



THE GALIANO CONSERVANCY ASSOCIATION

ANNUAL REPORT 2013





The Galiano Conservancy has continued with its outstanding work in conservation, restoration and environmental education during the year of 2013. While much of this work took place on the land of the Conservancy's Learning Centre, work also continued on other sites such as Mt. Sutil, Retreat Island, and Laughlin Lake. With the addition of DL 58, the Galiano Conservation Network now consists of 500 Hectares, extending from Trincomali Channel to the Salish Sea.

This has all been accomplished through the tremendous dedication of our staff, the contribution of time and ideas of our volunteers, the financial support of our members and the generosity of our funders.

On behalf of our Board, thank you for your support.

Ursula Deshield, Director

~ The First Purpose of the Society ~

To preserve, protect and enhance the quality of the human and natural environment of the area.

— from the Constitution of The Galiano Conservancy Association

STAFF



Keith Erickson
Conservation
Co-ordinator



Pauline Brest van Kempem
School Programs
Co-ordinator



Patti Pringle
Community Education
Co-ordinator & Native
Plant Nursery manager



Barbara Moore
Staff Manager



Lia Chalifour
Biologist

Foreign Student Intern:
Felix Erhard

Summer Students:
Jenna Falk
Andrew Simon



Tahirih Rockafella
Bookkeeper



Linda Millard
Volunteer Librarian

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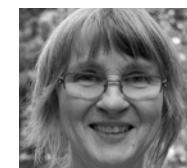
Paul Kopas



Ursula Deshield



Peter Reiner



Joan Robertson



Dora FitzGerald



Rose Longini



Loren Wilkinson



Eric Touchburn

Thank you to our many Volunteers & Funders

VOLUNTEERS

Coleen Doty
Alan Doty
Allison Colwell
All students of the Galiano
Community School
Alysha Tylynn Jones
Andrew Simon
Andy Beers
Annie Brown
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Lisa McIsaac
Liz Harmer
Loren Wilkinson
Marion Travis
Michael Gill
Mike Hoebel
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Paul Kopas
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Jeannine Georgeson
Alison Colwell
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Rob
Frederic
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Heather Martin

FUNDERS



LOCAL PARTNERS

Windermere Realty
Galiano Auto
The Corner Store
Ravenwood Custom Framing
Holohan Memorial Fund

Annual Report Design
Kelly Brooks
www.designhq.com



Environmental Education

GALIANO COMMUNITY SCHOOL

A variety of programs for youth in Grades K – 8.

Grades K - 2

Salmon in the Classroom

Cory the Coho Puppet Show – January 29

Salmon Fry Release Day and Greig Creek Watershed Program – April 24

Environmental Education Single Day Programs

Adventures at the Great Beaver Swamp Program – June 5

What a Marine Life Program – May 24

The Five Senses – September 30

Grades 3 - 7

Forest Restoration and Education Project (FREP)

This project included in-class sessions and field experience at the Learning Centre site and our Pebble Beach site. Students learned about basic forest ecology and how to plan a restoration project, and then planted trees and shrubs at the Learning Centre property. - February 26, February 28, March 5, March 7, March 14

Mill Site Restoration Project

Knowledge from the FREP project was added to as students were engaged in the initial phase of the restoration of the DL 57 Mill Site. - October 28, November 18, November 27. This was a year long project that was completed on May 8, 2014.

SLC Class

Environmental Education Single Day Program

What a Marine Life Program – April 25

Nature Camp

A 3 day overnight camping trip to Dionisio Provincial Park. June 24 – 26

GALIANO ACTIVITY CENTRE

Full day youth summer drop-in program for youth ages 5 - 12.

Spring Break Program

The Monsters of Murchison Creek – March 21

Summer Programs

Through the Heritage Forest to South Cable Bay and back again! - July 30

The Science of the Plants, the Sea and the Sheep! - August 6

The Wonders of the new Galiano Learning Centre property! - August 13

GALIANO PLAYGROUP SOCIETY

Short one hour programs for preschool children aged 1 – 5.

Nature Buddies

8 weekly spring sessions: *Raccoons, Eagles, Lambs, Blooms of Spring, Spiders, Frogs, Butterflies and Moths, Crabs* – March 5 to April 30

8 weekly fall sessions: *Squirrels, Deer, Snails and Slugs, Trees in the Fall, Bats, Mushrooms, Owls, Rocks and Crystals* – October 1 to November 19

GALIANO NATURE PROGRAMS

Family oriented 2 hour programs offered to visitors and locals.

Spring Break Programs

From Mussels to Middens – March 16

Caddisfly, Salmon and Trees – March 20

DL57 Tour – March 23

Intertidal Extravaganza – March 28

WOODSTONE RESIDENCE

Nature Awareness Education Programs

Using the reflections of the outer world and the inner self, twenty-one nature awareness programs were delivered to groups from the Woodstone Residence (a residential treatment centre for young people with eating disorders). - January to December

Two 4-part series were developed and delivered:

The Restoration Series – January 16, 23, 30 and February 6

The 4 Elements Series – July 10, 24, 31 and August 6

ECOTOURS

Tourists join a Conservancy staff member for a tour of special island places.

These run as a social enterprise to supplement funds for the education programs.

Four tours were delivered in 2013 – February 22, May 2, August 13, August 14

PROGRAMS TO OFF-ISLAND GROUPS

Groups travel to Galiano for one-day field trips or multi-day experiences. All ages, but mainly K – 12.

Environmental Education Single Day Programs

15 programs were delivered to groups such as public and private schools, nature youth groups and Victoria Immigrant and Refugee Centre Society.

Multi-day Programs and Nature Camps

3 groups participated: Edward Milne Community School May 8 – 10; Grandparents Raising Grandchildren August 20 – 21 and August 27 – 28

Bursary Programs

8 bursaries for a total of 203 participants were given bursaries to alleviate costs such as travel and program fees.

TOTAL EDUCATION PARTICIPANTS

Of all the youth, adults, teachers and leaders in our education programs, there were a total of 577 from off-island and 701 from local groups for a grand total of 1278 participants!

EDUCATION STAFF

Our staff was composed of Pauline Brest van Kempen and Patti Pringle and summer students Andrew Simon and Jenna Falk.



Land Management, Mapping And Planning

The Learning Centre was the main focus for our planning work in 2013. The year began with the development of a management plan for the property. The Plan embraces the philosophy that “what is best for the ecosystems of the land should figure highly in any decisions. The land should be regarded as a community to which we belong that both sustains us and is sustained by us; to be honored, loved and respected. Activities on the land should bring us closer to natural processes, to ourselves and to one another. It includes goals and objectives focused on:

- practicing ecological stewardship
- creating opportunities and providing facilities for learning, research and innovation
- contributing to local food security
- contributing to local economic development
- providing public access
- creating opportunities for recreation

The management plan provided a case study for a Resource Guide for Collaborative Conservation Planning authored by Deborah Curren. Both documents can be found on our website <http://galianoconservancy.ca/publications>.

Ecological restoration was also a big focus in 2013 with the initiation of work on the former portable mill site at the Learning Centre as well as the continuation of our annual work plans for Mt. Sutil, Retreat Island, the Great Beaver Swamp, Laughlin Lake and the Pebble Beach Reserve. Our restoration work provided opportunities to positively engage with nature and give a helping hand. Participants included the children at the Galiano Community School, dozens of community members, off-island youth through our education and eco-therapy programs, and university students from both local and European institutions.

Complementing this restoration work was our stewardship program for private land. The Conservancy offered expertise in low impact land use and restoration to landowners, many of whom entered into good faith agreements to provide ecologically sensitive and responsible stewardship for their properties.

Trail building and mapping was also a theme for 2013 with new trails constructed at the Learning Centre and roughed in on neighbouring Vanilla Leaf Land Nature Reserve. We also completed trail mapping contracts for our local Galiano Island Parks and Recreation Commission as well as for CRD Regional Parks.

Other projects included our salmon re-introduction program in Greig Creek, and our contract with BC Hydro to replace Scotch broom with native plant communities under transmission lines on Parker Island.

We also collaborated on the conservation of eelgrass and other marine habitats with a variety of island conservancies and NGO's in the region (known as the Seagrass Conservation Working Group), and were contracted to provide GIS services for eelgrass mapping in the Trust Area.

We would like to take this opportunity to thank the following funders for supporting our land management and planning activities in 2013: Gencon Foundation, TD Friends of the Environment, Canada Summer Jobs Program - Human Resources and Skills Development Canada, Real Estate Foundation of British Columbia, Vancity Sustainable Environment Fund, EcoAction Community Funding Program, Walmart – Evergreen Green Grants Program.



The Agricultural Initiative at the Learning Centre

Contributing to food security through the practice of small-scale sustainable agriculture

“Agriculture, agroforestry and forest use activities will contribute to food security objectives, provide materials for the development of facilities and infrastructure on the Land and generate opportunities for small-scale economic development. These uses will also provide opportunities for experiential learning, research programs and the development of innovative practices for sustainable production of food, timber and non-timber products. These activities should be managed in a holistic manner – always taking into account how each activity as well as the sum of all activities relates to the ecological processes on the Land.” A grant was obtained from Vancity to begin agricultural work at DL57. As a result of these funds, a pre-existing garden fence and greenhouse were refurbished in 2013. Vegetable crops were grown and harvested from the greenhouse and a garlic bed has been prepared and planted within the confines of the fenced in garden space.

The opportunity for agriculture on this property is abundant. The Galiano Conservancy can integrate agriculture into many avenues of the Learning Centre through educational programming, by offering food for participants, by demonstrating a food forest, or by integrating concepts of sustainable living with agriculture and ecological restoration. With proper care, planning and collaboration in the future, agriculture could add to the success of the Centre.



Summary of Achievements

- ALR (Agricultural Land Reserve) Land Capability and Suitability for Agriculture Summary of District Lot 57 completed by Gary Runka P.Ag.;
- Site-Level Agricultural Assessment for identified growing sites completed by Victoria M. Stevens, P.Ag., P.Geo.;
- Galiano Learning Centre Agricultural Summary compiled;
- 750 square foot greenhouse refurbished;
- garden fence erected;
- initiated visioning with GCA Board and the Galiano Food Program;
- 3 bin compost system built.



The Feral Sheep Round-up Attempt

On September 22, 2013, the Galiano Conservancy teamed up with three sheep herders and their dogs to attempt to round-up 5 feral sheep on the Galiano Learning Centre property. The team consisted of fourteen people and three dogs.

The first step was to locate the sheep on a 188 acre parcel of land. Once they were spotted, they immediately began to run away. We soon discovered that the sheep herding dogs were used to working in open areas with fences, not on the uneven terrain of valleys, ridges, cliff edges and forest that we were travelling. It became an adventure of purely human effort. We were like commandos on a mission using hand signals and whispering over the radio statements like: “I have visual. The sheep are moving north. Get in position.”

As things go, just as we had the sheep moving in the direction that we wanted them to go, it was time for the dog team to depart for the ferry. Regardless, we continued anyway and eventually had them running within 20 feet of the paddock, but we needed to round them 180 degrees to get them through the gate. With 5 feral sheep charging at top speed and each loaded with fifty pounds of wool, we needed a hoard of people to turn them. Instead we only had two volunteers as the ‘wall’ to stop them. Inevitably they broke straight through and went on their merry way. As dark descended, we accepted our losses and decided to end the chase. A valiant effort, one and all!

Species at Risk

In late March this year, on a steep cliff on the side of Galiano's Mount Sutil, Ken Millard and I went looking for fairies—fairy poppies, to be precise. Against all odds, we found one. The White fairpoppy, *Meconella oregana*, is a delicate annual that flowers during a brief window of time in very early spring. This little flower clings to the side of steep slopes and, at only a few centimeters tall, can be muscled out by larger herbs and grasses. Its complex habitat requirements, combined with threats from development, recreation and invasive species have led to the White fairpoppy being considered imperilled throughout its natural global range in British Columbia, Washington, Oregon and California. It is at the northernmost limit of its range up here in BC, and the handful of populations that remain are scattered across Vancouver Island and the Southern Gulf Islands. So how did we come to find one on Mount Sutil?



We had a clue about where to look. Defying all odds, the Galiano Conservancy embarked on a journey to re-introduce the rare flower to the steep mossy slopes of Mount Sutil a year ago. As no previous attempts to restore *Meconella oregana* in the wild have succeeded, we had to use a combination of education from leading expert Dr Hans Roemer and our own intuition, as we chose the location and methods to plant the seeds. Spreading over 300 seeds the size of ground pepper into three separate 1m x 1m squares on a breezy but sunny day, we put our best foot forward and hoped for the best. A year later we were scrambling back up to the site and scoured the slopes in hopes of finding the tiny plant.

A few potential tiny white flowers poking up; we dared to allow a sliver of hope into our hearts. One in particular seemed to have just the right form, with the basal leaves that looked like little green spoons, forming a rosette from which a tiny stem emerged, bearing a few lance-shaped leaves and a graceful little white flower. The flower was not yet open, and it nodded as though in a deep and gentle slumber.

Our trusty Garry Oak Ecosystems Recovery Team species-at-risk handbook showed the flowers as they were open, pointing straight up to the sky with all petals flung wide in a triumphant serenade to the sky. Even this tiny discrepancy caused us concern as many plant species can be delineated by a simple difference, such as the nodding onion versus the Hooker's onion. (The easiest way to tell those two apart is that one has a flower that nods or hangs downward, while the other's flower points up to the sky.)

We photographed the hopeful *Meconella* nearly to death, feeling guilty as we gently poked and prodded the one potential specimen in our planting area. Could it really be?

The next morning, sitting on the Galiano Conservancy's school bus at 6am, I waited for Ken so we could board the early ferry to Victoria (the bus gets a biennial check-up). Ken came toward the bus with a huge smile on his face—

'You'll never believe it.' He had checked his email, and found the most delightful news waiting for him. Hans Roemer had already replied to the email we had sent after the trek, and to our shocked delight, he immediately confirmed that one of the photos we had attached of our nodding beauty was indeed *Meconella oregana*. He congratulated us on our find, and in doing so, put us both on cloud nine. We had done it!

Now that we have discovered re-introduction is possible, we hope to refine our planting methods and work to establish a population of White fairpoppies on Mount Sutil, aiding the recovery of this fragile species. In the face of mass extinctions happening all over the world, it is such an incredible feeling to take part in increasing biodiversity in a place, and helping a species to survive. Together with our seed donors and partner organizations, we hope to change the fate of this delicate flower on Galiano Island.

Here's to believing in fairies.



Galiano Conservancy Native Plant Nursery



Originally the Plant Nursery was established to support the Conservancy's Education and Restoration projects. During the Year 2013, the focus of our restoration work moved to DL 57, the site of our Learning Centre. The result has been a steep increase in the need for plants native to Galiano in order to restore the disturbed land, especially on the old Mill Site. Subsequently, 3/4 of the stock have left the Nursery for new homes at the Learning Centre and across the island. Work is underway to re-build the stock through a focus on propagation in 2014 to meet the growing demand.

A great number and variety of trees, shrubs and herbs were raised in the Nursery from seeds and cuttings, taken at peak times. All of our plants originated from local Galiano Island stock and therefore are best suited to the particular climate and soil of the site for which they are intended.

During the summer of 2013, the Conservancy set up a table at the Galiano Saturday Market offering plants for sale and advice on how best to care for them. The revenue from these sales and individual consultations for private landowners have provided support for our conservation and education projects.

Sales to Public (incl. Pender Conservancy).....\$3739.
 Sales to GCA (contracts, incl. BC Hydro).....\$8025.
 Net Revenue for 2013.....\$31.

First Annual Walkalong for Learning

The idea of an annual established fundraiser was realized in 2013 with the first Walkalong for Learning, an event to celebrate conservation and community, with donors on-and off-island, all committed to creating multi-day nature programs at a Learning Centre in the heart of Galiano Island. The Labour Day weekend was chosen and 65 enthusiasts walked the 6-kilometer hike in the newly completed Mid-Island conservation network, from Laughlin Lake to Pebble Beach, culminating in a celebration at the Learning Centre, with music, food and prizes. The completion of this mid-island protected network from coast to coast was realized when DL58 (recently named Vanilla Leaf Land) was acquired, making the last vital connection.

The walk was a surprising success, raising about \$20,000, surpassing the original goal of \$15,000. Walkers' individual pledges, social media, the spectacular landscapes and perfect weather combined to make the day memorable. Funds raised are used for Bursaries for our Forest to the Sea education programs, enabling hundreds of urban children and youth to participate.

The plan to host the second annual Walkalong this year has already been activated with an ambitious goal, so please watch for the date and participate!



[2013 FINANCIAL REPORT]



Photo by Lia Chalifour

GALIANO CONSERVANCY ASSOCIATION
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Year Ended December 31, 2013
(Unaudited)

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REVIEW ENGAGEMENT REPORT

To the Members of Galiano Conservancy Association

We have reviewed the statement of financial position of Galiano Conservancy Association as at December 31, 2013 and the statements of operations, changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Association.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

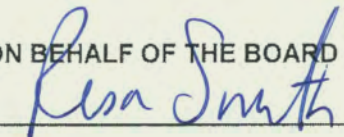
Cowland Paterson & Co

Sidney, British Columbia
May 20, 2014

PROFESSIONAL ACCOUNTANTS

GALIANO CONSERVANCY ASSOCIATION
Statement of Financial Position
December 31, 2013
(Unaudited)

	2013	2012
ASSETS		
CURRENT		
Cash	\$ 116,274	\$ 300,357
Term deposits and marketable securities	382,324	361,528
Goods and services tax recoverable	1,903	3,246
	<u>500,501</u>	<u>665,131</u>
PROPERTY, PLANT AND EQUIPMENT <i>(Note 3)</i>	<u>2,024,588</u>	<u>1,823,986</u>
	<u>\$ 2,525,089</u>	<u>\$ 2,489,117</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 2,241	\$ 4,426
Employee deductions payable	187	2,890
Deferred revenue <i>(Note 5)</i>	174,104	57,245
	<u>176,532</u>	<u>64,561</u>
DEMAND LOAN <i>(Note 4)</i>	<u>920,000</u>	<u>999,000</u>
PROMISSORY NOTES <i>(Note 6)</i>	<u>652,168</u>	<u>662,000</u>
	<u>1,748,700</u>	<u>1,725,561</u>
NET ASSETS	<u>776,389</u>	<u>763,556</u>
	<u>\$ 2,525,089</u>	<u>\$ 2,489,117</u>

ON BEHALF OF THE BOARD

 _____ Treasurer

GALIANO CONSERVANCY ASSOCIATION
Statement of Operations
Year Ended December 31, 2013
(Unaudited)

	2013	2012
REVENUE		
Contracts	\$ 23,982	\$ 5,840
Corporate grants	8,996	208,941
Donations	74,052	88,543
Federal grants	53,284	57,205
Foundation grants	93,915	87,197
Interest income	24,171	25,849
Memberships	1,243	1,976
Program fees	9,776	7,735
Public service	3,634	1,397
Regional grants	7,105	7,825
Sales	6,869	5,610
Wage subsidies	11,263	23,705
	<u>318,290</u>	<u>521,823</u>
EXPENSES		
Accounting and legal fees	19,556	9,608
Advertising and promotion	5,936	8,027
Amortization	2,644	3,020
Automobile and transportation	4,585	4,243
Bank charges	632	559
Conferences and education	3,108	1,667
Contracts and consultants	631	13,422
Honorariums	4,198	5,927
Insurance, licences and dues	4,592	8,616
Interest on long term debt	48,349	42,522
Land improvements	15,537	27,571
Land management	2,050	9,279
Office	10,183	7,764
Rent and property taxes	8,202	22,571
Repairs and maintenance	633	1,872
Salaries and wages	169,739	183,774
Telephone and utilities	4,882	4,327
	<u>305,457</u>	<u>354,769</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 12,833</u>	<u>\$ 167,054</u>

GALLIANO CONSERVANCY ASSOCIATION
Statement of Fund Balances
Year Ended December 31, 2013
(Unaudited)

	General Fund	Marie Sutherland Hardy Fund	Endowment Fund	Land Fund	Total 2013	Total 2012
REVENUE	\$ 41,811		\$ 32	\$ 276,447	\$ 318,290	\$ 521,823
EXPENSES	92,337	142		212,978	305,457	354,769
NET REVENUE OVER EXPENSES	<u>(50,526)</u>	<u>(142)</u>	<u>32</u>	<u>63,469</u>	<u>12,833</u>	<u>167,054</u>
OPENING FUND BALANCE	\$ 32,736		\$ 6,764	\$ 719,286	\$ 763,556	\$ 596,502
INTERFUND TRANSFER	115,772		11,452	(127,224)	-	-
CLOSING FUND BALANCE	<u>97,982</u>	<u>4,628</u>	<u>18,248</u>	<u>655,531</u>	<u>776,389</u>	<u>763,556</u>
CURRENT ASSETS	\$ 103,268	\$ 4,628	\$ 18,248	\$ 381,967	\$ 508,111	\$ 672,976
LAND	-	-	-	2,016,978	2,016,978	1,816,141
INTERFUNDS	-	-	-	-	-	-
TOTAL ASSETS	<u>103,268</u>	<u>4,628</u>	<u>18,248</u>	<u>2,398,945</u>	<u>2,525,089</u>	<u>2,489,117</u>
CURRENT LIABILITIES	\$ 5,286	\$ -	\$ -	\$ 171,246	\$ 176,532	\$ 64,561
LONG TERM LIABILITIES	-	-	-	1,572,168	1,572,168	1,661,000
LONG TERM LIABILITIES	<u>5,286</u>	<u>-</u>	<u>-</u>	<u>1,743,414</u>	<u>1,748,700</u>	<u>1,725,561</u>
FUND BALANCES						
EXTERNALLY RESTRICTED	-	-	11,452	-	11,452	4,769
INTERNALLY RESTRICTED	97,982	4,628	6,796	655,531	666,955	726,051
UNRESTRICTED	<u>103,268</u>	<u>4,628</u>	<u>18,248</u>	<u>2,398,945</u>	<u>2,525,089</u>	<u>2,489,117</u>

GALLIANO CONSERVANCY ASSOCIATION
Statement of Changes in Net Assets
Year Ended December 31, 2013
(Unaudited)

	2013	2012
NET ASSETS - BEGINNING OF YEAR	\$ 763,556	\$ 596,502
Excess of revenue over expenses	<u>12,833</u>	<u>167,054</u>
NET ASSETS - END OF YEAR	<u>\$ 776,389</u>	<u>\$ 763,556</u>

GALIANO CONSERVANCY ASSOCIATION
Statement of Cash Flows
Year Ended December 31, 2013
(Unaudited)

	2013	2012
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 12,833	\$ 167,054
Item not affecting cash:		
Amortization of property, plant and equipment	2,644	3,020
	<u>15,477</u>	<u>170,074</u>
Changes in non-cash working capital:		
Accounts payable	(2,184)	1,220
Deferred revenue	116,859	34,650
Goods and services tax payable (recoverable)	1,343	(3,246)
Employee deductions payable	(2,703)	2,890
	<u>113,315</u>	<u>35,514</u>
Cash flow from operating activities	<u>128,792</u>	<u>205,588</u>
INVESTING ACTIVITY		
Purchase of property, plant and equipment	<u>(203,247)</u>	<u>(1,236,202)</u>
FINANCING ACTIVITIES		
Proceeds from long term financing	-	1,140,000
Repayment of long term debt	(79,000)	(141,000)
Increase (decrease) in promissory note	(9,832)	622,000
	<u>(88,832)</u>	<u>1,621,000</u>
Cash flow from (used by) financing activities	<u>(88,832)</u>	<u>1,621,000</u>
INCREASE (DECREASE) IN CASH FLOW	(163,287)	590,386
Cash - beginning of year	<u>661,885</u>	<u>71,499</u>
CASH - END OF YEAR	\$ 498,598	\$ 661,885
CASH CONSISTS OF:		
Cash	\$ 116,274	\$ 300,357
Term deposits and marketable securities	<u>382,324</u>	<u>361,528</u>
	<u>\$ 498,598</u>	<u>\$ 661,885</u>

GALIANO CONSERVANCY ASSOCIATION
Notes to Financial Statements
Year Ended December 31, 2013
(Unaudited)

1. PURPOSE OF ORGANIZATION

Galiano Conservancy Association (the "Association") is a not-for-profit association organized to assist the community to conserve natural environments by preserving habitats and promoting stewardship. The Association is incorporated under the Society Act of British Columbia as a registered charity under the Income Tax Act of Canada.

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 (GAAP).

Fund accounting

The General Fund accounts for the organization's programs and administration services. This fund reports unrestricted resources and restricted operating grants.

The Endowment Fund reports amounts contributed for endowment and interest earned on related deposits.

The Mary Sutherland Hardy Fund includes income to be awarded to local school children each year.

The Land Fund accounts for the organization's acquisition, restoration and conservation of local land areas.

Revenue recognition

Restricted contributions are primarily recognized in the General Fund in the year in which the related expenses are incurred. Restricted contributions specific to other funds are recognized in the year received.

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

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

GALIANO CONSERVANCY ASSOCIATION
Notes to Financial Statements
Year Ended December 31, 2013
(Unaudited)

3. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2013 Net book value	2012 Net book value
Learning Centre Land	\$ 1,335,705	\$ -	\$ 1,335,705	\$ 1,335,705
Great Beaver Swamp	185,000	-	185,000	185,000
Laughlin Lake	148,900	-	148,900	148,900
District Lot 58	200,836	-	200,836	-
Pebble Beach	125,204	-	125,204	125,204
Mt. Sutil	21,332	-	21,332	21,332
Equipment	5,409	1,946	3,463	1,920
Motor vehicles	12,093	7,945	4,148	5,925
	<u>\$ 2,034,479</u>	<u>\$ 9,891</u>	<u>\$ 2,024,588</u>	<u>\$ 1,823,986</u>

Equipment and library purchases are charged as an expense in the period acquired. Grants received for asset acquisition are treated as a reduction of property, plant and equipment cost. See Note 10 for further information and descriptions on the properties.

4. DEMAND LOAN

Vancity loan bearing interest at prime plus 2%, with all amounts outstanding under the Credit Facility repayable on demand. However, 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.

	2013	2012
	<u>\$ 920,000</u>	<u>\$ 999,000</u>

5. DEFERRED REVENUE

Deferred revenue is comprised of revenue received for specific projects which have either not started before year end or are only partially completed.

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. INCOME TAXES

Galiano Conservancy Association is a not-for-profit society and is exempt from income tax.

GALIANO CONSERVANCY ASSOCIATION
Notes to Financial Statements
Year Ended December 31, 2013
(Unaudited)

8. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash. It is management's opinion that the Society is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair value on instruments approximates their carrying value.

9. PROMISSORY NOTE OWED FROM THE LAND CONSERVANCY (TLC)

The Society entered into an agreement with TLC effective February 18, 2012 wherein TLC would pay the Society \$600,000 which would then be applied against the loan owed to Vancity. The promissory note was due February 18, 2014. TLC also agreed to make monthly interest payments to the Society based on prime plus 2%.

As of October 9, 2013, TLC was awarded creditor protection from the Supreme Court of British Columbia.

During 2013, the Society received \$22,500 in interest payments from TLC (2012 - \$20,372) and in April 2012, a principal payment of \$125,000 was received and applied against the Vancity loan. It is unknown whether the remaining \$475,000 is collectible.

GALIANO CONSERVANCY ASSOCIATION
Notes to Financial Statements
Year Ended December 31, 2013
(Unaudited)

10. LAND HELD IN TRUST

Learning Centre Land

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 for the land has been established, which is in excess of \$350,000.

Great Beaver Swamp

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. Its present assessed value is \$358,000.

Laughlin Lake

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. Its present assessed value is \$378,000.

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 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 present assessed value is \$535,000

Mt. Sutil

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 present assessed value is \$329,000.

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 present assessed value is \$770,000.





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