Grant Thornton

Consolidated Financial Statements

TLC The Land Conservancy of British Columbia

April 30, 2016

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Independent Auditors' Report

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To the directors of TLC The Land Conservancy of British Columbia

We have audited the accompanying consolidated financial statements of TLC The Land Conservancy of British Columbia, which comprise the consolidated statement of financial position as at April 30, 2016, and the consolidated statements of operations, changes in fund balances, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

In common with many non-profit organizations, the Society derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, deficiency of revenue over expenses, and cash flows from operations for the year ended April 30, 2016 and 2015, assets as at April 30, 2016 and 2015, and changes in fund balances and cash flows as at May 1, 2015 and 2014 and April 30, 2016 and 2015.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the *Basis for qualified opinion* paragraph, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Society as at April 30, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements, which indicates that the Society filed for creditors protection under the Companies' Creditors Arrangement Act. These conditions, along with the other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Society's ability to continue as a going concern.

Grant Thornton LLP

Victoria, Canada
September 30, 2016

Chartered Professional Accountants

TLC The Land Conservancy of British Columbia
Consolidated Statement of Operations

Year ended April 30	General Fund	Restricted Fund	Endowment Fund	**2016 Total**	2015 Total
Revenue					
Donations and bequests	$ 690,308	$ 164,874	$ -	**$ 855,182**	$ 1,128,307
Grants	13,808	750	-	**14,558**	16,387
Memberships	195,814	2,370	-	**198,184**	250,065
Other income	5,930	2,846	-	**8,776**	8,235
Donations in-kind	3,270	588,021	-	**591,291**	52,763
Rental income	33,406	32,672	-	**66,078**	83,785
Debt forgiveness	210,327	1,064,101	-	**1,274,428**	10,069
	1,152,863	1,855,634	-	**3,008,497**	1,549,611
Expenses					
Amortization	11,568	8,898	-	**20,466**	61,464
Consulting	2,345	-	-	**2,345**	6,097
Interest and bank charges	63,984	150	-	**64,134**	155,154
Interest on long-term debt	-	163,893	-	**163,893**	287,229
Insurance	51,143	-	-	**51,143**	69,246
Loss on sale of capital assets	-	6,752	-	**6,752**	-
Office supplies, printing, postage	17,633	-	-	**17,633**	18,027
Professional fees	85,298	43,753	-	**129,051**	147,161
Other expenses	59,546	5,714	-	**65,260**	53,679
Property taxes	-	42,965	-	**42,965**	60,487
Rent and utilities	18,023	22,777	-	**40,800**	35,337
Repairs and maintenance	13,312	7,175	-	**20,487**	15,029
Salaries, wages and benefits	297,280	-	-	**297,280**	404,801
Telephone	18,226	732	-	**18,958**	40,921
Transfer of conservation lands (Note 9)	-	13,085,576	-	**13,085,576**	2,414,041
Travel	4,074	800	-	**4,874**	5,365
Restructuring fees	357,038	-	-	**357,038**	1,060,065
	999,470	13,389,185	-	**14,388,655**	4,834,103
Excess (deficiency) of revenue over expenses	$ 153,393	$ (11,533,551)	$ -	**$ (11,380,158)**	$ (3,284,492)

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 **2016** 2015

	General Fund	Restricted Fund	Endowment Fund	**2016 Total**	2015 Total
Fund balances, beginning of year, as previously reported	$ (4,867,523)	$ 40,059,299	$ 10,000	**$ 35,201,776**	38,486,268
Prior period adjustment (Note 11)	52,361	-	-	**52,361**	52,361
Fund balances, beginning of year, adjusted	(4,815,162)	40,059,299	10,000	**35,254,137**	38,538,629
Excess (deficiency) of revenue over expenses	153,393	(11,533,551)	-	**(11,380,158)**	(3,284,492)
Fund balances, end of year	**$** (4,661,769)	$ 28,525,748	$ 10,000	**$ 23,873,979**	35,254,137

See accompanying notes to the consolidated financial statements.

TLC The Land Conservancy of British Columbia
Consolidated Statement of Financial Position

April 30	General Fund	Restricted Fund	Endowment Fund	**2016** **Total**	2015 Total (Note 11)
Assets					
Current					
Cash and cash equivalents	$ 313,812	$ 281,038	$ -	**$ 594,850**	$ 446,886
Cash held in trust	-	101,131	-	**101,131**	27,329
Receivables	13,106	-	-	**13,106**	84,349
Prepaids	10,333	-	-	**10,333**	39,219
	337,251	382,169	-	**719,420**	597,783
Investments (Note 3)	164,000	-	-	**164,000**	164,000
Conservation covenants (Note 2(f)	-	16,413,399	-	**16,413,399**	16,413,399
Capital assets (Note 4)	37,089	11,438,267	-	**11,475,356**	27,177,654
	$ 538,340	$ 28,233,835	$ -	**$ 28,772,175**	$ 44,352,836
Liabilities					
Current					
Payables and accruals	$ 1,664,084	$ 47,757	$ -	**$ 1,711,841**	$ 3,161,415
Deposits on land	40,000	-	-	**40,000**	-
Due to (from) other Fund	1,148,670	(1,138,670)	(10,000)	**-**	-
Senior secured loans (Note 6)	-	-	-	**-**	1,844,894
Long-term debt (Note 5)	2,347,355	799,000	-	**3,146,355**	4,092,390
	5,200,109	(291,913)	(10,000)	**4,898,196**	9,098,699
Fund Balances					
Invested in conservation covenants	-	16,413,399	-	**16,413,399**	16,413,399
Invested in capital assets	37,089	11,777,937	-	**11,815,026**	23,609,872
Externally restricted	-	334,412	10,000	**344,412**	76,048
Unrestricted	(4,698,858)	-	-	**(4,698,858)**	(4,845,182)
	(4,661,769)	28,525,748	10,000	**23,873,979**	35,254,137
	$ 538,340	$ 28,233,835	$ -	**$ 28,772,175**	$ 44,352,836

On behalf of the Board: James Watson Director _______ Director

See accompanying notes to the consolidated financial statements.

TLC The Land Conservancy of British Columbia
Consolidated Statement of Cash Flows

Year ended April 30

	General Fund	Restricted Fund	Endowment Fund	**2016 Total**	2015 Total
Increase (decrease) in cash					
Operating activities					
Excess (deficiency) of revenue over expenses	$ 153,393	$ (11,533,551)	$ -	**$ (11,380,158)**	$ (3,284,492)
Items not involving cash					
Amortization of capital assets	11,568	8,898	-	**20,466**	61,464
Debt forgiveness	(210,327)	(1,064,101)		**(1,274,428)**	-
Transfer of non cash assets	-	13,085,576	-	**13,085,576**	2,014,041
	(45,366)	496,822	-	**451,456**	(1,208,987)
Changes in non-cash operating working capital (Note 8)	(1,260,595)	12,674	-	**(1,247,921)**	899,337
	(1,305,961)	509,496	-	**(796,465)**	**(309,650)**
Financing activities					
Senior secured loans repayment	-	(780,793)	-	**(780,793)**	(212,240)
Long term debt, net change	5,405	(876,440)	-	**(871,035)**	(89,245)
	5,405	(1,657,233)	-	**(1,651,828)**	(301,485)
Investing activities					
Purchase of capital assets	(18,636)	(33,000)	-	**(51,636)**	(2,599)
Proceeds on transfer of conservation lands	-	2,647,893	-	**2,647,893**	1,072,871
	(18,636)	2,614,893	-	**2,596,257**	1,070,272
Net change in due to (from) other funds	1,186,118	(1,186,118)	-	**-**	-
Net increase (decrease) in cash and cash equivalents	(1,319,192)	1,467,156	-	**147,964**	205,356
Cash and cash equivalents, beginning of year	446,886	-	-	**446,886**	241,530
Cash and cash equivalents, end of year	$ 313,812	$ 281,038	$ -	**$ 594,850**	$ **446,886**

See accompanying notes to the consolidated financial statements.

1. Purpose of the Society, going concern and creditor protection

(a) Purpose of the Society

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 continually seeks funding to continue its conservation activities and to meet its ongoing administrative requirements and to fund on-going costs associated with the ownership, maintenance and up-keep of such conservation assets.

(b) Going concern and Companies' Creditors Arrangement Act Status

The consolidated financial statements were prepared using Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO) that are applicable to a going concern. The going concern basis assumes that the Society will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations.

On October 7, 2013, the Society sought creditor protection under the Companies' Creditors Arrangement Act (the "CCAA") and obtained a stay order (the "Initial Order") from the British Columbia Supreme Court (the "Court"). Wolridge Mahon Limited (the "Monitor") was appointed by the Court as monitor in the proceedings and is responsible for reviewing the Society's ongoing operations, liaising with creditors and other stakeholders and reporting to the Court. The Initial Order provided for a stay of proceedings against the Applicants and their property for an initial period ending November 4, 2013 which the Court extended to April 25, 2014 then to June 25, 2014 then to October 17, 2014 then to February 2, 2015 then to April 30, 2015. On July 29, 2016 the Court issued an Order extending the Society's self-imposed deadline in the Plan of July 31, 2016, for filing a revised Plan to October 31, 2016.

The Society developed a Plan of Compromise and Arrangement dated February 23, 2015 (the "Plan") which set out the terms and conditions for the settlement of the proven claims of affected creditors under the CCAA proceedings. On February 23, 2015, the Court issued a Meeting and Process Order, confirming that the Society was to convene a meeting of creditors to consider the Plan of Arrangement on March 30, 2015. On March 30, 2015 each of the creditor classes set out in the Plan, being the secured creditor class and the unsecured creditor class, voted in favour of acceptance of the Plan (as filed and as set out in the Meeting and Process Order) by the requisite majorities. After having received approval of the Plan from its creditors, the Society made its application to the Court on April 2, 2015, for a Sanction Order. The Supreme Court of British Columbia approved the Plan of Arrangement as agreed upon by the Society and its creditors.

1. Purpose of the Society, going concern and creditor protection (continued)

The Society has a significant working capital deficiency of $4,231,137 and an overall deficiency of revenue over expenses of $11,380,158 and therefore there is significant doubt about the Society's ability to continue as a going concern. During the year the Society implemented most transactions outlined in Tranches 1 and 2 their Plan of Arrangement. The Society will still need to complete the transfer of certain properties as outlined in their remaining Plan of Arrangement in order to pay off their remaining current and long term liabilities. It is management's belief that the funds to be generated from the pending Tranche 1, 2 and 3 transactions of the plan will only allow for repayment of the amounts owed to secured creditors. Consequently, the timing of the unsecured creditor distributions remains uncertain.

In addition, the ability for the Society to continue operations in the future will depend on the ability to generate stable annual funding to pay annual operating expenses. There can be no assurances that additional funding will be available in the future. These uncertainties may cast significant doubt on the Society's ability to continue as a going concern and, ultimately, the appropriateness of the use of accounting principles applicable to a going concern.

It is managements' belief that this vital funding will continue in the future, therefore these consolidated 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. In addition, management is taking steps to increase membership revenue, expanding its fundraising efforts, renegotiating debt repayment terms and reducing operating expense costs. As part of the plan of arrangement and compromise during the year the Society transferred a number of properties in return for proceeds or debt forgiveness. There can be no assurance that the steps management is taking will be successful.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported revenues and expenses and statement of financial position classifications that would be necessary if the Society were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

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.

2. Summary of significant accounting policies (continued)

(b) Fund accounting and revenue recognition (continued)

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.

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 subject to externally imposed restrictions specifying how the funds are to be used 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.

Endowment Funds report contributed resources that have been restricted for endowment purposes, either externally by the contributor or internally by the Board. Investment income earned on these funds is internally restricted to be re-invested into such funds, unless decided otherwise by the Board.

(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 it has been determined that there has been a loss in value that is other than temporary.

(e) 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%

The Society also owns historic collections with a cost of $995 (2015: $59,771). No amortization is being provided for on such assets.

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

(f) Conservation land and covenants

A conservation covenant is a voluntary, written agreement between a landowner and one or more covenant holders. It can cover all or part of a parcel of property. In the agreement, the landowner promises to protect the land or features on the land in ways that are specified in the covenant. The conservation covenant is registered against title to the property in the British Columbia Land Title Register under section 219 of the Land Title Act. A conservation covenant registered under this section may be modified by the holder of the charge and the owner of the land charged, or discharged by the holder of the charge. Once registered on title, that agreement runs with the title and binds all future owners. Conservation lands and covenants are either purchased or donated.

Purchased conservation lands and covenants are recorded at cost when title is transferred. Contributed conservation lands and covenants are recorded at fair market value when title is transferred. Landowners may receive an income tax receipt for the donation of a conservation covenant to a registered charity. The value of the receipt is determined by a certified land appraiser and usually represents the difference in the appraised value of the property before and after the conservation restrictions are in place. A covenant's value is measured as the difference between the fair value of the property before and after the covenant is registered. The contributions are recorded as revenue and also as an asset in conservation lands and covenants. Properties transferred to others are recorded as a reduction of conservation land and covenants and net assets invested in conservation covenants.

(g) Contributed assets

Contributed capital assets are recognized at their fair value, which is supported by independent appraisal. During the current year, the Society did not receive any contributed lands or covenants.

(h) Endowment contributions

The Society receives endowment contributions which are specified for transfer for holding purposes to the Victoria Foundation. 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 Foundation and the Society is entitled to receive an annual distribution from income earned on them between 2% and 4.5%. As at March 31, 2016, the funds held by the Victoria Foundation had a fair market value of approximately $744,765. The Society also is the recipient of distributions from endowment funds held by the Vancouver foundation with a fair market value of $123,124.

(i) Financial instruments

Financial instruments are recorded at fair value on initial recognition. Investments that are quoted in an active market are subsequently measured at fair value with changes in fair value recorded in the statement of operations. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has not elected to carry any such financial instruments at fair value.

2. Summary of significant accounting policies (continued)

(i) Financial instruments (continued)

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(j) Long-lived assets

The Society regularly reviews the long-term service potential of long-lived assets to the Society. If there is a change to the long-term service potential 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.

3. Investments, at cost

	2016	2015
Investment in Horse Lake Community Farm Co-operative	**$ 5,000**	$ 5,000
Living Forest One Limited Partnership	**35,000**	35,000
Charitable Remainder Trust investments	**124,000**	124,000
	$ 164,000	$ 164,000

4. Capital assets

	Cost	Accumulated amortization	**2016** Net book value	2015 Net book value
Restricted Fund				
Conservation lands	$ 11,288,298	$ -	**$ 11,288,298**	$ 26,231,102
Buildings	244,024	105,999	**138,026**	823,539
Furniture and equipment	63,198	54,542	**8,656**	30,810
Historic collections	995	-	**995**	59,771
Leasehold improvements	2,992	701	**2,291**	2,412
	$ 11,599,509	$ 161,242	**$ 11,438,267**	$ 27,147,633
General Fund				
Furniture and equipmer	$ 118,909	$ 102,788	**$ 16,121**	$ 16,721
Computer equipment	86,761	71,391	**15,370**	5,301
Vehicle	56,335	50,736	**5,599**	7,997
	$ 262,005	$ 224,915	**$ 37,089**	$ 30,021

5. Long term debt	**2016**	2015
The information noted below pertains to the original terms and conditions of the loans. These conditions have changed due to the Society entering into a restructuring under CCAA. Interest accrues for secured creditors only. All debt is subject to the plan of arrangement and compromise.		
(a) Mortgage related to Horsefly River property is secured by a first charge on real property, bears interest at 5.5% per annum and is repayable in monthly payments of $539, principal and interest	**-**	58,324
(b) Mortgage related to Horsefly River property is secured by a first charge on real property, bears interest at 5.5% per annum and is repayable in monthly payments of $539, principal and interest	**-**	58,324
(c) 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 $1,156, principal and interest	**-**	127,733
(d) Mortgage payable is secured by Qualicum Bathouse property, bears interest at 5.25% per annum and is repayable in annual payments of interest only	**118,558**	112,507
(e) Mortgage payable is secured by Abkhazi property #2, bears interest at 6.0% and is repayable in monthly payments of $409, principal and interest	**-**	64,968
(f) Mortgages payable to Coast Capital Savings Credit Union related to the Qualicum Bathouse property, is secured by real property, bears interest at prime plus 2.0% per annum and is repayable in blended monthly payments of $361	**41,727**	39,522
(g) Mortgage payable with a charge on a lot purchased and now incorporated into the Abkhazi Garden property, bears interest at 6.0% per annum and is repayable in blended monthly payments of $496, principal and interest	**-**	61,233

5. Long term debt (continued)

(h)	Mortgage payable, related to Wycliffe property, is secured by real property, bears interest at 5.0% per annum and is repayable in monthly principal payments of $500 plus interest	**-**	15,270
(i)	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 at 5.75% and is repayable with blended monthly payments of $500, principal and interest	**-**	38,351
(j)	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	**129,745**	122,278
(k)	Mortgage payable, secured by Luke Creek property, bears interest at 2.8% per annum and is repayable with blended monthly payments of $366, principal and interest	**-**	30,228
(l)	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	**-**	30,122
(m)	Mortgage payable, secured by Abkhazi Garden property, bears interest at 11.5% per annum and is repayable with blended monthly payments of $12,654, principal and interest	**508,967**	916,580
(n)	Various unsecured loans payable, bearing interest from 1.0% to 8.0% per annum with various payment terms	**2,347,355**	2,416,950
		$ 3,146,355	$ 4,092,389

6. Senior secured loans

		2016		2015
Senior secured super-priority, debtor-in-possession credit facility, bears interest at 8.0% per annum, Secured by Abkahzi Gardens, Monks point, and Ross Bay Villa. As properties are sold, new securities will be given. Debt is subject to the plan of arrangement and compromise	**$**	**-**	$	1,844,894

During the year $1,000,000 of the senior secured loan was forgiven by the lender and the remainder of the loan balance was paid out from the sale proceeds of the property transferred to the Nature Conservancy of Canada.

7. Supplementary cash flow information

		General		Restricted		**2016**		2015
Changes in non-cash working capital								
Cash held in trust	$	-	$	(73,802)	**$**	**(73,802)**		701,304
Receivables		71,243				**71,243**	$	(47,678)
Prepaids		(9,833)		38,719		**28,886**		3,748
Payables and accruals		(1,322,005)		47,757		**(1,274,248)**		294,324
	$	(1,260,595)	$	12,674	**$**	**(1,247,921)**	$	951,698

8. Commitments

The Society leases office space and Land under operating leases. The following are the minimum annual lease payments under the lease:

2017	$	14,520
2018		6,050
	$	20,570

9. Transfer of conservation lands

During the year the Society, as part of the Plan of Arrangement and Compromise, transferred certain properties in exchange for cash and forgiveness of debt. Contributions from the transfer of properties included the following amounts:

Sale of undivided interst in Maltby Lake	$	750,000
Transfer of Hardy Mountain Doukhobor Village to the		38,165
Transfer of Monks Point		250,000
Transfer of 26 conservation properties to Nature Conservancy of Canada and one property (4% undivided interest in Squitty Bay) to The Nature Trust of British Columbia		1,500,000
Transfer of the Ross Bay Villa		131,794
	$	2,669,959

Secured debt repaid by the above transactions	$	322,357
Debtor-in-possession financing paid after the above transactions		841,078
Proceeds used to pay down other secured adminstrative debts		1,506,524
	$	2,669,959

The difference between the net proceeds received of $2,647, 893 and the net book value of the transferred properties of $15,733,469 has been recorded as a transfer of conservation lands of $13,085,576 in the statement of operations.

10. Financial Instruments

The Society is exposed to various risk through is financial instruments.

Credit Risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society's main credit risks relate to its accounts receivable. There was no significant change in exposure from the prior year.

Interest rate risk
The Society is exposed to interest rate risk with respect to its fixed rate debt. In addition the Society is exposed to interest rate risk with respect to its floating rate debt because cash flows will fluctuate as the interest rate is linked to the bank's prime rate which is subject to change.

Liquidity risk
Liquidity risk is the risk that the Society will encounter difficulty in meeting the obligations associated with its financial liabilities. The Society's financial liabilities are comprised of its accounts payable, accrued liabilities, and accrued restructuring liabilities, the contractual maturities of which are not determinable, because it depends on the outcome of the CCAA claims process.

11. Prior period adjustment

During the period the Society determined that an overstatement of liabilities and an understatement of retained earnings were recorded in the year ended April 30, 2014. As a result of the correction, the following financial statement items as at the end of the comparative period have been increased (decreased) by the following amounts:

Statement of financial position at the end of April 30, 2015:

Payables and accruals	$	(52,361)
Fund balances	$	52,361

Statement of financial position at the end of April 30, 2014:

Payables and accruals	$	(52,361)
Fund balances	$	52,361