

GALIANO CONSERVANCY ASSOCIATION
Financial Statements
Year Ended December 31, 2019

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Year Ended December 31, 2019

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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, 2019 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, 2019, 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
May 14, 2020

Chartered Professional Accountants

GALIANO CONSERVANCY ASSOCIATION
Statement of Financial Position
December 31, 2019

	General Fund	Endowment Fund	Land Fund	Building Fund	2019	2018
ASSETS						
CURRENT						
Cash	\$ 224,791	\$ -	\$ 21,092	\$ -	\$ 245,883	\$ 436,905
Term deposits and marketable securities	126	373,788	-	-	373,914	734,398
Accounts receivable	19,749	-	-	-	19,749	19,039
	244,666	373,788	21,092	-	639,546	1,190,342
TANGIBLE CAPITAL ASSETS <i>(Net of accumulated amortization) (Note 3)</i>	25,838	-	2,516,786	672,717	3,215,341	2,890,394
	\$ 270,504	\$ 373,788	\$ 2,537,878	\$ 672,717	\$ 3,854,887	\$ 4,080,736
LIABILITIES AND NET ASSETS						
CURRENT						
Accounts payable and accrued liabilities	\$ 2,411	\$ -	\$ -	\$ -	\$ 2,411	\$ 2,419
Deferred revenue <i>(Note 6)</i>	199,595	-	-	14,284	213,879	817,534
	202,006	-	-	14,284	216,290	819,953
PROMISSORY NOTES <i>(Note 5)</i>	-	-	1,000	-	1,000	1,000
DEMAND LOAN <i>(Note 4)</i>	-	-	-	-	-	361,295
	202,006	-	1,000	14,284	217,290	1,182,248
NET ASSETS	68,498	373,788	2,536,878	658,433	3,637,597	2,898,488
	\$ 270,504	\$ 373,788	\$ 2,537,878	\$ 672,717	\$ 3,854,887	\$ 4,080,736

GALIANO CONSERVANCY ASSOCIATION
Statement of Revenues and Expenditures and Changes in Net Assets
Year Ended December 31, 2019

	General Fund	Endowment Fund	Land Fund	Building Fund	2019	2018
REVENUES						
Contracts	\$ 8,359	\$ -	\$ -	\$ -	\$ 8,359	\$ 2,100
Corporate grants	2,500	-	-	-	2,500	15,874
Donations	128,791	-	-	-	128,791	109,466
Federal and provincial grants	315,462	-	-	-	315,462	92,663
Foundation grants	74,976	-	-	-	74,976	105,468
Interest income	28,827	979	-	-	29,806	12,131
Memberships	3,080	-	-	-	3,080	3,500
Program fees	41,315	-	-	-	41,315	38,353
Public service	2,377	-	-	-	2,377	18,264
Regional grants	25,986	-	-	-	25,986	54,287
Rental income	11,456	-	-	-	11,456	10,106
Sales	10,524	-	-	-	10,524	9,834
Wage subsidies	64,058	-	-	-	64,058	34,700
	717,711	979	-	-	718,690	506,746
EXPENDITURES						
Accounting and legal fees	16,819	-	-	-	16,819	15,960
Advertising and promotion	4,462	-	-	-	4,462	1,387
Amortization	4,884	-	-	12,152	17,036	10,033
Bad debts	180	-	-	-	180	-
Bus operating expenses	14,055	-	-	-	14,055	15,510
Conferences and education	417	-	-	-	417	2,716
Contracts and consultants	73,853	-	-	-	73,853	67,243
Honorariums	14,127	-	-	-	14,127	9,187
Insurance, licences and fees	12,335	-	-	-	12,335	13,679
Interest and bank charges	1,705	-	-	-	1,705	870
Interest on bank term loan	-	-	4,410	-	4,410	16,511
Materials and supplies	37,326	-	-	-	37,326	18,894
Office supplies and sundry	13,283	-	-	-	13,283	15,366
Rent and property tax	6,360	-	-	-	6,360	12,915
Repairs and maintenance	3,780	-	-	-	3,780	175
Salaries and wages	367,929	-	-	-	367,929	286,250
Telephone and utilities	5,153	-	-	-	5,153	5,693
	576,668	-	4,410	12,152	593,230	492,389

GALIANO CONSERVANCY ASSOCIATION
Statement of Revenues and Expenditures and Changes in Net Assets (continued)
Year Ended December 31, 2019

	General Fund	Endowment Fund	Land Fund	Building Fund	2019	2018
OTHER INCOME (EXPENSES)						
Revenue from property sale	-	-	613,650	-	613,650	(59,206)
NET EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	141,043	979	609,240	(12,152)	739,110	(44,849)
NET ASSETS - BEGINNING OF YEAR	261,295	21,559	2,489,119	126,514	2,898,487	2,943,337
INTERFUND TRANSFERS	(333,840)	351,250	(561,481)	544,071	-	-
NET ASSETS - END OF YEAR	\$ 68,498	\$ 373,788	\$ 2,536,878	\$ 658,433	\$ 3,637,597	\$ 2,898,488

GALIANO CONSERVANCY ASSOCIATION**Statement of Cash Flows****Year Ended December 31, 2019**

	2019	2018
OPERATING ACTIVITIES		
Excess (deficiency) of revenues	\$ 739,110	\$ (44,849)
Items not affecting cash:		
Amortization of tangible capital assets	17,036	10,033
Loss on sale of property	-	59,206
	<u>756,146</u>	<u>24,390</u>
Changes in non-cash working capital:		
Accounts receivable	(710)	(14,990)
Accounts payable and accrued liabilities	(10)	(228)
Deferred revenue	(603,652)	16,724
	<u>(604,372)</u>	<u>1,506</u>
Cash flow from operating activities	<u>151,774</u>	<u>25,896</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(341,986)	(176,913)
Proceeds on sale of property	-	1,046,119
Cash flow from (used by) investing activities	<u>(341,986)</u>	<u>869,206</u>
FINANCING ACTIVITIES		
Repayment of bank demand loan	(361,295)	-
Repayment of promissory notes	-	(269,995)
Cash flow used by financing activities	<u>(361,295)</u>	<u>(269,995)</u>
INCREASE (DECREASE) IN CASH FLOW	(551,507)	625,107
Cash - beginning of year	<u>1,171,303</u>	<u>546,197</u>
CASH - END OF YEAR	<u>619,796</u>	<u>1,171,304</u>
CASH CONSISTS OF:		
Cash	\$ 245,883	\$ 436,905
Term deposits and marketable securities	<u>373,914</u>	<u>734,398</u>
	<u>\$ 619,797</u>	<u>\$ 1,171,303</u>

GALIANO CONSERVANCY ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2019

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. During the current year, \$351,250 was moved from the Land Fund into the Endowment Fund which will continue to be used for land management operations. 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 \$21,559 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.

(continues)

GALIANO CONSERVANCY ASSOCIATION
Notes to Financial Statements
Year Ended December 31, 2019

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 7 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, 2019

3. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 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 7)	2,516,787	-	2,516,787	2,516,787
Buildings	691,069	18,352	672,717	357,852
Computer equipment	9,294	7,945	1,349	1,927
Equipment	42,354	19,390	22,964	12,004
Motor vehicles	14,093	12,567	1,526	1,824
	\$ 3,273,597	\$ 58,254	\$ 3,215,343	\$ 2,890,394

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

	2019	2018
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

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.

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, 2019

7. 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 2020 BC Assessment value is \$4,150,000.

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 2020 BC Assessment value is \$171,000.

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 2020 BC Assessment value is \$384,000.

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 2020 BC Assessment value is \$232,000.

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 2020 BC Assessment value is \$578,000.

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 2020 BC Assessment value is \$458,000.

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 2020 BC Assessment value is \$258,000.