

THE NATURE TRUST OF BRITISH COLUMBIA

CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2021



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Directors of The Nature Trust of British Columbia

Report on the Financial Statements

Opinion

We have audited the consolidated financial statements of The Nature Trust of British Columbia, which comprise the consolidated statement of financial position as at December 31, 2021, the consolidated statements of operations and net assets and cash flow for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Nature Trust of British Columbia as at December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of The Nature Trust of British Columbia in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing The Nature Trust of British Columbia's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate The Nature Trust of British Columbia or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The Nature Trust of British Columbia's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Independent Auditor's Report to the Directors of The Nature Trust of British Columbia (*continued*)

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Nature Trust of British Columbia's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on The Nature Trust of British Columbia's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause The Nature Trust of British Columbia to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DMCL

Vancouver, Canada
June 15, 2022

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

THE NATURE TRUST OF BRITISH COLUMBIA

Consolidated Statements of Financial Position

December 31, 2021

	General Fund \$	Endowment Fund \$	Property Fund \$	Land Management Fund \$	Total 2021 \$	Total 2020 \$
ASSETS						
CURRENT ASSETS						
Cash	5,100,959	-	-	-	5,100,959	1,538,693
Accounts receivable	1,110,904	-	-	-	1,110,904	428,824
Prepaid expenses and deposits	1,437,379	-	-	-	1,437,379	195,491
	7,649,242	-	-	-	7,649,242	2,163,008
INVESTMENTS (Note 2 (b), 2 (i) and 3)	30,570,193	5,343,741		10,721,457	46,635,391	38,631,088
CAPITAL ASSETS (Note 4)	84,759	-	-	-	84,759	111,875
CONSERVATION LANDS (Note 6)	-	-	104,982,283	-	104,982,283	92,677,327
CONSERVATION LANDS UNDER LONG TERM LEASE (Note 5 and 6)	-	-	895,948	-	895,948	895,948
PACIFIC ESTUARY CONSERVATION PROGRAM PROPERTIES (Note 2(e) and 6)	-	-	17,168,789	-	17,168,789	17,168,789
	38,304,194	5,343,741	123,047,020	10,721,457	177,416,412	151,648,035
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable and accrued liabilities	63,889	-	-	-	63,889	102,048
Deferred contributions (Note 8)	13,291,921	-	-	-	13,291,921	8,305,926
	13,355,810	-	-	-	13,355,810	8,407,974
NET ASSETS	24,948,384	5,343,741	123,047,020	10,721,457	164,060,602	143,240,061
	38,304,194	5,343,741	123,047,020	10,721,457	177,416,412	151,648,035

APPROVED ON BEHALF OF THE BOARD:



Director



Director

Commitments (see Note 12)
Subsequent events (see Note 16)

THE NATURE TRUST OF BRITISH COLUMBIA

Consolidated Statements of Operations and Net Assets

Year ended December 31, 2021

	General Fund		Endowment Fund		Property Fund		Land Management Fund		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE										
Donations and grants (Note 6, 7)	3,555,572	1,418,076	17,795	13,155	11,029,632	5,001,143	3,483,872	929,545	18,086,871	7,361,919
Investment income (Note 9)	2,156,815	1,912,857	-	-	-	-	-	-	2,156,815	1,912,857
Rental and other income (Note 11)	657,955	637,713	-	-	-	-	-	-	657,955	637,713
	6,370,342	3,968,646	17,795	13,155	11,029,632	5,001,143	3,483,872	929,545	20,901,641	9,912,489
OPERATING EXPENSES										
Salaries and benefits	990,864	846,615	-	-	-	-	-	-	990,864	846,615
Administration expenses	930,509	741,427	-	-	-	-	-	-	930,509	741,427
	1,921,373	1,588,042	-	-	-	-	-	-	1,921,373	1,588,042
PROGRAM EXPENSES										
Land management										
Salaries and benefits	892,431	741,639	-	-	-	-	-	-	892,431	741,639
General program costs	29,035	25,704	-	-	-	-	-	-	29,035	25,704
Province-wide	100,765	104,162	-	-	-	-	-	-	100,765	104,162
Okanagan	380,493	305,593	-	-	-	-	-	-	380,493	305,593
Vancouver Island	210,763	142,186	-	-	-	-	-	-	210,763	142,186
North and Central	30,963	27,323	-	-	-	-	-	-	30,963	27,323
Kootenay	567,709	274,236	-	-	-	-	-	-	567,709	274,236
Lower Mainland	203,506	95,958	-	-	-	-	-	-	203,506	95,958
	2,415,665	1,716,801	-	-	-	-	-	-	2,415,665	1,716,801
EXCESS FROM OPERATIONS	2,033,304	663,803	17,795	13,155	11,029,632	5,001,143	3,483,872	929,545	16,564,603	6,607,646
Changes in fair value of investments	477,435	1,365,697	-	-	-	-	-	-	477,435	1,365,697
Gain on sale of investments	3,778,503	-	-	-	-	-	-	-	3,778,503	-
EXCESS OF REVENUE OVER EXPENSES	6,289,242	2,029,500	17,795	13,155	11,029,632	5,001,143	3,483,872	929,545	20,820,541	7,973,343
NET ASSETS, beginning of year	20,763,045	18,431,760	4,694,500	4,644,087	110,742,064	106,135,841	7,040,452	6,055,030	143,240,061	135,266,718
INTERFUND TRANSFER										
Other transfers	(1,775,324)	394,920	500,000	-	1,275,324	(394,920)	-	-	-	-
Inflation protection (Note 2 (f))	(328,579)	(93,135)	131,446	37,258	-	-	197,133	55,877	-	-
NET ASSETS, end of year	24,948,384	20,763,045	5,343,741	4,694,500	123,047,020	110,742,064	10,721,457	7,040,452	164,060,602	143,240,061

THE NATURE TRUST OF BRITISH COLUMBIA

Consolidated Statements of Cash Flow

December 31, 2021

	2021	2020
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATIONS		
Excess of revenue over expenses	20,820,541	7,973,343
Items not involving cash:		
Amortization	34,746	30,901
Changes in fair value of investments	(4,255,939)	(1,365,697)
Contributed conservation lands (Note 6)	-	(1,952,000)
	16,599,348	4,686,547
Changes in non-cash working capital items	(1,962,078)	572,337
Increase in deferred contributions	4,985,994	2,926,092
	19,623,264	8,184,976
INVESTING ACTIVITIES		
Investment withdrawals	1,360,000	800,000
Investment purchases	(2,575,397)	(3,684,990)
Reinvestment of investment income	(2,533,013)	(2,003,674)
Purchase of conservation lands (Note 6)	(12,304,959)	(2,654,223)
Purchase of capital assets	(7,629)	(19,799)
	(16,060,998)	(7,562,686)
INCREASE (DECREASE) IN CASH	3,562,266	622,290
CASH, beginning of year	1,538,693	916,403
CASH, end of year	5,100,959	1,538,693

THE NATURE TRUST OF BRITISH COLUMBIA

Notes to Consolidated Financial Statements

December 31, 2021

1. OPERATIONS

The Government of Canada created The Nature Trust of British Columbia (the "Trust") effective July 1, 1971. The Trust is incorporated under Part II of the Canada Business Corporations Act.

The Trust's objective is the conservation of British Columbia's natural habitat and biodiversity through land securement and management activities. The Trust holds its properties, capital, and accumulated income in a trustee capacity. The majority of the properties owned by the Trust have been leased or are in the process of being leased to federal, provincial or municipal authorities, and to non-government organizations under long-term leases for conservation purposes.

Under the provisions of Section 149.1(1) (b) of the Income Tax Act the Trust is classified as a "Charitable Organization" and is accordingly exempt from income and capital taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

The accounting policies of the Trust are as follows:

(a) Basis of accounting

These consolidated financial statements include the accounts of the Trust and the assets, liabilities, net assets, revenues, expenses and other transactions of White Lake Basin Holdings Ltd. and 0772995 B.C. Ltd., which are wholly owned subsidiaries of the Trust.

(b) Investments

The Trust's investment activities are governed by an endowment fund investment policy as approved by the Board of Directors. This policy has guidelines as to asset categories and mix in accordance with the investment and risk philosophy of the fund. Investment managers of the fund are selected by the Trust's Audit, Finance and Investment committee and continually monitored for performance.

(c) Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided on a declining-balance basis using the following annual rates:

<u>Asset</u>	<u>Rate</u>
Furniture and equipment	20-30%
Vehicles	30%

(d) Trust property acquisitions

Trust property purchased is recorded at cost. Property donated is recorded at the fair market value on the acquisition date.

THE NATURE TRUST OF BRITISH COLUMBIA

Notes to Consolidated Financial Statements

December 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES – Cont'd

(e) Pacific Estuary Conservation Program property acquisitions

The Trust holds title on behalf of all participants to properties acquired through the Pacific Estuary Conservation Program. Properties are recorded at cost.

(f) Fund accounting

For financial reporting purposes, the accounts of the Trust have been classified into funds. Under this method of accounting resources for designated purposes are reported under their appropriate fund. The accounts have been classified into the following funds:

(i) General Fund

The general fund accounts for the Trust's unrestricted resources and administrative functions. The balance at year end represents the original capital contributed by the Government of Canada on July 1, 1971 in the amount of \$4.5 million, the Trust's investment in capital assets, changes in fair value on financial instruments, and accumulated operating surpluses and deficits.

(ii) Endowment Fund

The endowment fund was established in 2008 to ensure that the Trust maintains a sufficient capital base for its long term operating and property acquisition needs. The capital in this fund is to be held in perpetuity. Commencing with the 2019 fiscal year the Endowment Fund will receive an annual transfer from the General Fund equal to the Canadian Annual Inflation rate applied to the Fund's opening capital balance, provided the Trust's overall rate of return on its investment portfolio is in excess of this inflation rate.

(iii) Property Fund

The property fund accounts for the accumulated cost of land acquisitions. It includes deferred contributions for land acquisitions, land acquired for cash, land donated, land acquired pursuant to long term leases, and certain properties acquired through the Pacific Estuary Conservation Program.

(iv) Land Management Fund

The land management fund was established to support the management and maintenance of properties the Trust has acquired to ensure that the long-term ecological and habitat values for which they were acquired are achieved. Contributions to the fund are designated by donors. Also included are funds contributed from the Forest Renewal BC program, which originated under an agreement signed in 1998 with the Trust to ensure the on-going management of properties secured under the agreement. The capital in this fund is to be held in perpetuity. Commencing with the 2019 fiscal year the Land Management Fund will receive an annual transfer from the General Fund equal to the Canadian Annual Inflation rate applied to the Fund's opening capital balance, provided the Trust's overall rate of return on its investment portfolio is in excess of this inflation rate.

(g) Revenue recognition

The Trust follows the deferral method of accounting for contributions. Contributions for designated purposes are deferred and then recognized as revenue in the year in which the related expense or property acquisition cost is incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recorded on the accrual basis which includes dividend and interest income, reinvested distributions from pooled mutual fund investments and realized gains and losses on sale of investments.

Unrealized appreciation and depreciation in the fair value of investments is recognized as changes in fair value of investments.

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Notes to Consolidated Financial Statements

December 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES – Cont'd

(h) Use of estimates

The preparation of the consolidated financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

(i) Financial instruments

The Trust initially measures its financial assets and liabilities at fair value with transaction costs expensed when incurred. The Trust subsequently measures its financial assets and liabilities at amortized cost, except for investments in quoted active markets, which are measured at fair value. Changes in fair value are recognized in the consolidated statement of operations and net assets.

Financial assets of the Trust include cash, investments and accounts receivable.

Financial liabilities of the Trust include accounts payable and accrued liabilities.

The Trust performs an annual test for impairment on its financial assets not subsequently measured at fair value. Impairment is recognized by a direct reduction to the carrying value of the asset with the loss recognized in the consolidated statement of operations and net assets. When the event that caused the impairment reverses or improves in the future, the loss will be reversed to the extent of the improvement. The amount of the reversal is recognized in the consolidated statement of operations and net assets.

(j) Contributed assets

The Trust receives shares and land donated from contributors. These contributions are recorded at fair market value when received.

(k) Government assistance

Government assistance is recorded when there is a reasonable assurance that the Trust has complied with and will continue to comply with all the necessary conditions to obtain the assistance. Government assistance is included in excess of revenue over expenses in the period in which the expense to which it relates is recorded.

THE NATURE TRUST OF BRITISH COLUMBIA

Notes to Consolidated Financial Statements

December 31, 2021

3. INVESTMENTS

All investments are measured at fair value which is readily available from published price quotations in the active market.

	2021		2020	
	\$		\$	
	Cost	Fair Value	Cost	Fair Value
Cash	3,805	3,805	1,363,613	1,363,613
Bond Fund	10,189,261	10,265,344	7,995,603	8,235,160
Canadian Equities	10,526,574	13,122,913	9,535,555	12,117,265
US Equities	4,759,014	5,155,296	3,186,729	3,941,683
Global Equities	13,653,792	15,800,713	9,955,442	10,992,459
Alternative investments	1,769,177	2,177,080	1,594,393	1,870,619
Term Deposits	110,240	110,240	110,289	110,289
	<u>41,011,862</u>	<u>46,635,391</u>	<u>33,741,624</u>	<u>38,631,088</u>

4. CAPITAL ASSETS

	2021			2020
	\$			\$
	Cost	Accumulated Amortization	Net	Net
Furniture and equipment	349,019	301,079	47,940	55,048
Vehicles	162,733	125,914	36,819	56,827
	<u>511,752</u>	<u>426,993</u>	<u>84,759</u>	<u>111,875</u>

5. CONSERVATION LANDS UNDER LONG-TERM LEASE

The Trust has acquired lease interests in two Crown properties. Under certain conditions, the Crown leases extend into perpetuity. The acquisition cost of these properties has been recorded as Conservation Lands under long-term lease.

THE NATURE TRUST OF BRITISH COLUMBIA

Notes to Consolidated Financial Statements

December 31, 2021

6. PROPERTY FUND

	Acquisition Cost \$	External Funding \$	Net Cost (Surplus) \$
2021			
Property Fund assets at December 31, 2020	110,742,064		
Additions			
WLBBR - Park Rill Floodplain	1,861,466	1,861,466	-
Nicomen Slough - Parcel A	1,634,714	1,634,714	-
Princeton Grasslands - MapleCross Meadow - PH III	976,650	976,650	-
Englishman River Estuary - Mariner Way	5,422,164	5,422,164	-
Kamloops Lake - Rosseau Creek	199,935	86,501	113,434
Shoal Creek Estuary - Ph I	974,785	88,155	886,630
Hoodoos - Columbia Wetlands	398,882	190,558	208,324
Skaha Lake Eastside - Lot 1	819,217	766,510	52,707
Other	17,143	2,914	14,229
	<u>12,304,956</u>	<u>11,029,632</u>	<u>1,275,324</u>
Net cost (surplus)			1,275,324
Property Fund net assets at December 31, 2021	123,047,020		
2020			
Property Fund assets at December 31, 2019	106,135,841		
Additions			
Salmon River Estuary – Tidal Slough	648,348	648,348	-
Princeton Grasslands – MapleCross Meadow PH II	1,952,397	1,952,397	-
Breton Island – Whitridge Reserve	378,651	378,651	-
Cowichan River – Gibbins Road	1,406,970	1,406,970	-
Marsden Face – Rixen Creek	192,649	192,649	-
Other	27,208	422,128	(394,920)
	<u>4,606,223</u>	<u>5,001,143</u>	<u>(394,920)</u>
Net cost (surplus)			(394,920)
Property Fund net assets at December 31, 2020	110,742,064		

See note 16 for conservation land acquisitions subsequent to year end.

THE NATURE TRUST OF BRITISH COLUMBIA

Notes to Consolidated Financial Statements

December 31, 2021

7. DONATIONS AND GRANTS – GENERAL FUND

Donations and Grants	2021	2020
	\$	\$
Donations received from		
Individuals	2,096,811	1,871,491
Bequests	3,242,021	1,841,390
Corporations and other organizations	12,174,078	1,902,729
Transferred to deferred contributions	(15,385,934)	(4,974,032)
	<u>2,126,976</u>	<u>641,578</u>
Program grants		
Grants received	4,093,251	461,757
Transferred to deferred contributions	(3,998,353)	(360,967)
Transferred from deferred contributions	1,333,698	675,708
	<u>1,428,596</u>	<u>776,498</u>
Total donations and program grants – General Fund	3,555,572	1,418,076

8. DEFERRED CONTRIBUTIONS

Deferred contributions includes donations, grants and other funding received that must be used as designated by the contributor. These amounts will be recognized as revenue in the year the related expenditure is incurred.

	2021	2020
	\$	\$
Conservation land acquisitions	10,285,823	7,000,181
Program expenditures	2,778,693	1,057,509
Pacific Estuary Conservation Program (PECP)	186,705	201,159
Other	40,070	47,077
	<u>13,291,921</u>	<u>8,305,926</u>

THE NATURE TRUST OF BRITISH COLUMBIA

Notes to Consolidated Financial Statements

December 31, 2021

9. INVESTMENT AND OTHER INCOME

a) Vancouver Foundation

The Trust is the beneficiary of the income from The Nature Trust of British Columbia Fund held by the Vancouver Foundation. The capital and income funds held by the Vancouver Foundation on behalf of the Trust, which are not reflected in these financial statements, amount to \$279,241 and \$4,450 respectively at December 31, 2021 (2020 - \$279,241 and \$4,450). Included in investment income is \$17,800 (2020 - \$17,689) received from this fund. The fair market value of the fund on December 31, 2021 was \$515,039 (2020 - \$477,254).

b) British Columbia Government Endowment Fund

In April of 2008 the British Columbia government announced the creation of a \$6 million Conservation Land Operating Account on behalf of The Trust. The account is administered by the Habitat Conservation Trust Foundation and investment income generated from the account is used to fund conservation land management projects. The income received in 2021 was \$187,039 (2020 - \$175,069) and is included in donations and grants in the Statement of Operations and Net Assets.

10. FUNDS HELD IN TRUST

The Trust was appointed as administrator for the West Coast Conservation Land Management Program, the Kootenay Conservation Program and the Conservation Lands Partner Program. The Trust holds funds in trust for these programs in the amount of \$276,066, \$98,642 and \$163,596 respectively, (2020 - \$624,007; \$70,186; \$157,355), which are excluded from the Trust's statement of financial position.

11. GOVERNMENT ASSISTANCE

In response to the economic impact of the coronavirus, also known as "COVID-19", the Government of Canada implemented several emergency response measures.

The Canada Emergency Wage Subsidy program ("CEWS") provides a wage subsidy to employers based on eligible remuneration and a corresponding drop in revenue based on specific criteria. The Trust has assessed its eligibility related to CEWS and has determined they qualify for total subsidies of \$73,444 (2020 - \$189,716). The CEWS has been reported as part of Rental and other income on the Consolidated Statement of Operations and Net Assets.

The Temporary Wage Subsidy program ("TWS") provides a three-month measure that allows eligible employers to reduce the amount of payroll deductions they need to remit to the Canada Revenue Agency. This reduction in remittances applied to the federal and provincial income tax portion of the remittance, up to a maximum amount per employee and employer. During the 2020 year, the Trust assessed its eligibility related to TWS and determined they qualified for total subsidies of \$19,318. The program ended in June 2020. The TWS was reported as part of Rental and other income on the Consolidated Statement of Operations and Net Assets.

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Notes to Consolidated Financial Statements

December 31, 2021

12. COMMITMENTS

The Trust has outstanding long-term operating leases with respect to three vehicles it operates. The lease payments due over the next two years is as follows:

2022	19,806
2023	6,497
	<u>\$ 26,303</u>

The Trust leases office space in Vancouver, BC for its operating premises. The term of the lease is from November 1, 2018 to October 31, 2028. The annual lease payment for the first five years of the lease is \$106,250, plus operating costs estimated at \$84,150. The annual lease payment for the next five years is \$121,125. The landlord has granted two months free rent in each of the five year terms. The minimum annual lease payments are as follows:

2022	\$ 106,250
2023	88,542
2024	121,125
2025	121,125
2026	121,125
Thereafter	222,065
	<u>\$ 780,232</u>

13. BANK LINE OF CREDIT

The Trust has established a line of credit with a total borrowing facility of \$500,000, bearing interest at the bank's prime lending rate payable monthly and secured by certain investments held by the Trust. The line of credit was established to meet short term funding obligations for conservation land acquisitions. The line of credit was not drawn upon in the years 2021 and 2020.

14. LIFE INSURANCE POLICIES

The Trust is the owner and beneficiary of several life insurance policies with an insured value of approximately \$2,102,071 (2020 - \$2,252,071). The Trust owns one policy in respect of which it makes the annual premium payment of \$22,857 (2020 - \$22,857), which is included in administration expenses. For the remaining policies the policy donors pay the annual premiums. The total cash surrender values associated with these policies is nominal and have not been included in the Trust's statement of financial position.

THE NATURE TRUST OF BRITISH COLUMBIA

Notes to Consolidated Financial Statements

December 31, 2021

15. FINANCIAL INSTRUMENTS AND RISK EXPOSURE

The Trust is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. There were no significant changes in risk exposures in the current year as compared to 2020.

(a) Foreign currency risk

The Trust is exposed to foreign currency risk with respect to its investments denominated in foreign currencies, including the underlying investments of funds denominated in foreign currencies, because of fluctuations in the relative value of foreign currencies against the Canadian dollar.

(b) Interest rate risk

The Trust is exposed to interest rate risk with respect to its investments in fixed income investments, and other funds that hold fixed income securities because the fair value will fluctuate due to changes in market interest rates.

(c) Credit risk

The Trust is exposed to credit risk in connection with its accounts receivable and its short-term and fixed income investments because of the risk that one party to the financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

(d) Liquidity risk

The Trust is exposed to liquidity risk to the extent that it will encounter difficulty in meeting obligations associated with financial liabilities. To manage liquidity risk, the Trust keeps sufficient cash resources readily available to meet its obligations. The Trust has investments in publicly traded liquid assets that are easily sold and converted to cash.

(e) Other price risk

The Trust is exposed to other price risk through changes in market prices (other than changes arising from interest rate risk or currency risk) in connection with its investment portfolio.

16. SUBSEQUENT EVENTS

Subsequent to year end the Trust completed seven property acquisitions for the purpose of conserving lands in British Columbia. The total purchase price for these properties was \$11,092,621.