

# 2017 Annual Report



April 2018

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### Appendix:

- Audited Financial Statements year end December 2017

*Cover photo: SALTS easement completed in 2017 in the headwaters of Nanton Creek.*

## President's Message

SALTS has now been in operation for 20 years and this milestone brings with it a lot to celebrate. First and foremost, we are very grateful for all who have helped build the organization throughout the years including our founders, the landowners who have chosen to work with us, our donors, and the volunteers and members who continue to make our work possible.

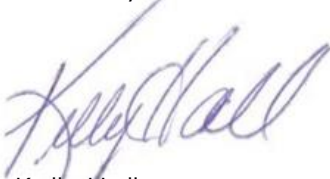
At the same time, we are also feeling very positive about the future and our ability to fulfill our mandate more effectively than ever before. Our capacity has grown substantially in recent years and we are doing significantly more projects and placing more acres in conservation easements than in previous years. We are also seeing a growing awareness of the value of our work and this is translating into more opportunities with landowners as well as more partners and funders wanting to work with us.

In terms of specific conservation successes this year:

- We completed four projects with landowners in 2017 totaling 4,416 acres. This is the greatest number of acres conserved by SALTS in any one year and brought our total to 21,412. These projects included the protection of lands in Williams Coulee, the headwaters of Nanton Creek, the Pekisko Valley, and all the way south along the Montana border near Police Outpost Lake.
- We also continue to build partnerships to support landowners' stewardship of their properties. These included a riparian health project with Cows and Fish on Yarrow Creek just outside Waterton Lakes National Park and an invasive weeds removal program in partnership with the Oldman Watershed Council which hit eight of our conservation properties.

After 20 years of hard work and dedication on the part of so many, SALTS is in a better position than ever to work with landowners and communities to preserve Alberta's most treasured landscapes. We are also giving many ranching families an option that allows them to keep their land in ranching rather than being converted to non-agricultural uses. If we can keep doing these two things, then I believe that SALTS will continue to provide enormous value for all Albertans.

Sincerely,



Kelly Hall

President of the Board

## Operations Report

### Staffing and Capacity

SALTS has maintained its same staff of three from last year. With all of us having a year or more under our belts in our respective roles we feel as though we are really working well as a team and getting a lot accomplished.



**SALTS conservation easement completed in 2017 in Williams Coulee west of Nanton**

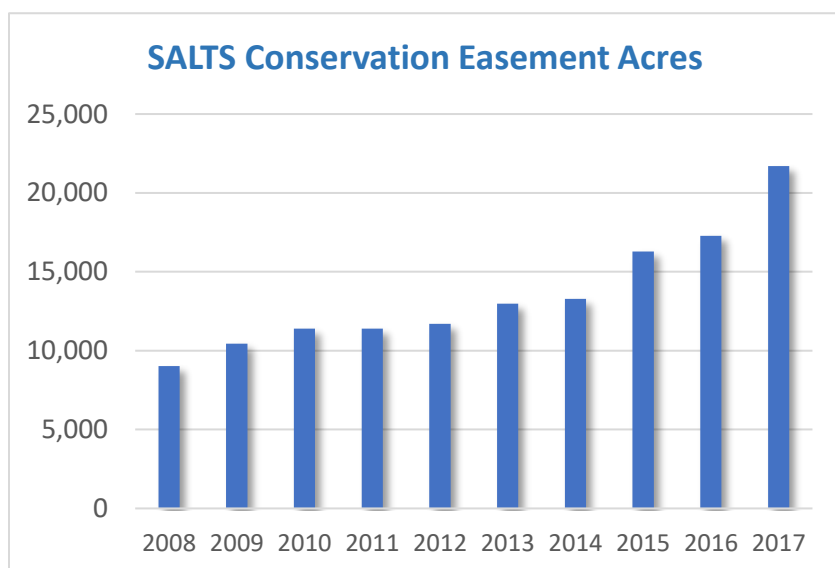
### New Conservation Easements

As mentioned in the President's Report, we completed four conservation easements in 2017 totaling 4,416 acres, bringing our total to 21,412.

For 2018 we have applied for funding through the Alberta Land Trust Grant Program to support five new conservation easements. We are still waiting to hear the results of these applications but expect to hear soon.

We continue to focus our efforts on lands that are of highest ecological value but also may be at risk of development in the short to medium-term.

The adjacent graph shows SALTS progress of total acres placed under conservation easement over the last 10 years. This increased rate of conservation success can be attributed to greater awareness of SALTS, our increased capacity, and the Alberta Land Trust Grant Program.





### Existing Conservation Easements and Stewardship

SALTS is committed to communicating each year with our 30 plus easement landowners as part of our ongoing stewardship and monitoring activities. In addition to our standard monitoring we also endeavor to support additional land stewardship activities where opportunities present themselves.

This past year for example, we worked with Cows and Fish and Shell Canada to support a riparian fencing and off-stream watering project along Yarrow Creek to reduce the impact of grazing along the creek and better utilize some high elevation grasslands.

In 2017 we also partnered with the Oldman Watershed Council on an invasive weeds removal program on 8 conservation properties primarily along creeks and rivers. The program also helped us to take stock of the types and extent of invasive weeds affecting our conservation properties so that we can better support our landowners in their management of these weeds in the future.



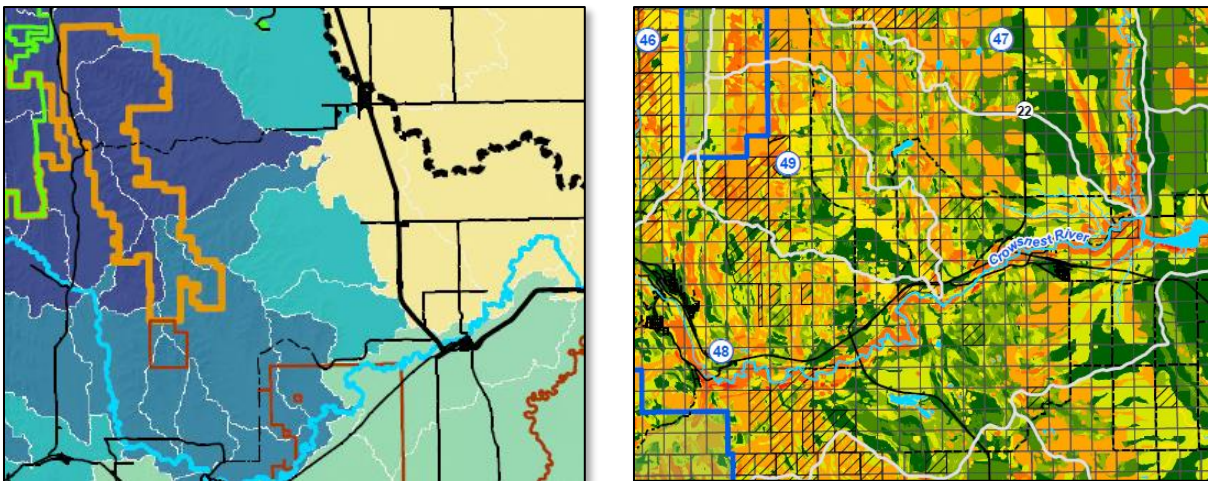
***Above are before and after pictures from a SALTS weed pull along the Crowsnest River. The Blueweed in the first picture may look pretty but it chokes out native species, reduces grazing value, and can impact wildlife habitat.***

As SALTS grows in terms of our capacity and financial stability we have reduced risks to the organization in many ways. However, with an increasing number of conservation easements and some properties changing hands to new owners, there are new risks that we must plan for. This increasing scale and complexity makes it more important than ever that we communicate with our landowners on a regular basis to address any issues before they become a problem. It also means that we must prepare for a possible challenge to an agreement, a major industrial project across an easement(s), or the need to address a significant breach in the easement restrictions. To this end SALTS is actively growing the funds available to protect our easements. These efforts are described more in the Financial Report.

## Other Projects

There were two other interesting projects in 2017 that SALTS led or participated in. Both of these build on the work done by SALTS in the Southern Foothills Study which highlighted the ongoing fragmentation of the southern foothills and the trends of decreasing water quality and biodiversity. More specifically, these two projects looked to identify specific tools and strategies to combat these negative trends.

The first was a project to map areas of high conservation priority for water in the Oldman watershed. Every SALTS project involves assessing the ecological value of the lands involved. While we use a combination of datasets including native vegetation and habitat, understanding the value from a water perspective has been hard to quantify. In the past we have simply identified if the lands contained riparian areas. We know, however, that there are areas of the landscape which are not riparian but provide important water services such as storage, filtration, reduced erosion, and slowing runoff. To this end, SALTS applied for and received a grant from the Alberta Government **Watershed Resiliency and Restoration Program** (WRRP). The simple question was “which part of the landscape do we most want to keep from being fragmented to ensure our water stays clean and is stored on the landscape to help mitigate both flood and drought”? This assessment involved working with an environmental consultant and soliciting input from a number of partners including the University of Lethbridge, Oldman Watershed Council, and Cows and Fish. The output of the project is a series of maps which identify sub-watersheds of highest value as well as individual parcels of land which best support the water services described above. The maps will be distributed and available on SALTS website to be used by various organizations to help prioritize and target their projects. They can also be used by municipalities to inform planning decisions with respect to preserving areas of high value for water.



*Above are two examples of images from the maps created. One shows those sub-watersheds of highest importance for water conservation. The other identifies individual quarter sections in terms of their value for storing and filtering water, and slowing runoff.*



The second project is called the **Southern East Slopes Conservation Collaborative**. It involved more than a dozen conservation groups and several scientists coming together to identify key conservation targets, assessing their current health, and developing strategies to maintain their health. Another goal was to look at conservation needs across jurisdictional boundaries (private land versus public land) as many of our historical studies seem to address only one or the other. One of the four targets identified, and of great interest to SALTS, was native foothills grasslands. The study showed that we have lost 65% of their historic distribution within the study area. And, that approximately 70% of what remains is on private land. As a result, private land conservation was identified as one of the top priorities/actions required to maintain our foothills grassland resource.

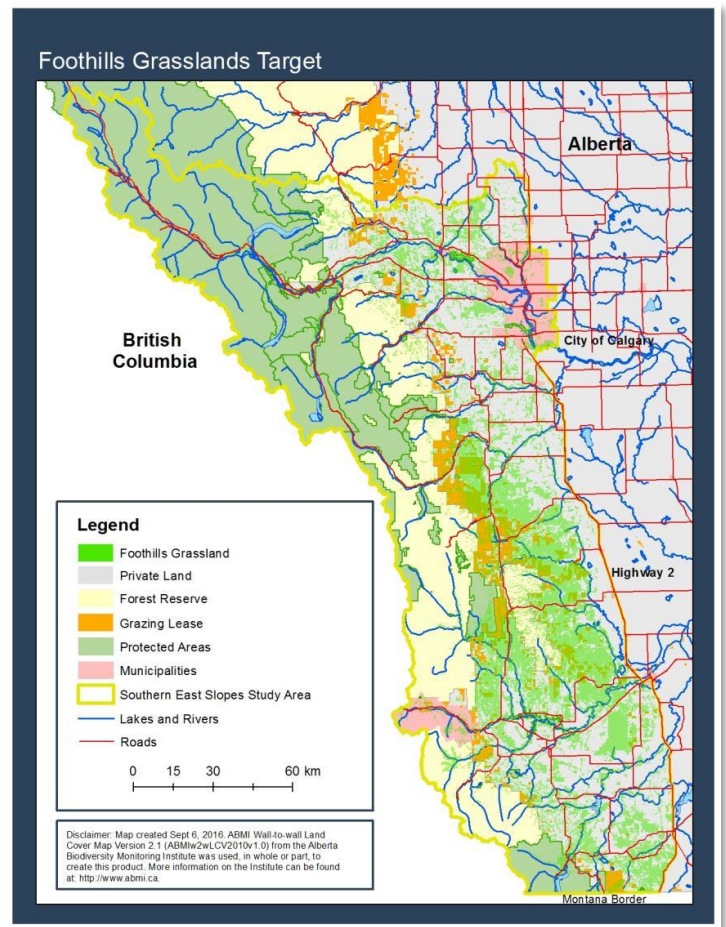
The final reports and maps for the project are just being completed and will then be made available for broad public use.

### Summary

SALTS core focus continues to be helping landowners keep ecologically valuable lands intact and supporting their efforts to keep their land in ranching. To this end, we are doing more projects and placing more acres under easement than ever before. SALTS also continues to lead conservation priorities on a regional scale through partnerships and applied science/mapping. I believe that these two things go hand in hand and only strengthen the success and impact of the other.



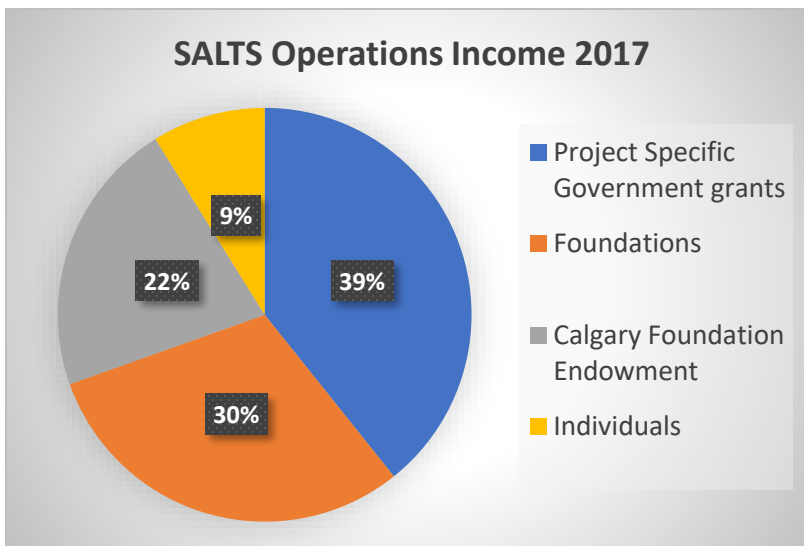
Justin Thompson  
Executive Director



*Map of foothills grasslands showing remaining extent and location on public versus private land*

## Financial Report

2017 again saw SALTS finish on track with a surplus. Expenses were in line with what had been projected. The positive result on the income side was again due to a few generous donations from individuals and foundations, as well as successful grants for easements through the Alberta Land Trust Grant Program.



Most of the dollars granted to SALTS are not used to cover operation costs. They flow through to cover project costs including consultants, landowner payments, and investments in our endowment. This chart shows what income sources funded SALTS total operating costs of \$272,852 in 2017.

It's worth highlighting in this report the nature and the value of the **Alberta Land Trust Grant Program**. This has been SALTS' most consistent source of conservation easement funding since the program's inception in 2011 and has been the key factor in allowing us to dramatically increase the number of acres under conservation easement. The program was established under the Land Stewardship Fund which was created under the Public Lands Act in 2010. The source of the money in the fund is from sales of public land, which although don't happen frequently, have occurred in some areas of the province in recent years. The idea being that if the government is to sell public land, they should be conserving other land to support the government's conservation objectives. The grant program was created by the previous government and has been continued by the current government.

Since 2011 the program has funded eight land trust organizations supporting the conservation of 98,040 acres (153 square miles) of private land. The total amount awarded has been \$48.6 million. The fund does not support the purchase of land by land trusts, only conservation easements. The fund is not expected to see any new influx of funds due to public land sales for the foreseeable future. This means that while the program should continue to support SALTS' work for the next several years it is by no means guaranteed to be available in the long-term.



SALTS continues to build its endowment at the Calgary Foundation largely with funds that can be allocated for this purpose for projects through the Land Trust Grant Program. Total income from SALTS' Calgary Foundation endowments in 2017 was \$72,369. As of the end of 2017 the total value of all endowments at the Foundation directed to SALTS was \$2,157,230. The projected income from these endowments for 2018 will be between \$75,000 - \$85,000 depending on the disbursement quota rate set by the Foundation.

SALTS also increased the value of its defence fund in 2017 to \$144,901.

As mentioned in the operations report, the costs and risks associated with the stewardship and protection of SALTS' conservation easements is increasing with the number of properties we have under easement and the change in ownership beginning to occur with some of our easements. The board of SALTS feels that this evolution in the scale of our work necessitates a new approach to our financial management strategy. More specifically, our past approach of focusing largely on our endowment while incrementally building a defence fund does not fully serve the needs of the organization on a go forward. Accordingly, the SALTS board and staff did significant work in 2017 to explore ways to improve the overall approach to our financial investments and management related to the long-term stewardship and protection of our easements. In 2018 we will be formalizing some of these changes and presenting them to the membership at the next AGM.

This will likely be my last report as Treasurer and I would like to say that since I joined the board I have seen a significant improvement in the financial stability and strength of the organization. I am also encouraged to see that the financial management practices have evolved to reflect the growth and increased complexity of the organization.

As always, I would like to express my gratitude to all those who support us financially including the Alberta Government, the Calgary Foundation, the Rocky Mountain Elk Foundation, donors to the Edmonton Community Foundation, and a number of generous individuals. Without this support, SALTS would not have achieved the conservation successes it has or be in such a strong position to keep conserving the landscapes that matter to Albertans.



John Cross  
Treasurer



**SOUTHERN ALBERTA LAND TRUST SOCIETY**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2017**

# **SOUTHERN ALBERTA LAND TRUST SOCIETY**

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**DECEMBER 31, 2017**

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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 for the year ended December 31, 2017 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.

**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 December 31, 2017, 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 year ended December 31, 2017 in accordance with Canadian accounting standards for not-for-profit organizations.

Calgary, Alberta  
March 20, 2018

  
Professional Accountants

# SOUTHERN ALBERTA LAND TRUST SOCIETY

## STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31

	2017	2016
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 325,331	\$ 279,943
Accounts receivable	45,777	2,002
Prepaid expenses	1,813	1,813
	<u>372,921</u>	<u>283,758</u>
<b>RESTRICTED CASH AND CASH EQUIVALENT (Note 2)</b>	<b>1,346,198</b>	<b>624,118</b>
<b>CONSERVATION EASEMENTS (Note 1)</b>	<b>34,013,022</b>	<b>24,941,872</b>
<b>PROPERTY AND EQUIPMENT (Note 3)</b>	<b>1,249</b>	<b>1,798</b>
	<u>\$ 35,733,390</u>	<u>\$ 25,851,546</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 42,614	\$ 10,789
<b>NET ASSETS</b>		
Invested in capital assets	1,249	1,798
Restricted for conservation easements	34,013,022	24,941,872
Externally Restricted - projects (Note 2, 4)	1,101,297	425,407
Internally restricted (Note 2, 5)	144,901	98,711
Internally restricted - operating reserve (Note 2, 5)	100,000	100,000
Unrestricted	330,308	272,969
	<u>35,690,777</u>	<u>25,840,757</u>
	<u>\$ 35,733,390</u>	<u>\$ 25,851,546</u>

Approved by Board of Directors

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# SOUTHERN ALBERTA LAND TRUST SOCIETY

## STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31

	2017	2016
<b>Revenues</b>		
Contributions		
Government	\$ 3,567,000	\$ 744,000
Other receipted donations	31,163	35,479
Unreceipted donations	1,811	5,710
Foundations and charitable donations	91,364	86,722
	<u>3,691,337</u>	<u>871,911</u>
Income from Calgary Foundation (Note 6)	72,369	48,822
Interest	22,790	10,803
Membership	800	1,100
Other revenue	10,155	4,860
	<u>3,797,452</u>	<u>937,496</u>
<b>Expenditures</b>		
Salaries and benefits	185,164	165,673
Consulting fees	136,492	45,076
Conservation Easement incentives	2,372,000	330,000
Conservation Easement other expenses	24,850	13,113
Non-refundable to The Calgary Foundation (Note 7)	210,000	-
Professional fees	15,795	16,585
Office expense	10,906	9,785
Rent	8,100	8,100
Insurance	5,678	3,206
Communications and advertising	13,503	15,183
Telephone and Internet	4,651	4,685
Bank charges	216	286
Travel	16,302	11,338
Amortization	549	976
Meeting and events	2,562	5,057
Special projects	11,739	-
Memberships, licenses and fees	75	179
	<u>3,018,582</u>	<u>629,242</u>
<b>Excess of revenues over expenditures for the year</b>	<b>\$ 778,869</b>	<b>\$ 308,254</b>



# SOUTHERN ALBERTA LAND TRUST SOCIETY

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31

	Invested in tangible capital assets \$	Restricted for conservation easements \$	Externally restricted projects \$	Internally restricted Defence Fund \$	Internally Restricted Operating reserve \$	Unrestricted \$	2017 Total \$	2016 Total \$
<b>Net assets, beginning of year</b>	1,798	24,941,872	425,407	98,711	100,000	272,970	<b>25,840,758</b>	23,424,663
Excess of revenues over expenditures	-	-	-	-	-	778,869	<b>778,869</b>	308,254
Value in new easements	-	9,071,150	-	-	-	-	<b>9,071,150</b>	2,304,600
ALTGP-Gov't grant (Note 4)			675,890			(675,890)	-	-
Reallocated capitalized incidental and maintenance costs to CE's of prior years	-	-	-	-	-	-		(196,759)
Transfers between Funds	-	-	-	46,190	-	(46,190)	-	-
Amortization	(549)	-	-	-	-	549	-	-
<b>Net assets, end of year</b>	<b>1,249</b>	<b>34,013,022</b>	<b>1,101,297</b>	<b>144,901</b>	<b>100,000</b>	<b>330,308</b>	<b>35,690,777</b>	<b>25,840,758</b>

# SOUTHERN ALBERTA LAND TRUST SOCIETY

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31

	2017	2016
<b>Cash flows from operating activities</b>		
Excess of revenues over expenditures for the year	\$ 778,869	\$ 308,254
Item not affecting cash:		
Amortization	<u>549</u>	<u>976</u>
	779,418	309,230
Net change in non-cash working capital items		
(Increase) decrease in accounts receivable	(43,775)	1,615
Increase (decrease) in accounts payable and accrued liabilities	<u>31,825</u>	<u>(8,659)</u>
<b>Change in cash and cash equivalents during the year</b>	767,468	302,186
<b>Cash and cash equivalents, beginning of year</b>	<u>904,061</u>	<u>601,875</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 1,671,529</u></u>	<u><u>\$ 904,061</u></u>
<b>Cash and cash equivalents consists of:</b>		
Bank balances	1,671,529	805,350
Guaranteed Investment Certificates	-	98,711
	<u><u>\$ 1,671,529</u></u>	<u><u>\$ 904,061</u></u>

The accompanying notes form an integral part of these financial statements

# **SOUTHERN ALBERTA LAND TRUST SOCIETY**

## **NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2017**

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### **Purpose of the Organization**

The Southern Alberta Land Trust Society ("Society", "SALTS") 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.

### **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.

#### **Measurement uncertainty**

These preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations ("ASNFP") requires management to make 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.

# SOUTHERN ALBERTA LAND TRUST SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2017

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### 1) Significant accounting policies, continued

#### 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 received or receivable by SALTS are recognized as direct increases in net assets in the current period.

#### Conservation easements

A conservation easement is a power invested in a qualified conservation organization (often referred to as a land trust) to constrain, as to a specified land area, the exercise of rights otherwise held by a landowner to achieve certain conservation purposes. It is an interest in real property established by agreement between a landowner and a land trust. The conservation easement "runs with the land", meaning it is applicable to both present and future owners of the land. As with other real property interests, the grant of a conservation easement is recorded in the local land records. The grant becomes a part of the chain of title of the property.

The most distinguishing feature of the conservation easement as a conservation tool is that it enables users to achieve specific conservation objectives on the land while keeping the land in the ownership and control of landowners for uses consistent with the conservation objectives. All easements with the SALTS organization are to limit environmentally damaging forms of development.

Landowners may receive an income tax receipt, alongside a cash payment in some cases, for the donation of a conservation easement to a registered charity.

The value of the conservation easement is determined by a certified third-party appraiser, the certification being specifically for the appraisal of ecological gifts. The appraisal is then reviewed by a committee coordinated through Environment Canada who issue a determination of the value provided for the conservation easement. If this committee approves the valuation, SALTS can issue a charitable receipt. On the basis of an approved appraisal SALTS then issues a charitable receipt and in some cases cash to the landowner representing in a combined total, the full value of the conservation easement. The full value of the easement, cash and donation receipt inclusive, are recorded in the financial accounts of SALTS.

SALTS does not record adjustments at future dates to reflect any increase or decrease in the original book value of the conservation easements.



# SOUTHERN ALBERTA LAND TRUST SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2017

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### 1) Significant accounting policies, continued

#### 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.

#### 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:

	<u>2017</u>	<u>2016</u>
	\$	\$
Externally restricted - ALTGP project	1,101,297	425,407
Internally restricted - operating reserve	100,000	100,000
Internally restricted funding	<u>144,901</u>	<u>98,711</u>
	<u>1,346,198</u>	<u>624,118</u>

# SOUTHERN ALBERTA LAND TRUST SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2017

### 3) Property and equipment

	Cost \$	Accumulated Amortization \$	2017 Net \$	2016 Net \$
Office equipment	8,709	7,703	1,006	1,257
Computer equipment	16,764	16,521	243	541
	25,473	24,224	1,249	1,798

### 4) Externally Restricted Funds

#### Projects

	ALTGP 2016 \$	ALTGP 2015 \$	ALTGP 2014 \$	ALTGP 2013 \$	Total \$
<b>Opening Balance</b>	<b>0</b>	<b>354,366</b>	<b>29,900</b>	<b>41,142</b>	<b>425,408</b>
Gov't of Alberta	3,217,600	-	-	-	3,217,600
Interest-ALTGP	17,291	1,921	-	-	19,212
	3,234,891	356,287	29,900	41,142	3,662,220
Expenses	(108,199)	(44,682)	-	(2)	(152,883)
Transferred to Defence Fund	-	-	(5,050)	(41,140)	(46,190)
Funds reverted back to Gov't	-	-	(24,850)	-	(24,850)
Funds donated to TCF	-	(210,000)	-	-	(210,000)
CE incentives	(2,095,000)	(32,000)	-	-	(2,127,000)
<b>Closing Balance</b>	<b>1,031,692</b>	<b>69,605</b>	<b>-</b>	<b>-</b>	<b>1,101,297</b>

Total funds received from Alberta government during the fiscal year was \$3,317,000 (December 31, 2016 - \$744,000). This was made up of \$3,217,600 from Alberta Land Trust Program (ALTGP) for conservation easement projects and \$99,400 from Watershed Resiliency Restoration Program (WRRP) for a project on conservation in the Oldman Watershed. Interest earned during the period was \$19,212 (December 31, 2016 - \$8,094) and added to the fund as per the agreement.

# SOUTHERN ALBERTA LAND TRUST SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2017

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### 5) Internally restricted

#### Defense fund

At December 31, 2017, the restricted bank balance was \$144,901 (December 31, 2016 - \$98,711). The investment income earned on this fund is to be added to this fund. The restricted amount is for the defence of SALTS's conservation easements in situations such as a legal challenge to an easement or proposed industrial development that may have a negative impact on the conservation values of a property.

#### Operating reserve

The board of directors have established a reserve that would provide stability in the event of a funding shortfall enabling SALTS to cover operating expenses for a period until additional funding was received or changes to operations could be implemented.

### 6) Income from The Calgary Foundation (TCF)

During the fiscal year, the Society received investment income from The Calgary Foundation (TCF) of \$18,875 (December 31, 2016 year - \$14,906) from the Legacy Fund.

The Society also received investment income of \$49,882 (December 31, 2016 year - \$31,626) 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 \$2,475 (December 31, 2016 year - \$2,290).

The Rocky Mountain Elk Foundation of Canada decided the income from their endowment with The Calgary Foundation (TCF) is to be directed to SALTS in perpetuity. The management made representation with TCF to align distribution dates on the income from the various funds held with TFC. It was decided that Rocky Mountain Elk money be released January 15 each year and to initially take effect in January 2017. There were \$1,137 (December 31, 2016 - \$nil) of contributions received from TCF from this fund in the current year.

# **SOUTHERN ALBERTA LAND TRUST SOCIETY**

## **NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2017**

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### **7) Endowment Funds at The Calgary Foundation (TCF)**

The Society has established two endowment funds with The Calgary Foundation to be held in perpetuity to improve SALTS stability and sustainability. These are the Legacy Fund and Stewardship Fund. These endowment funds are designated to benefit the charity and the charity who advanced the funds is viewed as a donor.

Once established, because the assets are gifted to The Calgary Foundation to be held in perpetuity, a charity does not have further title or access to the capital in the fund. The charity receives the annual distribution at the rate set by the Calgary Foundation board of directors. Currently this rate is set at 4%. Canada Revenue Agency has established a floor rate currently no less than 3.5%. This distribution is the only amount that is recognized in the financial statements of SALTS.

The Legacy Fund held by The Calgary Foundation is dedicated to general operations with a value as at December 31, 2017 of \$480,124, and the Stewardship Fund dedicated to the management and stewardship of easements with a value as at December 31, 2017 of \$1,581,448.

During the year, the Society made donor contributions of \$210,000 (2016 - \$nil) to the Stewardship Fund and \$nil (2016 - \$nil) to the Legacy Fund.

### **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.

### **9) Volunteer time**

During the year, there was an accumulated volunteer time with a fair market value of approximately \$12,840 (December 31, 2016 year - \$13,350) that was not recorded in the records of the Society. This amount would be part of the matching money towards the Government of Alberta (ALTGP) grants on the various SALTS projects.

### **10) Rounding**

Certain figures may vary due to the rounding of formulas.