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ANNUAL
REPORT



SALTS
southern alberta
land trust society

ON THE COVER:

One of SALTS 2024 conservation easements on over 1,000 acres of foothills fescue grassland within the Prairie Conservation Forum's High Value Landscapes Layer.

Forward-looking statements

This report contains forward-looking statements about certain matters that are, by their nature, subject to many risks and uncertainties which may cause actual results to differ materially from the statements made herein.

Forward-looking statements include, but are not limited to, objectives, strategies, initiatives, and the outlook for SALTS. Risks and uncertainties include, but are not limited to, changing markets,

legislation, demographics and general economic factors or conditions, and other risks, known or unknown.

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Message from the Chair

As our world enters a period of significant change, we see short-term economic challenges become the top priority. Decisive action by governments and individuals will be critical for Alberta's prosperity. However, we must not lose sight of the need to conserve the natural assets which have been key to our province's economy for generations.

At SALTS, our focus is working with landowners to maintain the enduring value of southern Alberta's remaining intact foothills and grasslands. These landscapes have supported food production, clean water, hunting, fishing, tourism, and a resilient western culture for a very long time. They have provided these benefits through the ups and downs of numerous global economic crises.

The economic benefits generated from our ranching landscapes have become even more important as Alberta's growing economy demands more food, clean water, recreation, and tourism.

Keeping land in ranching will help ensure that the demand for these landscape services does not outstrip the land's ability to provide them.

Alberta's undeveloped productive open spaces are now a rarity around the world and an irreplaceable asset.

Albertans and governments will understandably be distracted in the coming months, but the short-term economic pressures that chip away at our remaining ranchlands will continue. It may be convenient to put land conservation on the back burner.

SALTS is committed to working with rural landowners to implement a long-term vision for southern Alberta's ranchlands. One where healthy landscapes support thriving rural communities and where all Albertans benefit from the food production, clean water, and wildlife habitat these landscapes provide.

With your help, as of the end of 2024 SALTS had conserved over 67,000 acres of prime grasslands and foothills in partnership with landowners.

Let's keep this success going regardless of what the world throws at us.

Sincerely,



Anne Stevick
Chair of the Board



Conservation Report

AT A GLANCE

3 New conservation easements 2024	15,886 New acres conserved 2024	73 Total # of conservation easements	67,238 Total acres conserved	20 Stewardship projects 2024	\$285,904 Invested in stewardship projects 2024
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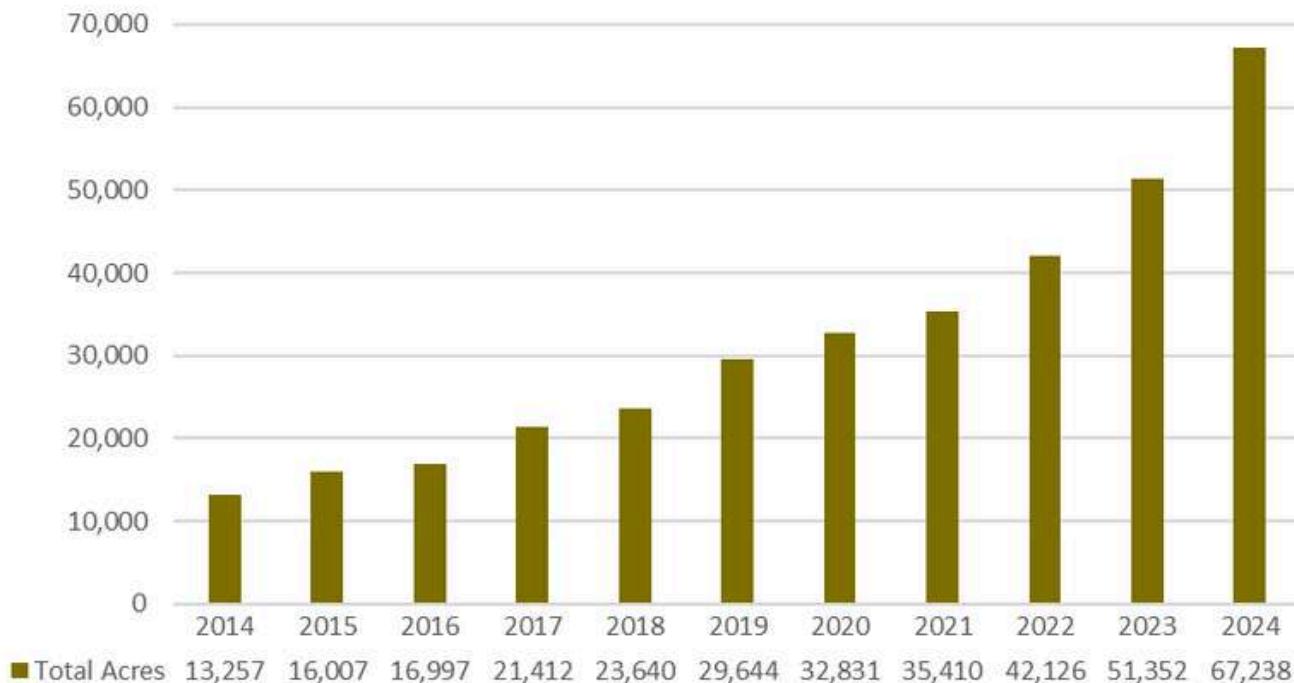
SALTS completed three conservation easements in 2024, conserving an additional 15,886 acres, bringing our total acres conserved to 67,238.

After conserving a record number of acres last year (9,236), SALTS set a new record in 2024 due to the opportunity to work with some very large ranches. That said, SALTS continues to conserve properties of all sizes, focused on both quality and quantity.

Our priority is to support landowners who share SALTS' goals and who have lands of high grazing, watershed, and habitat value. Practically, we are limited in the number of projects we can do each year by the amount of funding we can secure and sometimes have more interest from landowners than available funding.

Our focus on both large and small projects, and the available funding means that the number of easements and the acres we conserve will fluctuate each year. The good news, when you look at the graph below, is that for the last decade we have maintained our momentum in delivering significant conservation in partnership with landowners every year.

GROWTH IN CONSERVED ACRES



New Conservation Easements



Foothills fescue grasslands south of Cardston



Montane grasslands/forests in the Castle valley



Sagebrush grasslands south of Medicine Hat

SALTS 2024 conservation easements really speak to the heart of our work. All three are working landscapes currently used predominately for grazing cattle.

Their conservation will help to keep large blocks of native grasslands from further fragmentation and conversion to non-agricultural uses. At the same time, they are very diverse and span the southern part of the province from west to east, located in the Montane, Foothills Fescue, and Dry Mixed grass natural regions.

The first conservation easement will help maintain a large area of productive, intact foothills fescue grassland south of Cardston. Its rolling hills and wetlands are also valuable habitat for several grassland species at risk. The property also spans Highway 2. Keeping it in ranchlands will not only continue supporting beef production but also maintain Alberta's undeveloped open spaces, a key resource for our tourism industry.

The second conservation easement will keep a large area of the Castle River Valley in ranching rather than recreational properties. This will have untold benefits in terms of long-term watershed health and productive wildlife habitat. Conserving this property will have broad regional benefits for all downstream water users and anyone who likes to hunt or fish.

The third conservation easement will conserve several large parcels of sagebrush grasslands in southeast Alberta. In addition to maintaining its use for beef production, the property supports habitat for several at-risk wildlife species in Alberta and some of the most important habitat for pronghorn antelope in the province.

We are so appreciative of the landowners who chose to work with SALTS to conserve these incredible properties. Each one will be a legacy for Albertans.

SALTS closed two additional conservation easements in early 2025. SALTS also received notice of successful Alberta Land Trust Grant Program applications for four new projects that we are working to complete before the end of 2025 that will conserve an additional 3,433 acres. We thank the Alberta Government for their support of this valuable partnership between the Government, SALTS, and our landowners.

Conservation Easement Stewardship

In 2024 SALTS was able to complete 20 stewardship projects with our conservation easement landowners.

This was accomplished with the generous support of the Alberta Government's Watershed Restoration and Resiliency Program (WRRP) and the Weston Family Prairie Grasslands Initiative. The goal of these projects is to improve productivity for the landowner while at the same time contributing to improved flood and drought resiliency, water quality, and wildlife habitat.

From these two programs, approximately \$235,000 was invested in a diverse range of projects that will positively affect thousands of acres of grasslands and riparian areas. The types of projects and their benefits include:

- Water development and fencing (permanent and mobile electric) to improve grassland health
- Off-stream cattle watering to improve riparian health
- Wildlife friendly fencing projects to support wildlife habitat

The following are a couple of examples of some notable projects completed in 2024.

An off-stream solar watering system was installed that can water up to 210 cows by lifting water 260 feet from the creek to a nearby hilltop. From there the water can be gravity fed to troughs in several pastures. This project will both improve range utilization and protect the riparian area along the creek.

A first for SALTS, we partnered on the installation of a beaver pond leveler. This technology allows the beavers to stay and provide all the watershed and habitat benefits of their dam, but not have the dam grow to the point where it floods too much adjacent land or ranch infrastructure. A large pipe is installed through the dam and the intake for the pipe is submerged and put a ways upstream with a cage over it to keep the beavers from plugging it.

We thank our landowners for their commitment to land stewardship and our two main financial supporters for making these great projects happen.



Spring development and trough



Solar water trough



Beaver pond leveler



Riparian fencing



Operations Report

2024 was a big year in terms of building SALTS organizational capacity. We integrated three new staff (Sasha, Erin, and Tamara) and Rylee Hewitt came back from leave. Cody Spencer, who was a real asset for SALTS for several years, decided to move on from SALTS to follow some of his other passions. When you add Carey, Mike, and Dawn to those above we are now a team of eight.

SALTS has three core activities:

1. Completing new conservation easements
2. Monitoring and supporting our existing conservation easements
3. Facilitating range and riparian stewardship projects with our landowners

Of course, we also spend time communicating with partners, governments, and the public about the value of private land conservation, and particularly the value of conserving our remaining intact ranch lands.

In addition to our core activities in 2024, we spent significant effort on SALTS internal processes and policies.

This included bolstering board governance, financial management, strategic planning, risk assessment, and communications planning.

As SALTS transitions to a medium-sized organization, we understand it is very important to put in place best practices in terms of our internal processes.

I am very proud of our new team members for how fast they've gotten up the learning curve. I'm also proud of our longer-term staff for supporting the new staff as we've brought them on board and for their continued commitment to SALTS.

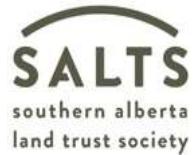
I also want to thank the SALTS Board for their hard work and excellent guidance as we've grown the organization and increased both its complexity and impact.

I believe our staff capacity has caught up with the demands on the organization and we can take a little break from growing for a few years!



Justin Thompson
Executive Director

Financial Highlights



Thank You to SALTS Supporters

First, we want to recognize that the largest financial contribution to new conservation easements (CE) is the charitable donation made by our partner landowners. Most of these donations are facilitated through the federal Ecological Gifts Program.

We would also like to recognize the many organizations and individuals who supported SALTS in 2024:

- The Alberta Government
 - Alberta Land Trust Grant Program
 - Watershed Resiliency and Restoration Program
- The Federal Government
- Heart of the Rockies Initiative
- Waterton Biosphere Reserve Association
- The Daryl Seaman and Rocky Mountain Elk Foundations through the Calgary Foundation
- Donor direct funds through the Edmonton Community Foundation
- The Weston Family Foundation
- Dr. Joanne Best & Del Zelmer
- A number of other generous individuals

\$2,608,200

Conservation easement grant funding in 2024

\$129,965

Donations in 2024

\$438,208

Total operating reserve

\$1,087,891

Increase in sustainment funds to meet long-term stewardship requirements in 2024

\$11,103,518

Total endowment and stewardship funds at the end of 2024

Statement of Financial Position

SALTS Unrestricted net assets of \$572,243 decreased by \$105,292 from the previous year due to:

- \$34,542 net operating deficit.
- \$68,100 Board approved unrestricted cash transfer to our Sustainment Funds to support the completion of a high value CE.
- \$2,650 Board approved unrestricted cash transfer to cover a stewardship income deficit.

SALTS Restricted Operating Reserve of \$438,208 grew by \$41,338 or 10.1% for 2024.

SUSTAINMENT FUNDS

SALTS sets aside stewardship Sustainment Funds for every CE we complete to ensure future stewardship obligations are met. These are comprised of Stewardship Assurance Funds (SAF) which are professionally managed investments and Endowment Funds held and managed by the Calgary Foundation.

The SAF portfolio managed by ATB Wealth and Fiera Capital achieved an overall growth return of 11.4% vs. its investment return objective of 9.3%. The fair market value of the SAF increased by \$1,528,324 to a total of \$8,253,588 between new contributions and market gains.

The four Endowment Funds held and managed by the Calgary Foundation provides annual Stewardship Income. The fair market value was \$2,849,930 at the end of 2024 an increase of \$206,889.

The fair market value of the combined SAF and Endowment Funds (Stewardship Sustainment Funds) had a fair market value of \$11,103,518 at the end of 2024, an overall increase of \$1,735,213 from the beginning of the year.

CONSERVATION EASEMENTS

Under the Alberta Land Trust Grant Program (ALTGP) SALTS received approval for one of four grant applications. Despite this setback, SALTS was successful in completing three new CEs in 2024 by securing additional grants totaling \$2,608,200. SALTS' Board also approved utilizing \$68,100 from unrestricted net assets to cover a budget shortfall in stewardship sustainment funds for one CE.

SALTS added to the value of its CEs by \$15,018,000 to an accumulated total of \$112,348,972. This value represents the fair market value of the CEs at the time they are placed on the property and does not represent the current value or a marketable asset that SALTS will ever be able to sell.

Statement of Operations

REVENUE

- Grant funding: \$1,967,942 in government grants (an increase of \$185,183 from 2023) plus an additional \$235,965 in non-government grants.
- Donations: \$129,965
- Net Stewardship Income: \$330,427 (decrease of \$16,532 from 2023 due to lower investment interest and dividend income earned).
- Special projects revenues: \$314,830 (increase of \$57,434 compared to 2023 due to the additional grants received for range and riparian stewardship projects).

EXPENDITURES

Once you remove landowner payments for conservation easements, special project expenses, and consulting fees, total expenditures of \$635,962 increased by \$168,194 over 2023 of \$467,768. This was due to three staff hired at the beginning of 2024 under the Board approved SALTS growth strategy.

CE expenditures of \$2,181,621 increased by \$546,655 over 2023 in line with the increase in CE grants recognized in 2024.

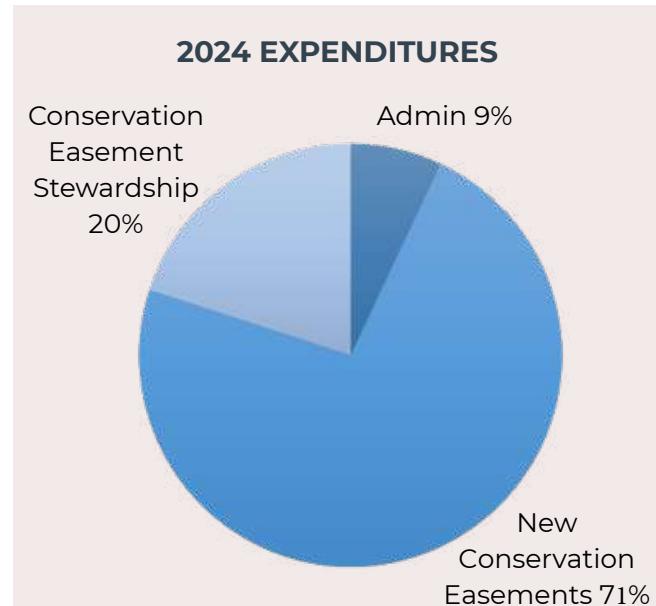
Special projects expenditures (range and riparian health projects) of \$285,904 increased by \$77,359 for the year in line with the increase in special projects revenue in 2024.

My thanks go to all those who help with the oversight, management, and preparation of SALTS finances including members of the Finance and Investment Committees of SALTS Board, Shannon Matthysen SALTS Board Treasurer, and Dawn Mitchell SALTS Finance/Admin Manager.

Also, our thanks go to our external auditor, Darryl Scase with Scase & Partner for his guidance and support with the preparation of the Financial Statements. Special thanks go to our Investment Managers, Jeremy King and his team with ATB Wealth and Harvey McKernon with Fiera Capital for their expertise and amazing customer service.



Carey Donkervoort
Director of Finance



Appendix

2024 AUDITED FINANCIAL STATEMENTS

SOUTHERN ALBERTA LAND TRUST SOCIETY

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DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Members of
The Southern Alberta Land Trust Society,

Qualified Opinion

We have audited the financial statements of The Southern Alberta Land Trust Society, which comprise the statement of financial position as at December 31, 2024, and the statement of operations and unrestricted net assets, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects the financial position of The Southern Alberta Land Trust Society as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, The Southern Alberta Land Trust Society derives income from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these incomes was limited to the amounts recorded in the records of The Southern Alberta Land Trust Society. Therefore, we were not able to determine whether any adjustment might be necessary to recorded donations and fund raising revenue, and the impact on the statement of financial position, statement of operations, statement of changes in net assets and cash flows for the years ending December 31, 2023 and December 31, 2022. Our audit opinion on the financial statements for the year ended December 31, 2023 was only modified because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of The Southern Alberta Land Trust Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's responsibility for the Audit of the Financial Statements

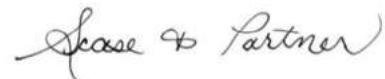
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Society to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Society's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Calgary, Alberta
April 15, 2025

Chartered Professional Accountants

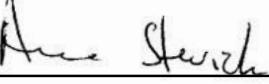
SOUTHERN ALBERTA LAND TRUST SOCIETY

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31

	Note	2024	2023
ASSETS			
UNRESTRICTED CURRENT ASSETS			
Cash and cash equivalents		\$ 764,032	\$ 521,827
Accounts receivable		229,187	279,770
Prepaid expenses		6,496	4,356
		<u>999,715</u>	<u>805,953</u>
RESTRICTED CURRENT ASSETS	2	303,130	530,110
OPERATING RESERVE	3	438,208	396,870
SUSTAINMENT FUNDS	4	8,253,588	6,725,264
CONSERVATION EASEMENTS	5	112,348,972	97,330,972
		<u>\$ 122,343,613</u>	<u>\$ 105,789,169</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		\$ 77,472	\$ 128,418
Accrued conservation easement payment		350,000	-
		<u>427,472</u>	<u>128,418</u>
CONSERVATION EASEMENTS	5	112,348,972	97,330,972
NET ASSETS			
Internally restricted - Sustainment funds	4	8,253,588	6,725,264
Internally restricted - Operating reserve	3	438,208	396,870
Externally restricted - Sustainment fund designation	2	250,000	-
Internally restricted - Stewardship income fund	2	-	59,461
Externally restricted - CE projects	2	23,531	301,242
Externally restricted - WRRP projects	2	15,004	115,701
Internally restricted - CE Special project fund	2	14,596	53,706
Unrestricted net assets		572,243	677,535
		<u>9,567,170</u>	<u>8,329,779</u>
		<u>\$ 122,343,613</u>	<u>\$ 105,789,169</u>

Approved by the Board of Directors

 Director
 Director

The accompanying notes form an integral part of these financial statements

SOUTHERNALBERTALANDTRUSTSOCIETY

STATEMENT OF OPERATIONS AND UNRESTRICTED NET ASSETS FOR THE YEAR ENDED DECEMBER 31

	Note	2024	2023
Revenues			
Contributions:			
CE grant funding:			
Government grants	\$	1,967,942	\$ 1,782,759
Other grants		235,904	-
Total CE grant funding		2,203,846	1,782,759
Donations		126,965	57,434
		2,330,811	1,840,193
Sustainment Fund unrealized gains	1,4(b)	642,326	292,848
Operating Reserve unrealized gains	1,3	29,984	23,444
Net Stewardship income	6	330,427	346,959
Special projects revenues		314,830	257,396
Casino revenue		-	39,978
Operating Reserve income	3	11,354	13,841
Interest and other income		14,483	10,698
		3,674,215	2,825,357
Expenditures			
Conservation easement payments		980,000	850,000
Salaries and benefits		525,055	358,008
Special projects expenses		285,904	208,545
Consulting fees		117,440	166,506
Travel		33,598	26,397
Legal and audit fees		12,500	13,500
Insurance		11,427	11,076
IT consulting and support services		10,267	5,694
Office and miscellaneous expenses		9,565	7,327
Communications and advertising		7,610	5,460
Rent		7,504	6,434
Computer equipment and software licenses		7,347	12,600
Materials		4,445	11,190
Professional development		3,460	1,054
Telephone and internet		3,184	9,028
		2,019,306	1,692,819
Excess of revenues over expenditures		1,654,909	1,132,538
Unrealized gains	3,4	(672,310)	(316,292)
Allocations to restricted net assets	2,3,4	(1,087,891)	(649,196)
Change in unrestricted net assets during year		(105,292)	167,050
Unrestricted net assets, beginning of year		677,535	510,485
Unrestricted net assets, end of year	\$	572,243	\$ 677,535

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 DECEMBER 31

	Internally restricted Sustainment Funds	Internally restricted Operating Reserve	Externally restricted Sustainment Designation	Internally restricted Stewardship Income Fund	Externally restricted Conservation Easement Projects	Externally restricted WRRP Special Projects	Internally restricted CE Special	2024 Total	2023 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net assets, beginning of year	6,725,264	396,870	-	59,461	301,242	115,701	53,706	677,535	8,329,779
Revenues		11,354		330,427	2,181,621			478,503	3,001,905
Unrealized gains (Notes 3 & 4)	642,326	29,984							672,310
Expenditures				(333,077)	(1,173,184)			(513,044)	(2,019,306)
Excess of revenues over expenses	642,326	41,338	-	(2,650)	1,008,437	-	-	(34,542)	1,654,909
Stewardship income fund allocation (Notes 2(b) & 4)	59,461			(56,811)				(2,650)	-
Sustainment fund allocations (Note 4)	826,537				(758,437)			(68,100)	-
Sustainment designation allocation (Note 2(a))			250,000		(250,000)				-
Conservation easement projects (Note 2(c))					(277,711)			(277,711)	301,242
WRRP Special projects (Note 2(d))						(100,697)		(100,697)	115,701
CE Special project fund (Note 2(e))							(39,110)	(39,110)	(21,294)
Change during year	1,528,324	41,338	250,000	(59,461)	(277,711)	(100,697)	(39,110)	(105,291)	1,237,391
Net assets, end of year	8,253,588	438,208	250,000	-	23,531	15,004	14,596	572,244	9,567,170
									8,329,779

The accompanying notes form an integral part of these financial statements

SOUTHERN ALBERTA LAND TRUST SOCIETY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31

	Note	2024	2023
Cash flows from operating activities			
Excess of revenues over expenses for the year		\$ 1,654,909	\$ 1,132,538
Items not affecting cash:			
Unrealized gains on Sustainment Funds		(642,326)	(292,848)
Unrealized gains on Operating Reserve		(29,984)	(23,444)
Net change in non-cash working capital items:			
Decrease (increase) in accounts receivable		50,583	7,151
(Accrue) Decrease in prepaid expenses		(2,140)	(284)
Increase (decrease) in accounts payable		(50,946)	68,391
(Accrue) Increase in accrued CE landowner payment		350,000	-
(Accrue) Increase in deferred revenue		-	(39,978)
Net cash generated from operating activities		1,330,096	851,527
Investing activities			
Conservation Easement project grants received		1,732,403	1,468,890
Interest earned on unspent Conservation Easement project grants		11,457	47,059
Qualifying conservation easement expenditures		(2,209,940)	(1,214,707)
Conservation Easement project grants repaid		(61,631)	-
Special project grants		(139,807)	94,407
Net cash provided by (used in) investing activities		(667,518)	395,649
Financing activities			
Investments made in Operating reserve		(11,354)	(13,841)
Investments made in Sustainment funds		(885,998)	(2,146,412)
Net cash used in financing activities		(897,352)	(2,160,253)
Change in cash and cash equivalents during the year		(234,774)	(913,078)
Cash and cash equivalents – beginning of year		1,051,937	1,965,015
Cash and cash equivalents – end of year		\$ 817,163	\$ 1,051,937
Cash and cash equivalents are comprised of:			
Unrestricted cash and cash equivalents		764,032	521,827
Restricted cash and cash equivalents	2	53,131	530,110
		\$ 817,163	\$ 1,051,937

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, 2024

Purpose of the Organization

The Southern Alberta Land Trust Society (“**Society**”, “**SALTS**”) was incorporated under the Societies Act of Alberta 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(a) of the Act in preparing these financial statements.

SALTS was formed for the purpose of encouraging and facilitating the protection, conservation and enhancement of ecological, agricultural, cultural, esthetic, and scenic values associated with privately held agricultural and recreational lands in southern Alberta. The Society operates directly with landowners and agricultural interests to provide long-term protection for private lands that have traditionally safeguarded these values. SALTS aims to achieve its objectives 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

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations (“**ASNFPO**”) 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 receivable, valuation of long-lived assets and Endowment Funds income accruals are the elements of the financial statements that require the use of management estimates.

Management’s assumptions are based on several 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 restricted contributions that are allowed to be recognized as revenue only in the year in which related expenses are incurred or otherwise applied to authorized uses. 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. Stewardship Income (Note 6) is recognized as a direct increase in restricted net assets in the period in which it is received or becomes receivable. The effects of measuring certain financial instruments at their fair market value are recognized as unrealized gains and losses. All other revenue is recognized as a direct increase in unrestricted net assets in the period.

SOUTHERN ALBERTA LAND TRUST SOCIETY

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

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.

Financial Instruments

The Society's financial instruments encompass a variety of instruments giving rise to or evidencing a financial asset or liability, including such items as currency, instruments evidencing indebtedness (bank accounts, bonds, debentures, GIC contracts, etc.), instruments evidencing equity ownership (corporate shares, limited partnership units, mutual fund units, trust units, etc.), and instruments giving rise to or evidencing accounts receivable, prepaid expenses, accounts payable and other such current assets and liabilities.

As a general rule the Society's financial instruments are assigned a value equal to their book value, meaning the original cost of a financial asset or the original amount of a financial liability, in each case adjusted for any amortization, impairment charge or other adjustment recorded in the Society's financial records. However, in keeping with Canadian accounting standards for not-for-profit organizations, as reflected in the Chartered Professional Accountants Handbook on Accounting and Assurance, those of the Society's financial instruments that are characterized as "financial instruments quoted in an active equity market", including such things as publicly traded stocks, bonds, debentures, partnership units and mutual fund units, are required to be assigned a value equal to their fair market value as at the date of the financial statements in which they are valued. For these financial instruments, held in the Society's Sustainment Funds (Note 4) and Operating Reserve (Note 3), the Society adjusts valuations to reflect fair market value as at the relevant date of consideration, and reflects such adjustments as unrealized gains or losses in its Statement of Operations.

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.

2) Restricted current assets

SALTS has five categories of restricted current assets: (a) restricted cash set aside and designated by the Board for contribution to one or more Sustainment Funds (Note 4), (b) segregated Stewardship Income, (c) conservation easement grants externally restricted by the terms of such grants; (d) Alberta Environment and Protected Areas special project grants under the Watershed Resiliency and Restoration Program ("WRRP") externally restricted by the terms of the grant; and (e) restricted cash set aside and designated by the Board for funding of specific conservation easement range and riparian health projects.

2 (a) Sustainment Funds Designation:

In December 2024, SALTS' Board designated \$250,000 to be contributed to a Sustainment Fund for a conservation easement completed in December 2024.

SOUTHERN ALBERTA LAND TRUST SOCIETY

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

2 (b) Restricted Stewardship Income Fund:

Pursuant to SALTS' By-Laws the use of Stewardship Income (Note 6) is restricted to coverage of costs incurred in connection with the conduct of Conservation Easement stewardship (Note 5), and any Stewardship Income in excess of amounts required to fund such costs is required to be re-invested in a Sustainment Fund. SALTS accordingly tracks Stewardship Income separately and has established a separate Stewardship Income account for the purpose of segregating Stewardship Income upon receipt (Note 6). The Stewardship Income fund balance is recorded as an internally restricted fund, which includes both the restricted cash balance in the Stewardship Income account and any amount of Stewardship Income accrued but not yet received and deposited to that account.

Reconciliation of the internally restricted Stewardship Income fund for 2024 and 2023 is as follows:

	2024	2023
	\$	\$
Stewardship Income fund, beginning of year	59,461	57,675
SAF Sustainment fund contributions (note 4)	(59,461)	(57,675)
Net Stewardship income (note 6)	330,427	346,959
Stewardship expenses	(333,077)	(287,498)
Transfer from Unrestricted net assets	2,650	-
Stewardship Income fund, end of year	-	59,461

The 2024 Stewardship Income deficit was covered by a transfer of \$2,650 from SALTS' unrestricted net assets.

2 (c) Restricted CE Grants:

Cash grants received by SALTS under restricted CE grants can only be recognized as revenue upon the payment of qualifying conservation easement expenditures which include (i) conservation easement project delivery expenditures, (ii) landowner conservation easement payments, (iii) the approved retainment of funds for future stewardship activities. Any grant amounts not used for these purposes are required to be repaid to the grantor upon the completion of the registration of the related conservation easements. Restricted CE grants are held as externally restricted funds until applied to qualified uses or repaid to the grantor.

Reconciliation of restricted CE grants for 2024 and 2023 is as follows:

	2024	2023
	\$	\$
Restricted CE grants balance, beginning of year	301,242	-
Restricted CE grants repaid	(61,631)	-
Restricted CE grants awarded	1,982,403	1,468,890
Interest earned	11,457	47,059
Total restricted CE grants funding	2,233,471	1,515,949
Easement expenses	(221,503)	(193,813)
Easement payments	(980,000)	(400,000)
Sustainment Fund contributions (Note 4)	(758,437)	(620,894)
Sustainment Fund designation (Note 2(a))	(250,000)	-
Restricted CE grants balance, end of year	23,531	301,242

SOUTHERN ALBERTA LAND TRUST SOCIETY

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

2(c) Restricted CE Grants (continued):

Interest earned on the Alberta Land Trust Grant Program (ALTGP) grants while restricted is treated as additional restricted ALTGP funding in accordance with ALTGP agreements and is accordingly recorded as ALTGP grant funding.

2(d) Restricted WRRP Grants:

Cash grants received by SALTS for special projects under the Alberta Environment and Protected Areas for Watershed Resiliency and Restoration Program ("WRRP") can only be recognized as revenue upon the payment of qualifying project expenditures during the two-year term beginning March 31, 2023, and ending March 31, 2025. Any grant amount not used for qualified project expenditures is required to be repaid to the Province of Alberta. The WRRP grant is held as an externally restricted fund until applied to qualified expenditures or repaid to the Province of Alberta.

Reconciliation of the WRRP grant fund for 2024 and 2023 is as follows:

	2024	2023
	\$	\$
WRRP grant balance, beginning of year	115,701	-
WRRP Grant awarded	-	188,452
Interest earned	2,154	2,254
Total WRRP Grant funding	117,855	190,706
WRRP Solar watering system payments	(102,851)	(75,005)
WRRP grant balance, end of year	15,004	115,701

Interest earned on the WRRP grant while restricted is treated as additional restricted WRRP funding in accordance with the WRRP agreement and is accordingly recorded as WRRP grant funding.

2(e) CE Special Project Fund:

The CE Special Project Fund was established in December 2022 in the amount of \$75,000 as set aside by the SALTS' Board to support range and riparian health projects for a group of conservation easements funded by the ALTGP in 2022.

Reconciliation of the CE Special project grant fund for 2024 and 2023 is as follows:

	2024	2023
	\$	\$
CE Special Projects fund balance, beginning of year	53,706	75,000
CE Special project payments for range and riparian health	(39,110)	(21,294)
CE Special Projects fund balance, end of year	14,596	53,706

SOUTHERN ALBERTA LAND TRUST SOCIETY

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

3) Operating Reserve:

The Board has established an operating reserve (the “**Operating Reserve**”) to provide a contingency against any shortfall in funds required to cover SALTS’ ongoing non-stewardship operating expenses. The funds in the Operating Reserve are internally restricted and may not be accessed unless the Board determines that such a shortfall has occurred or is imminent. Operating Reserve funds are invested in a combination of fixed income and equity assets designed to provide income and growth that will enable the Operating Reserve to at least keep pace with inflation. Interest and other investment income is recorded as revenue in the Statement of Operations but is retained in the Operating Reserve.

Reconciliation of the Operating Reserve for 2024 and 2023 is as follows:

	2024	2023
	\$	\$
Operating Reserve balance, beginning of year	396,870	359,585
Operating Reserve investment income	11,354	13,841
Operating Reserve unrealized gains	29,984	23,444
Operating Reserve balance, end of year	438,208	396,870

4) Sustainment Funds

SALTS’ By-Laws provide for the establishment of one or more “**Sustainment Funds**” to hold financial assets set aside to provide funding for the ongoing costs of SALTS’ Conservation Easement stewardship obligations. As at December 31, 2024, SALTS’ Sustainment Funds consisted of the Endowment Funds referred to in Note 4(a) and the SAF Sustainment Funds referred to in Note 4(b).

4(a) Endowment Funds:

SALTS is the beneficiary of four endowment funds (collectively, the “**Endowment Funds**”) established with The Calgary Foundation (“**TCF**”) in previous years, comprising (i) the SALTS Legacy Fund, (ii) the SALTS Stewardship Fund, (iii) the Daryl K. Seaman Fund, and (iv) the Rocky Mountain Elk Foundation Fund.

Under the terms on which the Endowment Funds were established all amounts contributed to an Endowment Fund vest in and become the property of TCF upon contribution, and SALTS is not entitled to reclaim or otherwise access such contribution amounts. However, under the terms on which the Endowment Funds were established, and the Canadian federal legislation applicable thereto, SALTS is entitled to receive annual distributions of income from each of the Endowment Funds in perpetuity. The minimum annual distribution for each year is stipulated by the Canada Revenue Agency as a percentage of the market value of the assets held in each Endowment Fund as at the end of the preceding year. TCF must observe this minimum distribution percentage but has the discretion to set a higher distribution percentage. See Note 6 (Net Stewardship Income).

Consistent with Canadian accounting standards for non-profit organizations SALTS attributes no monetary value to the Endowment Funds for accounting purposes, and they are accordingly assigned a nil value in SALTS’ Statement of Financial Position.

SOUTHERN ALBERTA LAND TRUST SOCIETY

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

4(a) Endowment Funds (continued):

However, as a matter of note in the context of SALTS distribution entitlement, the total market value of the collective assets held in the Endowment Funds at the end of 2024 and 2023 is as follows:

	2024	2023
	\$	\$
Endowment Funds, at fair market value	<u>2,849,930</u>	<u>2,643,041</u>

4(b) Stewardship Assurance Funds:

In 2019, SALTS established a Stewardship Assurance Fund (the “**SAF**”) to provide diversification and a more flexible alternative to the Endowment Funds as a source of funding for the ongoing costs of SALTS’ Conservation Easement stewardship obligations. As at December 31, 2024, the SAF was comprised of two Sustainment Funds, (i) a managed investment account established with ATB Financial Inc.’s ATB Wealth division (the “**ATB SAF Account**”) and (ii) a managed investment account established with Fiera Capital Corporation’s Fiera Capital Private Wealth division (the “**FCC SAF Account**”). During 2024 SALTS closed out a managed SAF investment account that had previously been established with The Calgary Foundation (the “**TCF SAF Account**”)

In 2024, SALTS contributed to the SAF accounts (i) \$758,437 from CE grants (2023 - \$620,894), (ii) \$59,461 of prior year’s Stewardship income surplus (2023 - \$57,675), and (iii) \$68,100 from unrestricted net assets as approved by the SALTS’ Board in December 2024 (2023 - \$nil). It also transferred \$3,201 from the TCF SAF Account to the FCC SAF Account (2023 - \$1,080,687).

Unrealized gains of \$642,326 were recognized for 2024 (2023 - \$292,848).

The reconciliation of the SAF Sustainment Funds for 2024 and 2023 at fair market value is as follows:

	ATB	FCC	TCF	2024	2023
				\$	\$
SAF Sustainment Funds, beginning of year	3,468,657	3,253,406	3,201	6,725,264	4,286,004
Contributed from CE grants	321,900	436,537	-	758,437	620,894
Contributed from Stewardship income surplus	-	59,461	-	59,461	57,675
Contributed from unrestricted net assets	68,100	-	-	68,100	-
Transfers between funds	-	3,201	(3,201)	-	-
Contributed from designated funds	-	-	-	-	1,467,843
Unrealized gains	354,113	288,213	-	642,326	292,848
SAF Sustainment Funds, end of year	<u>4,212,770</u>	<u>4,040,818</u>	<u>-</u>	<u>8,253,588</u>	<u>6,725,264</u>

5) Conservation Easements

Conservation easements are interests in land acquired by SALTS for purposes of enabling it to conserve and protect the natural scenic, aesthetic, and environmental values of the land to which a conservation easement relates (the “**Land**”). A conservation easement encumbers the Land with a perpetual restriction on the types of development and activities that may take place on it but does not transfer ownership or possession of the Land, both of which remain with the landowner. Because a conservation easement is an interest in land registered on title with the Alberta Land Titles Office, it is binding on both the original grantor and all subsequent owners of the Land.

5) Conservation Easements (continued)

At the time a conservation easement is acquired by SALTS, its notional 'value' (being the amount by which the conservation easement diminishes the market value of the Land) is appraised by an independent appraiser certified to appraise ecological gifts. In order to enable SALTS to provide a charitable receipt to the landowner under the Federal Ecological Gifts Program, this appraisal is reviewed by Environment Canada, which issues a determination of the value of the conservation easement having regard to the appraisal (the "Appraised Value"). On execution of the conservation easement, SALTS issues to the landowner a charitable receipt, and in some cases a component of cash, in the amount of the Appraised Value. The conservation easement is then booked in SALTS' financial accounts as an asset with a book value equal to the Appraised Value. SALTS does not adjust this book value to reflect changes over time, and the book value of a conservation easement does not typically represent the market or realization value of that conservation easement, particularly having regard to the long-term stewardship obligations associated with conservation easements as discussed below.

In acquiring conservation easements SALTS takes on an obligation to monitor, enforce, defend and maintain those easements for as long as they remain in effect. This is a material, ongoing and long-term commitment, but quantification of its present value is not possible, and SALTS accordingly does not reference or attempt to quantify this liability in its balance sheet, consistent with Canadian accounting standards for not-for-profit organizations. SALTS has developed a formal Financial Sustainment Plan to address this liability, and in accordance therewith has established a group of Sustainment Funds (Note 4) to build a source of funding for SALTS' ongoing conservation easement stewardship obligations.

During its 2024 fiscal year SALTS conserved 15,886 acres under conservation easements having a total Appraised Value of \$15,018,0000 (2023 – 9,226 acres having a total Appraised Value of \$9,155,000).

6) Net Stewardship Income

Income generated by or derived from investments or other assets held in any Sustainment Fund (Note 4) ("Stewardship Income") is subject to certain restrictions under SALTS' By-Laws and is accordingly tracked separately (Note 2(b)). Stewardship Income generally consists of net investment income recorded on an accrual basis, including investment income derived from interest, dividends, limited partnership and trust distributions, and realized capital gains. SALTS' Sustainment Fund investments are managed by professional investment managers that charge fees for their services. In the case of the Endowment Funds (Note 4(a)), these fees are recovered by TCF from Endowment Funds capital. In the case of the SAF Sustainment Funds (Note 4(b)), these fees are deducted directly from income realized and are accordingly deducted in determining net Stewardship Income in the Statement of Operations.

As described in Note 4(a), the amount of Stewardship Income generated by the Endowment Funds for any year is determined by applying a designated distribution percentage to the market value of the Endowment Fund assets as at the end of the preceding year. The Canada Revenue Agency (the "CRA") sets a minimum distribution percentage, referred to as the disbursement quota (the "DQ") by the CRA. The minimum DQ set by the CRA for 2024 was 5% (2023 - 5%). For 2024, SALTS used 5% for its estimated Endowment Fund income accrual. Because the distribution percentage for any given year is not set by TCF until April in the subsequent year, SALTS is required to estimate this percentage for purposes of preparing its annual financial statements and adjust to the actual amount upon receipt.

SOUTHERN ALBERTA LAND TRUST SOCIETY

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

6) Net Stewardship Income (continued)

Net Stewardship Income earned during 2024 was \$330,427 (2023 - \$346,959) as follows:

	2024	2023
	\$	\$
SAF Sustainment Funds:		
Investment revenue	265,446	267,417
Investment management fees	(67,614)	(50,483)
	197,832	216,934
Endowment Funds revenue	132,595	130,025
Net Stewardship Income	330,427	346,959

7) Financial instruments risk

Certain of the financial instruments held by SALTS involve credit, interest rate and/or foreign exchange rate risk. SALTS manages these risks through consultation with its professional investment advisors and Board approved investment policies.

8) Comparative Figures

Certain prior year figures were restated to facilitate comparison to the current year presentation.

9) Rounding

Certain schedule balances may not add due to formula rounding.