Rideau Waterway
LAND TRUST
FOUNDATION INC.

RWLT NEWSLETTER

MAY 1999 NUMBER 6

PRESIDENT'S MESSAGE

As the ice recedes, we prepare for the enjoyment of another summer season along the Rideau Waterway. The volunteers of the Rideau Waterway Land Trust are expecting a very busy year. Over the winter their time has been spent planning a spring membership drive, attending to the legal and planning issues of pending land donations and organizing fundraising events in support of the Land Endowment and Acquisition Program.

This level of activity is very encouraging, as more landowners along the Rideau become aware of the Trust's programs. We are receiving an increasing number of inquiries from landowners regarding the advantages of donating their lands to the Trust.

The support from volunteers and landowners has allowed the Rideau Waterway Land Trust to develop as a community based conservation group that is prepared to accept a very active role in the preservation of lands along the Rideau and Tay Waterways.

The Trust has been able to bring together volunteers with a variety of backgrounds and areas of expertise to work on behalf of our community. As the successes of the Rideau Waterway Land Trust continue to increase, the credit must be given to these hard working volunteers. As the Trust enters its fourth year these people continue to amaze not only those of us who are directly involved with the Rideau Waterway Land Trust but also the other Land Trusts in Ontario who have taken notice. Whether it is in the areas of land acquisition, administration or fundraising, the volunteers of the RWLT continue to set the pace.

The Rideau Waterway Land Trust will continue to grow as new volunteers come forward to help with the programs of the Trust. As a grassroots organization only the limits and capacity of its volunteers determine the success of the Rideau Waterway Land Trust. The Board of Directors of the Trust would like to encourage even more of our members to become actively involved. Your participation can be very rewarding and your efforts can be seen as we acquire ecologically sensitive properties along the Waterway and preserve them in their natural state in perpetuity.

This will be my last newsletter as President of the Rideau Waterway Land Trust, as my term will expire in September. During the last two years, the Trust has had many successes as it continues to mature. I would like to take this opportunity to thank the volunteers of the Trust for their support and I would encourage any of our new members to become involved. It has been a very rewarding experience. I pledge my support to our incoming President, and I will continue to volunteer on behalf of the Trust.

Dave Walker
President

WELCOME TO NEW MEMBERS

Many of you have recently received our membership package in the mail. Using the database of waterfront landowners compiled last summer by our student and volunteers, the membership committee recently mailed out a package inviting landowners to join us. This package was mailed to property owners in the area from Dog Lake to Smith Falls. The response has been terrific. In the first ten days since the mailing more then 60 new members have joined with us. To all of our new members we extend a sincere welcome and we encourage you to become involved in the programs of your Land Trust. Our goal is to welcome 120 new members by mid-summer and we are well on our way.

LAND ACQUISITION

The Land Acquisition Committee, under the guidance of **Marty Moir** and **Peter Hannah**, continues to work towards the successful completion of three land donations along the Waterway. At a hearing on April 26 the Committee of Adjustment of Township of South Frontenac granted a severance to allow a benefactor to donate a significant parcel of land on Cranberry Lake to the Land Trust. The Township officials have been very supportive of this project and have expressed a willingness to work with the Land Trust and our land acquisition program. Once the severance has been finalized, the donor is ready to proceed with the survey and appraisal. This will enable the legal work to proceed as we work towards the completion of this donation. The committee is also working on projects on Whitefish and Big Rideau Lakes. We expect some major announcements from our Land Acquisition Committee in the very near future pertaining to these projects. The Rideau Waterway Land Trust has had inquiries from other areas of the Waterway over the winter and it appears this committee will be very busy in 1999.

THE STEPS INVOLVED IN DONATING LAND TO THE RWLT

The Land Acquisition Committee of the Rideau Waterway Land Trust has had many inquiries regarding donations of land and conservation easements to the Rideau Waterway Land Trust. In this article we will outline the policy and procedures of the Rideau Waterway Land Trust regarding land donations.

When the Land Acquisition Committee receives a request for information regarding a land donation, an information package is sent out. This package includes basic information on opportunities to donate land and the tax implications involved with land donations. Additional information is sent to U.S. residents outlining procedures and tax benefits of U.S. residents donating land to the Rideau Waterway Land Trust. We invite the donor to review the information and then to meet with members of the Land Acquisition committee, at their convenience, to review the options available for donating land.

Options for Land Donation

Numerous options are available that will allow you to transfer your land to the Land Trust. A landowner could offer the property to the Land Trust as a gift. A landowner could gift the property now but reserve a "life estate". This means that although the Land Trust would take

title to the land now, and the donor would be able to benefit from the tax credit, the owner or a family member can continue to live on the property until the owner's death or that of a family member. A third option is that the owner could donate the property and then lease it (or a portion) back for a certain period. Other options that could be explored would include land exchanges or partial development to fund the land management endowment fund. The Rideau Waterway Land Trust currently is involved with a landowner that has donated a registered building lot to the Trust. This was done with the understanding that this property will be sold with the proceeds being used to acquire a property that meets our criteria. The donor has also agreed that this property could be exchanged for another piece of property that fits the Land Trust's criteria.

Occasionally, depending on the property donated, it may be in the Trust's best interest to sell part of it, keeping the ecologically sensitive areas, and applying the proceeds to the endowment fund. This happened recently with the Couchiching Conservancy. A donor donated a large piece of property to the Conservancy that included a significant wetland as well as a residential dwelling well removed from the wetland area. The conservancy severed and sold the residence and put the proceeds of this sale into a fund to be used for the future maintenance costs associated with the wetland. The sale of the residence did not affect the integrity of the wetland and it allowed funds to be set aside to ensure the future maintenance of the wetland.

Other possibilities can be considered if there is no urgency to transfer the property. The property could be donated through a will. In this situation, the details are best worked out in advance to ensure that the donor's objectives can be fully achieved.

If, as in the example of the building lot, the land does not fit the criteria of the Land Trust, the landowner may wish to donate the land with the understanding that the land will be sold to provide funds to acquire a more significant site. Of course, any gifts of money or useful goods are also most welcome. These will help our land conservation work and the ongoing costs associated with monitoring and maintaining properties.

Criteria Used

When the owner expresses an interest in proceeding with a land donation, representatives of the Trust will meet with him/her to determine whether the land fits the Trust's criteria. The mandate of the Rideau Waterway Land Trust is to preserve and conserve lands of natural, aesthetic or historic value along the Rideau and Tay Waterways. The land should be visible from the navigable waters of the Rideau and Tay Waterways. This includes lands in any of the lakes or tributaries of the Rideau provided they are accessible by boat from the Rideau. The site assessment criteria policy of the Trust is quite extensive and it includes but is not limited to wetlands, areas of natural unaltered shoreline, known good fish and wildlife habitat and known breeding, staging or nesting sites of birds or waterfowl. Properties with aesthetic value would include lands that are highly visible, including those near lock stations or island property, properties with unique or distinct landscape and properties that have a significant viewscape of the Rideau. Properties with historic value include those with a LACAC designation, those of significant age, buildings or sites located near lock stations, or sites of historic significance.

Letter of Intent

Once it has been determined that the property fits the criteria of the Land Trust and the Board of Directors of the Trust is satisfied that the financial obligations of maintaining the land are satisfied, the Trust signs a letter of intend with the donor. This letter of intent will include a legal description of the land, which party is responsible for the acquisition costs associated with acquiring the land and more importantly it will document the wishes of the land owner concerning the future use of the land. We advise all donors to get independent financial and legal counsel before they enter into this agreement.

Once the letter of intent is signed, the necessary legal, survey, and appraisal work will proceed.

Tax Benefits

Land donations to the Rideau Waterway Land Trust will qualify for a tax receipt to be used as a tax credit by the donor against their income. For a donor with Canadian income this process requires that a qualified appraiser appraise the property and a tax receipt will be issued based on the value established by this appraisal. This appraisal will be based on the market value of the land if it were to be put to its most valuable purpose. For example if the land could be used to create multiple building lots the value of the land would be the sum total of the selling price of these lots less the projected costs of developing these lots. In the case of a wetland, the appraised value would be significantly less because these types of lands would be limited in their uses by the official plans and zoning by-laws of the municipalities. If a donor wished to donate their land, but to maintain a "life interest", the appraisal would reflect the market value of the land less the value of this benefit of continued use of the land.

The process of issuing a tax receipt is slightly different for a U.S. donor of land who has no Canadian income which to apply his tax credit. The Rideau Waterway Land Trust has an agreement with the U.S. Conservancy where the U.S. Conservancy will accept lands of ecological significance along the Rideau Waterway and issue a tax receipt to the donor. This tax receipt is based on the appraised value, which is determined in the same manner as above. The U.S. donor can then use this receipt and apply for a tax credit against their U.S. income. Upon completion of the transfer of the property to the U.S. Conservancy from the donor, the Conservancy then transfers the property to the Rideau Waterway Land Trust to be preserved in perpetuity.

Once the property transfer is complete and the tax receipts issued the donor can use the receipt as a tax credit against their income. In the case of a Canadian donor, the charitable receipt can be used up to a limit of 75% of their net income. In the case of a donation of "ecologically sensitive lands", the charitable receipt can be used up to a limit of 100% of the donor's net income in the year of donation. Any gifts that are valued above these claim limits may be carried forward for up to five years into the future.

Land that you donate is still treated for income tax purposes as though you received its fair market price. This means that you must recognize any capital gains. Most of this capital gain is considered income for you and is taxed accordingly. In the past, this situation discouraged land donations.

Now, however, if property is donated to a charity, income tax on such capital gains can be reduced or eliminated in several ways. When land is given to a charity, the donor can use tax receipts based on the 75% general limit, plus 25% of the taxable capital gain. This generally removes donor's concerns about taxable capital gains. Farmers, homeowners and others may have capital gains exemptions available, too.

These numbers can seem complicated, so here is an example. Mrs. Smith wishes to donate her land to the Rideau Waterway Land Trust. The land's appraised value is $100,000 with $60,000 of this being the taxable capital gain. Mrs. Smith gets a tax receipt for the full $100,000 value. If Mrs. Smith has a net income of $40,000 plus a capital gain of $60,000 for a total income of $100,000, she can claim 75% of the amount of her tax receipt or $75,000. Plus Mrs. Smith can claim an additional 25% or $15,000 of her capital gain for a total tax credit of $90,000 against her current year's income and in addition the remaining $10,000 tax credit is carried forward for use in future years.

By using this example potential donors can see that in many cases a good conservation decision can also make good financial sense as well.

The Tax advantages to U.S. based donors can be even greater because of special provisions that are available to them regarding capital gains on their property donations.

This article is meant to only briefly outline the process and tax advantages of donating

land to the Rideau Waterway Land Trust, we encourage you to discuss your ideas regarding land donations with the Land Trust and your financial advisors.

NATURE CONSERVANCY PROGRAM

The Rideau Waterway Land Trust has entered into an agreement with the Nature Conservancy of Canada under their Community Conservancy Program, part of Natural Legacy 2000, a Government of Canada Millennium project. Through this program the Nature Conservancy of Canada will provide seed money for landowner contact programs. The program will also provide matching funding for costs associated with the acquisition of ecologically sensitive lands along the Waterway. This program will provide financial support for such costs as legal, appraisal, survey and planning costs of donations of land or donations of conservation easements. This program will be for a period of three years.

In announcing an initial, grant of $2,000.00 for our landowner contact program, James Duncan, Director of Land Protection for Ontario wished the Trust every success in implementing the program and congratulated its members on "the fine work already completed since your incorporation".

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ENDOWMENT FUND

The Land Management Endowment Fund has been established and has started to accept donations. This Endowment Fund was established by the Board of Directors of the Rideau Waterway Land Trust and is under the management of the Investment Committee. The interest income from the Endowment Fund will be used to maintain the lands and conservation easements that the Rideau Waterway Land Trust owns. The Investment Committee has three members, **Peter Walker** who has a background in finance and is the executive director of the Kingston Construction Association, **Mary-Ellen Morris** a partner with BDO Dunwoody Chartered Accountants and Consultants and **John Bull** a vice-president with RBC Dominion Securities Inc. The Rideau Waterway Land Trust is very fortunate that such capable people have volunteered to assume the responsibility to manage the investments of the Endowment Fund. The Land Trust began accepting donations to the Endowment Fund in the fall of 1998. To date the following individuals have donated:

Conservator

Terrell & Nancy Hutto

Partner

Dennis Monaghan & Angela Barrett
Barbara Humphreys
James Hickman
Robert & Debbie Confessore
Alan Morgan
Dave & Sharon Walker
Peter Hannah & Daphne Wretham

Supporter

The Opinicon
Ken & Janet Stevens
Charles & Jean Small
Raleigh & Lois Robertson
George Riley
Eva Rolfe
Smith's Falls District Chamber of Commerce
Maureen Carrier
Audrey Andrews
Willard Breon
Frank Collins
Clifford Abrams
Richard & Janet Weisiger
J.E. Matthews
Joseph Holmes
Caroline Isard
Robert Van Niel
Edmund Davis
Harry & Elaine Owlett
Mark & Jane Heald
Katherine & Clark Davey
Mary Stanton
Owen McAleer
Alexander & Joan MacNab
Donald & Mary Fairbairn

FRIENDS OF THE ENVIRONMENT FOUNDATION

Again, the Rideau Waterway Land Trust has received funding from the Friends of the Environment Foundation. This year the Kingston and Ottawa chapter of the Friends of the Environment Foundation have combined to give the Land Trust a grant of $10,000.00. This grant will be used for our landowner contact program. This is the third year that Friends of the Environment have supported the Rideau Waterway Land Trust and to date have been our largest corporate or foundation sponsor. The Friends of the Environment Foundation is supported by Canada Trust and its Customers. This Foundation and Canada Trust continues to play a lead role not only in the development of the Rideau Waterway Land Trust but also the land trust movement across Ontario.

ONTA NEWS

The Ontario Nature Trust Alliance recently received a grant from the Land Trust Alliance of the United States, which combined with funding from the Nature Conservancy of Canada and the Ontario Heritage Foundation will enable the Alliance to develop a major manual outlining the techniques of land acquisition and land monitoring. Several members of the Rideau Waterway Land Trust will be contributing their expertise to this project. This extensive manual will prove to be invaluable to the volunteers of the land trusts across Ontario as we all work to preserve and conserve lands of ecological significance in our areas of Ontario. This manual will be prepared over the summer and will be ready for the ONTA Fall Gathering which will be hosted by the Couchiching Conservancy on the weekend of November 12 to 14 in Orillia.

CORN ROAST

Be sure to join us on the evening of July 31st for the Rideau Waterway Land Trust's corn roast at Chaffey's Locks. **Vince Watters**, the lockmaster at Chaffey's and a founding member of the Trust, will be hosting this evening of corn, entertainment and refreshments. Vince tells us

he's expecting 400 people and planning to roast 1200 ears of corn. Members of the Trust will be there to assist Vince and answer people's questions on the programs of the Trust. All proceeds from this evening of fun and food will go towards the programs of the Trust. So get a group together and come out and enjoy yourself at what should be the first corn roast of the year.

MEMBERSHIP RENEWAL

We would like to remind everyone that it is time to renew your membership for 1999. Even though many of you have already done this we have enclosed a membership form with this newsletter for those of you who have not had a chance to renew. For those of you who have renewed we thank you for your continued support and may we suggest that you pass the enclosed membership form on to a neighbour who may be interested in joining with us. The membership of the Trust continues to grow and this is reflected in the level of activity in our land acquisition program. Although we are only entering our fourth year, due to the strengths of our members, we are already being recognized as one of the leading land trusts in Ontario.

THE RIDEAU COMMUNITY LOOSES A FRIEND

The Rideau community lost one of its biggest supporters with the passing of Al Cross on April 22. Al was the owner of the Opinicon Resort in Chaffey's Locks and a founding member of the Rideau Waterway Land Trust. Al's generosity knew no bounds when it came to supporting the Rideau. He touched the lives of many people in this area, especially the students who worked at the Opinicon, the guests who return generation after generation and all the community groups he supported. On behalf of the members of the Land Trust I would like to extend our deepest sympathy to Mrs. Cross and her family. Al Cross will be missed by everyone in the community.

ANNUAL GENERAL MEETING & DINNER

Keep your calendar open for Friday, September 17, 1999 for our AGM. This year we are planning a dinner to follow the meeting. Further details will be provided to our membership in a late July mailing.

VOLUNTEERS

Do you have time for us? We have several projects coming up this summer and we always need members who can donate some time. Please contact one of our board members and leave your name & phone number. Would you like to become involved in our growing organization? We will have a position available on our Board of Directors this fall. Please contact Peter or Dave.

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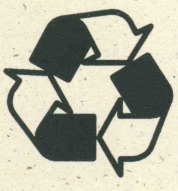
Do you have a question? Please contact our President, Dave Walker or Vice President, Peter Hannah.

*We wish to thank our sponsors, **Brown's Marina and Haskins Ford** for assisting us with our spring 1999 newsletter.*

Have a safe and enjoyable summer on the Rideau.