

Consolidated Financial Statements

TLC The Land Conservancy of British Columbia

Eight-month period ended December 31, 2025

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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 December 31, 2025, and the consolidated statements of operations, changes in fund balances and cash flows for the period 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 December 31, 2025, and its results of operations and its cash flows for the period 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 periods ended December 31, 2025, and April 30, 2025, current assets as at December 31, 2025, and April 30, 2025, and net assets as at May 1, 2024 and April 30, 2025 and May 1 and December 31, 2025.

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.

Emphasis of matter – Change in fiscal year

We draw attention to Note 3 of the consolidated financial statements that describes the change in fiscal year end from April 30 to December 31. Our opinion is not modified in respect of this matter.

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
June 1, 2026

Doane Grant Thornton LLP

Chartered Professional Accountants

TLC The Land Conservancy of British Columbia
Consolidated Statement of Operations
Eight-month period ended December 31, 2025

	December 31, 2025 (Note 3) (8 months)			April 30, 2025 (12 months)
	General Fund	Restricted Fund	Total	Total
Revenue				
Donations	\$ 524,227	\$ 1,660,778	\$ 2,185,005	\$ 1,796,060
Grants	-	45,159	45,159	116,230
Memberships	82,629	300	82,929	113,880
Other income	201,017	59,993	261,010	414,618
Donations in-kind	12,008	15,153	27,161	128,995
Rental income	25,497	60,595	86,092	126,348
	<u>845,377</u>	<u>1,841,978</u>	<u>2,687,356</u>	<u>2,696,131</u>
Expenses				
Advertising	2,036	-	2,036	7,976
Amortization	4,729	31,659	36,388	53,150
Bank charges	8,756	3	8,758	7,194
Consulting	500	764	1,264	10,432
Donations (Note 10)	-	1,501,737	1,501,737	659,070
Event expenses	6,898	-	6,898	5,883
Insurance	18,448	5,911	24,359	34,848
Licenses, dues, and fees	6,072	-	6,072	5,171
Office supplies, printing, postage	13,365	-	13,365	29,448
Other expenses	24,317	9,846	34,163	65,616
Professional fees	205,674	276	205,950	255,512
Property taxes	16,105	19,067	35,172	52,080
Rent and utilities	44,555	4,894	49,449	66,720
Repairs and maintenance	17,849	7,448	25,297	34,669
Salaries, wages and benefits	396,981	69,330	466,311	625,139
Telephone	6,008	-	6,008	8,434
Travel	9,365	-	9,365	12,984
	<u>781,657</u>	<u>1,650,935</u>	<u>2,432,592</u>	<u>1,934,326</u>
Excess of revenue over expenses before the undernoted	63,720	191,043	254,764	761,805
Gain on disposal of property (Note 11)	298,558	-	298,558	-
Disbursements less GST (Note 11)	<u>(296,178)</u>	<u>-</u>	<u>(296,178)</u>	<u>-</u>
Excess of revenue over expenses	<u>\$ 66,101</u>	<u>\$ 191,043</u>	<u>\$ 257,145</u>	<u>\$ 761,805</u>

See accompanying notes to the consolidated financial statements.

TLC The Land Conservancy of British Columbia
Consolidated Statement of Changes in Fund Balances
Eight-month period ended December 31, 2025


	December 31, 2025 (Note 3) (8 months)			April 30, 2025 (12 months)
	<u>General Fund</u>	<u>Restricted Fund</u>	<u>Total</u>	<u>Total</u>
Fund balances, beginning of year	\$ 788,315	\$ 36,559,985	\$ 37,348,300	\$ 36,586,495
Excess of revenue over expenses	66,101	191,043	257,145	761,805
Interfund transfer (Note 9)	<u>(67,671)</u>	<u>67,671</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	\$ <u>786,745</u>	\$ <u>36,818,700</u>	\$ <u>37,605,445</u>	\$ <u>37,348,300</u>

See accompanying notes to the consolidated financial statements.

TLC The Land Conservancy of British Columbia
Consolidated Statement of Financial Position
Eight-month period ended December 31, 2025

	December 31, 2025 (Note 3)			April 30, 2025
	General Fund	Restricted Fund	Total	Total
Assets				
Current				
Cash and cash equivalents	\$ 654,677	\$ 1,672,185	\$ 2,326,862	\$ 2,069,306
Short term investments (Note 4)		400,000	400,000	408,581
Cash held in trust	-	7,050	7,050	7,050
Receivables	13,468	-	13,468	45,890
Prepays	39,277	12,896	52,173	35,945
	<u>707,422</u>	<u>2,092,131</u>	<u>2,799,553</u>	<u>2,566,772</u>
Long term investments (Note 5)	129,000	-	129,000	129,000
Internally restricted investments (Note 6)	27,928	895,000	922,928	895,000
Conservation covenants	-	16,347,625	16,347,625	16,347,625
Capital assets (Note 7)	21,273	17,485,657	17,506,930	17,529,003
	<u>\$ 885,624</u>	<u>\$ 36,820,413</u>	<u>\$ 37,706,037</u>	<u>\$ 37,467,400</u>
Liabilities				
Current				
Payables and accruals (Note 8)	\$ 98,879	\$ 1,707	\$ 100,590	\$ 119,099
Fund Balances				
Invested in conservation covenants	-	16,347,625	16,347,625	16,347,625
Invested in capital assets	21,273	17,485,657	17,506,930	17,529,003
Internally restricted (Note 9)	-	1,881,898	1,881,898	1,818,367
Externally restricted	-	1,103,520	1,103,520	890,993
Unrestricted	765,472	-	765,472	762,312
	<u>786,745</u>	<u>36,818,700</u>	<u>37,605,445</u>	<u>37,348,300</u>
	<u>\$ 885,624</u>	<u>\$ 36,820,413</u>	<u>\$ 37,706,037</u>	<u>\$ 37,467,400</u>

Commitments (Note 17)


Director

Director

See accompanying notes to the consolidated financial statements.

TLC The Land Conservancy of British Columbia
Consolidated Statement of Cash Flows
Eight-month period ended December 31, 2025

			December 31, 2025 (Note 3) (8 months)	April 30, 2025 (12 months)
	General Fund	Restricted Fund	Total	Total
Increase (decrease) in cash				
Operating activities				
Excess of revenue over expenses	\$ 63,720	\$ 191,043	\$ 254,764	\$ 761,805
Items not involving cash				
Amortization of capital assets	4,729	31,659	36,388	53,150
Gain on disposal of assets	-	-	-	(2,867)
	<u>68,449</u>	<u>222,702</u>	<u>291,152</u>	<u>812,088</u>
Changes in non-cash working capital (Note 12)	<u>18,292</u>	<u>(18,225)</u>	<u>67</u>	<u>(40,550)</u>
	<u>86,741</u>	<u>204,477</u>	<u>291,219</u>	<u>771,538</u>
Investing activities				
Decrease (increase) in short term investments	-	8,581	8,581	2,157
(Increase) decrease in long term investments	(27,928)	-	(27,928)	250,000
Purchase of capital assets	-	(14,315)	(14,315)	(186,839)
	<u>(67,671)</u>	<u>67,671</u>	<u>-</u>	<u>-</u>
Net transfers between funds	(67,671)	67,671	-	-
Net increase (decrease) in cash and cash equivalents	(8,858)	266,414	257,556	836,856
Cash and cash equivalents, beginning of year	<u>663,535</u>	<u>1,405,771</u>	<u>2,069,306</u>	<u>1,232,450</u>
Cash and cash equivalents, end of year	\$ <u>654,677</u>	\$ <u>1,672,185</u>	\$ <u>2,326,862</u>	\$ <u>2,069,306</u>

See accompanying notes to the consolidated financial statements.

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

Eight-month period ended December 31, 2025

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

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.

Fund Accounting

The Society uses the restricted fund method of accounting for contributions and maintains two funds – General Fund and Restricted Fund.

(i) General Fund – Accounts for the Society's administrative and operational activities and includes donations received for which there are no donor-imposed restrictions.

(ii) Restricted Fund – Accounts for contributions subject to externally imposed restrictions on use. This fund also includes contributions received for the acquisition and conservation of certain capital assets and the Society's net investment in such capital assets.

Endowment funds, which do not constitute a separate fund, represent contributed resources restricted for endowment purposes either externally by the contributor or internally by the Board. Investment income earned on these funds is internally restricted for reinvestment, unless otherwise determined by the Board.

Revenue recognition

Restricted contributions with a corresponding restricted fund are recognized as revenue of the appropriate restricted fund in the period received. Restricted contributions for which no corresponding restricted fund is presented are recorded in the General Fund and recognized as revenue in the period the related expenses are incurred.

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

Eight-month period ended December 31, 2025

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Unrestricted donations are recognized as revenue in the General Fund in the period received or receivable if collection can be reasonably assured.

Grant revenue is recognized over the period that the service is performed, as specified by the grantor. If not specified in a grant agreement, the funds are recorded as revenue in the period received or receivable if collection is reasonably assured.

Membership revenue is recognized as received.

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, deposits held on call with banks, and other short-term highly liquid investments which are readily convertible to known amounts of cash. The Society considers securities with original maturities of three months or less to be readily convertible to known amounts of cash.

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.

Capital assets

Capital assets are initially measured at cost and subsequently measured at cost less accumulated amortization. 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 (April 30, 2025: \$995). No amortization is being provided for on such assets.

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

Eight-month period ended December 31, 2025

2. Summary of significant accounting policies (continued)

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.

Contributed assets

Contributed capital assets are recognized at their fair value, which is supported by independent appraisal. During the current period, the Society received no such contributions.

Contributions

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Society's operations and would otherwise have been purchased.

Endowment contributions

The Society receives endowment contributions which are specified for transfer for holding purposes to the Victoria Foundation and Vancouver Foundation. Receipts are shown as revenues of the Restricted Fund and the corresponding transfer is shown in expenses under transfers to other agencies, also from the Restricted Fund. These funds are held by the Foundation and the Society is entitled to receive an annual distribution from income earned on the endowed funds.

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

Eight-month period ended December 31, 2025

2. Summary of significant accounting policies (continued)

Financial instruments

The Society considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Society accounts for the following as financial instruments:

- Cash and cash equivalents
- Short term investments
- Cash held in trust
- Receivables
- Investments
- Internally restricted investments
- Payables and accruals

Financial instruments in arm's length transactions

Initial measurement

The Society initially measures financial assets and financial liabilities originating, acquired, issued or assumed in arm's length transactions at fair value.

Subsequent measurement

The Association subsequently measures all its financial assets and financial liabilities at cost or amortized cost less any reduction for impairment.

Derecognition

The Association removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Impairment

Financial assets measured at cost or amortized cost are tested for impairment when indicators of impairment exist at the end of the reporting period. Previously recognized impairment losses are reversed to the extent of the improvement provided the financial asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

Impairment of long-lived assets

The Society tests long-lived assets for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

Eight-month period ended December 31, 2025

2. Summary of significant accounting policies (continued)

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.

Accounting estimates

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revisions. Many items in the preparation of these financial statements require management's best estimate based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to net income as appropriate in the period they become known.

Key areas where management has made complex or subjective judgments (often as a result of matters that are inherently uncertain) include, among others, the recoverability of accounts receivable, useful life of tangible capital assets and the useful lives of property and equipment, and the balance of accrued liabilities.

3. Change in Fiscal Year End

The Society changed their fiscal year end to December 31, 2025, to better align the fiscal year with their program cycles and financial reporting. This change in fiscal year ended was approved by the CRA on April 7, 2025. Information included in the consolidated financial statements reflects the first complete fiscal year period consisting of eight months ending December 31, 2025, as compared to the twelve-month period ending April 30, 2025. As a result, the two periods are not entirely comparable.

4. Short term investments

As at December 31, 2025, \$400,000 (April 30, 2025: \$408,581) was invested in GICs bearing interest at a rate of 2.05% (April 30, 2025: 3.25%–3.75%) and maturing in March and April 2026 (April 30, 2025: May and June 2025).

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

Eight-month period ended December 31, 2025

5. Investments

	December 31, 2025 (Note 3)	April 30, 2025
Investment in Horse Lake Community Farm Co-operative	\$ 5,000	\$ 5,000
Charitable Remainder Trust investments	124,000	124,000
	\$ 129,000	\$ 129,000

6. Internally restricted investments

As at December 31, 2025, investments of \$922,928 (April 30, 2025: \$895,000) were restricted by the Board. These amounts are invested in GICs bearing interest at rates ranging from 2.95% to 3.00% (April 30, 2025: 4.60% to 5.00%) and mature between August and September 2026 (April 30, 2025: July to September 2025).

7. Capital assets

	Cost	Accumulated amortization	December 31, 2025 (Note 3)	April 30, 2025
			Net book value	Net book value
Restricted Fund				
Conservation lands	\$ 16,633,715	\$ -	\$ 16,633,715	\$ 16,633,715
Buildings	1,057,573	223,351	834,222	854,758
Furniture and equipment	43,182	26,457	16,725	13,532
Historic collections	995	-	995	995
	\$ 17,735,465	\$ 249,808	\$ 17,485,657	\$ 17,503,000
General Fund				
Furniture and equipment	\$ 20,287	\$ 14,191	\$ 6,096	\$ 7,026
Computer equipment	27,384	15,537	11,846	14,813
Vehicle	67,698	64,367	3,331	4,164
	\$ 115,369	\$ 94,095	\$ 21,273	\$ 26,003

8. Payables and accruals

Included in the payables and accruals is a payable of \$11,077 (April 30, 2025: \$12,992) for payroll liabilities to government entities.

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

Eight-month period ended December 31, 2025

9. Internally restricted funds and interfund transfers

The Society has internally restricted funds for the following purposes:

	Opening	Additions	Transfers	Closing
Legal defense fund	\$ 7,050	\$ -	\$ -	\$ 7,050
General operating reserve	520,000	50,000	-	570,000
Property acquisitions or covenants	516,317	7,427	6,105	529,848
Covenant protection and management reserve	775,000	-	-	775,000
	\$ 1,818,367	\$ 57,427	\$ 6,105	\$ 1,881,898

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

Transferred from general fund to property acquisitions reserve	\$ (13,532)
Transferred from general fund to operating reserve	(50,000)
Transfer from general to restricted fund to cover capital asset purchases	(14,315)
Transfer from restricted fund to general to cover expenditures	10,176
	\$ (67,671)

Internally restricted funds consist of funds set aside for a specified purpose by the board of directors and management.

The Society classifies externally restricted funds as those with a clear restriction in the 'ask' or the 'gift'. The Society classifies "externally" Restricted funds into one of the following categories:

- (i) Bequests with specific stipulations
 - (ii) Donations for Acquisitions
 - (iii) Grants
 - (iv) Fundraising activities with specific purpose as described in the 'ask'
-

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

Eight-month period ended December 31, 2025

10. Donations

During the period, the Society contributed funds to other agencies for Endowment purposes and other projects totalling \$1,501,737 (April 30, 2025: \$659,070) as follows:

	December 31, 2025 (Note 3) (8 months)	April 30, 2025 (12 months)
Vancouver Foundation	\$ 1,400,000	\$ 600,000
Victoria Foundation	19,814	-
25 Years of Conservation Endowment Fund	-	1,631
The Coppin Family Endowment - Clearwater Corridor	-	900
Briony Penn Endowment Fund	-	100
Knapp Island Covenant Fund	-	50,000
	1,419,814	652,631
Total endowments		
Kindwood Endowment	6,923	6,439
Salt Spring Island Foundation	75,000	-
	81,923	6,439
Total other projects		
Total donations	\$ 1,501,737	\$ 659,070

11. Abkhazi Garden density transaction

TLC successfully exited the Supreme Court of B.C. led Companies' Creditors Arrangement Act (CCAA) process with creditor support in 2017 with one further responsibility to unsecured creditors remaining: the transfer of funds if/when the densities zoned on Abkhazi Garden are sold. TLC committed that should an appropriate developer be found, and with City of Victoria approval, the townhouse densities zoned on the Garden would be transferred to another project, the Garden would be re-zoned, and TLC would receive income from the developer for the additional densities used on their project. Profits from the transfer would be paid to the remaining unsecured creditors pro rata.

In the spring of 2025, Abkhazi Garden was successfully rezoned by the City of Victoria. In July, the proceeds totaling \$298,558 were issued pro rata to former unsecured creditors. TLC was able to release 100% of funds raised.

TLC The Land Conservancy of British Columbia
Notes to the Consolidated Financial Statements
Eight-month period ended December 31, 2025

12. Supplementary cash flow information

	<u>General</u>	<u>Restricted</u>	December 31, 2025 (Note 3) (8 months)	April 30, 2025 (12 months)
Changes in non-cash working capital				
Cash held in trust	\$ -	\$ -	\$ -	\$ 2,416
Receivables	32,422	-	32,422	(37,124)
Prepays	(12,811)	(3,417)	(16,228)	(326)
Payables and accruals	<u>(1,319)</u>	<u>(14,808)</u>	<u>(16,127)</u>	<u>(5,516)</u>
	\$ 18,292	\$ (18,225)	\$ 67	\$ (40,550)

13. Financial Instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) 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 the obligation.

The Society is exposed to credit risk with respect to its cash and cash equivalents, and receivables. Credit risk related to cash and cash equivalents is mitigated as amounts are held with major Canadian financial institutions. Credit risk related to receivables is mitigated as the Society enters into credit agreements with credit worthy customers. There was no significant change in exposure from the prior period.

(b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk consists of two components:

(i) To the extent that the prevailing market interest rates differ from the interest rates on the Society's monetary assets and liabilities. The Society is exposed to interest price risk with respect to its short-term term deposits included in cash and cash equivalents.

(ii) To the extent that payments made or received on the Society's monetary assets and liabilities are affected by changes in prevailing market interest rates. The Society is not exposed to interest rate cash flow risk.

The Society is exposed to interest rate price risk on its short-term term deposits included in cash and cash equivalents. The term deposits are ordinary guaranteed investment certificates ("GIC") which are non-transferable which mitigates interest rate price risk. There was no significant change in exposure from the prior period.

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13. Financial instruments (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities.

The Society is exposed to this risk mainly in respect of its payables and accruals. Cash flow from operations provides a substantial portion of the Society's cash requirements. There was no significant change in exposure from the prior period.

14. 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 period, 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 \$nil (April 30, 2025: \$82,128) to zero employees (April 30, 2025: one) whose remuneration inclusive of benefits during the applicable period, was at least \$75,000.

15. Related party transactions

During the period, the Society received contributions from members of the board of directors totalling \$16,678 (April 30, 2025: \$16,675). Cash and donations in kind are valued at the fair market value of the items received on the date of the contribution.

16. 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 December 31, 2025, the funds held by the Victoria Foundation had a fair market value of approximately \$3,140,677 (March 31, 2025: \$2,883,292). The Society also is the recipient of distributions from endowment funds held by the Vancouver foundation with a fair market value of \$1,650,969 (March 31, 2025: \$1,009,853) and the Community Foundation of South Okanagan with a fair market value of \$36,623 (March 31, 2025: \$35,604).

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17. Commitments

The Society's 's total future minimum lease payments under operating lease commitments over the next five years are as follows:

2026	38,400
2027	38,400
2028	38,400
2029	38,400
2030	32,000
	<u>185,600</u>
	\$ 185,600

18. Comparative figures

Comparative figures have been adjusted to conform to changes in the current period presentation.
