

ISLAND CORRIDOR FOUNDATION

FINANCIAL STATEMENTS

Partners

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*incorporated



INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the members of the Island Corridor Foundation

We have reviewed the financial statements of **Island Corridor Foundation** that comprise the statement of financial position as at December 31, 2023, and the statement of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Practitioner's responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for qualified conclusion

The Foundation's tangible capital assets include \$14,346,946 of track for which conditions indicate that the track assets may be impaired, requiring that the net carrying amount of the tangible capital asset be written down to the assets' fair value. In addition, included in amortization expense is \$2,016,355 of amortization for tracks that are not in use. We were unable to evaluate the impact of this possible impairment and related amortization adjustment as management did not prepare an analysis and estimate the assets' fair value as at December 31, 2023 and possible related impairment for the year ended December 31, 2023. Consequently, we were unable to perform the procedures we considered necessary.

Independent Practitioner's Review Engagement Report

(Continued)

Qualified conclusion

Based on our review, except for the effects of the matter described in the above paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Island Corridor Foundation as at December 31, 2023 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.

Other matter

Without modifying our conclusion, we draw attention to Note 1 of the financial statements which indicates that as at December 31, 2023 uncertainty exists with respect to the Foundation's ability to obtain future funding to meet one of its' mandates of continuing to develop railway assets. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Foundation's ability to continue as a going concern.

Church Pickard

CHURCH PICKARD
Chartered Accountants

Nanaimo, BC
May 28, 2024

ISLAND CORRIDOR FOUNDATION

STATEMENT OF FINANCIAL POSITION as at **December 31, 2023**

	Operating Fund	Capital Funds	Total 2023	Total 2022
Assets				
Current				
Cash and equivalents - Note 4	\$ 165,988	\$ -	\$ 165,988	\$ 104,637
Term deposit - Note 5	475,321	-	475,321	-
Accounts receivable	146,973	-	146,973	118,258
Current portion of loan receivable - Note 6	14,950	-	14,950	-
Prepaid expenses	7,664	-	7,664	15,123
Interfund receivable (payable) - Note 4	(21,101)	21,101	-	-
	789,795	21,101	810,896	238,018
Loan receivable - Note 6	67,285	-	67,285	-
Tangible capital assets - Note 7	-	308,503,094	308,503,094	311,981,999
Deferred leasing costs - Note 8	6,983	-	6,983	9,213
	<u>\$ 864,063</u>	<u>\$ 308,524,195</u>	<u>\$ 309,388,258</u>	<u>\$ 312,229,230</u>

Liabilities

Current				
Accounts payable	\$ 221,805	\$ -	\$ 221,805	\$ 68,091
Callable debt due in one year - Note 9	-	55,290	55,290	71,694
Current portion of long term debt - Note 10	24,000	-	24,000	24,000
Deferred revenue	1,087	-	1,087	1,087
GST payable	3,284	-	3,284	3,468
Accrued interest payable - Note 10	62,710	4,072	66,782	66,616
	312,886	59,362	372,248	234,956
Callable debt, due thereafter - Note 9	-	572,188	572,188	610,706
Long term debt - Note 10	21,000	-	21,000	49,000
Deferred revenue	636,923	-	636,923	173,578
	970,809	631,550	1,602,359	1,068,240
Net assets	(106,746)	307,892,645	307,785,899	311,160,990
	<u>\$ 864,063</u>	<u>\$ 308,524,195</u>	<u>\$ 309,388,258</u>	<u>\$ 312,229,230</u>

Approved on Behalf of the Board:

Judith Sayers

Daniel Arbour

ISLAND CORRIDOR FOUNDATION

STATEMENT OF OPERATIONS

For the year ended **December 31, 2023**

	Operating Fund	Capital Fund	Total 2023	Total 2022
Revenue				
Donations and grants - Note 13	\$ 483,508	\$ -	\$ 483,508	\$ 352,718
Crossings, leases and fees	369,652	-	369,652	258,550
Rental income - Note 11	104,643	-	104,643	88,775
Interest	<u>5,321</u>	<u>-</u>	<u>5,321</u>	<u>-</u>
	963,124	-	963,124	700,043
Expenditures				
Wages and benefits	280,100	-	280,100	255,786
Repairs and maintenance	220,787	-	220,787	77,037
Legal fees	92,998	-	92,998	73,710
Insurance	48,356	-	48,356	33,414
Consulting fees and engineering	36,220	-	36,220	12,600
Board expenses	21,976	-	21,976	45,064
Advertising and promotion	19,772	-	19,772	17,652
Professional fees	19,005	-	19,005	28,193
Utilities	18,954	-	18,954	24,401
Management and administration services	18,000	-	18,000	24,000
Communications	8,986	-	8,986	18,801
Interest and bank charges	7,655	-	7,655	5,735
Travel	3,833	-	3,833	3,767
Office	3,083	-	3,083	3,436
Property taxes	1,254	-	1,254	-
Public relations	1,214	-	1,214	695
Interest on short-term debt	<u>-</u>	<u>47,920</u>	<u>47,920</u>	<u>33,261</u>
	<u>802,193</u>	<u>47,920</u>	<u>850,113</u>	<u>657,552</u>
Excess of revenues over expenses				
(expenses over revenues) before				
undernoted items	160,931	(47,920)	113,011	42,491
Amortization	<u>-</u>	<u>3,488,102</u>	<u>\$ 3,488,102</u>	<u>\$ 3,488,950</u>
Excess of revenues over expenses				
(expenses over revenues)	<u>\$ 160,931</u>	<u>\$ (3,536,022)</u>	<u>\$ (3,375,091)</u>	<u>\$ (3,446,459)</u>

ISLAND CORRIDOR FOUNDATION

STATEMENT OF CHANGES IN NET ASSETS

For the year ended **December 31, 2023**

	Operating Fund	Capital Fund	Total 2023	Total 2022
Balance, beginning of the year	\$ (155,802)	\$ 311,316,792	\$ 311,160,990	\$ 314,607,449
Excess (deficiency) of revenue over expenses	160,931	(3,536,022)	(3,375,091)	(3,446,459)
Interfund loans and repayment of debt	<u>(111,875)</u>	<u>111,875</u>	<u>-</u>	<u>-</u>
Balance, end of the year	<u>\$ (106,746)</u>	<u>\$ 307,892,645</u>	<u>\$ 307,785,899</u>	<u>\$ 311,160,990</u>

ISLAND CORRIDOR FOUNDATION

STATEMENT OF CASH FLOWS

For the year ended **December 31, 2023**

	2023	2022
Cash provided (used):		
Operating activities		
Excess of (expenses over revenues)	\$ (3,375,091)	\$ (3,446,459)
Items not involving cash		
Amortization	<u>3,488,102</u>	<u>3,488,950</u>
	113,011	42,491
Changes in non-cash operating accounts		
Increase in accounts receivable	(28,715)	(108,043)
Increase in loan receivable	(82,235)	-
Decrease (increase) in prepaid expenses	9,689	(2,655)
Increase (decrease) in accounts payable and accrued liabilities	153,699	(26,352)
Increase in deferred revenue	<u>463,345</u>	<u>161,623</u>
	628,794	67,064
Investing activities		
Purchase of tangible capital assets	(9,199)	(1,848)
Increase in term deposit	<u>(475,321)</u>	<u>-</u>
	<u>(484,520)</u>	<u>(1,848)</u>
Financing activities		
Repayment of long term debt	(28,000)	(24,000)
Repayment of callable debt	<u>(54,923)</u>	<u>(71,694)</u>
	<u>(82,923)</u>	<u>(95,694)</u>
Increase (decrease) in cash	61,351	(30,478)
Cash, beginning of the year	<u>104,637</u>	<u>135,115</u>
Cash, end of the year	<u>\$ 165,988</u>	<u>\$ 104,637</u>

ISLAND CORRIDOR FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **December 31, 2023**

Nature of operations

Island Corridor Foundation ("the Foundation") was incorporated under the laws of the Government of Canada on January 01, 2004 and was continued under the Canada Not-for-Profit Corporations Act. As a registered charity, the Foundation is exempt from the payment of income tax under Section 149(1) of the Income Tax Act and able to issue donation receipts for income tax purposes. In order to maintain the status of a charitable organization under the Act, the Foundation must meet certain requirements within the Act, which, in the opinion of the management, have been met.

The Foundation's primary purposes are to preserve the use of the corridor in perpetuity for the connection and the benefit for all Island communities and First Nations along the corridor; to preserve historical landmarks; to create trails, parks and other public areas; to preserve and develop the assets on the Island Corridor and to contribute to rail services along the rail corridor. The members of the Foundation are eleven First Nations and five Regional Districts. They assumed ownership of the 319-kilometre rail corridor in 2006 on behalf of communities of Vancouver Island. In 2023 they returned approximate 1.5-kilometre of the corridor to the Snaw-Naw-As First Nation.

1. Going concern

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations which contemplate the continuation of the Foundation as a going concern including the realization of assets and the settlement of liabilities in the ordinary course of operations. However, certain conditions may cast significant doubt on the validity of this assumption.

The ability of the Foundation to meet one of its mandates of continuing to develop the railway assets located on the Island Corridor including certain tracks and bridges is dependent on the Foundation's ability to retain the commitment of a railway provider and to obtain grant funding to repair the bridges and tracks.

The Foundation has a Strategic Priorities & Operation Plan which outlines the Foundation's Key Focus Areas including multi-infrastructure plan for Rail. The Foundation remains optimistic regarding long-term upgrades and, in conjunction with Southern Railway of Vancouver Island (SVI), have identified and costed a series of Phase 1 rail infrastructure options that may be pursued.

The Foundation continues to maintain its infrastructure and pursue new property lease agreements and park developments as it awaits funding from the BC Government. The Province of BC released the Island Rail Corridor Condition Assessment Summary Report completed by WSP Canada Group Ltd. in April 2020. The summary identifies the railway corridor overall as being in poor to fair condition. The summary provides a conceptual cost estimate in support of three Improvement Phases evaluated: Initial, Intermediate and Ultimate. These phased cost estimates are separated between Victoria Subdivision and Port Alberni Subdivision and further divided into six geographical segments. In addition, the BC Government has completed the South Vancouver Island Transportation Strategy report of which rail featured prominently as a long-term investment.

ISLAND CORRIDOR FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **December 31, 2023**

1. **Going concern** - cont.

Vital to the rail operations of the Foundation is the involvement with SVI. The Foundation entered into an agreement with Southern Railway of Vancouver Island (SVI) in which SVI will pay a license fee to the Foundation of \$2,000 per month and the Foundation will pay monthly loan payments of \$2,000 to SVI. As long as the Foundation pays the monthly payments, SVI has agreed to grant a waiver of interest on the remaining unpaid principal amount of the loan.

The Foundation has incurred a net loss of \$3,375,091 (2022 - \$3,446,459) which includes amortization of \$3,488,102 (2022 - \$3,488,950) for the year and as of December 31, 2023. The Foundation's current liabilities exceed its current assets by \$133,540 (2022 - \$607,644). Of this amount \$584,166 (2022 - \$626,410) is the mortgage on the Nanaimo Station building. The Nanaimo station is not included in current assets but the mortgage on the building is included in current liabilities which is the reason current liabilities exceed current assets.

On March 14, 2023 the federal and provincial governments announced that 10-plus acres of the land used by the corridor be returned the Snaw-Naw-As First Nation. Without making any promises about that concept, the federal and provincial government announced support for future planning on the corridor. The province did grant the Foundation \$600,000 in 2023 for corridor maintenance and repair that does not involve specific infrastructure.

These financial statements do not reflect the adjustments to the carrying amounts of reported assets and liabilities, revenues and expenses and balance sheet classifications which might be necessary should the going concern assumption not be appropriate. Such adjustments could be material.

2. **Significant accounting policies**

These financial statements have been prepared in accordance with the Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles.

- Fund accounting

Island Corridor Foundation uses the restricted fund method of accounting for contributions and maintains two funds - Operating Fund and Capital Fund.

The Operating Fund accounts for assets, liabilities, revenues and expenses related to the Foundation's program delivery in the preservation of the railway corridor and its administrative activities.

The Capital Fund reports the assets, liabilities, revenues and expenses related to Island Corridor Foundation's capital assets, including acquisitions and disposals and debt commitments.

ISLAND CORRIDOR FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **December 31, 2023**

2. Significant accounting policies - cont

- Revenue recognition

The Foundation recognizes donations when received. Grant revenue is recognized over the period that the service is performed, as specified by the grantor. Interest revenue is recognized when earned. Revenue from crossing departments and lease agreements is recognized over the term of the agreement. Rental income is recognized as earned over the term of the lease. Fundraising revenue is recognized when received. File opening fees for crossing agreements are recorded when an agreement is in place and their collectibility is reasonably assured.

- Contributed materials and services

Contributions of services and materials are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the services and materials are used in the normal course of the Foundation's operations and would otherwise have been purchased.

- Financial instruments

The Foundation considers any contract creating a financial asset or liability as a financial instrument, except in certain limited circumstances. The Foundation accounts for the following as financial instruments:

- Cash
- Accounts receivable
- Accounts payable
- Callable debt
- Long term debt

A financial asset or liability is recognized when the Foundation becomes party to contractual provisions of the instrument.

The Foundation initially measures its financial assets and liabilities at fair value. The Foundation subsequently measures all of its financial assets and financial liabilities from arm's length transactions at cost or amortized cost less any reduction for impairment.

Financial assets measured at cost or amortized cost less any reduction for impairment include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable, callable debt, and long term debt.

ISLAND CORRIDOR FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **December 31, 2023**

2. Significant accounting policies - cont.

Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

The Foundation removes financial liabilities, or a portion thereof, when the obligation is discharged, cancelled or expires.

A financial asset (or group of similar financial assets) measured at cost or amortized cost are tested for impairment when there are indicators of impairment. Impairment losses are recognized in the statement of operations. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount paid that would have been the carrying amount had no impairment loss been recognized properly. The amount of any write-downs or reversals are recognized in net income.

- Tangible capital assets

Tangible capital assets are recorded at cost. The Foundation provides for amortization using the straight-line method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows

Railway stations	Straight line	20 years
Equipment	Straight line	5 years
Fences	Straight line	10 years
Track	Straight-line	21.5-27 years
Railway signals	Straight line	8.8 years
Culverts	Straight-line	20 years
Bridges and tunnels	Straight-line	40 years

- Callable debt

The Foundation's demand loans are classified as current liabilities because the lender has the right to demand repayment within one year.

- Measurement uncertainty

The preparation of the financial statements in conformity with the Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Significant areas requiring the use of management estimates include accounts receivable, amortization and contingencies.

ISLAND CORRIDOR FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **December 31, 2023**

2. Significant accounting policies - cont.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets, as outlined above.

These estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. Financial instruments

The Foundation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Foundation's risk exposure and concentration as of December 31, 2023.

a) Credit risk

Credit risk from the potential that a counter party will fail to perform its obligations. The Foundation is exposed to credit risk from customers. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

The credit risk regarding cash is considered to be negligible because it is held by a reputable financial institution with an investment grade external credit rating.

b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, callable debt, long-term debt and accounts payable.

c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. In seeking to minimize the risks from interest rate fluctuations, the Foundation manages exposure through its normal operating and financial activities. The Foundation is exposed to interest rate risk primarily through its variable rate callable debt and variable rate long term debt.

Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant other price risks arising from these financial instruments.

ISLAND CORRIDOR FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **December 31, 2023**

4. Externally restricted cash and net assets

Included in cash is \$21,101 (2022 - \$21,101) of grants and donations from the Courtenay Rotary Club and other donors. The use of the funds is restricted for the future construction of the Courtenay train station and trailways along the corridor in the Nanaimo region.

5. Term deposit

The Foundation has a flexible GIC with CIBC for \$470,000 that earns interest at 4.5% and due October 07, 2024.

6. Loan receivable

	2023	2022
Loan receivable from 1338415 B.C. Ltd bearing interest at 6% per annum with monthly installments of \$1,613. The loan matures on December 1, 2028 and is unsecured.	\$ 82,235	\$ -
Less principal due in one year	(14,950)	-
	<u>\$ 67,285</u>	<u>\$ -</u>

ISLAND CORRIDOR FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **December 31, 2023**

7. Tangible capital assets

	Cost	Accumulated Amortization	Net 2023	Net 2022
Land	\$ 274,470,628	\$ -	\$ 274,470,628	\$ 274,470,628
Track	4,782,419	3,396,987	1,385,432	1,562,381
Bridges and tunnels	29,630,124	13,240,940	16,389,184	17,129,937
Culverts	7,872,370	7,033,923	838,447	\$ 1,232,065
Fences	34,556	8,640	25,916	29,372
Equipment	44,467	26,442	18,025	22,534
Computer equipment	4,529	3,931	598	1,330
Railway stations	3,039,251	2,011,334	1,027,917	1,170,451
Railway signals	5,723,000	5,723,000	\$ -	-
Track - not in use	<u>50,901,904</u>	<u>36,554,957</u>	<u>14,346,947</u>	<u>16,363,301</u>
	<u>\$ 376,503,248</u>	<u>\$ 68,000,154</u>	<u>\$ 308,503,094</u>	<u>\$ 311,981,999</u>

The Foundation's tangible capital assets include track assets for which conditions indicate that the assets may be impaired because they no longer have long term service potential. Management has estimated that approximately 91.41% of the track requires upgrades to the railway ties. The railway ties represent a approximately 30% of the track net book value.

8. Deferred leasing costs

Deferred leasing costs include commissions paid to Pemberton Homes Ltd for acquiring a tenant for the Nanaimo Train Station. The amount is amortized over the life of the related lease.

ISLAND CORRIDOR FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **December 31, 2023**

9. Callable debt

	2023	2022
CIBC non-revolving installment loan bearing interest at prime rate plus 1% per annum, repayable in monthly blended payments of \$7,500. The loan matures on December 31, 2031 and is secured by an agreement granting first security interest over chattel owned by the Foundation, registered assignment of rents and a \$1.1 million registered first charge over the Nanaimo Train Station property. The net book value of Nanaimo Train Station Building is \$918,939	\$ 584,166	\$ 626,410
CIBC non-revolving installment loan, bearing interest at prime plus 2% per annum, repayable in monthly blended payments of \$1,425. The loan matures on July 22, 2026 and is secured by an agreement granting first security in all property owned by the Foundation	43,312	55,990
Less principal due in one year	<u>(55,290)</u>	<u>(71,694)</u>
	<u>\$ 572,188</u>	<u>\$ 610,706</u>

Principal repayments terms are approximate, assuming the loan continues under the same terms, are as follows :

2024	\$ 55,290
2025	59,955
2026	63,489
2027	53,262
2028	<u>57,627</u>
	<u>\$ 289,623</u>

ISLAND CORRIDOR FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **December 31, 2023**

10. Long-term debt

	2023	2022
Southern Railway of Vancouver Island (SVI) loan bearing interest at prime plus 1% per annum, repayable annually by \$24,000 plus interest. The loan is secured by promissory note and a second charge over all of the Foundation's assets	\$ 45,000	\$ 73,000
Less: Principal due in one year	<u>(24,000)</u>	<u>(24,000)</u>
	<u>\$ 21,000</u>	<u>\$ 49,000</u>

Principal re-payments terms are approximate, assuming the loan continues under the same terms, are as follows :

2024	\$ 24,000
2025	<u>21,000</u>
	<u>\$ 45,000</u>

On October 1, 2018 the Foundation signed an Operations Agreement with the first extension term commencing on October 13, 2023 and expiring on September 30, 2024, and up to 4 additional one year terms. Under the terms of the agreement, SVI will pay a license fee to the Foundation of \$2,000 per month and the Foundation will pay monthly loan payments of \$2,000 to SVI. As long as the Foundation pays the monthly payments. SVI has agreed to grant a waiver of interest on the remaining principal amount of the loan. Included in the interest payable is \$62,710 (2022 - \$62,710) related to this loan.

11. Rental income

Rental revenue and expenses related to the Nanaimo and Courtenay Train Stations are as follows:

	2023	2022
Commercial rent	\$ 124,376	\$ 111,510
Recoveries from tenant	\$ 37,535	\$ 33,175
Rental expense	<u>\$ (57,268)</u>	<u>\$ (55,910)</u>
	<u>\$ 104,643</u>	<u>\$ 88,775</u>

ISLAND CORRIDOR FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **December 31, 2023**

12. Contingencies

On February 01, 2023, Halalt nation filed a class action suit against the Federal and Provincial Government, Municipality of North Cowichan, Timberwest, Mosaic and Island Corridor Foundation relating flooding done on their land. As of the date of the Financial Statement, there is no court ruling on this case.

13. Economic dependence

One of the Foundation's primary source of revenue is from an annual donation received from the Canadian Pacific Railway of \$386,607 (2022 - \$352,255) per year. The amount is based on an agreement regarding payments from Telus to the Canadian Pacific Railway and then donated to the Foundation regarding land use for Fibre Optic Cable. The Foundation's ability to continue viable operations is dependant upon the continued support of the entity.

14. Related party transactions

Property taxes and utility rates of \$16,863 (2022 - \$16,140) were paid to members of the Foundation. Crossings, leases and fees include \$36,079 (2022 - \$9,100) received from members of Foundation for land use and sundry fees. These transactions are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Municipal members have provided the Foundation with an exemption from paying property taxes in which case no expense is recorded. Included in accounts receivable is \$31,129 (2022 - \$11,100) owing from the members of the Foundation. Included in accounts payable is \$49,472(2022 - \$14,797) owed to the members of the Foundation.

Included in salaries and wages are the current CEO's salary and benefits for services of \$168,865 (2022 - \$145,012) .

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount which is the amount of consideration established and agreed to by the related parties.

ISLAND CORRIDOR FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended **December 31, 2023**

15. Subsequent events

Island corridor had an ongoing litigation against Bell Group to recoup expenses related to Shawnigan slide. The case has been resolved in March 2024 and they have received settlement from the insurance company representing the engineer and another settlement for the repairs to the corridor that requires the developer to restore the land and the right of way. They have recovered all the fees related to the lawsuit.

On February 01, 2023, Halalt nation filed a class action suit against the Federal and Provincial Government, Municipality of North Cowichan, Timberwest, Mosaic and Island Corridor Foundation relating flooding done on their land. The case was amended on January 01, 2024. The estimate of the amount of the lawsuit cannot be made.