

EDMONTON AND AREA LAND TRUST
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
AND
INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

To the Members of **Edmonton and Area Land Trust**:

We have audited the accompanying financial statements of **Edmonton and Area Land Trust** (the "Trust") which consist of the statement of financial position at December 31, 2011, the statements of changes in net assets, operations 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 the financial statements in accordance with Canadian generally accepted accounting principles, 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Trust derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Trust and we were not able to determine whether any adjustment might be necessary to revenue, excess of revenue, assets and net assets.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of **Edmonton and Area Land Trust** as at December 31, 2011, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Alberta
June 20, 2012

Yaremchuk + Annicchiarico LLP
Chartered Accountants

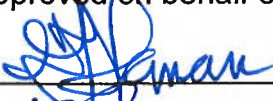

EDMONTON AND AREA LAND TRUST
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2011

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
CURRENT ASSETS:		
Cash	\$ 58,556	\$ 237,287
Term deposits	199,000	40,120
Accounts receivable	1,542	2,217
Prepaid expenses	<u>3,119</u>	<u>1,978</u>
Total current assets	262,217	281,602
ECOLOGICALLY VALUABLE LAND	3,614,025	3,312,127
EQUIPMENT (Note 3)	<u>8,518</u>	<u>9,911</u>
TOTAL	<u>\$3,884,760</u>	<u>\$3,603,640</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 16,704	\$ 25,912
Deferred revenue (Note 4)	<u>-</u>	<u>2,995</u>
Total current liabilities	<u>16,704</u>	<u>28,907</u>
DEFERRED REVENUE (Note 4)	<u>8,255</u>	<u>9,442</u>
NET ASSETS:		
Invested in ecologically valuable land	3,614,025	3,312,127
Invested in equipment	262	468
Unrestricted	<u>245,514</u>	<u>252,696</u>
Total net assets	<u>3,859,801</u>	<u>3,565,291</u>
TOTAL	<u>\$3,884,760</u>	<u>\$3,603,640</u>

Approved on behalf of the Board:

 Director
 Director

EDMONTON AND AREA LAND TRUST
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Invested in Ecologically Valuable <u>Land</u>	Invested in <u>Equipment</u>	<u>Unrestricted</u>	<u>2011 Total</u>	<u>2010 Total</u>
Balance at beginning of the year.....	\$3,312,127	\$ 468	\$252,696	\$3,565,291	\$ 147,650
Excess of (expenses) revenue for the year	-	(206)	(284)	(490)	105,514
Purchase of ecologically valuable land	6,898	-	(6,898)	-	-
Ecologically valuable land donated.....	<u>295,000</u>	<u>-</u>	<u>-</u>	<u>295,000</u>	<u>3,312,127</u>
Balance at end of the year.....	<u>\$3,614,025</u>	<u>\$ 262</u>	<u>\$245,514</u>	<u>\$3,859,801</u>	<u>\$3,565,291</u>

EDMONTON AND AREA LAND TRUST
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011</u>	<u>2010</u>
UNRESTRICTED REVENUE:		
Grants - Edmonton Community Foundation	\$100,575	\$ 95,832
- other	20,158	124,400
Donations	155,881	42,091
Fundraising and interest	<u>321</u>	<u>2,104</u>
Total unrestricted revenue	<u>276,935</u>	<u>264,427</u>
RESTRICTED REVENUE:		
Grants (Note 4)	3,995	28,318
Amortization of deferred revenue (Note 4)	<u>1,187</u>	<u>1,044</u>
Total restricted revenue	<u>5,182</u>	<u>29,362</u>
Total revenue	<u>282,117</u>	<u>293,789</u>
EXPENSES:		
Advertising and promotion	240	4,102
Appraisal fees	5,376	10,075
Amortization	1,393	1,471
Board meetings	637	711
Communication	2,409	2,520
Conference fees	200	609
Consulting fees	3,254	200
Endowment contribution	100,000	-
Fundraising	15,550	14,157
Goods and services tax	1,518	1,363
Insurance	3,018	2,637
Interest and bank charges	40	38
Office	3,220	4,011
Professional fees	14,712	21,270
Property taxes	672	536
Salary and benefits	107,754	105,059
Subcontract	20,349	16,627
Travel	<u>2,265</u>	<u>2,889</u>
Total expenses	<u>282,607</u>	<u>188,275</u>
EXCESS OF (EXPENSES) REVENUE FOR THE YEAR.....	\$ <u>(490)</u>	\$ <u>105,514</u>

EDMONTON AND AREA LAND TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011</u>	<u>2010</u>
OPERATING ACTIVITIES:		
Cash from operations:		
Excess of (expenses) revenue for the year	\$ (490)	\$ 105,514
Item not involving cash for operations - amortization.....	<u>1,393</u>	<u>1,471</u>
	903	106,985
Increase (decrease) in non-cash working capital balances related to operations:		
Accounts receivable.....	675	(1,483)
Prepaid expenses	(1,141)	-
Accounts payable and accrued liabilities	(9,208)	18,306
Deferred revenue.....	<u>(4,182)</u>	<u>1,365</u>
Net cash (used in) from operating activities	(12,953)	125,173
INVESTING ACTIVITY - purchase of land and equipment.....	<u>(6,898)</u>	<u>(1,513)</u>
(DECREASE) INCREASE IN CASH FOR THE YEAR	(19,851)	123,660
CASH AT BEGINNING OF THE YEAR	<u>277,407</u>	<u>153,747</u>
CASH AT END OF THE YEAR.....	<u>\$257,556</u>	<u>\$ 277,407</u>
CASH REPRESENTED BY:		
Cash	\$ 58,556	\$ 237,287
Term deposits.....	<u>199,000</u>	<u>40,120</u>
	<u>\$257,556</u>	<u>\$ 277,407</u>

EDMONTON AND AREA LAND TRUST
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

1. PURPOSE OF THE TRUST:

The Edmonton and Area Land Trust was incorporated on March 13, 2007 as a non-profit organization under the Alberta Companies Act.

The Edmonton and Area Land Trust is established for the charitable purposes of conserving and protecting Canada's environmental heritage by undertaking activities that conserve the natural ecosystems and cultural heritage landscapes in the lands comprising the City of Edmonton and the several counties that directly border on the City which activities shall focus on maintaining the bio-diversity and ecological integrity of those lands for the public benefit.

The Edmonton and Area Land Trust is exempt from income taxes under the Income Tax Act as a registered charitable organization.

2. ACCOUNTING POLICIES:

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies are as follows:

Revenue recognition:

The Trust 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.

Amounts received from grants and donations which must be expended for specific purposes are recognized as revenue to the extent of the related expenses incurred. Unexpended funds are deferred to subsequent years and are either expended or refunded at that time.

Donated services:

The work of the Trust is dependent on the voluntary service of many individuals. Since these services are not normally purchased by the Trust and because of the difficulty of determining their fair value donated services are not recognized in these financial statements.

Term deposits:

Term deposits bear interest at 0.9% to 1.25% per annum. Term deposits are classified as held-to-maturity financial instruments and are valued at cost. Term deposits in the amount of \$119,000 have been designated to fund potential future costs of stewarding ecologically valuable land.

EDMONTON AND AREA LAND TRUST
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

2. ACCOUNTING POLICIES (continued):

Ecologically valuable land:

Ecologically valuable land that has been donated is stated at fair market value at the time of the donation. Ecologically valuable land that has been purchased is stated at cost. Ecologically valuable land cannot be sold.

Equipment:

Equipment is stated at cost. Amortization is provided using the declining-balance method at the following annual rates:

Furniture and equipment	20%
Computer.....	55%
Website	7%

Cash and cash equivalents:

Cash and cash equivalents consist of balances with banks and short-term investments with maturities not exceeding 90 days.

Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

3. EQUIPMENT:

The major categories of equipment and related accumulated amortization are as follows:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2011</u>	<u>2010</u>
Furniture and equipment	\$ 258	\$ 139	\$ 119	\$ 149
Computer	3,685	3,048	637	1,416
Website	<u>10,000</u>	<u>2,238</u>	<u>7,762</u>	<u>8,346</u>
Total.....	<u>\$13,943</u>	<u>\$5,425</u>	<u>\$8,518</u>	<u>\$9,911</u>

EDMONTON AND AREA LAND TRUST
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

4. DEFERRED REVENUE:

Deferred revenue consists of the following:

	<u>Operations</u>	<u>Capital</u>	<u>2011 Total</u>	<u>2010 Total</u>
Balance at beginning of the year .	\$ 2,995	\$ 9,442	\$12,437	\$ 11,072
Grant received	1,000	-	1,000	30,727
Expenses incurred	<u>(3,995)</u>	<u>(1,187)</u>	<u>(5,182)</u>	<u>(29,362)</u>
Balance at end of the year.....	<u>\$ -</u>	<u>\$ 8,255</u>	<u>\$ 8,255</u>	<u>\$ 12,437</u>

Deferred revenue - capital is recognized as revenue on the same basis as the related equipment is amortized.

5. EXTERNALLY RESTRICTED INVESTMENTS:

The Edmonton and Area Land Trust is to be supported by income from endowment funds held by the Edmonton Community Foundation. The establishment of the endowment funds provides for the Edmonton Community Foundation to invest and administer the funds contributed on behalf of the Edmonton and Area Land Trust. The Edmonton and Area Land Trust may receive payment annually of the net income from the endowment fund to support its mission. The Edmonton Community Foundation holds three endowment funds as follows:

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Conservation Fund</u>
Balance at December 31, 2010....	\$2,873,584	\$16,110	\$ -
Endowment fund donations	50	1,000	101,100
Investment gains (losses)	57,810	298	(83)
Grants provided	(100,575)	-	-
Fund expenses	<u>(38,876)</u>	<u>(229)</u>	<u>(1,192)</u>
Balance at December 31, 2011 ...	<u>\$2,791,993</u>	<u>\$17,179</u>	<u>\$ 99,825</u>

EDMONTON AND AREA LAND TRUST
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

6. FINANCIAL INSTRUMENTS:

The Trust's financial instruments consist of cash, term deposits, accounts receivable, and accounts payable and accrued liabilities. It is management's opinion that the Trust is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The carrying values of the financial instruments approximates their fair values.