

2015 Annual Report



**SOUTHERN ALBERTA
LAND TRUST SOCIETY**

March 2016

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- Audited Financial Statements two month period ended December 31, 2015

Cover photo: SALTS easement on Chaffin Creek near Highway 22 south of Chain Lakes

President's Message

This past year has again seen SALTS get stronger as an organization. It seems that the awareness of SALTS' work and relationships with our partners has continued to grow. SALTS' staff capacity and financial stability have also increased in line with our long-term goals.

The impact of SALTS' work is without a doubt significant. On the easement front, we completed four easements last year and have funding approved to do four more this year. We are on track to complete easements on 20,000 acres by 2020. More important than the number of acres, however, is that these lands are of high ecological value and many were at risk of development in the coming years.

Another exciting development in the evolution of SALTS, is that we plan to get more involved in helping to support our landowners who are interested in doing water stewardship projects. Water quality and quantity is a concern for all Albertans. SALTS has easements with a significant number of landowners whose lands are important to the integrity of the Bow and Oldman watersheds. I believe that supporting our landowners with resources and information to implement water stewardship projects is an important added value that we can help provide.

Dave Fowles stepped down as a SALTS board member this past year. Dave was a dedicated and extremely valuable board member for many years and we want to thank him for his longstanding commitment to SALTS. We are proposing to add two new Board members who I believe are going to be a huge asset for SALTS.

I also want to take the opportunity to thank all of our supporters including government, foundations, and individual donors. None of what we do would be possible without your support. The volunteer efforts of our SALTS board members is also extremely appreciated. The board has been invaluable in guiding the organization and helping to raise its profile.

Lastly, I will be stepping down as President of SALTS. I will remain on the Board but have completed two terms as President and it is time for someone else to take over the reins. I am pleased to announce that Kelly Hall is putting her name forward to be the President. Kelly has been on the board for six years and has a lot of experience that will be very valuable to SALTS in her role as President.

Sincerely,

John Cross
President of the Board

Operations Report

Staffing and Capacity

As part of our efforts to build the capacity of the organization, SALTS is pleased to announce that we are adding another staff person this year. Mike Gibeau has just started as our new Stewardship Coordinator. In addition to being one of SALTS' founding board members, Mike has 30 years of experience in conservation and wildlife biology.

Mike's main focus will be on doing the baseline reports for our easements, and on our easement monitoring and stewardship. With 35 easements now in place (11 of those completed in the last 4 years), our annual monitoring activities have become a significant amount of work. However, Mike's extensive experience will allow him to support SALTS on a number of fronts.

It has been a goal of SALTS for several years now to have a staff person to cover each of our main areas of work. An Executive Director to manage and resource the organization, and to initiate new easements. A Stewardship Coordinator to help complete new easements and work with our existing easement holders. And, an Office Manager to oversee the significant administration including bookkeeping. It is a very positive step for SALTS to have implemented this goal, first with the addition last year of Berry as Office Manager and now with Mike.

New Conservation Easements

SALTS completed four conservation easements in December of 2015 covering 2,750 acres. We have successfully applied for grant funding for four new easements in 2016 and plan to have them completed by the end of the year.

At the same time, we continue to work with landowners to identify new opportunities for easements in the coming years. SALTS is keen to partner with landowners anywhere south of the Red Deer River who have lands of high ecological importance. Some of our focus areas at this time include the landscapes along Highway 22 south of Longview, the foothills between the Oldman and Castle Rivers, and the private lands bordering Waterton and the new Castle Provincial Park.



Easement SALTS is working on in 2016 along Yarrow Creek just outside Waterton Park and the new Castle Park.

Existing Conservation Easements

A significant number of SALTS easements involve lands that are important to the health and integrity of the Bow and Oldman watersheds. SALTS is launching an initiative to support water



SALTS easement completed in 2015 along the Crowsnest River

stewardship/riparian healthy projects with our conservation easement landowners. This may involve support for things like riparian fencing, off stream watering, or invasive weed management. What we are hoping to provide is both expertise and financial resources to help implement these projects.

In order to accomplish this, SALTS is working to partner with a number of organizations who can help to bring both expertise and financial resources.

This includes organizations like the Oldman Watershed Council, Cows and Fish, the Alberta Government, and hopefully producer organizations like the Alberta Beef Producers and Canadian Cattlemen's Association.

SALTS is very excited about the idea of going a step beyond easements in our conservation efforts and we look forward to working with our landowner partners to see several of these projects get off the ground in the next couple of years.

Summary

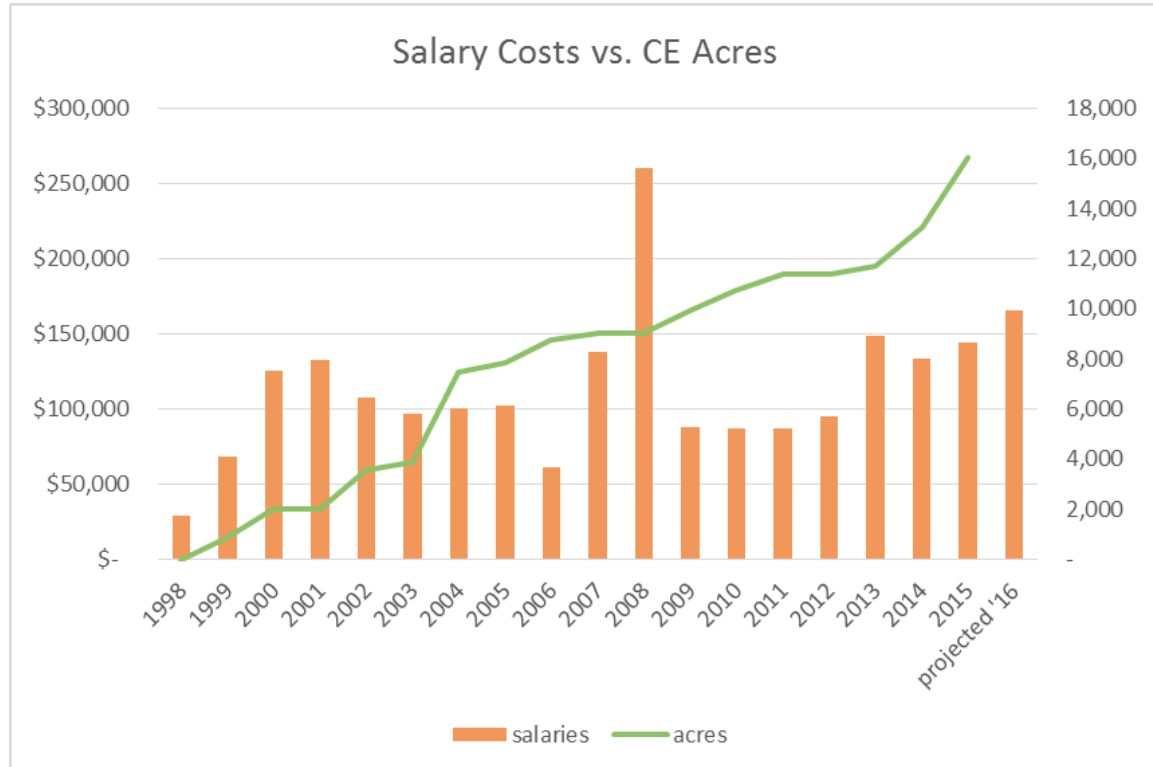
I continue to be pleasantly surprised by both the interest in and the need for the services provided by land trusts like SALTS. We are continually finding new opportunities to work with landowners to keep Alberta's native rangelands intact. The challenge for SALTS is to stay focused on our priorities and to find the resources to ensure that we can move forward with the most important projects. I am extremely thankful to our landowner partners, our financial supporters, and my volunteer board for helping SALTS to continue making a meaningful contribution to conservation in Alberta.

Financial Report

SALTS has decided to change its fiscal year to the calendar year. This is primarily because the financial reporting for all of our major grants is on a calendar year basis. We found that reconciling between our SALTS fiscal year ending October 31st, and our grant reporting requirements on December 31st not only created extra work but also confusion. As a result, we have two sets of audited financial statements this year. One for our previously defined calendar year ending in October 31st, 2015 and a second covering November 1st, 2015 to December 31st, 2015 in order to get us on track for our new fiscal year.

SALTS ended 2015 in a strong financial position. This was thanks to a number of funding sources including the provincial grants from the Alberta Land Trust Grant Program, donations from several foundations, and from a number of individuals.

That being said, SALTS runs a very tight ship and punches well above its financial weight when it comes to conservation results. As you can see from the graph below, SALTS' salary costs have fluctuated somewhat over the years but have not increased dramatically. At the same time, the number of acres under easement, and SALTS' scope of responsibility, has continued to climb.



This significant addition of easements over time is what has required SALTS to increase our staff capacity. Also, the Alberta Land Trust Grant Program has allowed us to more consistently add new easements each year over the past four years, thereby increasing our level of activity.

However, as we increase the number of easements and therefore our staffing and operations costs, the requirement to manage our finances judiciously also increases. We are working to address this in a number of ways that you can see reflected in our audited financial statements.

First, SALTS has set aside an operating reserve of \$100,000 which is roughly 6 months of operating expenses for the organization. This has been done in the event that there is a shortfall in budgeted revenues and gives SALTS a buffer if we need to make adjustments to our operations to address a change in our revenues.

Second, SALTS continues to grow its endowment at the Calgary Foundation. The main purpose of this endowment is to ensure that SALTS always has funds available to uphold its stewardship and monitoring commitments for our existing easements. Our two endowment funds with the Calgary Foundation now total \$1,604,295. This may seem like a big number but depending on the disbursement quota set by the Calgary Foundation, the annual income from these endowments will range in the next few years from between \$56,000 to \$75,000. These funds are used to support all of our monitoring costs and communications with easement landowners. They also support staff time to help mitigate potential threats to our easements in the face of development proposals by allowing us to engage with landowners and corporate proponents. While we are pleased with the growth in our endowment in recent years, SALTS believes that this endowment needs to continue to grow both to address the stewardship of our existing easements and for the new easements we continue to add.

Lastly, SALTS continues to build our defense fund which has a current balance of \$97,489. The purposed of which is to cover the costs associated with a legal challenge to one of SALTS' easements. Similar to our endowment funds, SALTS needs to continue growing this fund.

SALTS is extremely appreciative of all those who support our work financially and are proud that we can show our funders that we are doing a lot of good work with relatively few dollars. There are a number of key organizations that have made a big difference to our efforts this past year including the Alberta Government Land Trust Grant Program, the Calgary Foundation, the Auxilium Foundation, Bahan Family Foundation, and the Fanwood Foundation.

We also have a significant number of individual donors who I won't specifically name but whose support is critical. Most of our major funding sources are very project specific and the costs to which we can apply them are limited to certain activities. The donations from individuals allow

SALTS to do a bunch of important work that grants and foundations don't allow us to do. This includes participating in government consultations, outreach and collaboration with other not-for-profit or municipal governments, and most importantly engaging new landowners to talk about what it means to work with SALTS.

Sincerely,

Justin Thompson
Executive Director

SOUTHERN ALBERTA LAND TRUST SOCIETY

FINANCIAL STATEMENTS

YEAR END OCTOBER 31, 2015

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, 2015 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 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.

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.

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

Suite 32, 2333 18th Avenue NE, Calgary Alberta. T2E 8T6
Suite 1000, 640 – 8th Avenue SW, Calgary, Alberta T2P 1G7
Ph: 403-735-0735 Fax: 403-735-2377
www.scase.ca

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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, 2015, 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, 2015 in accordance with Canadian accounting standards for not-for-profit organizations.

Calgary, Alberta
February 25, 2016


Professional Accountants

SOUTHERN ALBERTA LAND TRUST SOCIETY

STATEMENT OF FINANCIAL POSITION

OCTOBER 31, 2015

	2015	2014
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 151,881	\$ 182,817
Accounts receivable	2,806	6,995
Prepaid expenses	1,813	1,663
	<u>156,500</u>	<u>191,475</u>
RESTRICTED CASH AND CASH EQUIVALENT (Note 2)	1,543,496	1,126,161
CONSERVATION EASEMENTS	18,582,631	18,518,992
PROPERTY AND EQUIPMENT (Note 3)	<u>2,949</u>	<u>574</u>
	\$ <u>20,285,576</u>	\$ <u>19,837,202</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ <u>9,007</u>	\$ <u>49,033</u>
NET ASSETS		
Invested in property and equipment	2,949	574
Restricted for conservation easements	18,582,631	18,518,992
Externally restricted - casino (Note 2, 4)	47,135	-
Externally restricted - projects (Note 2, 4)	1,398,872	1,030,236
Internally restricted (Note 2, 5)	97,489	95,925
Unrestricted	147,493	142,442
	<u>20,276,569</u>	<u>19,788,169</u>
	\$ <u>20,285,576</u>	\$ <u>19,837,202</u>

Approved by Board of Directors

Director

Director

SOUTHERN ALBERTA LAND TRUST SOCIETY

STATEMENT OF OPERATIONS FOR THE YEAR ENDED OCTOBER 31, 2015

	2015	2014
Revenues		
Contributions		
Government	\$ 503,450	\$ 2,393,984
Grants and donations - other	-	28,731
Receipted donations	39,740	52,210
Unreceipted donations	2,467	4,500
Corporate and foundations	76,109	6,463
	<u>621,766</u>	<u>2,485,888</u>
Income from Calgary Foundation (Note 6)	45,968	27,724
Interest	12,251	16,433
Membership	1,175	1,050
Other revenue (Casino and farewell party)	51,016	-
	<u>732,176</u>	<u>2,531,095</u>
Expenditures		
Salaries and contracted services	144,092	133,215
Conservation Easement incentives	-	1,787,000
Non refundable endowment payment to The Calgary Foundation (Note 6)	37,000	538,500
Professional fees	8,900	8,500
Office expense	16,450	4,054
Publications and resources	-	9,872
Rent	8,899	2,161
Insurance	2,826	3,823
Advertising	2,499	1,875
Communications	4,748	1,534
Bank charges	667	392
Travel	9,477	209
Amortization	2,025	269
Meeting and events	740	221
Fundraising	5,369	-
Memberships, licenses and fees	85	-
	<u>243,776</u>	<u>2,491,625</u>
Excess of revenues over expenditures for the year	<u>\$ 488,400</u>	<u>\$ 39,470</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, 2015

	Invested in property and equipment \$	Restricted for conservation easements \$	Externally restricted- ALTG projects \$	Externally restricted- casino \$	Internally restricted \$	Unrestricted \$	2015 Total \$	2014 Total \$
Net assets, beginning of year	574	18,518,992	1,030,236	-	95,925	142,442	19,788,169	13,449,506
Excess of revenues over expenditures	-	-	-	-	-	488,400	488,400	39,470
Investment in equipment and easements	4,400	63,639	-	-	-	(68,039)	-	7,949,000
Net change on other externally restricted projects	-	-	-	-	-	-	-	(13,644)
ALTGP-Gov't grant	-	-	-	-	-	-	-	(1,636,163)
Casino fund	-	-	-	47,135	-	(47,135)	-	-
Transfers between funds	-	-	368,636	-	1,564	(370,200)	-	-
Amortization	(2,025)	-	-	-	-	2,025	-	-
Net assets, end of year	2,949	18,582,631	1,398,872	47,135	97,489	147,493	20,276,569	19,788,169

SOUTHERN ALBERTA LAND TRUST SOCIETY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED OCTOBER 31, 2015

	2015	2014
Cash flows from operating activities		
Excess of revenues over expenditures for the year	\$ 488,400	\$ 39,470
Item not affecting cash		
Amortization	<u>2,025</u>	<u>269</u>
	490,425	39,739
Net change in non-cash working capital items		
(Increase) decrease in accounts receivable	4,188	(2,763)
(Increase) decrease in prepaid easement expenses	(150)	(379)
Increase (decrease) in accounts payable and accrued liabilities	<u>(40,026)</u>	<u>43,033</u>
	<u>454,437</u>	<u>79,630</u>
Cash flows from financing and investing activities		
Conservation easement maintenance costs capitalized	(63,639)	-
Externally restricted funds transferred to revenue	-	(1,649,807)
Repayment commitment to ALTGP project	-	(212,000)
Purchase of property and equipment	<u>(4,400)</u>	<u>-</u>
	<u>(68,039)</u>	<u>(1,861,807)</u>
Change in cash and cash equivalents during the year	386,398	(1,782,177)
Cash and cash equivalents, beginning of year	<u>1,308,978</u>	<u>3,091,155</u>
Cash and cash equivalents, end of year	<u>\$ 1,695,376</u>	<u>\$ 1,308,978</u>
Cash and cash equivalents consists of		
Bank balances	\$ 1,597,887	\$ 1,213,053
Guaranteed Investment Certificates	<u>97,489</u>	<u>95,925</u>
	<u>\$ 1,695,376</u>	<u>\$ 1,308,978</u>

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, 2015

Purpose of the Organization

The Southern Alberta Land Trust Society ("Society") was incorporated under the Societies Act on January 13, 1998 as a not-for-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 and 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.

1) Significant accounting policies

Basis of Accounting

In accordance with Canadian accounting standards for not-for-profit organizations 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, 2015

1) Significant accounting policies, continued

Measurement uncertainty

These preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations ("ASNPO") requires management to makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amount of revenues and expenses during the reporting period. Accounts receivables, amortization and valuation of long-lived assets are the elements of the financial statements that require the use of management estimates.

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 are reasonable under the circumstances. Actual results could differ from those estimates.

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 fiscal period.

Conservation easements

Interests 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 entered 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 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, 2015

1) 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

A financial instrument is classified at fair market value upon initial recognition. If a financial instrument is subject to a loss in value, the loss is recognized as part of the statement of operations in the year end in which it occurs. In future years if a financial instrument recovers from a write down, the financial instrument will be adjusted to no greater than its original fair market value reported at initial acquisition. The adjustment will be through the statement of operations.

2) Restricted cash

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

	2015 \$	2014 \$
Externally restricted-ALTGP project	1,398,872	1,030,236
Externally restricted - casino	47,135	-
Internally restricted funding	97,489	95,925
	<u>1,543,496</u>	<u>1,126,161</u>

SOUTHERN ALBERTA LAND TRUST SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED OCTOBER 31, 2015

3) ⁼ Property and equipment

	Cost \$	Accumulated Amortization \$	2015 Net \$	2014 Net \$
Office equipment	8,709	7,083	1,626	574
Computer equipment	16,764	15,441	1,323	0
	<u>25,473</u>	<u>22,524</u>	<u>2,949</u>	<u>574</u>

4) Externally Restricted Funds

Projects

	Water Testing Protocol \$	ALTGP 2014 \$	ALTGP 2013 \$	ALTGP 2012 \$	Total \$
Opening Balance	127,941	-	733,617	168,678	1,030,236
Gov't of Alberta		503,450			503,450
Other charities					0
Interest-ALTGP	-	-	7,334	-	7,334
	<u>127,941</u>	<u>503,450</u>	<u>740,951</u>	<u>168,678</u>	<u>1,541,020</u>
Expenses		(41,700)	(22,656)	(40,792)	(105,148)
Project complete					-
Contributed to TCF				(37,000)	(37,000)
CE incentives				-	-
Closing Balance	127,941	461,750	718,295	90,886	1,398,872

In fiscal 2015 funds received from Alberta Land Trust Grant Project in current year is \$503,450 (2014 - \$730,800). Interest earned during the year was \$7,334 (2014 - \$4,855) and added to the fund as per the agreement.

SOUTHERN ALBERTA LAND TRUST SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED OCTOBER 31, 2015

Externally Restricted, continued

Casino Funding

	2015	2014
	\$	\$
Casino Funds on hand	47,135	-

Casino funds are to be spent according to Alberta Gaming & Liquor Commission regulations.

5) Internally restricted

As at October 31, 2015, the restricted bank balance of \$97,489 (2014 - \$95,925) was invested in a guaranteed investment certificate. The income from this fund is to be restricted as well. The restricted amount is to be used 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.

6) Income from The Calgary Foundation (TCF)

During the year, the Society received \$15,692 (2014 - \$14,636) of investment income from The Calgary Foundation ("Foundation") related to an initial Legacy Fund gift of \$325,000 made to the Society in 1999.

The Society also received \$28,031 (2014 - \$6,044) of investment income from the Foundation related to the Stewardship Fund.

In addition, income is received for management and stewardship of the OH Pekisko Ranch conservation easement from the Daryl K. Seaman Fund for \$2,245.

SOUTHERN ALBERTA LAND TRUST SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED OCTOBER 31, 2015

7) Endowment Funds at The Calgary Foundation

The Society has established endowment funds to improve its operational 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, 2015 is \$370,992) and the Stewardship Fund dedicated to the management and stewardship of easements (value as of October 31, 2015 is \$779,314).

These funds provide an annual investment income, have a specific purpose and deposits to them are non-refundable.

During the current year, the Society has made an additional deposit of \$37,000 to the Stewardship Fund. The Society has not made any additional deposits to the Legacy Fund during the current year ended.

8) 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, foreign currency exchange or liquidity risks.

9) Volunteer time

During the year, there was accumulated volunteer time with a fair market value of approximately \$31,000 (2014 - \$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 and SALTS projects.

10) Subsequent event

The Society decided to change the year end to December 31 to co-ordinate with the charitable reporting of donations. With the approval of the Charities Directorate, they have a short year end starting November 1, 2015 to December 1, 2015, following which the subsequent fiscal period will be January 1 to December 31 of each year.

SOUTHERN ALBERTA LAND TRUST SOCIETY

FINANCIAL STATEMENTS

TWO MONTH PERIOD ENDED DECEMBER 31, 2015

SOUTHERN ALBERTA LAND TRUST SOCIETY

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Professional Accountants

INDEPENDENT AUDITOR'S REPORT

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The Southern Alberta Land Trust Society,

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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.

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

Suite 32, 2333 18th Avenue NE, Calgary Alberta. T2E 8T6
Suite 1000, 640 – 8th Avenue SW, Calgary, Alberta T2P 1G7
Ph: 403-735-0735 Fax: 403-735-2377
www.scase.ca

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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 two months period ended December 31, 2015, 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 for the two month period ended December 31, 2015 in accordance with Canadian accounting standards for not-for-profit organizations.

Calgary, Alberta
March 16, 2016


Professional Accountants

SOUTHERN ALBERTA LAND TRUST SOCIETY

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2015

	31-Dec-15	31-Oct-15 Year Ended
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 220,908	\$ 151,881
Accounts receivable	3,617	2,806
Prepaid expenses	1,813	1,813
	<u>226,338</u>	<u>156,500</u>
RESTRICTED CASH AND CASH EQUIVALENT (Note 2)	380,967	1,543,496
CONSERVATION EASEMENTS (Note 1)	22,834,031	18,582,631
PROPERTY AND EQUIPMENT (Note 3)	<u>2,773</u>	<u>2,949</u>
	\$ <u>23,444,109</u>	\$ <u>20,285,576</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ <u>19,447</u>	\$ <u>9,007</u>
NET ASSETS		
Invested in capital assets	2,773	2,949
Restricted for conservation easements	22,834,031	18,582,631
Externally Restricted - projects (Note 2, 4)	136,343	1,398,872
Externally Restricted - casino (Note 2, 4)	47,135	47,135
Internally restricted (Note 2, 5)	97,489	97,489
Internally restricted - operating reserve (Note 2, 5)	100,000	-
Unrestricted	206,892	147,493
	<u>23,424,663</u>	<u>20,276,569</u>
	\$ <u>23,444,109</u>	\$ <u>20,285,576</u>

Approved by Board of Directors

Director

Director

SOUTHERN ALBERTA LAND TRUST SOCIETY

STATEMENT OF OPERATIONS

FOR THE TWO MONTH PERIOD ENDED DECEMBER 31, 2015

	31-Dec-15	31-Oct-15 12 Months
Revenues		
Contributions		
Government	\$ -	\$ 503,450
Receipted donations	36,310	39,740
Unreceipted donations	17,453	2,467
Corporate and foundations	3,607	76,109
	<u>57,370</u>	<u>621,766</u>
Income from Calgary Foundation (Note 8)	-	45,968
Interest	1,189	12,251
Membership	300	1,175
Other revenue-casino and farewell party	-	51,016
	<u>58,858</u>	<u>732,176</u>
Expenditures		
Salaries and contracted services	27,757	144,092
Conservation Easement incentives	625,000	-
Non refundable endowment payment to The Calgary Foundation (Note 8)	485,738	37,000
Professional fees	-	8,900
Office expense	1,828	16,450
Rent	1,350	8,899
Insurance	500	2,826
Advertising	72	2,499
Communications	757	4,748
Bank charges	47	666
Travel	1,226	9,477
Amortization	176	2,025
Meeting and events	1,255	740
Fundraising	-	5,369
Memberships, licenses and fees	60	85
	<u>1,145,765</u>	<u>243,776</u>
(Shortfall) excess of revenues over expenditures for the year	<u>\$ (1,086,906)</u>	<u>\$ 488,400</u>

SOUTHERN ALBERTA LAND TRUST SOCIETY

STATEMENT OF CHANGES IN NET ASSETS FOR THE TWO MONTH PERIOD ENDED DECEMBER 31, 2015

	Invested in capital assets \$	Restricted for conservation easements \$	Externally restricted ALTGP projects \$	Externally restricted- Casino project \$	Internally restricted Defence Fund \$	Internally Restricted Operating reserve \$	Unrestricted \$	31-Dec-15 Total \$	31-Oct-15 Total \$
Net assets, beginning of year	2,949	18,582,631	1,398,872	47,135	97,489	-	147,493	20,276,569	19,788,169
Excess (deficiency) of revenue over expenses							(1,086,906)	(1,086,906)	488,400
Investment in easements		4,235,000						4,235,000	-
Net change in other externally restricted projects			(127,942)				127,942	-	-
ALTGP-Gov't grant (Note 6)			(1,134,587)				1,134,587	-	-
CE maintenance costs capitalize		16,400					(16,400)	-	
Transfers between Funds						100,000	(100,000)	-	
Amortization	(176)						176	-	
Net assets, end of year	2,773	22,834,031	136,343	47,135	97,489	100,000	206,892	23,424,663	20,276,569

SOUTHERN ALBERTA LAND TRUST SOCIETY

STATEMENT OF CASH FLOWS

FOR THE TWO MONTH PERIOD ENDED DECEMBER 31, 2015

	31-Dec-15	31-Oct-15 12 Months
Cash flows from operating activities		
Excess (Shortfall)of revenues over expenditures for the year	\$ (1,086,906)	\$ 488,400
Item not affecting cash		
Ecological donations		
Amortization	176	2,025
	(1,086,731)	490,425
Net change in non-cash working capital items		
(Increase) decrease in accounts receivable	(810)	4,188
(Increase) decrease in prepaid easement expenses	-	(150)
Increase (decrease) in accounts payable and accrued liabilities	10,440	(40,026)
	(1,077,101)	454,437
Cash flows from financing and investing activities		
Conservation easement maintenance costs capitalize	(16,400)	(63,639)
Purchase of office equipments and furniture	-	(4,400)
	(16,400)	(68,039)
Change in cash and cash equivalents during the year	(1,093,501)	386,398
Cash and cash equivalents, beginning of year	1,695,376	1,308,978
Cash and cash equivalents, end of year	601,875	1,695,376
Cash and cash equivalents consists of		
Bank balances	504,386	1,597,887
Guaranteed Investment Certificates	97,489	97,489
	\$ 601,875	\$ 1,695,376

The accompanying notes form an integral part of these financial statements

SOUTHERN ALBERTA LAND TRUST SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE TWO MONTH PERIOD ENDED DECEMBER 31, 2015

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.

1) Significant accounting policies

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 TWO MONTH PERIOD ENDED DECEMBER 31, 2015

1) Significant accounting policies, continued

Measurement uncertainty

These preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations ("ASNPO") requires management to makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amount of revenues and expenses during the reporting period. Accounts receivables, amortization and valuation of long-lived assets are the elements of the financial statements that require the use of management estimates.

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 are reasonable under the circumstances. Actual results could differ from those estimates.

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 TWO MONTH PERIOD ENDED DECEMBER 31, 2015

1) 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

A financial instrument is classified at fair market value upon initial recognition. If a financial instrument is subject to a loss in value, the loss is recognized as part of the statement of operations in the year end in which it occurs. In future years if a financial instrument recovers from a write down, the financial instrument will be adjusted to no greater than its original fair market value reported at initial acquisition. The adjustment will be through the statement of operations.

2) Restricted cash

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

	2015 December 31	2015 October 31
	\$	\$
Externally restricted - ALTGP project	136,343	1,398,872
Externally restricted - casino	47,135	47,135
Internally restricted - operating reserve	100,000	-
Internally restricted funding	97,489	97,489
	<u>380,967</u>	<u>1,543,496</u>

SOUTHERN ALBERTA LAND TRUST SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE TWO MONTH PERIOD ENDED DECEMBER 31, 2015

3) Property and equipment

	Cost \$	Accumulated Amortization \$	2015 December 31 Net \$	2015 October 31 Net \$
Office equipment	8,709	7,137	1,572	1,625
Computer equipment	16,764	15,561	1,203	1,324
	25,473	22,698	2,775	2,949

4) Externally Restricted Funds

Projects

	Water Testing Protocol \$	ALTGP 2014 \$	ALTGP 2013 \$	ALTGP 2012 \$	Total \$
Opening Balance	127,941	461,750	718,295	90,886	1,398,872
Gov't of Alberta		-			-
Other charities					-
Interest-ALTGP		186	936	55	1,177
	127,941	461,936	719,231	90,941	1,400,049
Expenses		(7,305)	(2,520)	(13,671)	(23,496)
Project completed				(33,280)	(33,280)
Transferred to Unrestricted	(127,941)				(127,941)
Contributed to TCF		(160,000)	(250,000)	(43,989)	(453,989)
CE incentives		(225,000)	(400,000)	-	(625,000)
Closing Balance	-	69,631	66,711	1	136,343

SOUTHERN ALBERTA LAND TRUST SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE TWO MONTH PERIOD ENDED DECEMBER 31, 2015

Projects, continued

In the two months ended December 31, 2015:

No funds was received from Alberta Land Trust Grant Project in the period (October 31, 2015 - \$503,450). Interest earned during the period was \$1,177 (October 31, 2015 -\$7,334) and added to the fund as per the agreement.

Casino Funding

	December 31 2015 \$	October 31 2015 \$
Casino Funds on hand	47,135	47,135

Casino funds are to be spent according to Alberta Gaming & Liquor Commission regulations.

5) Internally restricted

Defense fund

At December 31, 2015, the restricted bank balance was \$97,489 and was invested in a guaranteed investment certificate. 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.

Operating reserve

The board of directors have established a reserve that would provide stability enabling SALTS to covering operating expenses for a period until additional operating funding was received.

SOUTHERN ALBERTA LAND TRUST SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE TWO MONTH PERIOD ENDED DECEMBER 31, 2015

6) Income from The Calgary Foundation (TCF)

During the two month period, the Society did not any receive investment income from The Calgary Foundation ("Foundation") (October 31, 2015 - \$15,962) related to an initial Legacy Fund gift of \$325,000 made to the Society in 1999.

The Society did not receive any investment income (October 31, 2015 - \$28,031) from the Foundation related to the Stewardship Fund during the period.

Income was received for management and stewardship of the OH Pekisko Ranch conservation easement from a proportion of the Daryl K. Seaman Fund for \$2,410.

The Rocky Mountain Elk Foundation of Canada decided their income with the Calgary Foundation is to be directed to SALTS into the perpetuity. The income received from this fund in the period ended December 31, 2015 was \$1,197.

7) 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, 2015 is \$370,992, and the Stewardship Fund dedicated to the management and stewardship of easements (value as of October 31, 2015 is \$779,314).

These funds provide an annual investment income, have a specific purpose and deposits to them are non-refundable.

During the period the Society has made an additional deposit of \$453,989 (October 31, 2015 \$37,000) to the Stewardship Fund. The Society has not made any additional deposits to the Legacy Fund during the period ended December 31, 2015

8) 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 TWO MONTH PERIOD ENDED DECEMBER 31, 2015

9) Volunteer time

During the two month period, there was an accumulated volunteer time with a fair market value of approximately \$2,600 (October 31, 2015 - \$31,000) 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 and SALTS projects.

10) Comparative figures

The current period ended represents two months ending December 31, 2015. The comparative figures represent the twelve months ending October 31, 2015 and any comparison of the amounts must take that into consideration.