

# Partnering with Canadian Conservation Organizations to Protect Lands Owned by US taxpayers



## **American Friends of Canadian Conservation**

**A presentation for  
Land Trust Alliance of BC Summit 2023**

**ROBERT ORLAND  
KATIE BLAKE**

# Goals for Today's Presentation

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- Introduce American Friends of Canadian Conservation (AFCC)
- Explain why Canadian land trusts created AFCC
- Explain the tools in our toolbox
- Describe how AFCC's partnerships work



# **American Friends' Mission:**

## **Supporting Cross-Border Conservation in Canada**

- **Conserve Canada's natural heritage, in partnership with Canadian organizations**
- **Work with U.S. taxpayers who own priority conservation land in Canada to secure their property, or partial interest, ideally via donation**
- **Increase financial support for Canadian land trusts through U.S. tax benefits for donors**



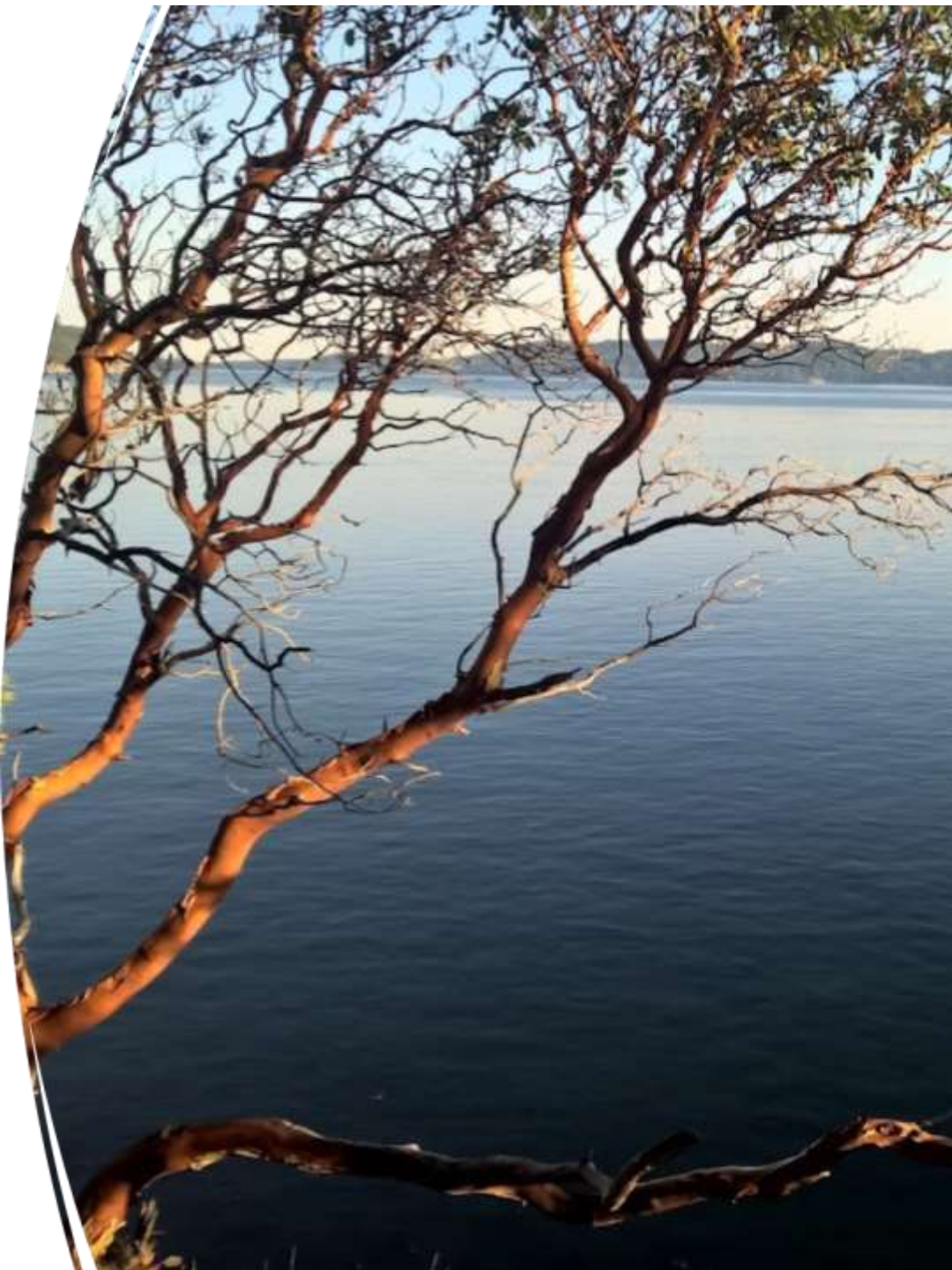


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# Why is the bridge important?

US taxpayers own a significant percentage of land in some of Canada's most beloved places. A few examples:

- Americans own as much as 30% of private land in the beautiful Southern Gulf Islands in British Columbia
- 25% of Nova Scotia's coast is owned by non-Canadians, most of whom are US taxpayers
- In parts of Lake Huron's ecologically-significant Georgian Bay, Americans own up to 80% of the properties





## Save Some Green

A handbook for U.S. taxpayers who own land in Canada



# AFCC role in Canadian Conservation

## Remove tax and legal barriers to protecting land owned by US taxpayers

- Eliminate CDN capital gains tax on land donations by U.S. taxpayers
- Offer a U.S. tax receipt which makes donation feasible
- Help address financial and estate planning considerations
- Bring U.S. federal funding to leverage CDN \$ via tax benefits
- Provide unique knowledge to make cross-border conservation possible



# American Friends' Bi-national Charitable Status

- US 501(c)3 public charity
- Washington State Non-Profit Corp.
- Canadian Prescribed Donee
- US land trust (member of CLTA, and LTA committed to S&Ps of both)
- Not an EcoGift recipient
- Not an “pass-through” organization



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# What is a Prescribed Donee?

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- Category in Canadian Income Tax Act
- Incentive to protect ecologically significant property in Canada
- Capital gains tax liability on gift is reduced or eliminated
- Donor designates the proceeds to be equal to adjusted cost base = zero Cdn capital gain
- American Friends is the only Prescribed Donee created to support Canadian entities



# DONEE OPTIONS

## GIFT TO CANADIAN CHARITY

- ✓ No capital gains tax
- ✗ No U.S. income tax benefit

## GIFT TO A U.S. CHARITY (Not a Prescribed Donee)

- ✗ Canadian capital gains tax
- ✓ U.S. income tax benefit

## GIFT TO AMERICAN FRIENDS

- ✓ No capital gains taxes
- ✓ U.S. income tax benefit



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# Successful Collaboration

Completed first transaction in 2011. Since then:

- 34 completed acquisitions  
(1 more gift pending for 2023)
- 20 completed transfers to CDN partners
- Appraised value > \$19M USD (will likely pass \$20M in 2023)
- 4,000 acres/1,600 ha in 6 provinces

Plus, grants to CDN partners totaling > \$8M USD (since 2013)



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# **Mabou Highlands**

## **A partnership**

# **Nova Scotia Nature**

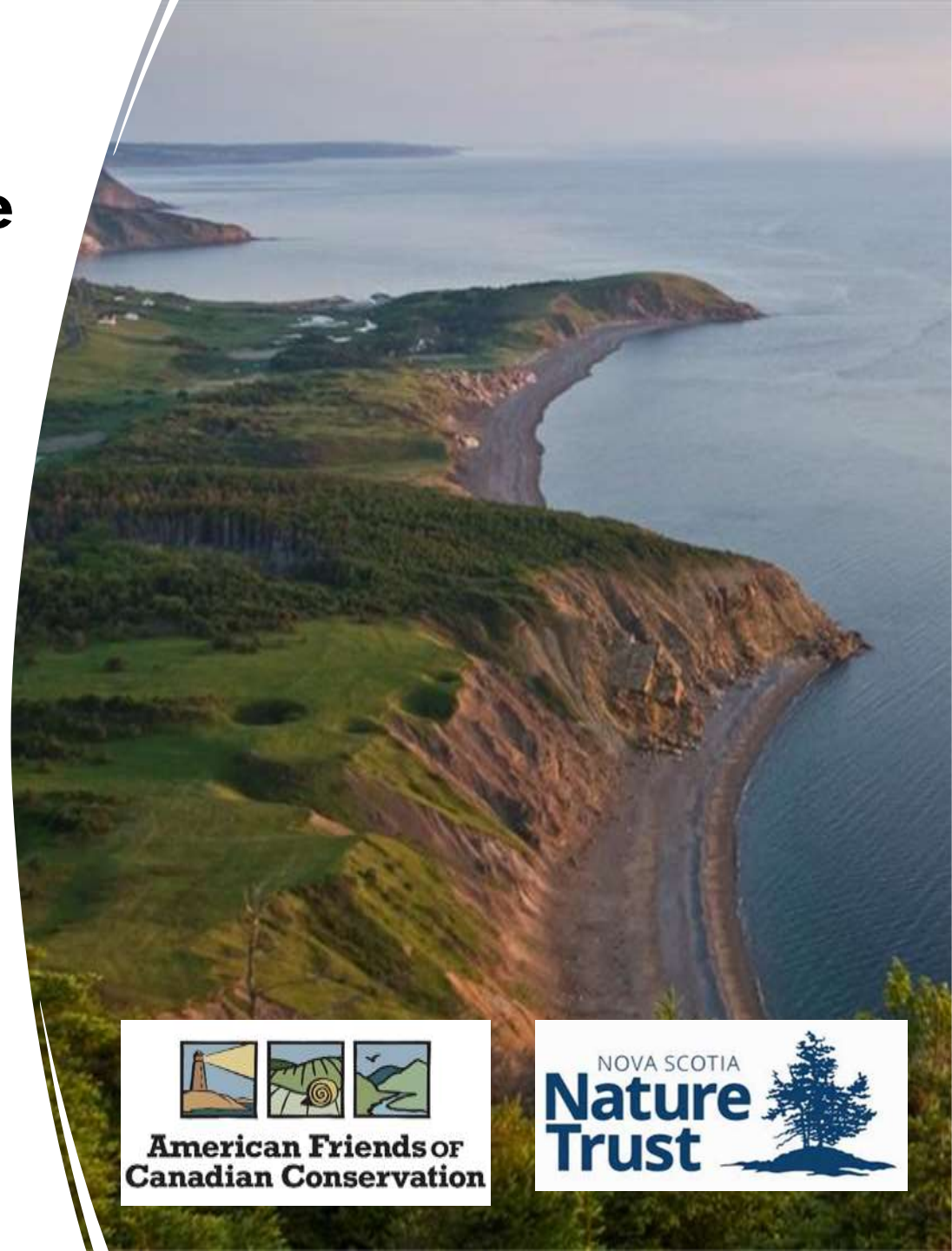
# **Trust**

# **&**

# **AFCC**

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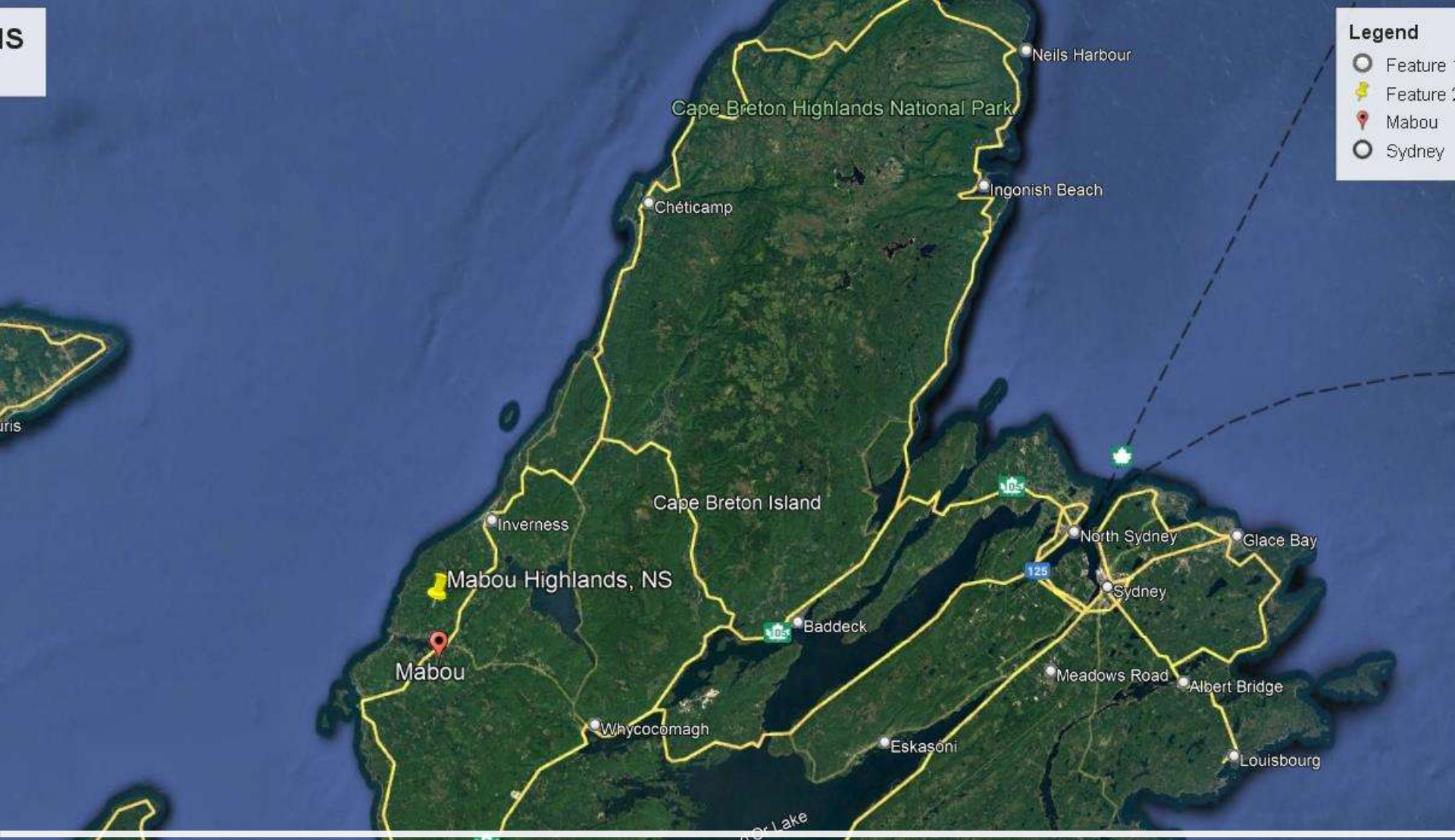
- Example of large, high priority landscape
- High percentage of landowners from the US
- Established partnership between our two organizations
- Utilized AFCC's bi-national charitable status to best effect



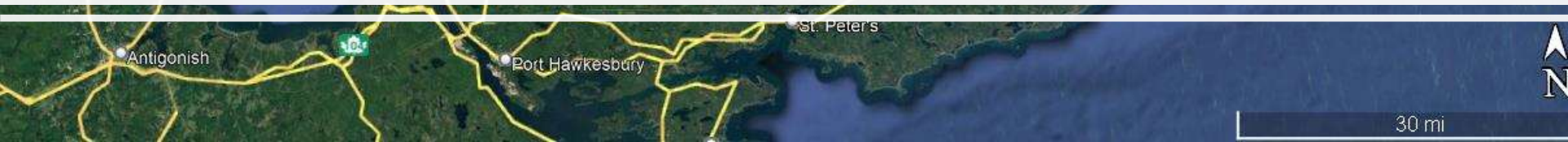
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NOVA SCOTIA  
**Nature  
Trust**





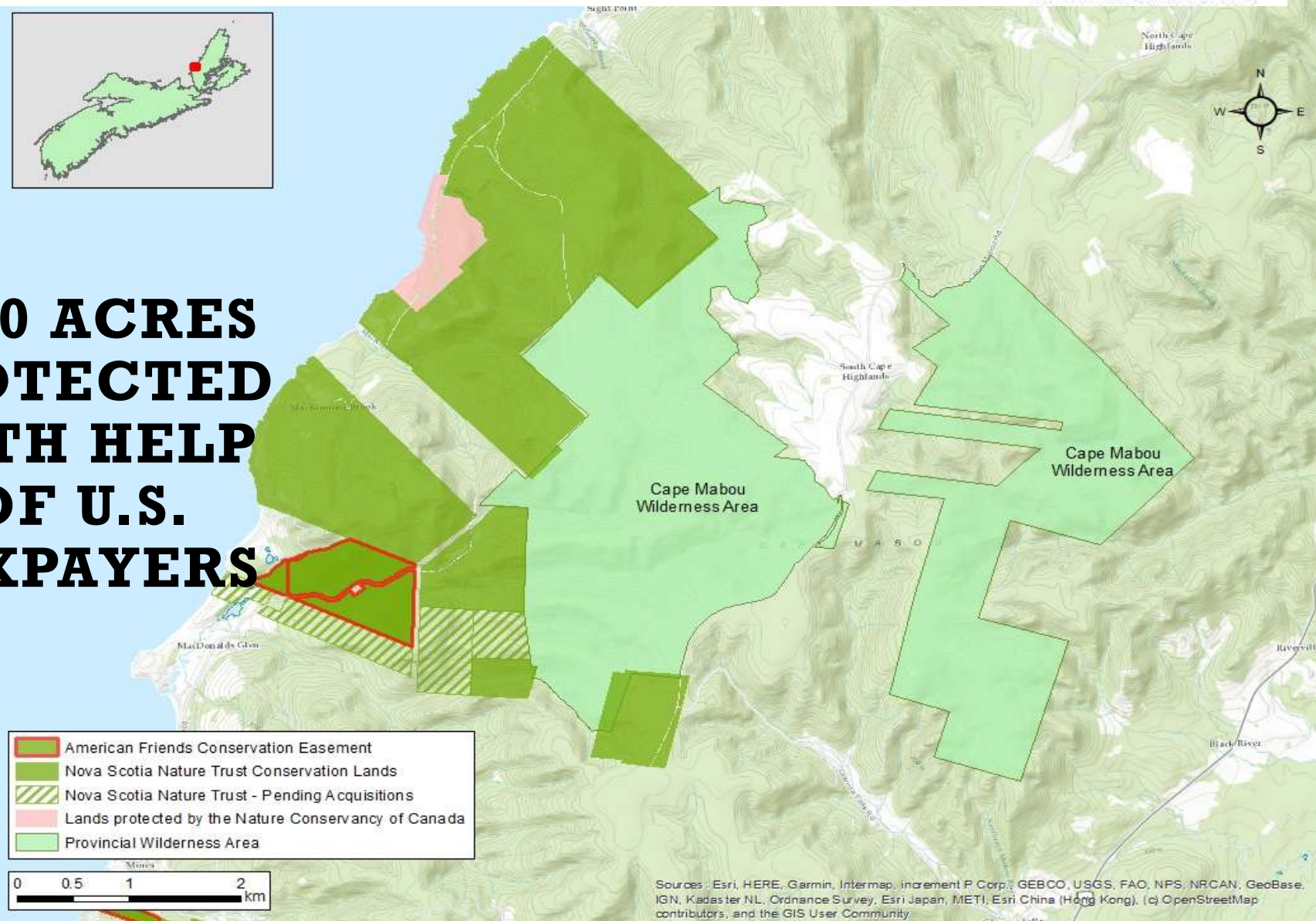
# Mabou Highlands, Cape Breton, Nova Scotia



# Mabou highlands Conservation Lands



**2900 ACRES  
PROTECTED  
WITH HELP  
OF U.S.  
TAXPAYERS**





# **AFCF's Programs & Services**

## General Support Program

- Facilitates grants of cash, securities, and bequests from US taxpayers

## Conservation Lands Program

- Facilitates gifts of land and easements / covenants / servitudes







# Conservation Lands Program

- Long-term partnership between AFCC and a land trust
- **Land Trust** roles:
  - Intention to become long-term owner
  - landowner relationship and liaison,
  - due diligence,
  - transaction paperwork,
  - funding,
  - stewardship/ monitoring as AFCC's agents in short-term



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Photo by Neil Cornwall



# Conservation Lands Program



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AFCC roles:

- Support and guidance
- Checklists and templates
- Ensure US requirements met
- Gift acceptance and acknowledgement
- Track stewardship over time
- Transfer the property to a local steward.

# Phase 1: Inquiry and Feasibility Assessment

- Land Trust Prepares Application
- Project rationale (conservation significance, property information, proposed transaction, contemplated stewardship, etc.)



# Phase 2: Due Diligence

- Procurement and Management Agreement
- Due Diligence:
  - Appraisal
  - CRA clearance
  - Environmental Assessment
  - Title investigation
  - Stewardship plan



# Phase 3: Closing and Gift Substantiation

- Transaction closes
- AFCC issues gift letter and signs donor's tax forms
- Donor claims tax deduction in US and files taxes in Canada



# After Closing

- Land Trust acts as AFCC's agent for stewardship
- Land Trust requests ownership
  - Ideally a 3 year timeframe
- AFCC assesses readiness and capacity; board decision





**QUESTIONS?**

# **For More Information**

**[www.conservecanada.org](http://www.conservecanada.org)**

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