

Annual Report



Southern Alberta Land Trust Society
March 2015

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Note: All photos taken on SALTS’ easements. Credit to Alan Gardner and Justin Thompson.

President's Message

This past year has been an exciting period of transition for SALTS. After many years of dedicated service, Alan Gardner stepped down as our Executive Director. We hired Justin Thompson, and he and Alan worked together for the better part of a year to ensure a smooth transition before Justin took over as ED. At the end of last year we also opened a permanent office in High River and hired Berry Urban as our new Office Manager. Alan has also stayed on in a part-time consulting role to help guide Justin and Berry which has been very helpful.

The purpose of this transition and increased staff is to address the fact that SALTS has continued to grow as an organization and now has a significant number of conservation easements in place. In order to do a good job of stewarding our existing easements and at the same time continue to deliver on our mandate, we needed to increase our staffing and our presence in the community.

In addition to ramping up our organizational capacity in 2014 we continued our work to protect native rangeland and the watersheds and wildlife habitat it supports. We just received news that the Government of Alberta will be supporting three of our conservation easements projects through the Alberta Land Trust Grant Program. These projects were kicked-off in 2014 and with the government grants we should be able to complete them in 2015 or early 2016. As a result, we now have four conservation easement projects with funding in place for 2015. Once complete these projects will protect over 3,000 acres bringing the total number of acres under easement with SALTS to over 16,000. These projects include land along Highway 22, in the foothills of the Livingstone Range, and along the Crowsnest River.



Despite our past successes, the urgency of our work is greater than ever. Even with this current slowdown in the oil sector, the longer-term projections for population growth and urban expansion in southern Alberta are alarming. There will be ongoing pressure on our limited remaining foothills and grassland habitats, which are currently used for ranching, to be converted into country residential uses. In the face of these pressures, I continue to believe that the work of SALTS is one of the most effective ways to preserve our native rangelands and all the benefits that go with them.

Lastly, I want to thank all of the members and supporters of SALTS. Each year individuals continue to step forward in various ways to support our work. Whether you are a member who spreads the word of our work, a financial supporter, a board volunteer, or a landowner who has trusted SALTS to place an easement on your land, every bit of help contributes to our success. I feel that there is both momentum behind our organization and also increasing awareness around the value of our work. I am confident that this upcoming year will be as exciting and productive as our last.

Sincerely,

John Cross
President



Financial Report for the Fiscal Year Ending October 31, 2014

SALTS continues to make significant strides towards greater financial sustainability. This is particularly important as we grow the organization to meet the stewardship obligations of our existing easements while at the same time adding new easements.

SALTS' financial sustainability is defined by several factors. They include:

1. ***The strength of our fund development activities.*** These including grant applications and our ability to gain the support of individual donors. Ongoing fundraising supports the bulk of our project activities. Historically, the majority of our funds have come through grants from foundations or governments. This year we will be actively working to increase our contributions from individual donors to better diversify our funding sources.
2. ***Our stewardship endowment at The Calgary Foundation.*** This is key to our financial sustainability as every SALTS conservation easement comes with ongoing obligations to work with the landowner to ensure that the conservation values in the easement are maintained over time. Growing our endowment will ensure that we can meet these obligations even in challenging fiscal times.
3. ***Our operating reserves.*** Over the last few years SALTS has been able to build some operating reserves representing approximately six months of our overhead expenses. We would like to grow these operating reserves a little further in the event that there are changes to government programs or major changes in the economy that affect foundations and individual donors. We are aware that these events are a real possibility and we are proactively planning for them.

Turning more specifically to the 2014 fiscal year, we finished the year with an operating surplus of \$39,470. This was due in large part to a few significant donations from individuals for which we are extremely appreciative. It is also timely because we increased our program delivery costs at the beginning of 2015 with the opening of an office and the hiring of an Office Manager. This means that our annual expenses on a go forward will be higher than in the past as will the operating reserves that we need to set aside.

We also made a very significant contribution of \$538,500 in 2014 to our endowment with The Calgary Foundation. This was made possible through the provincial government's Alberta Land Trust Grant Program (ALTGP) and was related to three significant conservation easements. One of the many positive features of the ALTGP is that it recognizes the need for stewardship funds and allows a land trust to apply for these funds as part of the grant. This brought the total amount of our endowments with The Calgary Foundation at the end of 2014 to \$1,099,375.

The 2014 Statement of Operations shows a significant increase in revenues from government. These funds were provided through the ALTGP for four conservation easements. A significant

portion of the original grants were moved out of restricted assets and into income in 2014. Almost all of these funds went towards landowner payments for the conservation easements and the endowment with The Calgary Foundation discussed above. A corresponding drop in restricted cash assets is captured in the Statement of Financial Position between 2013 and 2014.

The remaining restricted cash assets of \$1,126,161 are made up primarily of grants for conservation easements that we have not yet completed and our legal defence fund.

Lastly, you will see a significant jump in the asset value attributed to our conservation easements of \$10,569,992 in 2013 to \$18,518,992 in 2014. This was due to three new and significant conservation easements completed in 2014. The \$18,518,992 reflects an interest in real property by SALTS representing the combined fair market value of all the conservation easements done by SALTS to date at the time the easements were registered.



The numbers show that SALTS continues on a positive financial trajectory. SALTS' financial position has strengthened dramatically over the last few years thanks to supporters, the work of volunteers, and the previous Executive Director. The creation of the Alberta Land Trust Grant Program has also been a game changer for SALTS and we are very appreciative of the people in the Alberta Government who had the vision to create a program that is helping land trusts succeed.

However, funding the work of land trusts in Alberta is very challenging. Program delivery costs increase as SALTS increases its capacity. The charitable giving sector is extremely competitive. The work we do creates real and significant benefits for Albertans including the protection of clean water, biodiversity, and Alberta's heritage. Many Albertans don't fully appreciate the direct link between private land conservation and the associated social and ecological benefits. This is why we are so appreciative of our current members and supporters. It is also why we need to keep working hard to raise awareness about the broad societal benefits of land conservation and increase the number of people who support our vision.

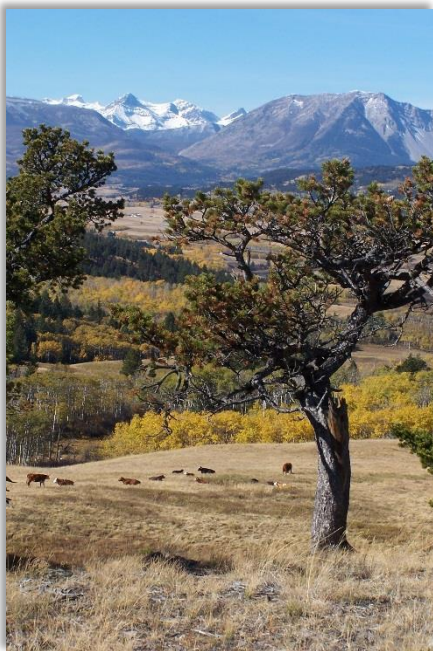
Sincerely,

David Shaw
Treasurer

Operations Report

Staffing and Capacity

2014 saw the completion of a successful transition from Alan Gardner to myself, Justin Thompson, as the new Executive Director. The Board and Alan had identified the need for this succession some time ago as well as the need to increase SALTS' capacity given the growth of the number of easements held by SALTS in recent years. I am still getting up the learning curve in my new role but have the advantage of having volunteered with SALTS for several years and the better part of 2014 working alongside Alan to learn the ropes. As staffing transitions go for smaller non-profits, it couldn't have gone any more smoothly.



Shortly after I took over as ED, we rented a new office space in downtown High River. The space is working out really well and also has a meeting room where the Board of Directors or committees of the board can meet.

I also kicked off the process to find an Office Manager for SALTS. This was a key part of SALTS' plan to increase its capacity as it had gotten to the point where Alan was spending a significant amount of his time on administration and limiting the time available for new conservation projects, stewarding of existing easements, and fund development. SALTS had a very large number of applicants and several very strong candidates. In the end we chose Berry Urban who started at the beginning of November 2014. Berry has a diverse employment background in administration and communications. She has jumped into her new role with enthusiasm and efficiency, and has been

an enormous asset since she started. Berry has taken on a wide range of SALTS' administrative and management duties freeing up more of my time to focus on conservation projects and fund development.

New Conservation Easements

SALTS continued its work to complete the four conservation easements funded through the Alberta Land Trust Grant Program (ALTGP) in 2013. All four of those easements are now registered on title and protect 1,573 acres of native rangeland and important wildlife habitat and watersheds. These four easements were very exciting for SALTS as they introduced SALTS to some new areas that we hope to continue working in. They included lands in the Jumping Pound and Priddis areas west of Calgary, and along the Old Man River on the west side of the Porcupine Hills.

They also included a key link in private land protection for a wildlife corridor across Highway 3 in the foothills west of Pincher Creek.

In 2014 SALTS also engaged three landowners who decided to proceed with easements on their property. SALTS applied for funding through the ALTGP to support these easements in September of last year and we have just found out that we were successful in these grant applications. These easements will build on some key areas that SALTS has been focusing on in recent years along the Crowsnest River and near Lee Lake in the foothills south of Highway 3. The other is along the Cowboy Trail south of Chain Lakes which has been a longstanding focus area for SALTS. We will be actively working on four conservation easements in 2015 for which we have funding in place. Once completed these projects will protect over 3,000 acres bringing the total number of acres under easement with SALTS to over 16,000

Existing Conservation Easements

As has been our policy in the past, SALTS was able to visit all of our easements last year and in several cases have a visit with the landowners. SALTS is happy to report that there are no significant issues with any of our easements. We are very appreciative of the high level of stewardship that our landowners demonstrate. This year, I was able to go along with Alan on several of the visits. I was both surprised and inspired by the incredible variety of



the lands under easement with SALTS and the incredible ecological value of these parcels. These visits highlighted for me the value of SALTS work and the wonderful contributions made by the landowners for the benefit of all Albertans.

The role of SALTS as a partner with the landowner in stewarding the land was also highlighted in 2014. There were several cases, as there are each year, where there were requests or proposals for pipelines, power lines, or communication towers on lands with SALTS easements. In each case

SALTS must work with the landowner and in communication with the proponent to ensure that the proposed development is either re-routed away from the lands or if this is not possible ensure that the construction and operation practices have minimal damage to the conservation values of the land. As the number of SALTS easements grows the more we are getting engaged in discussions around development proposals. This also highlights the importance of our stewardship endowment as it is these funds that will support our ongoing efforts to protect the conservation value of our easements.

Fund Development

Recognizing that the demands of our conservation work are increasing due to the pressures of residential developments and that our work requires support from donors, SALTS created a dedicated Fund Development Committee of the Board. Our new board member, Jolayne Davidson Gardner, agreed to chair the committee for which I am very thankful. The purpose behind the creation of the committee was threefold. First, we would like to increase the number of conservation easements that SALTS can complete each year and this requires financial support from our donors. Second, with increased internal capacity we look forward to getting to know our donors better and creating opportunities for them to hear more about the impact of their gifts. And third, to create greater awareness of SALTS' ability to shape Alberta's future through the conservation of key landscapes and all the benefits those lands provide. In 2014, the work of the committee focused on developing SALTS key messages for donors including sharing with them the impact they can have on conservation in Southern Alberta. In 2015, we look forward to sharing more about the work made possible by our donors, the work we are all proud of!

Summary

The past year has seen SALTS undergo some significant yet very positive changes. As the new Executive Director I am feeling confident in the strength of the organization on a go forward. I do specifically want to thank our members, financial supporters, and the landowners who have put their trust in us. The growth and success of SALTS to date has been a gradual process and every bit of support has made a difference in getting us to this point. I look forward to working with you all in the coming year to continue protecting Alberta's water, wildlife, and western heritage.

Sincerely,

Justin Thompson
Executive Director

Appendix: Audit Financials

SOUTHERN ALBERTA LAND TRUST SOCIETY FINANCIAL STATEMENTS YEAR END OCTOBER 31, 2014



SOUTHERN ALBERTA LAND TRUST SOCIETY

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Scase & Partners

Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of
The Southern Alberta Land Trust Society,

We have audited the financial statements of The Southern Alberta Land Trust Society, which comprise the statement of financial position as at October 31, 2014 and the statements 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, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for qualified opinion on the financial performance and cash flows

The Southern Alberta Land Trust Society derives a portion of its revenues from donations, the completeness of which is not susceptible to audit verification. Consequently, we were unable to obtain sufficient appropriate audit evidence to support the completeness of donation revenue, and we were unable to determine whether any adjustments were necessary.

Qualified opinion on the financial performance and cash flows

In our opinion, except for the effects of the matter described in the Basis for qualified opinion paragraph, the statement of income and statement of cash flows present fairly, in all material respects, the financial performance and cash flows of The Southern Alberta Land Trust Society for the year ended October 31, 2014, in accordance with Canadian accounting standards for not-for-profit organizations.

Opinion on the financial position

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Southern Alberta Land Trust Society as at October 31, 2014 in accordance with Canadian accounting standards for not-for-profit organizations.

Calgary, Alberta
February 26, 2015

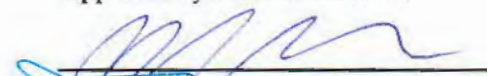

Professional Accountants

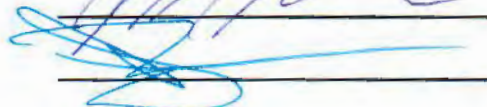
SOUTHERN ALBERTA LAND TRUST SOCIETY

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED OCTOBER 31, 2014

	2014	2013
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 182,817	\$ 116,224
Accounts receivable	6,995	4,232
Prepaid expenses	<u>1,663</u>	<u>1,284</u>
	191,475	121,740
RESTRICTED CASH AND CASH EQUIVALENT (Note 4)	1,126,161	2,974,931
CONSERVATION EASEMENTS (Note 3)	18,518,992	10,569,992
PROPERTY AND EQUIPMENT (Note 5)	<u>574</u>	<u>843</u>
	\$ <u>19,837,202</u>	\$ <u>13,667,506</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 49,033	\$ 6,000
REPAYMENT COMMITMENT (Note 12)	<u>49,033</u>	<u>212,000</u>
		218,000
NET ASSETS		
Invested in capital assets	574	843
Restricted for conservation easements	18,518,992	10,569,992
Externally Restricted (Note 6)	1,030,236	2,680,043
Internally restricted (Note 7)	95,925	82,889
Unrestricted	<u>142,442</u>	<u>115,739</u>
	19,788,169	13,449,506
	\$ <u>19,837,202</u>	\$ <u>13,667,506</u>

Approved by Board of Directors

 Director

 Director

SOUTHERN ALBERTA LAND TRUST SOCIETY

STATEMENT OF OPERATIONS FOR THE YEAR ENDED OCTOBER 31, 2014

	2014	2013
Revenues		
Contributions		
Government	\$ 2,393,984	\$ 291,726
Grants and donations - other	28,731	5,075
Individuals	52,210	26,285
Unreceipted donations	4,500	20,000
Corporate and foundations	6,463	48,000
	<u>2,485,887</u>	<u>391,086</u>
Income from Calgary Foundation (Note 8)	27,724	19,448
Interest	16,433	13,031
Membership	1,050	725
Other revenue		300
	<u>2,531,095</u>	<u>424,590</u>
Expenditures		
Salaries and contracted services	133,215	330,984
Conservation Easement incentives	1,787,000	
Non refundable endowment payment		
to The Calgary Foundation (Note 8)	538,500	70,000
Professional fees	8,500	6,200
Office expense	4,054	5,112
Publications and resources	9,872	5,098
Rent	2,161	4,236
Insurance	3,823	2,560
Advertising	1,875	2,500
Telephone	1,534	1,654
Bank charges	392	288
Travel	209	261
Amortization	269	222
Meeting and events	221	207
Memberships		85
	<u>2,491,625</u>	<u>429,407</u>
Excess (shortfall)		
of revenues over expenditures for the year	\$ <u>39,470</u>	\$ <u>(4,817)</u>

The accompanying notes form an integral part of these financial statements

SOUTHERN ALBERTA LAND TRUST SOCIETY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED OCTOBER 31, 2014

	Invested in capital assets \$	Restricted for conservation easements \$	Externally restricted \$	Internally restricted \$	Unrestricted \$	2014 Total \$	2013 Total \$
Net assets, beginning of year	843	10,569,992	2,680,042	82,889	115,739	13,449,505	10,564,690
Excess (deficiency) of revenue over expenses					39,470	39,470	(4,817)
Investment in Capital Assets	(269)	7,949,000			269	7,949,000	668,000
Net change on other externally restricted projects			(13,644)			(13,644)	2,221,632
ALTGP-Gov't grant (Note 6)			(1,636,163)			(1,636,163)	
Recovery of easement expenses							
Transfers between Funds				13,036	(13,036)		
Net assets, end of year	574	18,518,992	1,030,235	95,925	142,442	19,788,168	13,449,505

SOUTHERN ALBERTA LAND TRUST SOCIETY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED OCTOBER 31, 2014

	2014	2013
Cash flows from operating activities		
Excess (Shortfall)of revenues over expenditures for the year	\$ 39,470	\$ (4,817)
Item not affecting cash		
Ecological donations		
Amortization	269	222
	39,739	(4,595)
Net change in non-cash working capital items		
(Increase) decrease in accounts receivable	(2,763)	(1,507)
(Increase) decrease in prepaid easement expenses	(379)	
Increase (decrease) in accounts payable and accrued liabilities	43,033	(6,410)
	79,630	(12,512)
Cash flows from financing and investing activities		
ALTGP-provincial government grants	0	2,221,632
Externally restricted funds transferred to revenue	(1,649,807)	
Repayment commitment to ALTGP project	(212,000)	212,000
	(1,861,807)	2,433,632
Change in cash and cash equivalents during the year	(1,782,177)	2,421,120
Cash and cash equivalents, beginning of year	3,091,155	670,035
Cash and cash equivalents, end of year	1,308,978	3,091,155
Cash and cash equivalents consists of		
Bank balances	1,213,052	3,008,266
Guaranteed Investment Certificates	95,925	82,889
	\$ 1,308,978	\$ 3,091,155

The accompanying notes form an integral part of these financial statements

SOUTHERN ALBERTA LAND TRUST SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED OCTOBER 31, 2014

1) Purpose of the Organization

The Southern Alberta Land Trust Society ("Society") was incorporated under the Societies Act on January 13, 1998 as a non-profit organization and is a registered charity under the Income Tax Act.

The Society is also registered under the Charitable Fundraising Act of Alberta and has considered all required disclosures under Section 7(2) of the Act in preparing these financial statements.

The Society was formed to maintain the ecological, cultural, productive and scenic values of Southern Alberta's foothill and prairie regions. The Society operates directly with landowners and agricultural interests to provide long-term protection for private lands that have traditionally safeguarded these values. The Society aims to achieve its objective through the acquisition of conservation easements, the promotion of environmentally compatible land uses, and the education of landowners and the public.

A conservation easement is a voluntary, legally binding agreement that limits the amount and type of development that can occur on a property in order to preserve its environmental, recreational, scenic, historic, and/or productive qualities. The landowner continues to retain title to the property and all other rights of property ownership. While the terms of conservation easements vary, all preclude environmentally damaging forms of development. Conservation easements are typically assigned in perpetuity, registered on title to the land.

Landowners may receive an income tax receipt for the donation of a conservation easement to a registered charity. The value of the receipt is determined by a certified land appraiser and usually represents the difference in the appraised value of the property before and after the conservation restrictions are in place.

2) Basis of Accounting

In accordance with Canadian accounting standards for not-for-profit organisations the financial statements have been prepared using the going concern assumption, which assumes that the Society will be able to realize its assets and discharge its liabilities in the normal course of operations.

SOUTHERN ALBERTA LAND TRUST SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED OCTOBER 31, 2014

3) Significant accounting policies

Use of estimates

These financial statements are prepared in accordance with Canadian generally accepted accounting standards for not-for-profit organizations. When preparing financial statements according to ASNPO, the Association makes estimates and assumptions relating to:

- Reported amounts of revenue and expenses;
- Reported amounts of assets and liabilities; and
- Disclosure of contingent assets and liabilities.

Management's assumptions are based on a number of factors, including historical experience, current events and actions that the organization may undertake in the future, and other assumptions that we believe are reasonable under the circumstances. Actual results could differ from those estimates under different conditions and assumptions. Estimates were used when accounting for certain items, such as the useful lives of capital assets and impairment of long-lived assets.

Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as direct increases in net assets in the current period.

Conservation easements

Interest in real property by acquisitions of conservation easements are recorded in the accounts of the Society when conservation easements are registered on the title of the property and are recorded at the estimated fair market value at the time of the acquisition including any costs associated with the receipt of the conservation easement. Donated conservation easements are recognized as direct increases in net assets when registered on the title of the property.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments that are highly liquid and are readily convertible to known amounts of cash and are subject to insignificant risk of change in value.

SOUTHERN ALBERTA LAND TRUST SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED OCTOBER 31, 2014

3) Significant accounting policies, continued

Property and equipment

Property and equipment are recorded at cost. Amortization is provided on a declining balance method based on the estimated useful lives of the assets as follow:

Office equipment	5 years
Computer equipment	3 years

Donated materials

Donated materials are recorded at their estimated fair value if the donated material would have otherwise been paid for if not donated. If fair value cannot be reasonably estimated, such donations are not recorded.

Financial instruments

The Society's classes all financial instruments as trading and they are therefore carried at their fair market value. Unrealized gains and losses on trading assets, if any, are recognized as part of the statement of operations.

Financial instruments not classified as trading are accounts receivable which are classified as loans and receivables and accounts payable. These instruments are accordingly carried at cost.

4) Restricted cash

Cash that has been restricted from current use for general operating expenses is as follows:

	2014	2013
	\$	\$
Externally restricted project	1,030,236	2,680,042
Repayment commitment		212,000
Internally restricted funding	<u>95,925</u>	<u>82,889</u>
	<u>1,126,161</u>	<u>2,974,931</u>

SOUTHERN ALBERTA LAND TRUST SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED OCTOBER 31, 2014

5) Property and equipment

	Cost \$	Accumulated Amortization \$	2014 Net \$	2013 Net \$
Office equipment	7,251	6,677	574	824
Computer equipment	13,822	13,822	0	20
	21,073	20,499	574	844

6) Externally Restricted

	Water Testing Protocol \$	ALTGP 2011 \$	ALTGP 2013 \$	SFS3 \$	ALTGP 2012 \$	Total \$
Opening Balance	128,344	38,737	0	6,740	2,506,220	2,680,041
Gov't of Alberta			730,800			730,800
Other charities				6,500		6,500
Interest-ALTGP		17	4,855		1,345	6,217
Adjust ALTGP Refund		0			9,470	9,470
	128,344	38,754	735,655	13,240	2,517,035	3,433,028
Expenses	(403)	(14,849)	(2,038)	(13,340)	(22,859)	(53,489)
Project complete		(23,905)		100		(23,805)
Contributed to TCF					(538,500)	(538,500)
CE incentives					(1,787,000)	(1,787,000)
Closing Balance	127,941	0	733,617	0	168,676	1,030,234

In fiscal 2014:

Funds received from Alberta Land Trust Grant Project in the amount of \$730,800. This was grant received from the Government of Alberta-Alberta Land Trust Program (ALTGP) during the fiscal year was deposited in chequing accounts as required by the grantor. Interest earned during the year was \$4,855 and added to the fund as per the agreement. During the year, approximately \$1.65M was transferred to corporate main account to defray operational expenses related to the project for which this fund was granted.

SOUTHERN ALBERTA LAND TRUST SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED OCTOBER 31, 2014

7) Internally restricted

At October 31, 2014, the restricted bank balance was \$95,925 and was invested in GIC. The income from this fund is to be restricted as well. The restricted amount is for:

- a) defence of conservation easements if any held by the Society were to be challenged in the courts by a landowner;
- b) remediation or restoration of conservation easement land where the landowner had failed or refused to do so.

8) Income from The Calgary Foundation (TCF)

During the year, the Society received \$14,636 (2013 – \$14,680) of investment income from The Calgary Foundation (“Foundation”) related to a Legacy Fund gift of \$325,000 made for the Society in 1999. During the fiscal year, the Society has not made an additional deposits to the Legacy Fund. The Society also received \$6,044 (2013 – \$2,625) of investment income from the Foundation related to the Stewardship Fund. During the fiscal year, the Society has made an additional deposit of \$538,500 to the Stewardship Fund.

9) Endowment Funds at The Calgary Foundation

The Society has established endowment funds to improve its stability and sustainability into the future. These Agency Funds are held by The Calgary Foundation (“Foundation”) and include the Legacy Fund dedicated to general operations (value as of October 31, 2014 is \$367,649), and the Stewardship Fund dedicated to the management and stewardship of easements (value as of October 31, 2014 is \$731,725). These funds provide an annual investment income, have a specific purpose and deposits to them are non-refundable. In addition, income is received for management and stewardship of the OH Pekisko Ranch conservation easement from a proportion of the Daryl K. Seaman Fund. Income is also received from Forever Fund for the Environment for general charitable activities.

10) Financial instruments

The Society’s financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. The fair market value of these financial instruments approximates their book value due to their short-term nature and they bear interest at market rates. The Society is not subject to any significant credit, interest rate or foreign exchange rate risk.

SOUTHERN ALBERTA LAND TRUST SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED OCTOBER 31, 2014

11) Volunteer time

During the year, there was an accumulated volunteer time with a fair market value of about \$44,000 that was not recorded in the books of the Society. This amount would be part of the matching money towards the Government of Alberta (ALTGP) grants on the Rock Creek Phase 3 various projects.

12) Repayment commitment

The Society has repaid back the excess grants estimated of about \$212,000 in prior year to Alberta Government (ALTGP) on the various projects the government has funded.

13) Conservation easement incentive

The Society has paid \$1,787,000 to various landowners on the conservation easements as incentives.

14) Capital Management

The capital management policy of the Society has been to ensure that there are sufficient funds available to support and defend the easements that have been placed on certain lands and carry out such other projects in the course of its operations that are an enhancement to its conservation mandate.

The Society considers its net assets to be the capital that it requires to carry out its objectives.

15) Rounding

Certain of the totals may vary due to rounding of formulas.