9. 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 for \$500,000. 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.

\$230,000 paid on closing and the balance due by December 31, 2006. As at April 30, 2008, \$185,000 of the original lease value was unpaid to the Society and was included in receivables. During the year, changes were agreed to with the Cooperative which resulted in the extension of the Profit a Prendre to 199 years. Also, the remaining amount owing of \$176,600 from the original transaction was converted to a note receivable in December, 2008 bearing interest at 7.5% with a due date of January 1, 2011. The note is repayable from the sale of additional units in the cooperative.

The revenue from the lease is being taken into income on a straight-line amortization basis over the 199 year term of the lease.

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### 10. Agreements for sale

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 mortgage against the property (see note 8 k.).

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.

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### 11. 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, 2018, 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.

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# TLC The Land Conservancy of British Columbia

## Notes to the Consolidated Financial Statements

April 30, 2009

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### 11. Commitments and contingencies (continued)

#### (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) Skaha Bluffs

In 2008, the Society purchased on behalf of the Province of British Columbia (the "Province") and the Nature Conservancy of Canada (NCC) a property known as the Skaha Bluffs in the Okanagan region of British Columbia. Immediately upon acquisition, the interests were transferred to the Province (23.8% interest) and to NCC (43.8% interest), leaving TLC with a 32.4% interest. While the property is jointly owned at this time, the intention over the next year for the land to be subdivided into separate lots in proportion to the interest of each party with the Society's interest and NCC's interest will be leased to the Province for 99 years to enable a Provincial park to be established.

#### (f) Operating leases

The Society leases office space, land, automobiles and computer equipment under operating leases. The following are the minimum annual lease payments under the leases:

2010	\$	155,316
2011		139,239
2012		135,952
2013		144,274
2014		135,667
Thereafter		<u>405,391</u>
	\$	<u>1,115,839</u>

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# TLC The Land Conservancy of British Columbia

## Notes to the Consolidated Financial Statements

April 30, 2009

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### 12. Supplemental cash flow information

	General <u>Fund</u>	Restricted <u>Fund</u>	<b>Total <u>2009</u></b>	<b>Total <u>2008</u></b>
Changes in non-cash working capital				
(Decrease) increase in:				
Receivables	\$ (5,722)	\$ (49,883)	\$ <b>(55,605)</b>	\$ (136,505)
Prepays	(2,699)	(2,918)	<b>(5,617)</b>	(1,593)
Inventory	(2,445)	-	<b>(2,445)</b>	3,307
Deferred rental revenue	8,086	-	<b>8,086</b>	68,720
Deferred membership revenue	(5,698)	-	<b>(5,698)</b>	(46,206)
Refundable deposits	-	133,395	<b>133,395</b>	-
Payables and accruals	<u>(193,075)</u>	<u>(74,507)</u>	<b><u>(267,582)</u></b>	<u>248,246</u>
	<b>\$ (201,553)</b>	<b>\$ 6,087</b>	<b>\$ (195,466)</b>	<b>\$ 135,969</b>

Interest on long-term debt paid on a cash basis was \$345,305 (2008: \$388,684).

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### 13. Capital management

The capital structure of the Society consists of net assets invested in capital assets, mostly consisting of land held for the charitable purposes of the Society, externally restricted funds and unrestricted net assets. The primary objective of the Society's capital management is to hold the land to preserve and protect the nature and wildlife within it.

Net assets invested in capital assets represent the amount of net assets that are not available for other purposes because they have been invested.

Externally restricted funds represent amounts not yet expended for the restricted purposes for which they were intended when received.

Unrestricted net assets are funds available to fund future operations.

For the year ended April 30, 2009, the Society has complied with all externally imposed capital restrictions.

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### 14. Subsequent event

On July 29, 2009, the Society sold land acquired during the year for \$2,133,307 to the Capital Region District for \$504,192 cash, with the balance reflected in the statement of operations and changes in fund balances as a transfer to other agencies.

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# **TLC The Land Conservancy of British Columbia**

## **Notes to the Consolidated Financial Statements**

April 30, 2009

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### **15 Prior period adjustment of interfund transfers**

The Society has adjusted the opening fund balances to correctly reflect the transfer of funds from the General Fund to the Restricted Fund, and the outstanding balance of externally restricted funds at each fiscal year end.

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### **16. Comparative figures**

Certain 2008 comparative figures have been reclassified to conform to the presentation adopted in the current year.

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