

GALIANO CONSERVANCY ASSOCIATION
Financial Statements
Year Ended December 31, 2018

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Year Ended December 31, 2018

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CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Galiano Conservancy Association

We have reviewed the accompanying financial statements of Galiano Conservancy Association that comprise the statement of financial position as at December 31, 2018 and the statements of revenues and expenditures and changes in net assets 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of Galiano Conservancy Association as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with the Canadian accounting standards for not-for-profit organizations.

Paterson Henn CPA

Sidney, British Columbia

June 1, 2019

Chartered Professional Accountants

GALIANO CONSERVANCY ASSOCIATION
Statement of Financial Position
December 31, 2018

	General Fund	Endowment Fund	Land Fund	Building Fund	2018	2017
ASSETS						
CURRENT						
Cash	\$ 423,236	\$ -	\$ 13,669	\$ -	\$ 436,905	\$ 174,166
Term deposits and marketable securities	293	21,559	712,546	-	734,398	372,030
Accounts receivable	19,039	-	-	-	19,039	4,049
	442,568	21,559	726,215	-	1,190,342	550,245
TANGIBLE CAPITAL ASSETS (Net of accumulated amortization) (Note 3)						
	15,756	-	2,516,786	357,852	2,890,394	3,828,839
	\$ 458,324	\$ 21,559	\$ 3,243,001	\$ 357,852	\$ 4,080,736	\$ 4,379,084
LIABILITIES AND NET ASSETS						
CURRENT						
Accounts payable and accrued liabilities	\$ 2,420	\$ -	\$ -	\$ -	\$ 2,420	\$ 2,648
Deferred revenue (Note 6)	194,609	-	391,587	231,338	817,534	800,809
	197,029	-	391,587	231,338	819,954	803,457
PROMISSORY NOTES (Note 5)						
DEMAND LOAN (Note 4)						
	-	-	1,000	-	1,000	270,995
	-	-	361,295	-	361,295	361,295
	197,029	-	753,882	231,338	1,182,249	1,435,747
	261,295	21,559	2,489,119	126,514	2,898,487	2,943,337
NET ASSETS						
	\$ 458,324	\$ 21,559	\$ 3,243,001	\$ 357,852	\$ 4,080,736	\$ 4,379,084

GALIANO CONSERVANCY ASSOCIATION
Statement of Revenues and Expenditures and Changes in Net Assets
Year Ended December 31, 2018

	General Fund	Endowment Fund	Land Fund	Building Fund	2018	2017
REVENUES						
Contracts	\$ 2,100	\$ -	\$ -	\$ -	\$ 2,100	\$ 2,460
Corporate grants	15,874	-	-	-	15,874	3,046
Donations	109,466	-	-	-	109,466	1,363,439
Federal and provincial grants	92,663	-	-	-	92,663	154,068
Foundation grants	105,468	-	-	-	105,468	198,230
Interest income	9,577	908	1,646	-	12,131	12,732
Memberships	3,500	-	-	-	3,500	1,040
Program fees	38,353	-	-	-	38,353	28,314
Public service	18,264	-	-	-	18,264	19,523
Regional grants	54,287	-	-	-	54,287	5,713
Rental income	10,106	-	-	-	10,106	4,911
Sales	9,834	-	-	-	9,834	7,650
Wage subsidies	34,700	-	-	-	34,700	24,229
	504,192	908	1,646	-	506,746	1,825,355
EXPENDITURES						
Accounting and legal fees	15,960	-	-	-	15,960	27,468
Advertising and promotion	1,387	-	-	-	1,387	3,813
Amortization	3,833	-	-	6,200	10,033	4,443
Bus operating expenses	15,510	-	-	-	15,510	7,397
Conferences and education	2,716	-	-	-	2,716	1,318
Contracts and consultants	67,243	-	-	-	67,243	116,243
Honorariums	9,187	-	-	-	9,187	24,795
Insurance, licences and fees	13,679	-	-	-	13,679	9,061
Interest and bank charges	871	-	-	-	871	517
Interest on bank term loan	-	-	16,511	-	16,511	14,975
Materials and supplies	18,894	-	-	-	18,894	31,209
Office supplies and sundry	15,366	-	-	-	15,366	11,772
Property taxes	-	-	-	-	-	1,684
Rent and property tax	12,915	-	-	-	12,915	11,120
Repairs and maintenance	175	-	-	-	175	214
Salaries and wages	286,250	-	-	-	286,250	276,273
Telephone and utilities	5,693	-	-	-	5,693	5,172
	469,679	-	16,511	6,200	492,390	547,474

GALIANO CONSERVANCY ASSOCIATION
Statement of Revenues and Expenditures and Changes in Net Assets (continued)
Year Ended December 31, 2018

	General Fund	Endowment Fund	Land Fund	Building Fund	2018	2017
OTHER INCOME (EXPENSES)						
Loss on sale of property	-	-	(59,206)	-	(59,206)	-
NET EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	34,513	908	(74,071)	(6,200)	(44,850)	1,277,881
NET ASSETS - BEGINNING OF YEAR	13,933	20,487	2,720,507	188,410	2,943,337	1,665,456
INTERFUND TRANSFERS	13,933	20,487	2,720,507	188,410	2,898,487	2,943,337
	212,849	164	(157,317)	(55,696)	-	-
NET ASSETS - END OF YEAR	\$ 261,295	\$ 21,559	\$ 2,489,119	\$ 126,514	\$ 2,898,487	\$ 2,943,337

GALIANO CONSERVANCY ASSOCIATION

Statement of Cash Flows

Year Ended December 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess (deficiency) of revenues	\$ (44,850)	\$ 1,277,881
Items not affecting cash:		
Amortization of tangible capital assets	10,033	4,443
Loss on sale of property	59,206	-
	24,389	1,282,324
Changes in non-cash working capital:		
Accounts receivable	(14,990)	7,570
Accounts payable and accrued liabilities	(228)	(4,553)
Deferred revenue	16,724	(68,236)
Goods and services tax payable	-	910
	1,506	(64,309)
Cash flow from operating activities	25,895	1,218,015
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(176,913)	(1,117,965)
Proceeds on sale of property	1,046,119	-
Cash flow from (used by) investing activities	869,206	(1,117,965)
FINANCING ACTIVITIES		
Repayment of demand loan	-	(108,705)
Repayment of promissory notes	(269,995)	(55,168)
Cash flow used by financing activities	(269,995)	(163,873)
INCREASE (DECREASE) IN CASH FLOW	625,106	(63,823)
Cash - beginning of year	546,197	610,020
CASH - END OF YEAR	1,171,303	546,197
CASH CONSISTS OF:		
Cash	\$ 436,905	\$ 174,167
Term deposits and marketable securities	734,398	372,030
	\$ 1,171,303	\$ 546,197

GALIANO CONSERVANCY ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2018

1. PURPOSE OF THE ORGANIZATION

Galiano Conservancy Association (the "Association") is a not-for-profit organization organized to assist the community to conserve natural environments by preserving habitats and promoting stewardship. The Association is incorporated under the Society of British Columbia. As a registered charity the organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Fund accounting

Galiano Conservancy Association follows the restricted fund method of accounting for contributions.

The General Fund accounts for the organization's programs, land management and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Endowment Fund reports resources contributed for endowment and interest earned on related deposits. The marketable securities held within the fund are maintained by the Vancouver Foundation and are externally restricted.

The Land Fund accounts for the organization's acquisition and conservation of local land areas. GICs totaling \$712,546 are held in the Land Fund and \$351,020 of this amount is externally restricted by the mortgage and land holding agreement held by the Nature Conservancy of Canada which is registered on the title of Millard Learning Centre. \$361,296 is internally restricted for the purposes of paying off the VanCity Loan which was fully repaid April 4, 2019.

The Building Fund accounts for buildings located on the Learning Centre land, which is used by the organization for group activities including teaching and training.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

The Association currently holds term deposits which are considered to be cash equivalents and mutual funds which are reported at their fair market value based on the broker statements.

(continues)

GALIANO CONSERVANCY ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tangible Capital assets

Tangible Capital assets are stated at cost or deemed cost less accumulated amortization. Tangible Capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates and methods, except in year of acquisition when one-half amortization is recorded:

Land		non-depreciable
Buildings	4%	
Computer equipment	30%	
Equipment	20%	
Motor vehicles	30%	

Equipment and library purchases are charged as an expense in the period acquired. Capital assets not yet complete and not placed into use are not amortized. See Note 8 for further information and descriptions on the properties held and Note 8 for information on the Learning Centre Building..

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services are not reflected in these financial statements unless an independent fair value has been determined or the goods or services would otherwise have been purchased.

Revenue recognition

Galiano Conservancy Association follows the restricted fund method of accounting for contributions.

Restricted contributions are primarily recognized in the General Fund in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recognized as revenue in the Endowment Fund.

Membership fees are recognized as revenue of the General Fund when collected.

In-kind contributions are recognized as revenue in the related fund if the fair market value has been determined by an independent source. For land donations a market appraisal is used for the fair value and for goods or services this market value is the retail cost of the supplies or services, if determinable otherwise the donation is not recorded.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

GALIANO CONSERVANCY ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2018

3. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Learning Centre Land	\$ 1,335,705	\$ -	\$ 1,335,705	\$ 1,335,705
14475 Porlier Pass Road	-	-	-	1,105,325
Finlay Lake (District Lot 5)	274,810	-	274,810	274,810
Lot 1, District Lot 58 Covenant	200,836	-	200,836	200,836
Great Beaver Swamp	185,000	-	185,000	185,000
Laughlin Lake	148,900	-	148,900	148,900
District Lot 63	125,204	-	125,204	125,204
Mt. Sutil	21,332	-	21,332	21,332
Retreat Island	225,000	-	225,000	225,000
Land held in trust (Note 9)	2,516,787	-	2,516,787	3,622,112
Buildings	364,052	6,200	357,852	188,410
Computer equipment	9,294	7,367	1,927	2,752
Equipment	27,387	15,383	12,004	13,314
Motor vehicles	14,093	12,269	1,824	2,251
	\$ 2,931,613	\$ 41,219	\$ 2,890,394	\$ 3,828,839

For land assets, "Cost" includes any Galiano Conservancy Association contributions - it does not include contributions from other organizations or agencies that retain a legal interest in the land.

4. DEMAND LOAN

	2018	2017
VanCity loan bearing interest at 4.2% per annum, with all amounts outstanding under the Credit Facility repayable on demand. Until demand is made, interest on the Credit Facility shall be due and payable on the last day of each month. The Credit Facility will be open for prepayment in full or in part at any time, without notice, penalty or bonus. The loan is secured by personal guarantees. The total amount of \$361,295 was fully repaid April 4, 2019.	\$ 361,295	\$ 361,295

5. PROMISSORY NOTES

The promissory notes are loans that are secured by a general security agreement and bear no interest and have no set repayment terms. During the year \$269,995 was repaid (2017 - \$40,022).

6. DEFERRED REVENUE

Deferred revenue is comprised of revenue received for specific projects for which the expenditures have not yet been incurred. These projects have either not been started or are not yet complete.

GALIANO CONSERVANCY ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2018

7. PRIOR PERIOD ADJUSTMENT

During the prior year a significant donation of property was donated and recorded as revenue in the Land Fund. This property was sold in 2018. It was determined that deferred revenue of \$622,373 should have been recorded in the prior year to reflect the the revenue that was not yet spent.

Management determined it was not practicable to reissue prior year financial statements due to the timing of this review and has decreased the prior year closing net asset balance and increased the prior year deferred revenue by \$622,373.

GALIANO CONSERVANCY ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2018

8. LAND HELD IN TRUST

Millard Learning Centre Land - 10825 Porlier Pass Road

The Learning Centre land is 188 acres. It has a varied landscape, including 2 km of waterfront, agriculture land and intact old growth forest. It provides an excellent site for the future infrastructure for the Centre. The purchase price in 2012 was \$3,025,000. The recorded book value of the land was reduced by the net grant received from the Nature Conservancy of Canada in the amount of \$1,689,295 for a net book value of \$1,335,705. A stewardship endowment in the amount of \$351,250 has been established. The 2018 BC Assessment value is \$3,238,000.

Finlay Lake (District Lot 5) - Ellis Road

During the year an in-kind donation of District Lot 5, located off Ellis Road on Galiano Island, BC. This property is a vacant rural treed acreage with most of Finlay Lake in the middle of the property. The 2018 BC Assessment value is \$140,000.

Great Beaver Swamp - Melissa Road

The Great Beaver Swamp is a large wetland adjoining the Pebble Beach Reserve. The 45 acre parcel was purchased in 2003 for \$185,000. There has been a boundary adjustment so that the present parcel includes all of the wetland. The 2018 BC Assessment value is \$314,000.

Laughlin Lake - Vineyard Way

Laughlin Lake is the largest lake on Galiano and proves a connecting link between Bodega Ridge Provincial Park and the Pebble Beach Reserve. The 27 acre property was purchased from a court ordered sale of \$148,000 in 2000. The 2018 BC Assessment value is \$183,000.

District Lot 58

In 2013 a conservation covenant attached to District Lot 58 was acquired for \$190,000 plus legal fees of \$10,836 for a total cost of \$200,836.

Pebble Beach - District Lot 63

District Lot 63 provides a connecting link between two Crown Land parcels to make up the Pebble Beach Reserve, an area used for recreation by islanders and visitors alike. The 154 acre parcel of land was purchased in 1998 in a partnership between Galiano Conservancy, the Nature Conservancy of Canada and the Pacific Marine Heritage Legacy (federal/provincial partnership) for \$430,000. The title is held by Galiano Conservancy. The 2018 BC Assessment value is \$526,000.

Mt. Sutil - Steward Drive

Mt. Sutil is the site of an important Garry Oak ecosystem. The 42 acre summit was purchased in 1990 by Galiano Conservancy and the Nature Conservancy of Canada for \$42,000. This parcel has limited legal access. In 2002 the title was placed in Galiano Conservancy's name only. The 2018 BC Assessment value is \$360,000.

Retreat Island

Retreat Island is a 7 acre island located off Galiano in the Trincomali Channel. As part of an estate planning process, the owners placed conservation covenants on approximately one half of the Island and then in 1999 donated that land to Galiano Conservancy Association. The 2018 BC Assessment value is \$121,000.