



Consolidated Financial Statements

TLC The Land Conservancy of British Columbia

April 30, 2023

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Independent Auditors' Report

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To the Directors of TLC The Land Conservancy of British Columbia

Qualified Opinion

We have audited the consolidated financial statements of TLC The Land Conservancy of British Columbia ("the Society"), which comprise the consolidated statement of financial position as at April 30, 2023, and the consolidated statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the TLC The Land Conservancy of British Columbia as at April 30, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenues over expenses, and cash flows from operations for the years ended April 30, 2023 and 2022, current assets as at April 30, 2023 and 2022, and net assets as at May 1 and April 30 for both the 2023 and 2022 years.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated 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.

In preparing the consolidated financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using

the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Victoria, Canada
August 23, 2023



Chartered Professional Accountants

TLC The Land Conservancy of British Columbia

Consolidated Statement of Operations

Year ended April 30

2023

2022

	General Fund	Restricted Fund	Total	Total
Revenue				
Donations	\$ 117,883	\$ 6,763,333	\$ 6,881,216	\$ 1,430,902
Grants	28,982	59,695	88,677	104,582
Memberships	119,440	5,645	125,085	127,489
Other income	9,672	56,486	66,158	50,764
Donations in-kind	66,305	102,884	169,189	137,860
Rental income	-	89,017	89,018	33,861
Federal relief funding	-	-	-	86,920
	<u>342,282</u>	<u>7,077,060</u>	<u>7,419,343</u>	<u>1,972,378</u>
Expenses				
Advertising	2,178	11,764	13,942	18,530
Amortization	7,077	22,079	29,156	15,479
Bank charges	4,746	1,237	5,983	6,359
Consulting	1,187	51,104	52,291	16,111
Donations (Note 10)	50	342,762	342,812	790,226
Event expenses	500	4,128	4,628	2,788
Insurance	9,867	19,775	29,642	19,877
Licenses, dues, and fees	9,353	1,371	10,724	4,289
Office supplies, printing, postage	26,201	7,570	33,771	29,912
Other expenses	29,543	51,998	81,541	60,035
Professional fees	66,756	123,450	190,206	160,022
Property taxes	-	40,406	40,406	29,266
Rent and utilities	28,563	32,477	61,040	52,565
Repairs and maintenance	3,663	42,397	46,060	37,455
Salaries, wages and benefits	244,656	333,291	577,947	475,809
Telephone	7,191	1,273	8,464	6,882
Travel	6,776	17,503	24,279	17,107
	<u>448,308</u>	<u>1,104,585</u>	<u>1,552,892</u>	<u>1,742,712</u>
Excess (deficiency) of revenue over expenses	\$ <u>(106,026)</u>	\$ <u>5,972,475</u>	\$ <u>5,866,451</u>	\$ <u>229,666</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

	2023			2022
	General Fund	Restricted Fund	Total	Total
Fund balances, beginning of year	\$ 588,879	\$ 29,019,936	\$ 29,608,815	\$ 29,379,149
Excess (deficiency) of revenue over expenses	(106,026)	5,972,475	5,866,451	229,666
Interfund transfer (Note 8)	160,729	(160,729)	-	-
Fund balances, end of year	\$ 643,582	\$ 34,831,682	\$ 35,475,266	\$ 29,608,815

See accompanying notes to the consolidated financial statements.

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

April 30

2023

2022

	General Fund	Restricted Fund	Total	Total
Assets				
Current				
Cash and cash equivalents	\$ 520,097	\$ 1,210,597	\$ 1,730,694	\$ 1,395,301
Cash held in trust	-	9,466	9,466	7,534
Receivables	7,992	3,018	11,010	6,280
Prepays	5,387	20,201	25,588	21,141
	<u>533,476</u>	<u>1,243,282</u>	<u>1,776,758</u>	<u>1,430,256</u>
Investments (Note 3)	129,000	-	129,000	129,000
Conservation covenants (Note 2(g))	-	16,369,904	16,369,904	16,369,904
Capital assets (Note 4)	29,076	17,235,636	17,264,712	11,773,380
	<u>\$ 691,552</u>	<u>\$ 34,848,822</u>	<u>\$ 35,540,374</u>	<u>\$ 29,702,540</u>

Liabilities

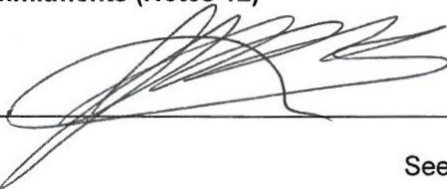
Current

Payables and accruals	\$ 47,970	\$ 17,139	\$ 65,109	\$ 93,725
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Fund Balances

Invested in conservation covenants	-	16,369,904	16,369,904	16,369,904
Invested in capital assets	29,076	17,235,636	17,264,712	11,773,380
Internally restricted (Note 8)	-	279,331	279,331	440,060
Externally restricted	-	946,811	946,811	469,395
Unrestricted	614,507	-	614,507	556,077
	<u>643,582</u>	<u>34,831,682</u>	<u>35,475,265</u>	<u>29,608,815</u>
	<u>\$ 691,552</u>	<u>\$ 34,848,822</u>	<u>\$ 35,540,374</u>	<u>\$ 29,702,540</u>

Commitments (Notes 12)



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

	2023			2022
	General Fund	Restricted Fund	Total	Total
Increase (decrease) in cash				
Operating activities				
(Deficiency) excess of revenue over expenses	\$ (106,026)	\$ 5,972,475	\$ 5,866,450	\$ 229,666
Items not involving cash				
Amortization of capital assets	7,077	22,079	29,156	15,479
Donation in kind	-	(5,500,000)	(5,500,000)	-
Loss (gain) on disposal of assets	-	682	682	-
	<u>(98,949)</u>	<u>495,236</u>	<u>396,288</u>	<u>245,145</u>
Changes in non-cash working capital (Note 5)	<u>(33,473)</u>	<u>(6,251)</u>	<u>(39,724)</u>	<u>85,188</u>
	<u>(132,422)</u>	<u>488,985</u>	<u>356,563</u>	<u>330,333</u>
Investing activities				
Proceeds from sale of capital assets	-	-	-	503
Purchase of capital assets	<u>(3,322)</u>	<u>(17,848)</u>	<u>(21,170)</u>	<u>(62,043)</u>
	<u>(3,322)</u>	<u>(17,848)</u>	<u>(21,170)</u>	<u>(61,540)</u>
Net transfers between funds	160,700	(160,700)	-	-
Net increase (decrease) in cash and cash equivalents	(135,744)	471,137	335,393	268,793
Cash and cash equivalents, beginning of year	<u>495,141</u>	<u>900,160</u>	<u>1,395,301</u>	<u>1,126,508</u>
Cash and cash equivalents, end of year	\$ <u>520,097</u>	\$ <u>1,210,597</u>	\$ <u>1,730,694</u>	\$ <u>1,395,301</u>

See accompanying notes to the consolidated financial statements.

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2023

1. 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.

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. These consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies.

(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 recognized as received.

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2023

2. Summary of significant accounting policies (continued)

(c) 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 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.

(d) 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.

(e) 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.

(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%

The Society also owns historic collections with a cost of \$995 (2022: \$995). No amortization is being provided for on such assets.

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2023

2. Summary of significant accounting policies (continued)

(g) 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.

(h) Contributed assets

Contributed capital assets are recognized at their fair value, which is supported by independent appraisal. During the current year, the Society received a contribution of land with an appraised value of \$5.5M.

(i) 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%.

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2023

2. Summary of significant accounting policies (continued)

(j) Financial instruments

A financial asset or liability is recognized when the Society becomes a party to contractual provisions of the instrument.

Initial measurement:

The Society's financial instruments are measured at fair value when issued or acquired except for certain non-arm's length transactions, if any, which are measured at the cost or fair value, depending on the nature of the transaction. The Society has no non-arm's length transactions recorded at fair value. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement:

The Society subsequently measures its financial assets and liabilities obtained in arm's length transactions at cost or amortized cost (less impairment in the case of financial assets). The Society uses the effective interest method to amortize any premiums, discounts, transaction fees and financing fees to the statement of revenues and expenditures. The carrying value of financial instruments approximates their fair value due to the short-term nature, unless otherwise noted.

For financial assets measured at cost or amortized cost, the Society regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Society determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of revenues and expenditures. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

(k) 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.

(l) 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, 2023

2. Summary of significant accounting policies (continued)

(m) Government assistance

The Society recognizes government grants when there is reasonable assurance that the grant will be received, and that the Society will comply with the conditions of the grant. Government grants receivable are recorded in general receivables on the Society's consolidated statement of financial position. The Society recognizes government grants as revenue in its consolidated statement of operations in the same period as the expenses for which the grant is intended to compensate.

3. Investments, at cost	2023	2022
Investment in Horse Lake Community Farm Co-operative	\$ 5,000	\$ 5,000
Charitable Remainder Trust investments	124,000	124,000
	\$ 129,000	\$ 129,000

4. Capital assets			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Restricted Fund				
Conservation lands	\$ 16,561,468	\$ -	\$ 16,561,468	\$ 11,643,852
Buildings	783,898	114,425	669,473	91,106
Furniture and equipment	9,224	5,524	3,700	4,625
Historic collections	995	-	995	995
	\$ 17,355,585	\$ 119,949	\$ 17,235,636	\$ 11,740,578
General Fund				
Furniture and equipment	\$ 36,628	\$ 21,409	\$ 15,219	\$ 16,297
Computer equipment	19,835	14,476	5,359	4,366
Vehicle	67,698	59,200	8,498	12,139
	\$ 124,162	\$ 95,086	\$ 29,076	\$ 32,802

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2023

5. Supplementary cash flow information

	<u>General</u>	<u>Restricted</u>	<u>2023</u>	<u>2022</u>
Changes in non-cash working capital				
Cash held in trust	\$ -	\$ (1,932)	\$ (1,932)	\$ 32,275
Receivables	(5,690)	961	(4,729)	50,699
Prepays	8,766	(13,213)	(4,447)	(3,392)
Payables and accruals	<u>(36,548)</u>	<u>7,932</u>	<u>(28,616)</u>	<u>5,606</u>
	\$ <u>(33,473)</u>	\$ <u>(6,251)</u>	\$ <u>(39,724)</u>	\$ <u>85,188</u>

6. 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 investments, such as GICs. 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.

7. Remuneration

Under the British Columbia Societies Act there is a requirement to disclose the remuneration paid to all directors, and certain employees and contractors who are paid at least \$75,000 annually.

During the year, the Society did not pay their directors, nor did it have any contractors paid in excess of \$75,000. The Society paid a total of \$155,104 to two employees whose remuneration, during the applicable period, was at least \$75,000.

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2023

8. Internally restricted funds and interfund transfers

The Society has internally restricted funds for the following purposes:

	<u>Opening</u>	<u>Additions</u>	<u>Expenses</u>	<u>Closing</u>
Legal defense fund	\$ 40,060	\$ -	\$ (10,729)	\$ 29,331
General operating reserve	400,000	-	(150,000)	250,000
	<u>\$ 440,060</u>	<u>\$ -</u>	<u>\$ (160,729)</u>	<u>\$ 279,331</u>

During the year the Society transferred the following amounts from (to) the general fund to (from) the restricted fund:

Interfund transfer consists of:

Transferred from Internally Restricted - Operating Reserve to General	\$ (150,000)
Legal defense fund	<u>(10,729)</u>
	\$ <u>(160,729)</u>

9. Related party transactions

During the year, the Society received contributions from members of the board of directors totalling \$28,846 (2022: \$1,425). Cash and donations in kind are valued at the fair market value of the items received on the date of the contribution.

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2023

10. Donations

During the year, the Society contributed funds to other agencies for Endowment purposes and other projects totalling \$342,861 (2022: \$783,226) as follows:

	<u>2023</u>	<u>2022</u>
25 Years of Conservation Endowment Fund	\$ 122,673	\$ -
The Coppin Family Endowment - Clearwater Corridor	22,250	-
Kindwood Endowment	4,403	5,710
Briony Penn Endowment Fund	2,550	-
Blenkinsop Valley Properties Fund	-	750,000
OursForever Endowment Fund	-	15,000
Clearwater Endowment	-	12,416
Ruffed Grouse Education Fund	-	100
	<u>151,876</u>	<u>783,226</u>
Total endowments		
Saltspring Creekside Project	103,510	-
Juan de Fuca Community Land Trust - West of Sooke River	86,475	-
Royal Roads War Heritage Society - Abkhazi Film Project	1,000	-
	<u>190,985</u>	<u>-</u>
Total other projects		
Total donations	<u>\$ 342,861</u>	<u>\$ 783,226</u>

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2023

11. Endowment Funds held by external parties

The Society is the beneficiary of several endowment funds held at the Victoria Foundation and the Vancouver Foundation. Donations made to these foundations are held in perpetuity and pooled with their other capital funds for investment purposes, within the investment guidelines, as approved by their directors. Annual operating grants are distributed to the Society based on the investment returns and are recognized in the restricted fund.

As at March 31, 2023, the funds held by the Victoria Foundation had a fair market value of approximately \$2,378,007 (2022: \$1,505,305). The Society also is the recipient of distributions from endowment funds held by the Vancouver foundation with a fair market value of \$199,244 (2022: \$206,684) and the Community Foundation of South Okanagan with a fair market value of \$32,787 (2022: \$27,734).

12. Commitments

The Society has committed to a lease agreement for their office space which extends to October, 2025. The following are the minimum annual payments under this agreement:

2024	\$	33,600
2025		33,600
2026		19,600
		<hr/>
		86,800
