



THE GALIANO CONSERVANCY ASSOCIATION

ANNUAL REPORT 2012





The year 2012 proved to be another Landmark year with funds in place for the completion of the Mid-Galiano Island Protected Areas Network which connects existing protected areas into a contiguous conservation network extending from Trincomali Channel across to the Georgia Strait.

This annual report shows where our funds come from and what has been achieved with them. It is through the tremendous dedication of our staff and the contribution of time and ideas from our members and volunteers that we are able to accomplish so much with such a modest budget.

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

Ursula Deshield, Treasurer

THANK YOU TO OUR MANY VOLUNTEERS & FUNDERS

VOLUNTEERS

Jan Adler
Erin Anderson
Ed Andrusiak
Karen Ausrine
Travis Beaulieu
Sylvie Beaugard
Robb Bennet
Arye Berlet
Erik Bornemann
Kelly Brooks
Philip Buller
Lia Chalifour
Helen Coe
Gary Coward
Deborah Curran
Kate Emming
Keith Erickson

Matt Fairbarns
Andrew Fitzgerald
Sky Forest
Pam Freir
Chris Gaylor
Steve Goldberg
Emily Gonzales
Jenn Hamer
Herb Hammond
Bob Harmer
Liz Harmer
Eric Higgs
Mike Hoebel
Helen Hunt
David Jarvis
Alysha Jones
Katimavik members

Nadia Krebs
Doug Latta
Elizabeth Latta
Harry Lipetz
Brad Lockett
Sarah Lum
Libby McClelland
Joan MacKenzie
Sharon Masui
Metchosin Technical School
Jimena De Miguel
Linda Millard
Tom Mommsen
Virginia Monk
Barbara Moore
Jen Moore

Richard Nathans
Barry New
Janice Oakley
Rowan Oakley
Jamaica Reimer
Gary Runka
Henny Schnare
Holly Schofield
Ron Taylor
Sabrina Touchburn
Andy Turner
Rose Marie Umana
Mary Ruth Wilkinson
Levi Wilson

~ 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

Contract Educators:
Levi Wilson
Chloe Dubois

Foreign Student Intern:
Felix Erhard

Summer Students:
Annie Greenwood
Jenna Falk
Andrew Simon



Tahirih Rockafella
Bookkeeper



Linda Millard
Volunteer Librarian

Galiano Conservancy Association
RR #1, Sturdies Bay Road
Galiano Island, BC V0N 1P0
250.539.2424
conservancy@galianoconservancy.ca
www.galianoconservancy.ca

BOARD OF DIRECTORS



Ken Millard



David Ages



Risa Smith



Cheryl Bastedo



Carolyn Canfield



Jane Wolverton



Gary Moore



John Pritchard



Paul Kopas



Ursula Deshield



Peter Reiner



Joan Robertson



Rose Longini



Loren Wilkinson



Eric Touchburn

FUNDERS



Environmental Education 2012 Annual Report



Galiano Community School

Thanks to the support and cooperation of the Galiano Community School, we have piloted most of our children's programs with the local Kindergarten to Grade 8 students, taking them out of the classroom to do mapping, stream monitoring, restoration and replanting with native species, marine studies and watershed explorations. Our ongoing work with these students focuses on deepening their appreciation of the special place they live in, offering them some time out of the class, and having them participate in projects which provide learning, physical activity and a lasting and visible contribution to the community.



January 23

K-2: Salmon in the Classroom:
Cory the Coho Puppet Show

April 12

K-2: Salmon Fry Release Day and
Greig Creek Watershed Program

June 4

Gr. 3-7: Aboriginal Awareness Day
at Montague Provincial Park

October 11

K-2: Ecosystems of Dionisio
Provincial Park

October 22

Gr. 3-7: Secrets of the Forest
Restoration Program at Pebble
Beach Reserve

Programs to Off-Island Groups

Drawing mainly from the Greater Vancouver and Victoria areas for our one, two or three day long programs, the Galiano Conservancy offers integrated ecological education to youth aged 5-18 and to family groups. A special focus is inner city and disadvantaged groups who have little access to hands-on environmental education.

15 groups, 21 program days and total of 312 participants

8 disadvantaged groups received bursaries to offset transportation costs.



Single day programs:

participants from public and private schools, Grandparents Raising Grandchildren and Victoria Immigrant and Refugee Centre Society

Multi day programs:

March 31-April 1

Katimavik

October 16-18

Metchosin Technical School

Restorative Retreat Programs:

March 12-15

Galiano Youth

May 26- June 3

Katimavik

July 3-5

T'Sou-ke and Pacheedaht

July 18-19

Grandparents Raising Grandchildren

Galiano Activity Centre

During the summer, the Conservancy provides a variety of Nature Study activities for the children on Galiano. We conducted four field trips for 44 youths aged 5-12.



July 23

Pebble Beach Reserve

July 24

Bluffs Park

August 15

Greig Creek Watershed

August 16

Montague Provincial Park

Galiano Playgroup

The Nature Buddies Preschool Program is a one hour nature program that is delivered to young children ages 2-5 and their parents. This one hour program is delivered every week and consists of a spring session (March and April) and a fall session (October and November). There were a total of 16 delivery days with 91 youth and 64 adult participants.

Ecotours

As one of our social enterprise ventures, we continue to offer ecotours to the general public. In 2012, there were a total of 4 tours with 17 participants.

Woodstone Residence

The Island Explorations Program continues year round and is delivered about twice per month for the residents of the Woodstone Residential Treatment Centre. Over the course of one year, a total of 149 individuals participated in this program.



Native Plants Demonstration Garden

This **Demonstration Garden** was installed to inspire people to use native plants when considering their gardening or landscaping projects. This is known as “naturescaping”. It is a type of landscaping that incorporates native plants, thereby enhancing habitat for a myriad of birds, insects such as native bees, amphibians, reptiles and mammal species.

As you wander through this garden, conveniently located on the site of Galiano’s Recycling Centre, you will see a variety of native plants with nearby signage describing the form, habitat, blooming period, and edibility. These plants can be purchased at the Conservancy’s Native Plant Nursery or at Galiano’s lively Saturday Market.

Native Plants Nursery

For the past decade the **Native Plant Nursery** operated as a part of the land management and planning department of the Galiano Conservancy that was funded by grants. In 2012, the nursery completed its first year as a social enterprise with revenue and expense items accounted for separately from all other projects. Here are the results:

| EXPENSES | | REVENUE | | |
|-----------------------|----------------|------------------------|----------------|---|
| Balance Forward | \$257 | Plant Sales | \$2,324 | Volunteers donated 89 hours, the equivalent of \$1335 |
| Labour | \$6,396 | Volunteers | \$1,335 | |
| Total Expenses | \$7,266 | Total Revenue | \$3,659 | |
| | | Surplus/Deficit | -\$3607 | |



Over the next three years, we intend to increase the stock at the nursery with a focus on plants that are desired by the public. It is also anticipated that the demand for plants will increase with upcoming restoration projects at DL57.

In addition to the regular operation of the nursery (and not included in the above expense/revenue report), grants were obtained to complete a native plant demonstration garden at the Galiano Island Recycling and Resources site. This has been deemed a success for the purposes of education and raising the profile of the nursery.



Land Management, Mapping And Planning

Our primary focus for land management activities in 2012 was on the new **Learning Centre** property. Our work included detailed ecological mapping and inventory along with assessment of infrastructure and past land-use to provide a baseline of information for planning. We also initiated the development of the management plan to guide our future use of the property and protect the health and resiliency of its ecosystems. Restoration work at the Learning Centre was limited, though we did manage to clear a large swath of Scotch Broom from the cove area.

We continued restoration work at **Laughlin Lake**, in DL63 and in a variety of Galiano’s protected Garry Oak meadows. 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. 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 2011: 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.



Species at Risk

Rockfish Recovery

Rockfish (rock cod; red snapper) have been on the decline since the 90s, and unlike lingcod, are showing no signs of recovery. This is mainly due to their sensitivity to overfishing and their extremely long lifecycles (the oldest rockfish found to date was 205 years old!) We have long been involved in the designation of rockfish protection areas, and this year began exploratory dive surveys to see how many rockfish are in our Galiano waters. Since 2007, 164 no-take Rockfish Conservation Areas (RCAs) have been in place in BC, with 86 in the Strait of Georgia alone! Most people don't even realize that they are there – did you know that three RCAs border Galiano Island, accounting for roughly 40% of its shoreline? We have been gathering video footage, and are excited to show you in the coming year what lies beneath the waves!

Threatened Habitat

Marine Protection

Since 1996, we have been working closely with a variety of government agencies and ENGO's as part of the Southern Strait of Georgia Marine Conservation Network to develop a National Marine Conservation Area (NMCA) in the Strait of Georgia. An NMCA would provide some no-take sanctuaries, restrict offshore oil exploitation, and require conservation-minded management of the region from seafloor to seashore. This project has now moved forward to a critical stage, where a proposed NMCA border has been drawn up by Parks Canada and approved by BC Parks, and is entering a public review phase to determine the feasibility of the project. In the coming year we will be increasing public understanding of the issue, and providing research on the important areas and critical habitat for the many species at risk that depend on this vast coastal ecosystem.

Galiano Learning Centre



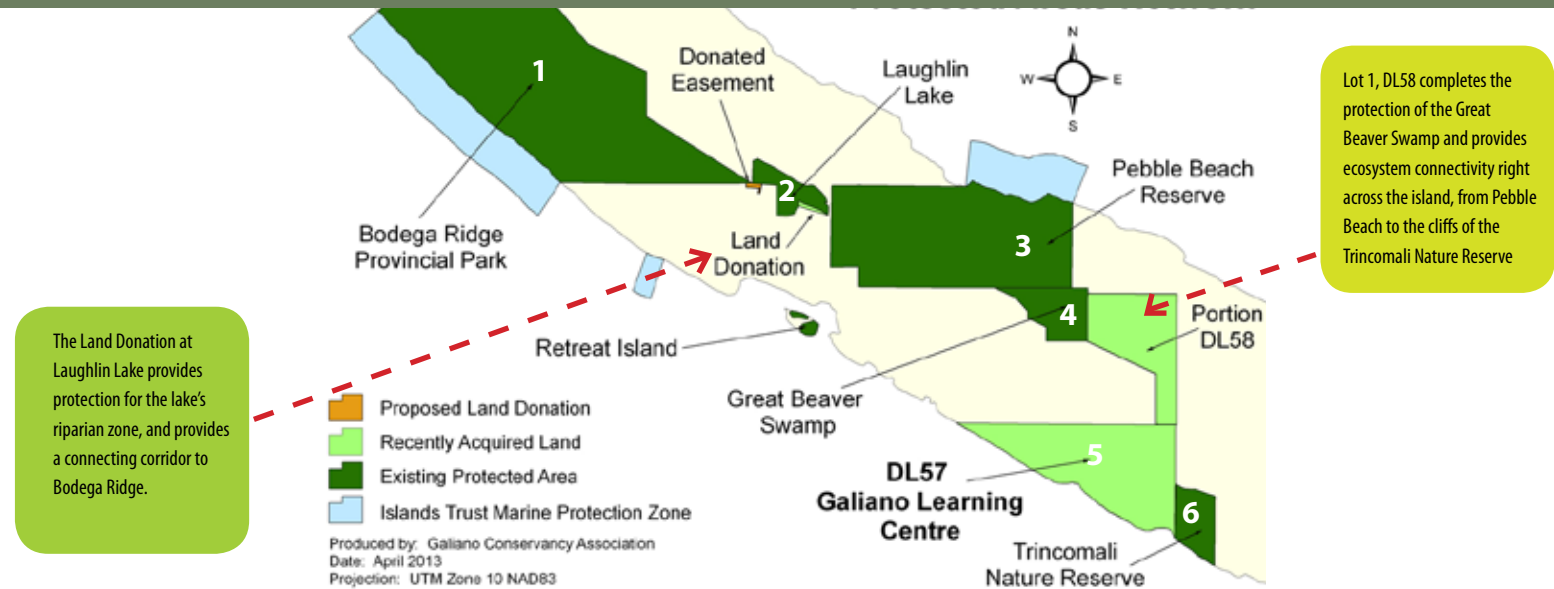
Connecting to the Land

Several days in a natural setting with inspirational teachers can change the directions of a young person's life. Galiano Island is an extraordinary place to observe and experience the natural world, offering daily interaction with eagles, sea anemones, and arbutus trees - species not often encountered in urban life. It has been suggested that youth are suffering from "Nature Deficit Disorder", "a condition caused by the cumulative human costs of alienation from nature, including diminished use of the senses, attention difficulties and higher rates of physical and emotional illnesses." (Richard Louv, Last Child in the Woods, 2005). The Galiano Restorative Learning Centre will enhance traditional disciplines

such as science, geography, history and the arts by providing hands-on examples of how this learning is relevant to everyday life. Youth will apply skills in literacy and numeracy when taking part in activities ranging from biodiversity monitoring studies to reflective writing. The Learning Centre will also provide participants with opportunities to build a sense of community, personal leadership and life skills. The Conservancy's Restorative Retreats will create life-changing learning experiences for inner city and marginalized youth, and will be open to people of all ages and backgrounds.



The Mid-Galiano Conservation Network



The Islands Trust Fund, Galiano Conservancy Association (GCA) and the Nature Conservancy of Canada have secured 40 hectares (100 acres) of forestland on Galiano Island. Situated between the Great Beaver Swamp and the GCA's new learning center, the property becomes part of a continuous protected area of more than 500 hectares (1,200 acres) known as the **Mid-Galiano Conservation Network**.

The new nature reserve protects the remaining portion of the Great Beaver Swamp and much of its upland forest. Pockets of oldgrowth Douglas-fir and Garry oak stand on an inland bluff stretching across the property. Below, a lush forest of red alder, Western redcedar and bigleaf maple drapes over the new protected area. The Salish Sea is notable for an abundance of bird species, and this new nature reserve is no exception, protecting habitat for at risk species such as Olive-sided Flycatcher and Great Blue Heron. "The acquisition of DL 58 completes the creation of a network of diverse protected areas," said Ken Millard of the GCA. "This lot joins the Trincomali Nature Sanctuary to Bodega Ridge Provincial Park via a corridor comprising the Great Beaver Swamp, Cable Bay Restoration Forest, Laughlin Lake and the recently purchased Learning Centre Land on DL 57." The Islands Trust Fund acquired the property thanks in part to generous donations from the members and supporters of the Galiano Conservancy Association (GCA). The Nature Conservancy of Canada joined the partnership, matching the funds raised by GCA with the support of the Government of Canada through the Natural Areas Conservation Program. The property will be protected by the Islands Trust Fund, with a conservation covenant registered in favour of GCA. "Working in partnership with the GCA and the Nature Conservancy of Canada has resulted in a major conservation success for the Salish Sea," said Jennifer Eliason of the Islands Trust Fund. "Through GCA's long-term vision, there is now a network of permanently protected habitat across Galiano Island. This acquisition provides wonderful connectivity essential to the survival of many species."

1. Bodega Ridge Park was initiated by Galiano Island groups and individuals. The Galiano Conservancy was instrumental in bringing The Nature Conservancy of Canada to the project. With their help, Bodega Ridge became the first acquisition by the Pacific Marine Heritage Legacy.

From the Bodega Ridge summit, home of rare flora, the meandering network of conservation jewels descends to The Learning Centre next to the Trincomali Nature Reserve.

2. Laughlin Lake. The long history of Laughlin Lake's disturbances did not stop us from seeing its ecological value. Through ongoing restoration projects, we have seen the lake return to a more natural state, and it now serves as very important wetland habitat for many native species. It was not until the 1970's, presumably when beavers re-colonized the area, that standing water began to collect in the Laughlin Lake basin. By the 1990's the lake was filled, once again resembling its 19th Century levels. Laughlin Lake provides the headwaters for Greig Creek on Galiano. The 13 hectare lake is part of a 27 hectare protected area purchased by the Galiano Conservancy Association and partners in 2001. The location of the lake in the mid island region makes it key to landscape level connectivity.

3. Pebble Beach is an award winning and unique experimental restoration of a portion of the second-growth plantation forest on District Lot 63. The current state of the land is the direct result of past timber production management objectives. The site is predominantly two plantation forests, and the focus of a unique forest restoration effort begun in 2001 by the Galiano Conservancy, carrying out the restoration work with as minimal impact as possible. To get some of the feeling of what it is we are doing in District lot 63 check out "Let It Rot" a 6:36 min film made in conjunction with The Gulf Islands Film and Television School. (See website www.galianoconservancy.ca)

4. Great Beaver Swamp. Since William Ralph's 1888 survey of the dam, this wetland was briefly used as pasture in the middle of the 20th century. The beaver have returned to the area and have restored the "Great Beaver Dam" recreating the 6 hectare wetland system of today, a similar size to that described by William Ralph in 1888. The Great Beaver Swamp is one of the largest wetlands on Galiano. It provides valuable habitat for birds and amphibians and is a regular watering hole for Black-tailed deer, River Otter, Mink and other mammals. It is also the source of Beaver Creek which flows northeast to Cable Bay.

"[The Great Beaver Swamp] is an excellent example of landscape and watershed-level conservation planning that ensures protection of not just an individual wetland or stream, but the entire wetland complex, stream and riparian areas." —The BC Conservation Data Centre

The acquisition of the Great Beaver Swamp is an integral component in the protection of the Beaver Creek Watershed, which is protected by both Crown land and Conservancy land in the Pebble Beach Reserve. With the acquisition of the Great Beaver Swamp completed, it will now become a part of the Pebble Beach Reserve, and is an integral part of the Mid Galiano Island Protected Areas Network.

5. The Learning Centre. Located on the southwest shore of Galiano Island, the acquired property for The Learning Centre is 188 acres and features over 2 kilometers of waterfront, two seasonal streams, a working farm, wetlands, and over 80 acres of mature forest. The land was purchased by the Conservancy in cooperation with The Nature Conservancy and with the help of many generous partners. The facility is operating on a temporary-use permit for tent platforms and cookhouse to allow programming to proceed as we develop sustainable, green structures and infrastructure.

6. Trincomali Nature Reserve. The Learning Centre's southward shoreline, in a startling transition, abruptly soars to become the Cormorant Cliffs of the neighboring Trincomali Nature Reserve. The Reserve, famously, the home of the Double Crested Cormorant and Peregrine Falcon (both red-listed) protects a spring, which is the source of water for an adjacent wetland at The Learning Centre. The Reserve is owned by Islands Trust Fund.



200 - 2377 Bevan Avenue
 Sidney, B.C. V8L 4M9
 Ph: 656-5547 Fax: 656-2382
 admin@cowlandpaterson.com
 www.cowlandpaterson.com

Chris Cowland, CA*
 Caroline Paterson, CGA*
 *operating as a partnership of incorporated professionals

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, 2012 and the statements of operations, changes in net assets and cash flow 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.

We draw attention to Note 1 to the financial statements which describes that Galiano Conservancy Association adopted Canadian accounting standards for not-for-profit organizations on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at December 31, 2011 and January 1, 2011 and the statements of operations, changes in net assets and cash flow for the year ended December 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is neither audited nor reviewed.

Cowland Paterson & Co

Sidney, British Columbia
 June 19, 2013

PROFESSIONAL ACCOUNTANTS

GALIANO CONSERVANCY ASSOCIATION
Statement of Financial Position
December 31, 2012
(Unaudited)

| | 2012 | 2011 |
|--|---------------------|-------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 300,357 | \$ 60,029 |
| Term deposits and marketable securities | 361,528 | 11,470 |
| Harmonized sales tax recoverable | 3,246 | - |
| | 665,131 | 71,499 |
| PROPERTY, PLANT AND EQUIPMENT <i>(Notes 4, 10)</i> | 1,823,986 | 590,804 |
| | \$ 2,489,117 | \$ 662,303 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accounts payable | \$ 4,424 | \$ 3,204 |
| Employee deductions payable | 2,890 | - |
| Deferred revenue <i>(Note 6)</i> | 57,245 | 22,595 |
| | 64,559 | 25,799 |
| DEMAND LOAN <i>(Note 5)</i> | 999,000 | - |
| PROMISSORY NOTES <i>(Note 7)</i> | 662,000 | 40,000 |
| | 1,725,559 | 65,799 |
| NET ASSETS | 763,558 | 596,504 |
| | \$ 2,489,117 | \$ 662,303 |

ON BEHALF OF THE BOARD

Treasurer

GALIANO CONSERVANCY ASSOCIATION
Statement of Operations
Year Ended December 31, 2012
(Unaudited)

| | 2012 | 2011 |
|---|-------------------|--------------------|
| REVENUE | | |
| Donations | \$ 88,543 | \$ 52,065 |
| Memberships | 1,976 | 1,872 |
| Federal grants | 57,205 | 82,496 |
| Wage subsidies | 23,705 | 13,104 |
| Regional grants | 7,825 | 7,094 |
| Corporate grants | 208,941 | 10,862 |
| Foundation grants | 87,197 | 29,626 |
| Program fees | 7,735 | 7,053 |
| Contracts | 5,840 | 25,488 |
| Sales | 5,610 | 4,762 |
| Public service | 1,397 | 1,916 |
| Interest income | 25,849 | 1,148 |
| | 521,823 | 237,486 |
| EXPENSES | | |
| Amortization | 3,020 | 4,228 |
| Bus operating | 2,959 | 1,053 |
| Conferences and education | 1,667 | 3,762 |
| Contracts and consultants | 13,422 | 7,037 |
| Honorariums | 5,927 | 5,087 |
| Interest on long term debt | 42,522 | - |
| Land improvements | 21,543 | - |
| Land management | 9,279 | 12,999 |
| Office | 13,792 | 20,320 |
| Operating expenses | 56,864 | 47,616 |
| Salaries and wages | 183,774 | 167,292 |
| | 354,769 | 269,394 |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES | \$ 167,054 | \$ (31,908) |
| | 2012 | 2011 |
| NET ASSETS - BEGINNING OF YEAR | \$ 596,504 | \$ 628,412 |
| Excess of revenue over expenses | 167,054 | (31,908) |
| NET ASSETS - END OF YEAR | \$ 763,558 | \$ 596,504 |

GALIANO CONSERVANCY ASSOCIATION
Statement of Fund Balances
Year Ended December 31, 2012
(Unaudited)

| | General Fund | Mary Sutherland Hardy Fund | Endowment Fund | Land Fund | Total 2012 | Total 2011 |
|---------------------------|--------------|----------------------------|----------------|------------|------------|------------|
| REVENUE | \$ 42,854 | \$ 100 | \$ 48 | \$ 478,821 | \$ 521,823 | \$ 237,486 |
| EXPENSES | 96,892 | - | - | 257,877 | 354,769 | 269,394 |
| NET REVENUE OVER EXPENSES | (54,038) | 100 | 48 | 220,944 | 167,054 | (31,908) |
| OPENING FUND BALANCE | \$ 45,700 | \$ 4,670 | \$ 6,716 | \$ 539,418 | \$ 596,504 | \$ 628,412 |
| INTERFUND TRANSFER | 41,074 | - | - | (41,074) | - | - |
| CLOSING FUND BALANCE | 32,736 | 4,770 | 6,764 | 719,288 | 763,558 | 596,504 |
| CURRENT ASSETS | \$ 46,545 | \$ 4,770 | \$ 6,764 | \$ 614,897 | \$ 672,976 | \$ 82,364 |
| LAND | - | - | - | 1,816,141 | 1,816,141 | 579,939 |
| INTERFUNDS | - | - | - | - | - | - |
| TOTAL ASSETS | 46,545 | 4,770 | 6,764 | 2,431,038 | 2,489,117 | 662,303 |
| CURRENT LIABILITIES | \$ 13,809 | \$ - | \$ - | \$ 50,750 | \$ 64,559 | \$ 25,799 |
| LONG TERM LIABILITIES | - | - | - | 1,661,000 | 1,661,000 | 40,000 |
| FUND BALANCES | | | | | | |
| EXTERNALLY RESTRICTED | - | 4,770 | - | - | 4,770 | 4,670 |
| INTERNALLY RESTRICTED | - | - | 6,764 | 719,288 | 726,052 | 546,134 |
| UNRESTRICTED | 32,736 | - | - | - | 32,736 | 45,700 |
| | 46,545 | 4,770 | 6,764 | 2,431,038 | 2,489,117 | 662,303 |

GALIANO CONSERVANCY ASSOCIATION
Statement of Changes in Financial Position
Year Ended December 31, 2012
(Unaudited)

| | 2012 | 2011 |
|---|--------------------|------------------|
| OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenue over expenses | \$ 167,054 | \$ (31,908) |
| Item not affecting cash: | | |
| Amortization of property, plant and equipment | 3,020 | 4,228 |
| | <u>170,074</u> | <u>(27,680)</u> |
| Changes in non-cash working capital: | | |
| Accounts payable | 1,220 | 936 |
| Deferred revenue | 34,650 | (19,645) |
| Goods and services tax payable (recoverable) | (3,246) | - |
| Employee deductions payable | 2,890 | - |
| | <u>35,514</u> | <u>(18,709)</u> |
| Cash flow from (used by) operating activities | <u>205,588</u> | <u>(46,389)</u> |
| INVESTING ACTIVITY | | |
| Purchase of property, plant and equipment | <u>(1,236,202)</u> | <u>(14,754)</u> |
| FINANCING ACTIVITIES | | |
| Proceeds from long term financing | 1,140,000 | - |
| Repayment of long term debt | (141,000) | - |
| Increase in promissory note | 622,000 | - |
| | <u>1,621,000</u> | <u>-</u> |
| INCREASE (DECREASE) IN CASH FLOW | 590,386 | (61,143) |
| Cash - beginning of year | <u>71,499</u> | <u>132,642</u> |
| CASH - END OF YEAR | \$ 661,885 | \$ 71,499 |

GALIANO CONSERVANCY ASSOCIATION
Notes to Financial Statements
Year Ended December 31, 2012
(Unaudited)

1. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

During the year the Association adopted accounting standards for not-for-profit organizations. These financial statements are the first prepared in accordance with these standards. The adoption of ASPE had no impact on net assets as at January 1, 2011 or operations or cash flow for the year ended December 31, 2011 as previously reported in accordance with pre-changeover Canadian generally accepted accounting principles.

2. 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 and is a registered charity under the Income Tax Act of Canada.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2012
(Unaudited)

4. PROPERTY, PLANT AND EQUIPMENT

| | Cost | Accumulated amortization | 2012 Net book value | 2011 Net book value |
|-------------------------------|---------------------|-----------------------------|---------------------------|---------------------------|
| Land in trust District Lot 57 | \$ 1,335,705 | \$ - | \$ 1,335,705 | \$ - |
| Land in trust Mt. Sutil | 21,332 | - | 21,332 | 21,332 |
| Land in trust Pebble Beach | 125,204 | - | 125,204 | 125,204 |
| Land in trust Laughlin Lake | 148,900 | - | 148,900 | 148,900 |
| Land in trust Beaver Swamp | 185,000 | - | 185,000 | 185,000 |
| Land Deposit and Acquisition | - | - | - | 99,503 |
| Equipment | 3,000 | 1,080 | 1,920 | 2,400 |
| Motor vehicles | 12,093 | 6,168 | 5,925 | 8,465 |
| | <u>\$ 1,831,234</u> | <u>\$ 7,248</u> | <u>\$ 1,823,986</u> | <u>\$ 590,804</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.

5. 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.

| | 2012 | 2011 |
|--|-------------------|-------------|
| | <u>\$ 999,000</u> | <u>\$ -</u> |

6. 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.

7. 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.

8. 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, 2012
(Unaudited)

9. 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.

10. NATURE CONSERVANCY OF CANADA FUNDING

The sum of \$1,689,295 was received in the current year from the Nature Conservancy of Canada ("NCC"). This amount was netted against the purchase price of the District Lot 57 property. There is a funding agreement in place between NCC and Galiano Conservancy Association which outlines the obligations and compliance requirements. Please refer to the OQO Funding Agreement for complete details.

11. COMPARATIVE FIGURES

The prior year comparative figures were reviewed by another chartered accountant. Some of the comparative figures have been reclassified to conform to the current year's presentation.



Galiano Conservancy Association
RR #1, Sturdies Bay Road
Galiano Island, BC V0N 1P0
250.539.2424
conservancy@galianoconservancy.ca

Visit our new Website!
Just google Galiano Conservancy...

