



Consolidated Financial Statements

TLC The Land Conservancy of British Columbia

April 30, 2008

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Auditors' report

To the directors of
TLC The Land Conservancy of British Columbia

We have audited the consolidated statement of financial position of TLC The Land Conservancy of British Columbia as at April 30, 2008 and the consolidated statements of operations and changes in fund balances, changes in funds invested in capital assets, and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Society derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to donation revenues, net revenue, assets and fund balances.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations referred to in the preceding paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the Society as at April 30, 2008 and the results of its operations and its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles. As required by the Society Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Victoria, Canada
July 4, 2008

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Chartered accountants

TLC The Land Conservancy of British Columbia

Consolidated Statements of Operations and Changes in Fund Balances

Year Ended April 30

2008

2007

	<u>General</u> <u>Fund</u>	<u>Restricted</u> <u>Fund</u>	<u>Total</u>	(Note 11) <u>Total</u>
Revenue				
Donations	\$ 860,745	\$ 4,965,630	\$ 5,826,375	\$ 6,516,028
Grants	542,759	3,200,356	3,743,115	1,354,973
Memberships	425,989	-	425,989	252,886
Other income	313,994	149,019	463,013	330,267
Donations in kind	163,050	7,357,142	7,520,192	3,080,022
Rental income	<u>127,608</u>	<u>114,840</u>	<u>242,448</u>	<u>244,012</u>
	<u>2,434,145</u>	<u>15,786,987</u>	<u>18,221,132</u>	<u>11,778,188</u>
Expenses				
Advertising and promotion	92,274	30,694	122,968	147,958
Amortization	42,768	55,012	97,780	74,002
Conferences and seminars	13,322	6,977	20,299	26,800
Consulting	102,680	61,613	164,293	131,220
Fund raising	16,121	5,741	21,862	51,946
Interest and bank charges	48,853	155	49,008	77,262
Interest on long-term debt	101,772	292,183	393,955	330,270
Insurance	40,789	43,434	84,223	76,248
Licences, dues and fees	3,249	470	3,719	1,739
Memberships	7,155	188	7,343	6,139
Office supplies, printing, postage	80,971	5,976	86,947	65,799
Professional fees	32,999	3,836	36,835	79,025
Other expenses	104,103	54,176	158,279	106,581
Property taxes	14,665	55,355	70,020	75,165
Rent and utilities	141,833	21,604	163,437	75,111
Repairs and maintenance	70,665	145,604	216,269	242,809
Salaries, wages and benefits	769,778	1,630,839	2,400,617	2,157,207
Telephone	62,662	16,044	78,706	67,606
Transfers to other agencies	242,875	4,291,878	4,534,753	2,581,774
Travel	<u>118,342</u>	<u>28,430</u>	<u>146,772</u>	<u>150,694</u>
	<u>2,107,876</u>	<u>6,750,209</u>	<u>8,858,085</u>	<u>6,525,355</u>
Excess of revenue over expenses	326,269	9,036,778	9,363,047	5,252,833
Fund balances, beginning of year	<u>2,280,311</u>	<u>16,944,784</u>	<u>19,225,095</u>	<u>13,972,262</u>
Fund balances, end of year	<u>\$ 2,606,580</u>	<u>\$ 25,981,562</u>	<u>\$ 28,588,142</u>	<u>\$ 19,225,095</u>

See accompanying notes to the consolidated financial statements.

TLC The Land Conservancy of British Columbia

Consolidated Statement of Financial Position

April 30

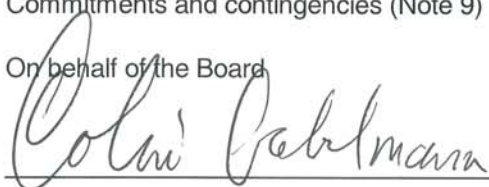
2008

2007

	General Fund	Restricted Fund	Total	Total
Assets				
Current				
Cash and cash equivalents	\$ -	\$ 965,000	\$ 965,000	\$ 236,982
Receivables	39,635	398,578	438,213	301,708
Prepays	13,763	4,790	18,553	16,960
Inventory	25,946	-	25,946	29,253
Deposits on land (Note 2)	-	48,878	48,878	110,000
	<u>79,344</u>	<u>1,417,246</u>	<u>1,496,590</u>	<u>694,903</u>
Investments (Note 3)	-	134,000	134,000	134,000
Capital assets (Note 5)	<u>171,513</u>	<u>35,475,133</u>	<u>35,646,646</u>	<u>25,539,316</u>
	<u>\$ 250,857</u>	<u>\$ 37,026,379</u>	<u>\$ 37,277,236</u>	<u>\$ 26,368,219</u>
Liabilities				
Current				
Line of credit	\$ 206,593	\$ -	\$ 206,593	\$ -
Payables and accruals (Note 4)	669,260	229,303	898,563	581,597
Deferred membership revenue	55,015	-	55,015	101,221
Due to (from) other Fund	(5,158,217)	5,158,217	-	-
Current portion of long-term debt (Note 6)	<u>1,004,326</u>	<u>2,889,044</u>	<u>3,893,370</u>	<u>2,314,005</u>
	<u>(3,223,023)</u>	<u>8,276,564</u>	<u>5,053,541</u>	<u>2,996,823</u>
Deferred revenue (Note 7)	-	498,059	498,059	496,633
Long-term debt (Note 6)	<u>867,300</u>	<u>2,270,194</u>	<u>3,137,494</u>	<u>3,649,668</u>
	<u>(2,355,723)</u>	<u>11,044,817</u>	<u>8,689,094</u>	<u>7,143,124</u>
Fund Balances				
Invested in capital assets	171,513	30,364,771	30,536,284	21,008,325
Externally restricted	-	(4,383,209)	(4,383,209)	(3,913,995)
Unrestricted	<u>2,435,067</u>	<u>-</u>	<u>2,435,067</u>	<u>2,130,765</u>
	<u>2,606,580</u>	<u>25,981,562</u>	<u>28,588,142</u>	<u>19,225,095</u>
	<u>\$ 250,857</u>	<u>\$ 37,026,379</u>	<u>\$ 37,277,236</u>	<u>\$ 26,368,219</u>

Commitments and contingencies (Note 9)

On behalf of the Board

 Colin Pahlmann

Director



Director

TLC The Land Conservancy of British Columbia Consolidated Statement of Changes in Funds Invested in Capital Assets

Year Ended April 30	2008			2007
	<u>General Fund</u>	<u>Restricted Fund</u>	<u>Total</u>	<u>Total</u>
Investment in capital assets, beginning of year	\$ 149,546	\$ 20,858,779	\$ 21,008,325	\$ 15,841,713
Additions to capital assets	64,735	10,167,475	10,232,210	7,729,179
Disposition of capital assets	-	(27,100)	(27,100)	(3,206,924)
Amortization to capital assets	(42,768)	(55,012)	(97,780)	(74,002)
(Reduction) increase in deposits on land	-	(61,122)	(61,122)	55,675
(Increase) decrease of debt relating to purchase of capital assets, net	<u>-</u>	<u>(518,249)</u>	<u>(518,249)</u>	<u>662,684</u>
Investment in capital assets, end of year	<u>\$ 171,513</u>	<u>\$ 30,364,771</u>	<u>\$ 30,536,284</u>	<u>\$ 21,008,325</u>

See accompanying notes to the consolidated financial statements.

TLC The Land Conservancy of British Columbia

Consolidated Statement of Cash Flows

Year Ended April 30

2008

2007

	<u>General Fund</u>	<u>Restricted Fund</u>	<u>Total</u>	<u>Total</u>
Increase (decrease) in cash and cash equivalents				
Operating activities				
Excess of revenue over expenses \$	326,269	\$ 9,036,778	\$ 9,363,047	\$ 5,252,833
Amortization of capital assets	42,768	55,012	97,780	74,002
Loss on disposal of capital assets	-	-	-	1,474
Non-cash donations and transfers, net	-	(3,600,950)	(3,600,950)	401,900
	<u>369,037</u>	<u>5,490,840</u>	<u>5,859,877</u>	<u>5,730,209</u>
Changes in non-cash operating working capital (Note 10)	<u>223,675</u>	<u>(87,706)</u>	<u>135,969</u>	<u>(376,014)</u>
	<u>592,712</u>	<u>5,403,134</u>	<u>5,995,846</u>	<u>5,354,195</u>
Financing activities				
Loan principal advances (repayments), net	548,942	518,249	1,067,191	(108,654)
Due to (from) other Fund	(1,420,494)	1,420,494	-	-
	<u>(871,552)</u>	<u>1,938,743</u>	<u>1,067,191</u>	<u>(108,654)</u>
Investing activities				
Purchase of land and capital assets	(64,735)	(6,566,525)	(6,631,260)	(6,031,079)
Proceeds on sale of capital assets	-	27,100	27,100	1,105,450
Deposits paid on land, net	-	61,122	61,122	(55,675)
Investment in farming co-operatives	-	-	-	(10,000)
Deposits received on land	-	-	-	(200,000)
Deferred revenue	-	1,426	1,426	496,633
	<u>(64,735)</u>	<u>(6,476,877)</u>	<u>(6,541,612)</u>	<u>(4,694,671)</u>
Net increase (decrease) in cash and cash equivalents	(343,575)	865,000	521,425	550,870
Cash and cash equivalents (net of line of credit), beginning of year	<u>136,982</u>	<u>100,000</u>	<u>236,982</u>	<u>(313,888)</u>
Cash and cash equivalents (net of line of credit), end of year	<u>\$ (206,593)</u>	<u>\$ 965,000</u>	<u>\$ 758,407</u>	<u>\$ 236,982</u>

See accompanying notes to the consolidated financial statements.

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2008

Purpose of the Society and going concern

The purpose of the Society is to protect plants, animals, natural communities and landscape features that represent diversity of life on earth, by protecting the lands and waters they need to survive, and to protect areas of scientific, historical, cultural, scenic or compatible recreation value. This is accomplished by acquiring protective control of these lands and waters through ownership of the land, long-term leases or conservation covenants. The Society is a registered charity under the provisions of the Income Tax Act.

As a charity, the Society's primary sources of revenue are contributions from the public (including gifts of land), membership revenue, and government grants. These resources are used to carry out the Society's mandate as described above. The Society's ability to meet its obligations and maintain operations is contingent upon the continuing support of its donors and grantors. The Society continually seeks funding to continue its conservation activities and to meet its ongoing administrative requirements. Even though the Society has been successful in raising funds over its eleven years of operation and has a consistent record of growing its membership base year over year, there can be no assurances that additional funding will be available in the future. In the event that sufficient additional funding is not obtained, there is doubt about the Society's ability to continue as a going concern. It is management's belief that this vital funding will continue in the future, therefore these financial statements have been prepared on a going concern basis which assumes that the Society will be able to realize assets and discharge liabilities in the normal course of operations for the foreseeable future.

1. Summary of significant accounting policies

(a) Principles of consolidation

The consolidated financial statements consist of the accounts of the Society and its wholly-owned subsidiary company, TLC The Land Conservancy (Enterprises) Ltd.

(b) Fund accounting and revenue recognition

The Society follows the restricted fund method of accounting for contributions. Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions in kind are recognized at fair value at the date of contributions, if determinable. All other revenue is recognized in the period in which it is earned.

The General Fund accounts for the Society's administrative and operational activities. This fund reports donations received for which there are no restrictions attached by the donor.

Restricted contributions are subject to externally imposed restrictions specifying how the funds are to be used and are disclosed in the Restricted Fund.

The General Fund supports the Restricted Fund when the excess of revenue over expenses of the Restricted Fund is not sufficient to cover the cost of the investment in capital assets by the

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2008

Restricted Fund. The cumulative amount of support is shown in the offsetting accounts "Due to (from) Other Fund" in the Consolidated Statement of Financial Position.

1. Summary of significant accounting policies (continued)

The Society receives a significant amount of donated services, the fair market value of which cannot be determined and, therefore, has not been recorded in the accounts.

(c) Cash and cash equivalents

Cash and cash equivalents are comprised of cash in the bank, cash on hand and instruments with maturity dates of three months or less when acquired.

(d) Investments

Short-term investments are recorded at the lower of cost and market value. Long-term investments are carried at cost and are written down when there has been a loss in value that is other than temporary.

(e) Inventory

Inventories of merchandise held for resale are recorded at the lower of cost or net realizable value.

(f) Capital assets and amortization

Capital assets are recorded at cost. Amortization is provided for by using the declining balance method and the following rates:

Buildings	5%
Furniture and equipment	5%, 20%, 30% and 50%
Computer equipment and software	30% and 50%
Vehicles	30%

Land and covenants included in capital assets are either purchased or donated. Covenants are legal agreements entered into by the Society under which a landowner voluntarily restricts or limits the type and amount of development that may take place on his or her land to conserve its natural features. Once registered on title, that agreement runs with the title and binds all future owners. Its value is measured as the difference between the fair value of the property before and after the covenant is registered.

(g) Contributed assets

Contributed capital assets are recognized at their fair value, which is supported by independent appraisal. During the year, the Society recognized contributed covenants of \$4,847,500 (2007:\$0) and contributed land of \$2,250,000 (2007: \$1,698,100).

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2008

1. Summary of significant accounting policies (continued)

(h) Endowment contributions

The Society receives endowment contributions which are specified for transfer for holding purposes to the Victoria Foundation, The Vancouver Foundation or the Community Foundation of the South Okanagan (the "foundations"). Receipts are shown as revenues of the General Fund and the corresponding transfer is shown in expenses under transfers to other agencies. These funds are held by the foundations and the Society is entitled to receive an annual distribution from income earned on them between 4.75% and 5.00%. As at April 30, 2008, the funds held by the foundations had a fair market value of approximately \$684,920 (2007: \$693,000).

(i) Financial instruments

The Society's financial instruments consist of cash and cash equivalents, receivables, line of credit, payables and accruals and long term debt. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

In April 2005, the Accounting Standards Board issued new Handbook sections on financial instruments, Section 3855 and Section 3861. Section 3855, "Financial Instruments - recognition and measurement," addresses when financial instruments should be recognized and how they should be measured. Section 3861, "Financial Instruments - disclosure and presentation," provides standards for how financial instruments should be classified in financial statements and the disclosure requirements.

The Society has adopted both of the sections for the fiscal year ended April 30, 2008. There has been no change to opening net assets as a result of adopting these new sections.

(j) Long-lived assets

The Society regularly reviews the carrying value of long-lived assets and continually makes estimates regarding future cash flows and other factors to determine the fair value of the respective assets. If these estimates or their related assumptions change in the future, the Society may be required to record impairment charges for these assets.

(k) Use of estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2008

2. Deposits on land	<u>2008</u>	<u>2007</u>
(a) Deposit on the purchase of a property known as the Skaha Bluffs in the Okanagan region of British Columbia. Purchase completed during the year	\$ -	\$ 10,000
(b) Deposit on the purchase of a property known as the Fort Shepherd Flats near Trail, British Columbia. The purchase of the lands was split into two phases with the first phase purchase completed during the year	-	100,000
(c) Deposit on the purchase of land in the Victoria area of British Columbia. Purchase to complete by July, 2008 subject to funding being raised	30,000	-
(d) Deposits on the purchase of a conservation covenant on a property located on Gabriola Island, British Columbia known as Gabriola Common. Purchase to complete by December, 2008	17,878	-
(e) Deposit on the purchase of a property in the Kootenay region of British Columbia. Terms not set	<u>1,000</u>	<u>-</u>
	<u>\$ 48,878</u>	<u>\$ 110,000</u>
3. Investments	<u>2008</u>	<u>2007</u>
Investment in Keating Community Farm Co-operative	\$ 5,000	\$ 5,000
Investment in Horse Lake Community Farm Co-operative	5,000	5,000
Charitable Remainder Trust Investment	<u>124,000</u>	<u>124,000</u>
	<u>\$ 134,000</u>	<u>\$ 134,000</u>

The Society is named as a beneficiary of two Charitable Remainder Trusts. The balance of \$124,000 represents the actuarial value of the trusts at the date of funding. The actuarial value of Charitable Remainder Trusts received during the year was recorded in the statement of operations and changes in fund balances as a part of donations in-kind revenue.

4. Due to related parties

Included in accounts payable is \$61,153 (2007: \$34,241) due to the Executive Director of the Society. The amount due to the Executive Director of the Society bears no interest and has no stated terms of repayment.

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2008

5. Capital assets			<u>2008</u>	<u>2007</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Restricted Fund				
Land	\$ 26,024,509	\$ -	\$ 26,024,509	\$ 21,304,038
Covenants	8,739,951	-	8,739,951	3,392,451
Buildings	750,851	172,278	578,573	576,130
Furniture and equipment	<u>234,186</u>	<u>102,086</u>	<u>132,100</u>	<u>117,151</u>
	<u>35,749,497</u>	<u>274,364</u>	<u>35,475,133</u>	<u>25,389,770</u>
General Fund				
Furniture and equipment	155,397	75,392	80,005	90,322
Computer equipment	61,463	50,686	10,777	12,967
Vehicle	<u>115,110</u>	<u>34,379</u>	<u>80,731</u>	<u>46,257</u>
	<u>331,970</u>	<u>160,457</u>	<u>171,513</u>	<u>149,546</u>
	<u>\$ 36,081,467</u>	<u>\$ 434,821</u>	<u>\$ 35,646,646</u>	<u>\$ 25,539,316</u>

6. Long term debt	<u>2008</u>	<u>2007</u>
(a) Unsecured loan payable to a director bears interest at 4.0% per annum and is repayable with payments of interest only in November of each year. Due on demand	\$ 350,000	\$ 350,000
(b) Non-interest bearing note is unsecured and is due on demand	50,000	50,000
(c) Promissory note, unsecured, bears interest at prime plus 0.5% per annum and repayable in monthly payments of \$1,000, principal and interest, no fixed due date	27,412	37,272
(d) Mortgage related to Horsefly River property is secured by a first charge on real property, bears interest at 7.0% per annum and is repayable in monthly payments of \$539, principal and interest. Due April 2009	62,506	64,577
(e) Mortgage related to Horsefly River property is secured by a first charge on real property, bears interest at 7.0% per annum and is repayable in monthly payments of \$539, principal and interest. Due April 2009	62,506	64,577

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2008

6. Long term debt (continued)	<u>2008</u>	<u>2007</u>
(f) Mortgage payable to Coast Capital Savings Credit Union for Ayum Creek project is secured by real property, bears interest at 6.7% per annum and is repayable in blended monthly payments of \$590, principal and interest. Due November 2008	\$ 71,105	\$ 73,579
(g) Mortgage payable to Coast Capital Savings Credit Union related to Ross Bay Villa Project, is secured by real property, bears interest at 6.7% per annum and is repayable in blended monthly payments of \$1,273, principal and interest. Due November 2008	153,715	158,863
(h) Mortgage payable is secured by Wildwood property, bears interest at 6.0% per annum and is repayable in blended monthly payments of \$1,151, principal and interest. Due April 2013	103,988	111,393
(i) Mortgage payable is secured by Wildwood property, bears interest at 8.0% per annum and is repayable in annual payments of interest only. Due December 2009	70,000	70,000
(j) Mortgage payable related to the Eagle Bluff Project is secured by real property, bears interest at 6.0% per annum and is repayable with blended monthly payments of \$855, principal and interest. Due November 2009	108,127	111,854
(k) Mortgage payable due to Thwaytes Landing Preservation Corp. relating to Thwaytes Landing project, is secured by a first charge on real property, bears interest at 7.75% per annum and is repayable in monthly payments of \$2,222, principal plus interest. Due September 2008	277,768	304,437
(l) Mortgages payable secured by Squamish Corridor property, each bears interest at 7.25% per annum and is repayable with monthly payments of interest only. Due September 2008	300,000	300,000
(m) Mortgage payable is secured by Abkhazi property #2, bears interest at 6.0% and is repayable in monthly payments of \$409, principal and interest. Due February 2009	61,415	62,650
(n) Promissory note payable to the District of Saanich is unsecured, bears no interest and is repayable in equal		

TLC The Land Conservancy of British Columbia

Notes to the Consolidated Financial Statements

April 30, 2008

annual payments of \$54,770 in September each year until September 2011	219,080	273,850
6. Long term debt (continued)	<u>2008</u>	<u>2007</u>
(o) Mortgage payable, related to the Sooke Potholes project, is secured by real property, bears interest at 6.0% per annum and principal and accrued interest is due March 2009	\$ 75,000	\$ 150,000
(p) Non-interest bearing loan	-	2,500
(q) Mortgage payable to Coast Capital Savings Credit Union related to Ayum Creek property, is secured by real property, bears interest at 6.7% per annum and is repayable in blended monthly payments of \$398. Due November 2008	48,003	49,612
(r) Mortgage payable with a charge on a lot purchased and now incorporated into the Abkhazi Garden property, bears interest at 7.5% per annum is repayable in blended monthly payments of \$512, principal and interest. Due May 2009	61,231	62,791
(s) Mortgage payable to HSBC Bank Canada related to Squamish Corridor property, is secured by real property, bears interest at prime plus 1% per annum, and is repayable in blended monthly payments of \$5,750, principal and interest. Due on demand	432,452	495,745
(t) Loan payable is unsecured, bears interest at 6.0% per annum (calculated and compounding monthly) and is repayable on demand. Unpaid interest in the current year has been added to the debt outstanding	43,572	41,040
(u) Loan payable to Executive Director of the Society is unsecured, bears no interest and has no set terms of repayment	27,799	27,799
(v) Various unsecured loans payable bearing interest at 4.0% per annum and having no principal payments until the due dates between September 2008 – October 2009	79,000	79,000
(w) Mortgage related to the Wildwood project bears interest at 6.0% per annum with monthly payments of \$840, principal and interest. Due April 2013	75,904	81,306
(x) Mortgage related to the Wildwood project, is secured by real property, bears interest at 6.0% per		

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Notes to the Consolidated Financial Statements

April 30, 2008

annum with blended monthly payments of \$840, principal
and interest. Due April 2013

33,116

81,309

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Notes to the Consolidated Financial Statements

April 30, 2008

6. Long term debt (continued)	<u>2008</u>	<u>2007</u>
(y) Mortgage payable, related to Wycliffe property, is secured by real property, bears interest at 4.0% per annum and is repayable in monthly principal payments of \$500 plus interest. Due September 2009	\$ 37,500	\$ 43,500
(z) Promissory note in favour of the Community Futures Development Corporation of Boundary Area bears interest at 8.0% per annum and is repayable in blended monthly payments of \$1,000, principal and interest. Due March 2009	48,194	56,013
(aa) Loan due to Ducks Unlimited Canada	-	25,000
(bb) Mortgage payable to the Grand Forks District Savings Credit Union is secured by a first charge on real property, bears interest at prime plus 1.0% per annum and is repayable with blended monthly payments of \$500, principal and interest. Due April 2009	50,000	50,000
(cc) Unsecured loan payable to a director bears interest at 3.0% calculated and compounded monthly and is repayable with payments of interest only in September of each year. Due on demand	250,000	250,000
(dd) Unsecured, non-interest bearing loan.	-	400
(ee) Mortgage payable (including \$65,227 payable to a director and the director's spouse), secured by Keating Farm Estate property, bears interest at 7.25% per annum and is repayable with monthly principal payments of \$2,585 plus interest. Due August 2009	306,567	384,660
(ff) Mortgage payable, secured by Abkhazi Garden property, bears interest at prime plus 2.0% per annum and is repayable with blended monthly payments of \$10,037, principal and interest. Due February 2012	1,172,742	1,195,911
(gg) Mortgage payable, secured by Cowichan River property, bears interest at 6.0% per annum and is repayable with blended monthly payments of \$640, principal and interest. Due March 2012	98,045	99,854
(hh) Mortgage payable, secured by Kogawa House property, bears interest at 6.0% per annum and is repayable with blended monthly payments of \$709, principal and interest. Due May 2009	106,141	108,210

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Notes to the Consolidated Financial Statements

April 30, 2008

6. Long term debt (continued)	<u>2008</u>	<u>2007</u>
(ii) Mortgage payable, secured by Luke Creek property, bears interest at 6.0% per annum and is repayable with blended monthly payments of \$555, principal and interest. Due May 2009	\$ 42,513	\$ 46,525
(jj) Various unsecured loans payable (including \$20,000 payable to two directors and \$14,000 payable to the Executive Director of the Society) bearing interest at 7.0% to 8.0% per annum and with interest payable annually on the anniversary date of the loan. No principal payments are due until the loan maturity dates which occur over March 2010 – February 2014.	500,000	506,000
(kk) Various unsecured non-interest bearing loans	-	27,500
(ll) Unsecured loan payable, bears interest at 5.5% per annum and is repayable with payments of interest quarterly. Due October 2008	20,000	20,000
(mm) Unsecured loan payable bears interest at 6.0% per annum and is repayable with payments of interest annually. Due April 2009	5,506	5,506
(nn) Loan payable related to financing of a motor vehicle, secured by the motor vehicle, non-interest bearing with monthly payments of \$573. Due July 2009	8,590	15,462
(oo) Loan payable related to financing of a motor vehicle, secured by the motor vehicle, non-interest bearing with monthly payments of \$423. Due March 2012	19,897	24,978
(pp) Loan payable related to financing of a motor vehicle, secured by the motor vehicle, non-interest bearing with monthly payments of \$427. Due May 2012	20,929	-
(qq) Loan payable related to financing of a motor vehicle, secured by the motor vehicle, non-interest bearing with monthly payments of \$531. Due March 2013	31,334	-
(rr) Various unsecured loans payable (including \$25,000 payable to the Executive Director of the Society), bearing interest at 4.0% to 8.0% per annum with interest payable on maturity. Initial due dates of May and June 2008 have been extended to July to September 2008	255,000	-

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April 30, 2008

6. Long term debt (continued)	<u>2008</u>	<u>2007</u>
(ss) Unsecured loan payable, non-interest bearing. Due November 2008	\$ 185,000	\$ -
(tt) Unsecured loan payable, bears interest at 7.0% per annum and is repayable with interest payable annually on the anniversary date of the loan. Due May 2010	300,000	-
(uu) Unsecured loan payable to the Capital Regional District, bears interest at 5.298% per annum with interest payable on maturity. Initial due date of June 2008 has been extended to July 2008	250,000	-
(vv) Unsecured loan payable to Mountain Equipment Cooperative, bears interest at 6.0% per annum with interest payable on maturity. Originally due April 2008 but extended to September 2008.	<u>529,207</u>	<u>-</u>
	7,030,864	5,963,673
Less: current portion	<u>3,893,370</u>	<u>2,314,005</u>
	\$ <u>3,137,494</u>	\$ <u>3,649,668</u>

Estimated principal payments for the next five years and beyond are as follows:

2009	\$ 3,893,370
2010	835,633
2011	440,430
2012	1,564,802
2013	146,629
Thereafter	<u>150,000</u>
	\$ <u>7,030,864</u>

Section 3855 states that a financial liability is recognized at its fair value except for certain related party transactions. The fair value of a loan with a non-market rate of interest is not equal to the cash consideration. It can be estimated as the present value of all future cash payments discounted using the prevailing market rate of interest for a similar instrument with a similar credit rating. Except for specified loans from certain related parties, any difference between the fair value of a loan and the cash consideration is recognized immediately in net income.

The fair value of all loans does not differ significantly from their carrying value.

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Notes to the Consolidated Financial Statements

April 30, 2008

7. Deferred revenue

On August 29, 2006, the Society entered into a lease whereby the Society leased the majority of the land associated with the Keating Farm property to the Keating Community Farm Cooperative (the "Cooperative") for a period of 99 years. The lease transfers, by way of a Profit a Prendre, interest in the land to the Cooperative so that the Cooperative has the right to farm, cultivate, harvest and to graze, keep and raise domestic animals on the land.

The lease was sold for \$500,000 with \$230,000 paid on closing and the balance due by December 31, 2006. Any balance not paid by December 31, 2006 bears interest at 7.5%, calculated monthly, not in advance. If the balance is not paid by December 31, 2008, the Society has the right to cancel the lease. As at April 30, 2008, \$185,000 of the original sale value was unpaid to the Society and was included in receivables.

The revenue from the sale is being taken into income on a straight-line amortization basis over the 99 year term of the lease.

8. Agreements for sale

On January 23, 2002, the Society entered into an agreement with Pacific Parklands Foundation, the District of North Vancouver and the Greater Vancouver Regional District ("GVRD") to purchase a property referred to as Thwaytes Landing. The Society's one-third interest in this property has been recorded as land. The Society has also recognized a \$500,000 mortgage against the property.

Concurrent with the purchase, the Society has granted the GVRD an option to purchase the property for \$1. Under the terms of the option, the GVRD would assume the remaining balance of the mortgage, if any.

9. Commitments and contingencies

(a) Nanaimo River property lease

During the year ended April 30, 2001, the Society entered into a ninety-nine year lease with the Regional District of Nanaimo for the Nanaimo River property. Under the terms of this lease, the Society received future lease revenue, designed to coincide with payment requirements of the mortgage on the same property. The final payment was received in June 2003.

(b) Craigflower Manor and Schoolhouse

On April 30, 2003, the Society entered into agreements with the Province of British Columbia to manage the Craigflower Manor and Schoolhouse, two historic sites. Under the terms of the agreements, which run until March 31, 2018, the Society received \$125,000 for the first year's refurbishing and operation of the sites. For subsequent years, the Society is eligible to apply for up to \$15,000 per site; \$30,000 aggregate, for the maintenance of the sites.

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Notes to the Consolidated Financial Statements

April 30, 2008

9. Commitments and contingencies (continued)

(c) Second Lake

On February 1, 2005, concurrent with the purchase of the Second Lake property, the Society entered into leases to lease the two residences on the property to the former owners for consideration of \$200 per annum, for ten years, with three options to renew the lease for five years each term at fair market rent.

(d) Blueways and Greenways Foundation

In 1999, the Society received a donation of units of the Northern Star Hedge Fund valued at \$95,000 to be held in trust for 10 years for the Blueways and Greenways Foundation. Concurrent with this donation, an agreement was signed that holds the Society harmless for any changes in value of the investments. As the units are held in trust for the Foundation, and the Society has no beneficial ownership, the investments are not presented on the financial statements. The Hedge Fund is a closed end investment trust whose units cannot be redeemed until 2019. The ultimate value of the units is uncertain.

(e) Skaha Bluffs

During the year, the Society purchased on behalf of the Province of British Columbia (the "Province") and the Nature Conservancy of Canada (NCC) a property known as the Skaha Bluffs in the Okanagan region of British Columbia. Immediately upon acquisition, the interests were transferred to the Province (23.8% interest) and to NCC (43.8% interest), leaving TLC with a 32.4% interest. While the property is jointly owned at this time, the intention over the next year for the land to be subdivided into separate lots in proportion to the interest of each party with the Society's interest and NCC's interest will be leased to the Province for 99 years to enable a Provincial park to be established.

(f) Operating leases

The Society leases office space, land, automobiles and computer equipment under operating leases. The following are the minimum annual lease payments under the leases:

2009	\$	176,798
2010		174,788
2011		159,797
2012		157,671
2013		165,993
Thereafter		<u>502,898</u>
	\$	<u>1,337,945</u>

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Notes to the Consolidated Financial Statements

April 30, 2008

10. Supplemental cash flow information

	General Fund	Restricted Fund	Total 2008	Total <u>2007</u>
Changes in non-cash working capital				
Decrease (increase) in:				
Receivables	\$ 19,901	\$ (156,406)	\$ (136,505)	\$ (178,370)
Prepaid expenses	(1,684)	91	(1,593)	(5,840)
Inventory	3,307	-	3,307	18,694
Deferred membership revenue	(46,206)	-	(46,206)	(272,719)
Payables and accruals	<u>248,357</u>	<u>68,609</u>	<u>316,966</u>	<u>62,221</u>
	\$ <u>223,675</u>	\$ <u>(87,706)</u>	\$ <u>135,969</u>	\$ <u>(376,014)</u>

Interest on long-term debt paid on a cash basis was \$388,684 (2007: \$306,091).

11. Comparative figures

Certain 2007 comparative figures have been reclassified to conform to the presentation adopted in the current year.
