

GALIANO CONSERVANCY ASSOCIATION
Financial Statements
Year Ended December 31, 2021

GALIANO CONSERVANCY ASSOCIATION
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Year Ended December 31, 2021

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PATERSON HENN CPA
CHARTERED PROFESSIONAL ACCOUNTANTS

Caroline M. Paterson, CPA, CGA*

Sheila C. Henn, CPA, CA*

* denotes Incorporated Professionals

2440 Bevan Avenue

Sidney, BC V8L 5C5

P: **250-656-7284 (PATH)**

F: **250-656-7288**

admin@patersonhenn.com

www.patersonhenn.com

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Galiano Conservancy Association

We have reviewed the accompanying financial statements of Galiano Conservancy Association (the Organization) that comprise the statement of financial position as at December 31, 2021, 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 (ASNPO), 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 the financial statements do not present fairly, in all material respects, the financial position of Galiano Conservancy Association as at December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

Sidney, British Columbia
June 10, 2022

Paterson Henn CPA

Chartered Professional Accountants

GALIANO CONSERVANCY ASSOCIATION

Statement of Financial Position

December 31, 2021

	General Fund	Endowment Fund	Land Fund	Building Fund	2021	2020
ASSETS						
CURRENT						
Cash	\$ 393,594	\$ 294,750	\$ 61,848	\$ -	\$ 750,192	\$ 168,106
Cash - contingency reserve	111,030	-	-	-	111,030	90,848
Term deposits and marketable securities	126	360,475	120,144	-	480,745	376,848
Accounts receivable (Note 4)	46,368	-	132,000	-	178,368	185,300
Goods and services tax recoverable	1,253	-	49,125	-	50,378	-
	552,371	655,225	363,117	-	1,570,713	821,102
TANGIBLE CAPITAL ASSETS (Net of accumulated amortization) (Note 3)	20,959	-	2,516,786	621,690	3,159,435	3,184,146
	\$ 573,330	\$ 655,225	\$ 2,879,903	\$ 621,690	\$ 4,730,148	\$ 4,005,248
LIABILITIES AND NET ASSETS						
CURRENT						
Accounts payable and accrued liabilities	\$ 8,856	\$ -	\$ -	\$ -	\$ 8,856	\$ 5,004
Payable to other charity (Note 4)	-	294,750	179,125	-	473,875	-
Deferred revenue (Note 7)	478,102	-	-	-	478,102	349,883
	486,958	294,750	179,125	-	960,833	354,887
CEBA LOAN (Note 5)	40,000	-	-	-	40,000	30,000
PROMISSORY NOTES (Note 6)	-	-	1,000	-	1,000	1,000
	526,958	294,750	180,125	-	1,001,833	385,887
NET ASSETS	46,372	360,475	2,699,778	621,690	3,728,315	3,619,361
	\$ 573,330	\$ 655,225	\$ 2,879,903	\$ 621,690	\$ 4,730,148	\$ 4,005,248

ON BEHALF OF THE BOARD

_____ Director _____ Director

See notes to financial statements

GALIANO CONSERVANCY ASSOCIATION
Statement of Revenues and Expenditures and Changes in Net Assets
Year Ended December 31, 2021

	General Fund	Endowment Fund	Land Fund	Building Fund	2021	2020
REVENUES						
Contracts	\$ 11,759	\$ -	\$ -	\$ -	\$ 11,759	\$ 5,075
Corporate grants	13,447	-	-	-	13,447	2,467
Donations	66,594	-	176,935	-	243,529	102,466
Federal and provincial grants	203,781	-	-	-	203,781	193,211
Foundation grants	132,436	-	-	-	132,436	145,236
Miscellaneous Revenue	405	-	-	-	405	-
Interest income	2,747	4,836	140	-	7,723	5,626
Memberships	3,550	-	-	-	3,550	2,450
Program fees	24,087	-	-	-	24,087	11,023
Regional grants	5,295	-	-	-	5,295	7,388
Rental income	2,711	-	-	-	2,711	5,724
Sales	36,189	-	-	-	36,189	8,348
Wage subsidies	122,657	-	-	-	122,657	60,678
	625,658	4,836	177,075	-	807,569	549,692
EXPENSES						
Accounting and legal fees	16,848	-	-	-	16,848	17,329
Advertising and promotion	3,944	-	-	-	3,944	1,641
Amortization	3,478	-	-	23,651	27,129	31,196
Conferences and education (recovery)	-	-	-	-	-	(525)
Contracts and consultants	100,843	-	-	-	100,843	92,655
Honorariums	15,905	-	-	-	15,905	12,400
Insurance, licences and fees	13,074	-	-	-	13,074	12,760
Interest and bank charges	2,104	-	-	-	2,104	1,257
Materials and supplies	48,932	-	-	-	48,932	29,128
Office supplies and sundry	9,408	-	-	-	9,408	12,129
Rent and property tax (recovery)	(1,076)	-	-	-	(1,076)	-
Repairs and maintenance	3,013	-	-	-	3,013	1,715
Salaries and wages	424,173	-	-	-	424,173	357,736
Telephone and utilities	3,072	-	-	-	3,072	2,668
Transportation costs	8,710	-	-	-	8,710	4,563
	652,428	-	-	23,651	676,079	576,652

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See notes to financial statements

GALIANO CONSERVANCY ASSOCIATION
Statement of Revenues and Expenditures and Changes in Net Assets *(continued)*
Year Ended December 31, 2021

	General Fund	Endowment Fund	Land Fund	Building Fund	2021	2020
OTHER INCOME	-	-	-	-	-	8,723
NET EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(26,770)	4,836	177,075	(23,651)	131,490	(18,237)
NET ASSETS - BEGINNING OF YEAR	(9,335)	376,722	2,606,634	645,340	3,619,361	3,637,598
	(36,105)	381,558	2,783,709	621,689	3,750,851	3,619,361
REMOVAL OF VANCOUVER FOUNDATION ENDOWMENT	-	(22,538)	-	-	(22,538)	-
INTERFUND TRANSFERS	82,477	1,455	(83,931)	1	2	-
NET ASSETS - END OF YEAR	\$ 46,372	\$ 360,475	\$ 2,699,778	\$ 621,690	\$ 3,728,315	\$ 3,619,361

See notes to financial statements

GALIANO CONSERVANCY ASSOCIATION**Statement of Cash Flows****Year Ended December 31, 2021**

	2021	2020
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 131,490	\$ (18,237)
Item not affecting cash:		
Amortization of tangible capital assets	27,130	31,196
	<u>158,620</u>	<u>12,959</u>
Changes in non-cash working capital:		
Accounts receivable	6,932	(165,551)
Accounts payable and accrued liabilities	3,852	2,594
Deferred revenue	128,219	136,002
Goods and services tax payable	(50,378)	-
Payable to other charity	473,875	-
	<u>562,500</u>	<u>(26,955)</u>
Cash flow from (used by) operating activities	<u>721,120</u>	<u>(13,996)</u>
INVESTING ACTIVITY		
Purchase of tangible capital assets	(2,415)	-
Cash flow from (used by) investing activity	<u>(2,415)</u>	<u>-</u>
FINANCING ACTIVITIES		
Removal of Vancouver Foundation endowment	(22,538)	-
Proceeds from long term financing	20,000	40,000
Repayment of long term debt	(10,000)	(10,000)
Cash flow from (used by) financing activities	<u>(12,538)</u>	<u>30,000</u>
INCREASE IN CASH FLOW	706,167	16,004
Cash - beginning of year	<u>635,802</u>	<u>619,797</u>
CASH - END OF YEAR	\$ 1,341,969	\$ 635,801
CASH CONSISTS OF:		
Cash	\$ 750,193	\$ 168,106
Term deposits and marketable securities	480,746	376,848
Cash - contingency reserve	111,030	90,848
	<u>\$ 1,341,969</u>	<u>\$ 635,802</u>

See notes to financial statements

GALIANO CONSERVANCY ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2021

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 Land Management Endowment 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. In addition, existing marketable securities of \$22,538 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.

The Building Fund accounts for buildings located on the Learning Centre land, which are used by the organization for operations, public demonstration and to facilitate 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.

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GALIANO CONSERVANCY ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2021

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 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, 2021

3. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Millard Learning Centre	\$ 1,335,705	\$ -	\$ 1,335,705	\$ 1,335,705
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 8)	2,516,787	-	2,516,787	2,516,787
Buildings	691,069	69,379	621,690	645,341
Computer equipment	9,294	8,633	661	944
Equipment	44,773	25,645	19,128	19,758
Motor vehicles	14,093	12,923	1,170	1,317
	\$ 3,276,016	\$ 116,580	\$ 3,159,436	\$ 3,184,147

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. PURCHASE AND DONATION OF PROPERTY

During the current year the organization purchased land located on Galiano Island, known as District Lot 64. The purchase price, including GST and property taxes, was \$2,064,872. The Nature Conservancy of Canada provided a grant of \$880,000 and the Nature Trust of BC raised funds and provided loans totaling \$1,084,872 to aid in the purchase of this property. The balance of \$473,875 is owing to the Nature Trust of BC at December 31, 2021 for amounts paid on Galiano Conservancy Association's behalf relating to the purchase.

Donations of \$230,000 were received from private donors to directly facilitate the property purchase. These donations are not included in the organization's revenue donation amounts, as the property they helped purchase was donated to the Nature Trust of BC in March 2022.

	2021
<u>Description of purchase transactions</u>	
Purchase of Cable Bay (DL64) property	\$ 2,064,872
Recoverable portion of GST (receivable)	(49,125)
Foundation Grant for property purchase	(748,000)
Foundation Grant for property purchase (receivable)	(132,000)
Nature Trust of BC share of land purchase	(905,747)
Nature Trust of BC loan to cover pledged donation	(130,000)
Nature Trust of BC loan to cover 50% of GST	(49,125)
Donations received for property purchase	(230,000)
Endowment of property to transfer with title	<u>(294,750)</u>
Payable to the Nature Trust of BC	<u>\$ (473,875)</u>

GALIANO CONSERVANCY ASSOCIATION
Notes to Financial Statements
Year Ended December 31, 2021

5. CEBA LOAN

2021

2020

Payable to VanCity Bank, non interest bearing. Proceeds were \$60,000 and \$20,000 is forgivable as long as \$40,000 is paid in full by December 31, 2023. \$10,000 of the forgivable portion was brought into income in 2020 and the remaining \$10,000 in the current year.

\$ 40,000 \$ 30,000

6. 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.

7. 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, 2021

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 is the location of the Galiano Conservancy's office, educational infrastructure and sustainability demonstration sites. 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 2022 BC Assessment value is \$5,893,100.

Finlay Lake (District Lot 5) - Ellis Road

District Lot 5, located off Ellis Road, is a vacant rural treed acreage with most of Finlay Lake in the middle of the property. The 16.6 acre parcel has been protected by conservation covenant since 2001, and was donated to Galiano Conservancy Association in 2014. The 2022 BC Assessment value is \$319,000.

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 2022 BC Assessment value is \$716,000.

Laughlin Lake - Vineyard Way

Laughlin Lake is the largest lake on Galiano and provides a connecting link between Bodega Ridge Provincial Park and the Pebble Beach Reserve. The 27 acre property was purchased in 2000 through a court ordered sale for \$140,000 plus tax and legal fees of \$8,900 for a total cost of \$148,900. The 2022 BC Assessment value is \$315,000.

Vanilla Leaf Land - Lot 1, 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 2022 BC Assessment value is \$814,000.

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 2022 BC Assessment value is \$621,000.

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 2022 BC Assessment value is \$350,000.
