



HABITAT  
CONSERVATION TRUST  
FOUNDATION

AUDITED FINANCIAL STATEMENTS

March 31<sup>st</sup>, 2021





Baker Tilly Victoria Ltd  
Chartered Professional  
Accountants  
T: 250.386.0500  
F: 250.386.6151  
btvic.com

Downtown:  
645 Fort St  
Suite 540  
Victoria, BC  
V8W 1G2

Westshore:  
967 Langford Pkwy  
Suite 218  
Victoria, BC  
V9B 0A5

Sidney:  
9764 Fifth St  
Unit 7  
Sidney, BC  
V8L 2X2

## INDEPENDENT AUDITORS' REPORT

### To the Board of Directors of Habitat Conservation Trust Foundation

### Report on the Audit of the Consolidated Financial Statements

#### *Qualified Opinion*

We have audited the accompanying consolidated financial statements of Habitat Conservation Trust Foundation (the "Foundation") and the Habitat Conservation Trust (the "Trust"), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations and changes in fund balances and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Foundation as at March 31, 2021, and results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

#### *Basis for Qualified Opinion*

The following matters require us to qualify our opinion on these consolidated financial statements:

- The assets, liabilities, fund balances, revenues and expenses of the Foundation have been consolidated with the accounts of the Trust for which the Foundation acts as trustee. The fund balances presented on the consolidated statement of financial position are entirely the fund balances of the Trust. This presentation is a departure from Canadian accounting standards for not-for-profit organizations as the Foundation is not the beneficial owner of the fund balances of the Trust which should instead be presented as a trust liability in the consolidated financial statements.
- Certain revenues and deferred contributions could not be verified as the Foundation is not able to accurately confirm the amounts earned or owing. Consequently, our audit of the Foundation's income and deferred contributions from these sources was limited to a review of the amounts recorded in the financial statements, and, where appropriate, through confirmation with the government agency responsible for accounting for those amounts.

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 Consolidated Financial Statements section of our report. We are independent of the Foundation and Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

## INDEPENDENT AUDITORS' REPORT (continued)

### *Responsibilities of Management and Those Charged with Governance for the Consolidated 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 consolidated 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 Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation and/or Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the consolidated financial reporting process.

### *Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' 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:

- 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.





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## INDEPENDENT AUDITORS' REPORT (continued)

- 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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the branch to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

### Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we hereby confirm that the accounting principles applied for the year ended March 31, 2021 have been applied on a consistent basis with those of the preceding year.

*Baker Tilly Victoria Ltd.*

CHARTERED PROFESSIONAL ACCOUNTANTS

Victoria, B.C.

September 27, 2021

# Habitat Conservation Trust Foundation

## Statement of Management Responsibility

Management, in accordance with Canadian accounting standards for not-for-profit organizations, has prepared the consolidated financial statements of the *Habitat Conservation Trust Foundation*. Subject to the qualifications identified in the attached Independent Auditor's Report, these statements present fairly the financial position of the organization as at March 31, 2021 and results of its operations for the year ended March 31, 2021.

Management is responsible for the preparation, integrity and objectivity of the consolidated financial statements. Systems of internal control are developed and maintained by management to provide reasonable assurance that transactions are properly authorized, assets are safeguarded, and financial records are properly maintained to provide a reliable basis for preparation of the consolidated financial statements.

Baker Tilly Victoria Ltd. has performed an independent audit of the financial statements. The attached Independent Auditor's Report outlines the scope of their work on the financial statements of the *Habitat Conservation Trust Foundation*.



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Dan Buffett  
Chief Executive Officer, HCTF



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Katelynn Schriener  
Chief Financial Officer, HCTF

Victoria, British Columbia  
September 28, 2021

**HABITAT CONSERVATION TRUST FOUNDATION**  
**Consolidated Statement of Financial Position**  
**March 31, 2021**

	2021	2020
	(\$)	(\$)
ASSETS		
CURRENT		
Cash and short term investments (note 4)	54,790,226	38,920,206
Accounts receivable	3,264,852	534,368
Prepaid expenses	18,798	17,113
	<u>58,073,876</u>	<u>39,471,687</u>
OTHER ASSETS		
Inventory - educational publications	160,108	142,835
Tangible capital assets (note 5)	61,495	78,589
	<u>58,295,479</u>	<u>39,693,111</u>
LIABILITIES AND FUND BALANCES		
CURRENT		
Accounts payable and accrued liabilities	3,695,770	2,864,899
Leave liability	68,147	77,086
Deferred contributions (note 6)	30,190,723	14,489,652
	<u>33,954,640</u>	<u>17,431,637</u>
FUND BALANCES (note 7 and schedule 1)	<u>24,340,839</u>	<u>22,261,474</u>
	<u>58,295,479</u>	<u>39,693,111</u>

Commitments (note 12)

On behalf of the Board



Director



Director

The accompanying notes are an integral part of these financial statements.

**HABITAT CONSERVATION TRUST FOUNDATION**  
**Consolidated Statement of Operations**  
**For the Year Ended March 31, 2021**

	<b>2021</b>	<b>2020</b>
	<b>(\$)</b>	<b>(\$)</b>
REVENUE (note 8)		
Surcharge revenue	5,229,540	6,381,574
Sales of educational material and educational contributions	16,067	21,720
General donations	6,143	1,438
Land management	167,958	198,560
Investment income (note 4)	3,894,334	(120,975)
Restricted contributions	4,766,111	2,153,645
Special Permits Auction	407,674	5,264
Other income	9,613	6,887
	<u>14,497,440</u>	<u>8,648,113</u>
EXPENSES		
Project expenses (schedule 1)	11,017,170	7,544,193
Administration (note 9)	1,400,905	1,500,791
	<u>12,418,075</u>	<u>9,044,984</u>
EXCESS / (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>2,079,365</u>	<u>(396,871)</u>
FUND BALANCES, BEGINNING	<u>22,261,474</u>	<u>22,658,345</u>
FUND BALANCES, ENDING	<u>24,340,839</u>	<u>22,261,474</u>

The accompanying notes are an integral part of these financial statements.

**HABITAT CONSERVATION TRUST FOUNDATION**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended March 31, 2021**

	2021	2020
	(\$)	(\$)
OPERATING ACTIVITIES		
Excess of revenue over expenses	2,079,365	(396,871)
Items not affecting cash:		
Amortization	35,955	24,297
Investment valuation (gains) losses	(3,171,800)	981,402
	<u>(1,056,480)</u>	<u>608,828</u>
Changes in non-cash working capital:		
Accounts receivable	(2,730,484)	1,844,408
Prepaid expenses	(1,685)	4,629
Accounts payable and accrued liabilities	830,871	(762,422)
Leave liability	(8,939)	929
Deferred contributions - restricted general	15,701,071	1,108,664
	<u>13,790,834</u>	<u>2,196,208</u>
Cash from operating activities	<u>12,734,354</u>	<u>2,805,036</u>
INVESTING ACTIVITIES		
Increase in publications inventory (net)	(17,273)	(698)
Additions to tangible capital assets (net)	(18,861)	(58,529)
Proceeds from the disposition of investments	926,245	756,268
Purchase of investments	<u>(5,590,679)</u>	<u>(513,227)</u>
Cash from investing activities	<u>(4,700,569)</u>	<u>183,814</u>
INCREASE IN CASH	8,033,785	2,988,850
CASH - Beginning of year	<u>18,482,161</u>	<u>15,493,311</u>
CASH - End of year	<u>26,515,946</u>	<u>18,482,161</u>
CASH AND SHORT TERM INVESTMENTS COMPRISED OF:		
Cash	26,515,946	18,482,161
Short term investments	28,274,280	20,438,045
	<u>54,790,226</u>	<u>38,920,206</u>

The accompanying notes are an integral part of these financial statements.



**HABITAT CONSERVATION TRUST FOUNDATION**  
**Schedule 1 - Consolidated Statement of operations and changes in fund balances**  
**For the year ended March 31, 2021**  
**(\$)**

	<b>Surcharge Account</b>						<b>External Agency Account</b>	<b>Special Programs Account</b>	<b>Total</b>
	<i>Operating Fund</i>	<i>Surgeon Fund</i>	<i>Quality Waters (River Guardian)</i>	<i>Education Fund (Wild BC)</i>	<i>Conservation Land Management Account</i>	<i>Public Conservation Assistance Fund</i>			
Revenue									
Surcharge revenue	4,874,771	228,590	106,509	-	-	-	-	19,670	5,229,540
Sales of educational material and educational contributions	-	-	-	16,067	-	-	-	-	16,067
General donations	6,143	-	-	-	-	-	-	-	6,143
Land management	-	-	-	-	167,958	-	-	-	167,958
Investment income	590,690	-	-	-	2,957,055	252,107	85,927	8,555	3,894,334
Restricted contributions	278,966	-	2,649	-	-	-	4,367,928	116,568	4,766,111
Special permits auction	-	-	-	-	-	-	-	407,674	407,674
Other income	9,613	-	-	-	-	-	-	-	9,613
Total Revenue	5,760,183	228,590	109,158	16,067	3,125,013	252,107	4,453,855	552,467	14,497,440
Expenses									
Project expenses									
Fisheries	1,826,551	303,494	530,449	-	-	-	1,377,745	8,205	4,046,444
Wildlife	1,664,763	-	-	-	737,729	-	2,337,566	339,447	5,079,505
Information / Education / Stewardship	714,871	-	-	496,145	-	67,623	380,722	-	1,659,361
Land acquisitions	219,200	-	-	-	-	-	-	-	219,200
Court award bad debt expense	12,660	-	-	-	-	-	-	-	12,660
Total Project Expenses	4,438,045	303,494	530,449	496,145	737,729	67,623	4,096,033	347,652	11,017,170
Administration	873,119	17,144	16,629	-	181,556	11,003	290,990	10,464	1,400,905
Total Expenses	5,311,164	320,638	547,078	496,145	919,285	78,626	4,387,023	358,116	12,418,075
Excess / (Deficiency) of revenues over expenses	449,019	(92,048)	(437,920)	(480,078)	2,205,728	173,481	66,832	194,351	2,079,365
Fund balances, beginning	5,783,143	298,046	1,130,048	213,472	4,184,430	267,307	247,102	1,137,926	13,261,474
Interfund transfers (note 17)	(562,912)	50,000	-	495,289	-	17,623	-	-	-
Fund balances, ending *	5,669,250	255,998	692,128	228,683	6,390,158	458,411	313,934	1,332,277	15,340,839
Endowments (note 7)	-	-	-	-	9,000,000	-	-	-	9,000,000
Fund balances including endowments	5,669,250	255,998	692,128	228,683	15,390,158	458,411	313,934	1,332,277	24,340,839

\* Fund balances consist of cash and non-cash items.

The accompanying notes are an integral part of these financial statements.

# HABITAT CONSERVATION TRUST FOUNDATION

## Notes to Consolidated Financial Statements

### 1. Purpose of the Organization

The Habitat Conservation Trust Foundation (HCTF) is a Society, incorporated under the *BC Society Act* in April 2007. Its purpose is to act as trustee of the Habitat Conservation Trust (HCT), an entity established under amendments to the *Wildlife Act* in 2007 to replace the former Habitat Conservation Trust Fund, established by legislation in 1996. HCTF is registered as a not-for-profit organization for income tax purposes.

Consistent with the trust purposes set out in the *Wildlife Act*, HCTF implements a wide range of projects to benefit fish and wildlife populations and their habitats. Project proposals can be submitted by all levels of government, conservation organizations, private industry and members of the general public.

HCTF operates using a fund accounting model which is discussed in detail under Note 3(a).

Three restricted special accounts are consolidated in the organization's audited financial statements. The three funds are as follows: i) Special Permits Enhancement Fund; ii) the Highland Valley Enhancement Fund; and iii) the Arrow Lake Logging Trust.

### 2. Basis of Presentation

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

These consolidated financial statements include the assets, liabilities, fund balances, revenues and expenses of the HCTF and the HCT. All significant transactions and balances between the HCTF and HCT have been eliminated upon consolidation. All fund balances are solely those of the HCT. The only expenses of the HCTF are incurred in carrying out the administration of the HCT, which are offset by reimbursements from the HCT. Therefore the HCTF does not have an ending fund balance.

### 3. Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) using the following significant accounting policies:

#### a. Fund accounting

HCTF operations are divided into three parent funds: i) Surcharge Account; ii) External Agency Account; and iii) Special Programs Account.

# **HABITAT CONSERVATION TRUST FOUNDATION**

## **Notes to Consolidated Financial Statements**

### **i) Surcharge Account**

Within the Surcharge Account, there are several individual funds. Revenue and expenses related to general program delivery and administrative activities are reported in the Operating Fund. Revenues and expenses related to the Sturgeon Fund, the Quality Waters program, Education Fund (Wild BC), the Conservation Land Management Account (CLMA), and the Public Conservation Assistance Fund (PCAF) are reported in their own individual funds.

### **ii) External Agency Account**

Most revenue and expenses related to contributions received from public and private sector conservation partners are reported under the External Agency Account. Funds received under this account generally carry restrictions on how they can be spent.

### **iii) Special Programs Account**

The Special Programs Account is comprised of several long-term initiatives that are primarily funded from external sources. The revenue and expenses related to the Special Permits Enhancement Fund, the Highland Valley Enhancement Fund, and the Arrow Lake Logging Trust are consolidated under this account.

The activities carried out under the Special Programs Account are restricted to uses that are consistent with the governing documents that establish the individual initiatives.

### **iv) Administration Fees Charged to Restricted Accounts**

For certain restricted funds under management, HCTF charges an administration fee to offset some of the costs associated with administering these funds.

## **b. Revenue Recognition**

HCTF follows the deferral method of accounting for contributions. Restricted contributions, including all court awards, are set-up as deferred revenue and only recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions and all other revenue sources are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

# **HABITAT CONSERVATION TRUST FOUNDATION**

## **Notes to Consolidated Financial Statements**

### **c. Accounts Receivable**

Included in the accounts receivable are overdue court ordered payments relating to environmental prosecutions. HCTF considers it unlikely that it will collect on certain court ordered payments. To reflect this uncertainty, HCTF has established an allowance for doubtful accounts of 100% of all court ordered receivables that have not been received within two years of the due date, and 50% of those unpaid between one and two years past the due date. At the balance sheet date, this allowance totalled \$173,970.

### **d. Expense Recognition**

HCTF recognizes expenses using the accrual basis of accounting except for payments of conditional grants under which funds are charged to operating expenses when prescribed conditions have been met.

Most conditional grant agreements with project proponents include a holdback clause which is released upon receiving a final report. Payment holdbacks are recorded and tracked as future year commitments when prescribed conditions have not been met by March 31<sup>st</sup>.

### **e. Tangible Capital Assets**

Tangible capital assets purchased for the purpose of administering the affairs of HCTF are recorded at cost and amortized on a straight-line basis using the following rates:

Computer hardware and software	3 years
Office furniture and equipment	5 years
Leasehold improvements	Lesser of 5 years or remaining lease term

Assets costing less than \$1,000 are expensed in the year of acquisition.

Tangible capital assets purchased by project proponents are charged to operating expense in the year the expenditures are made.

### **f. Publication Inventory**

Publications are valued at the lower of cost and net realizable value.

# HABITAT CONSERVATION TRUST FOUNDATION

## Notes to Consolidated Financial Statements

### g. Financial Instruments

HCTF's financial instruments include cash and short term investments, accounts receivable and accounts payable, and accrued liabilities. HCTF initially measures its financial assets and liabilities at fair value. Transaction costs are expensed as incurred for all financial instruments. Financial assets and financial liabilities classified as held-for-trading are measured at fair value with changes in those fair values recognized in excess of revenues over expenses.

HCTF has classified all of its financial instruments as held-for-trading and accordingly they are presented on the consolidated statement of financial position at fair value. Changes in fair value are recognized in excess of revenues over expenses of the current period on the consolidated statement of operations.

### h. Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts and disclosure of assets and liabilities at the date of the financial statements. Specific accounts subject to estimates include allowance for doubtful accounts receivable, inventory valuations, amortization rates, accrued liabilities, and leave liability. Actual results could differ from these estimates.

## 4. Cash and Short Term Investments

During the year, HCTF utilized the banking services of Toronto Dominion Bank and its wholly owned subsidiaries for the management of cash. During the year, short term investments were managed by Genus Capital Management.

	2021 (\$)	2020 (\$)
Cash	26,515,946	18,482,161
Short Term Investments		
Equities	13,135,800	9,624,541
Fixed Income (including liquid investments)	15,138,400	10,813,504
Total Cash and Short Term Investments	54,790,226	38,920,206

Investment income is comprised of interest income of \$433,922 (2020 - \$492,281), dividend income of \$273,408 (2020 - \$446,839), other investment income of \$15,204 and a valuation gain of \$3,171,800 (2020 loss of \$981,402). Related investment management fees were paid in the amount of \$132,614 (2020 - \$78,693).

# HABITAT CONSERVATION TRUST FOUNDATION

## Notes to Consolidated Financial Statements

### 5. Tangible Capital Assets

	Cost (\$)	Accumulated Amortization (\$)	Net Book Value 2021 (\$)	Net Book Value 2020 (\$)
Office Furniture and Equipment	75,445	66,809	8,637	11,833
Computer Hardware	127,826	89,386	38,439	54,600
Computer Software	123,514	110,867	12,646	9,634
Leasehold Improvements	9,795	8,023	1,773	2,522
	<u>336,580</u>	<u>275,085</u>	<u>61,495</u>	<u>78,589</u>

### 6. Deferred Contributions

Deferred contributions relating to projects are as follows:

	2021 (\$)	2020 (\$)
Balance – Beginning of year	14,489,652	13,380,988
Summary of deferred contributions during the year		
Set up as deferred	20,467,182	3,262,309
Recognized as revenue	<u>(4,766,111)</u>	<u>(2,153,645)</u>
Balance – end of year	<u>30,190,723</u>	<u>14,489,652</u>

Deferred contributions are comprised of court awards \$893,096 (2020 - \$1,191,430), PCAF \$1,000,000 (2020 - \$1,000,000), CLMA \$3,500,000 (2020 - \$3,500,000), and other external agency contributions \$24,797,627 (2020 - \$8,798,222). In 2021, HCTF received several large external agency contributions - \$1,544,256 from the Forest Enhancement Society of BC, and \$10,000,000 from the Ministry of Forests, Lands, Natural Resource Operations and Rural Development, and \$5,000,000 from Environment and Climate Change Canada.

The PCAF and CLMA restricted contributions totalling \$4.5 million do not have time restrictions and are currently invested to fund programs in a manner similar to endowments.



# HABITAT CONSERVATION TRUST FOUNDATION

## Notes to Consolidated Financial Statements

### 7. Fund Balances

HCTF holds and administers a restricted endowment of \$9 million, of which the investment income is to be used for operating and management costs on conservation lands. The investment income earned on \$6 million is to be used for activities on lands jointly managed by the Nature Trust and the Province of BC. The investment income earned on \$3 million is to be used for activities on lands managed by other land conservation groups.

### 8. Revenue

- i. **Surcharge revenue** - The majority of HCTF's revenue arises from surcharges placed on hunting, angling, trapping and guide outfitting licences sold in British Columbia. Under the provisions of the *Wildlife Act*, these surcharges are assessed and collected by government acting as agent of HCTF. HCTF relies on the government to provide reporting on surcharge sales and to forward this revenue on a set schedule.

Changes in government accounting policies or application thereof in respect to surcharge revenue can result in a material impact on HCTF's financial statements.

- ii. **Sales of educational material and educational contributions** – HCTF sells educational resources including publications and workshop services. It also receives contributions from partners for education-based initiatives.
- iii. **Donations** – HCTF receives a small number of direct cash donations each year. Cash donations are recorded as revenue when received.
- iv. **Land management fees** – Under the provisions of the *Wildlife Act*, HCTF receives revenue derived from land owned or leased by the Crown and administered by the provincial government for the benefit of fish and wildlife. Examples of such revenue include grazing fees for cattle, and movie production fees for land rental. HCTF relies on the government to collect and report on land management fees and to forward this revenue on a set schedule.

For the past 3 years, revenue related to timber harvesting has been based on a historical 20 year average while the provincial government developed a new methodology to calculate this revenue. The methodology has now been established, and 2019-20 includes revenue under the *Forest Act* for 2019-20 (\$13,349) and the three years prior (\$103,386 collectively).

- v. **Restricted contributions** – From time to time, conservation partners provide HCTF contributions to undertake specific fish, wildlife, stewardship or habitat projects. The amount of contributions varies each year. In addition, British Columbia courts occasionally direct a person or organization to pay remedial, rehabilitative or other monetary compensation to HCTF for different types of environmental reparations.

# HABITAT CONSERVATION TRUST FOUNDATION

## Notes to Consolidated Financial Statements

- vi. **Special Permits Auction** – HCTF is the recipient of revenue derived from the auction of one wild sheep hunting license per year. In 2019-20 this revenue was received prior to year end, and subsequently refunded after year end as the successful bidder could not travel to BC due to COVID-19 restrictions. A second auction took place in the summer of 2020 and that revenue appears in the 2020-21 financial statements.

### 9. Administration Expenses

HCTF incurred the following administration expenses:

	2021 (\$)	2020 (\$)
Amortization	32,236	21,771
Audit (Financial)	22,553	18,496
Board Compensation	21,900	37,950
Communications	9,209	20,023
Foreign exchange loss	9,397	-
Insurance	16,642	12,989
Investment / Banking Fees	137,336	77,399
Legal Services	932	778
Office and Miscellaneous	75,218	100,806
Office Space – Rent	133,942	128,927
Professional Services	135,425	168,726
Repairs and Maintenance	6,227	7,317
Salaries and Benefits	787,740	823,148
Training	8,666	5,823
Travel	3,482	76,638
Total Administration Expenses	1,400,905	1,500,791

Total administration expenses include those the HCTF incurred while acting as trustee for the HCT.

### 10. Management of Risks Arising From Financial Instruments

HCTF's financial instruments are exposed to varying degrees of interest rate risk, market risk, and credit risk due to their nature and the volatility inherent in the marketplace for financial instruments. HCTF employs strategies to manage the risks as follows:

#### *Interest rate risk*

HCTF carries a significant portion of its funds in cash invested with Toronto Dominion Bank. By their nature, these funds provide guaranteed interest income.

# HABITAT CONSERVATION TRUST FOUNDATION

## Notes to Consolidated Financial Statements

### *Market risk*

Market changes are managed under a moderately conservative risk profile. HCTF has engaged the services of TD Waterhouse, Private Client Services and Genus Capital Management to manage the portfolio of assets it holds in short term investments. Short term fluctuations in the value of this portfolio are to be expected, as demonstrated by net investment income of \$3,894,334 in 2021 compared to an investment loss of \$120,975 in 2020.

### *Credit risk*

Substantially all of HCTF's accounts receivable are due from the Province of British Columbia and relate to amounts payable under the provisions of the *Wildlife Act*. Management regards the potential for non-payment of these accounts as highly unlikely.

Other accounts receivable are due from individuals and organizations that have been ordered by British Columbia courts to pay amounts to HCTF under various creative sentencing provisions contained in legislative enactments. Provision has been made for those accounts to allow for potential uncollectible amounts - see Note 3(c).

## **11. Financial Dependence**

Under the provisions of the *Wildlife Act*, HCTF is the designated trustee of the Habitat Conservation Trust (HCT). The HCT is the designated recipient of revenues arising from two primary sources: surcharges on licences and permits issued in the Province of British Columbia for hunting, angling, trapping and guide outfitting; and lands administered by the Minister of Forests, Lands, Natural Resource Operations and Rural Development for the benefit of fish or wildlife. Together, these revenues accounted for 38% of HCTF's total revenue during the 2021 fiscal year (2020 – 72%).

These revenue streams would only be discontinued by amending legislation to alter payments into the HCT. Management considers it unlikely that such amendments will be made in the foreseeable future.

# HABITAT CONSERVATION TRUST FOUNDATION

## Notes to Consolidated Financial Statements

### 12. Future Year Commitments

HCTF has commitments as follows:

	Project carry- overs including holdbacks	Project carry- overs from deferred contributions	Office space lease	Total Commitments
	(\$)	(\$)	(\$)	(\$)
2022	3,258,143	3,416,754	137,915	6,812,813
2023	-	-	138,195	138,195
2024	-	-	140,096	140,096
2025	-	-	14,454	141,454
2026	-	-	141,454	141,454
Thereafter			200,393	200,393
	3,258,143	3,416,754	899,506	7,574,404

Note that commitment amounts do not account for future plans to internally restrict funds or re-allocate funds through inter-fund transfers.

### 13. Employee Future Benefits

#### Pension Plan

HCTF provides its employees access to a defined benefit plan providing pension and other retirement benefits to its employees. HCTF and its employees contribute to the BC Public Service Pension Plan in accordance with the *Public Sector Pension Plans Act*. The act established the British Columbia Pension Corporation (BCPC), which administers the BC Public Service Pension Plan, including payment of pension benefits to employees to whom the act applies. The BCPC operates on a not-for-profit basis under the provisions of the *Public Sector Pension Plans Act*, and administers many large pension plans in British Columbia.

The employer contribution rate to the Public Service Pension Plan at March 31, 2021 is 9.85% of the pensionable salary up to the year's maximum pensionable earnings and 9.85% on pensionable salary in excess of the year's maximum pensionable earnings. The year's maximum pensionable earnings for calendar year 2021 are \$61,600 (2020 - \$58,700).

HCTF expenses contributions to the plan in the year in which payments are made. Contributions to the plan by HCTF during fiscal 2021 totaled \$70,260 (2020 - \$73,099).

# HABITAT CONSERVATION TRUST FOUNDATION

## Notes to Consolidated Financial Statements

### Supplemental retirement benefit

As provided for under the collective agreement and terms of employment, all HCTF employees that work for the required number of years are also eligible for a pre-retirement allowance benefit. HCTF has established a retirement allowance to cover the potential payout of this benefit, and adjusts the balance in the account each year to reflect the years of service, the age of the employees, present value calculations and various statistical considerations. The following assumptions were used in calculating the 2021 estimated allowance:

Discount rate:	1.95%
General staff retention rate:	55%
Rate of compensation increase:	2%

As any potential differences in the calculation of the allowance fund balance are not considered material, no actuarial assessment has been undertaken to this point.

The retirement allowance at the end of year was \$19,785 (2020 - \$48,246).

### Long term disability

HCTF contributes to a long-term disability multi-employer plan which provides disability income benefits after employment, but before retirement.

HCTF expenses contributions to the plan in the year in which payments are made. The contribution rate is 1.43% (2020 – 0.9%) of the employees' salaries. Contributions to the plan by HCTF during fiscal 2021 totalled \$8,850 (2020 – \$6,125).

## **14. Remuneration of Directors, Employees and Contractors**

The following information has been prepared in accordance with section 36 of the Societies Act of BC, which came into effect on November 28, 2016.

- a. Total remuneration paid by HCTF to eight directors in this fiscal year was \$21,900.
- b. Remuneration over \$75,000 was paid to four employees, as follows:

<b>Position</b>	<b>Remuneration</b>
Chief Executive Officer	\$127,753
Chief Financial Officer	\$106,745
Manager of Education Program	\$85,147
Manager of Biology Program	\$77,902

# HABITAT CONSERVATION TRUST FOUNDATION

## Notes to Consolidated Financial Statements

### 15. Interfund Transfers

During the year ended March 31, 2021, HCTF made three interfund transfers:

Transferred From	Transferred To	Amount	Purpose
Main Fund	Public Conservation Assistance Fund	17,623	To support projects/programs
Main Fund	Education Fund	495,289	To support projects/programs
Main Fund	Sturgeon Fund	50,000	To support projects/programs