

ANN & SANDY CROSS CONSERVATION AREA

FINANCIAL STATEMENTS **(Audited)**

December 31, 2021

a member of

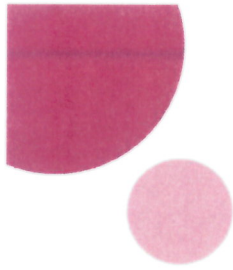


ANN & SANDY CROSS CONSERVATION AREA

December 31, 2021

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Nancy Murdoch

Chartered Professional Accountant

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Independent Auditor's Report

To the Shareholders of the
Ann & Sandy Cross Conservation Area

Opinion

I have audited the Statement of Financial Position of the Ann & Sandy Cross Conservation Area as at December 31, 2021 and the Statements of Operations, Net Assets and Cash Flows and a summary of significant accounting policies and other explanatory notes for the year ended December 31, 2021 .

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Ann & Sandy Cross Conservation Area as at December 31, 2021 and the results of its operations and cash flows for the year ended December 31, 2021 in accordance with Canadian accounting standards for not-for-profit associations.

I conducted my audit in accordance with Canadian auditing standards. I am independent of the Ann & Sandy Cross Conservation Area in accordance with the ethical requirements that are relevant to my audit and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit associations and for such internal control as management determines 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 Ann & Sandy Cross Conservation Area's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 judgement, 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, concluding on the appropriateness of management's use of the going concern basis of accounting as well as evaluating the overall presentation of the financial statements.

I communicate with those charged with governance regarding the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that I identify during my audit.

A handwritten signature in black ink that reads "Nancy Murdoch" followed by "Chartered Professional Accountant" on two lines.

Calgary, Alberta
June 28, 2022


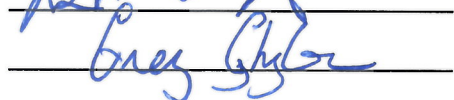
Nancy Murdoch
Chartered Professional Accountant

ANN & SANDY CROSS CONSERVATION AREA
STATEMENT OF FINANCIAL POSITION
(Audited)

As at December 31, 2021

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets		
Cash, unrestricted	\$ 40,688	\$ 43,379
Externally restricted cash (Note 3)	63,020	28,189
GST receivable	7,049	10,411
Prepaid expenses	25,319	24,056
	<u>136,076</u>	<u>106,035</u>
UFA shares	301	301
Endowment funds held in perpetuity (Note 4)	4,268,066	3,684,650
Restricted investments (Note 4)	451,858	451,858
Long term investments, unrestricted (Note 4)	453,562	587,921
Capital assets (Note 5)	359,855	405,002
	<u>\$ 5,669,718</u>	<u>\$ 5,235,767</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 23,748	\$ 29,738
Deferred cash contributions (Note 3)	63,020	28,189
Deferred revenue	12,780	6,160
	<u>99,548</u>	<u>64,087</u>
Deferred capital contributions (Note 6)	266,168	296,863
	<u>365,716</u>	<u>360,950</u>
Net assets		
Capital stock (Note 7)	-	-
Invested in capital assets	93,687	108,139
Restricted for endowment (Note 8)	4,268,066	3,883,686
Internally restricted	451,858	451,858
Unrestricted	490,391	431,134
	<u>5,304,002</u>	<u>4,874,817</u>
	<u>\$ 5,669,718</u>	<u>\$ 5,235,767</u>

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

 Director
 Director

See Notes to the Financial Statements

ANN & SANDY CROSS CONSERVATION AREA
STATEMENT OF CHANGES IN NET ASSETS
(Audited)

For the Year Ended December 31, 2021

	Invested in Capital Assets	Restricted for Endowment	Internally Restricted	Unrestricted Surplus	2021 Totals	2020 Totals
Balances, beginning of the year	\$ 108,139	3,883,686	451,858	431,134	4,874,817	4,802,910
Endowment contributions	-	81,380	-	-	81,380	-
Endowment realized income (loss)	-	106,736	-	-	106,736	90,716
Endowment realized capital gains (losses)	-	159,250	-	-	159,250	105,986
Endowment unrealized capital gains (losses)	-	280,598	-	-	280,598	102,223
Endowment portion, investment mgmt fees	-	(51,335)	-	-	(51,335)	(47,618)
Withdrawal from endowment	-	(192,249)	-	-	(192,249)	(187,781)
Purchase of capital assets from unrestricted funds	13,205	-	-	(13,205)	-	-
	121,344	4,268,066	451,858	417,929	5,259,197	4,866,436
Excess of revenue (deficit)	(27,657)	-	-	72,462	44,805	8,381
Balances, end of the year	\$ 93,687	4,268,066	451,858	490,391	5,304,002	4,874,817

See Notes to the Financial Statements

ANN & SANDY CROSS CONSERVATION AREA
STATEMENT OF OPERATIONS
(Audited)

For the Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>
OPERATIONS		
Revenue		
Contributions	\$ 62,526	\$ 54,836
Courses, grazing and other	129,574	127,695
Distribution from endowment	192,249	187,781
Grants and funding	178,695	165,152
Housing rent	49,891	39,840
	<u>612,935</u>	<u>575,304</u>
Expenses		
Auto	3,000	3,000
Bank charges	3,600	3,125
Board meetings	6,873	290
Education program	13,736	23,519
GST	7,046	2,927
Insurance	44,217	39,438
Legal and audit	7,501	6,667
Professional fees	48,962	31,801
Property taxes	10,303	10,218
Salaries and benefits	357,104	379,931
Staff training, meals and recognition	60	262
Supplies and maintenance	118,949	59,038
Telephone and utilities	24,563	24,100
	<u>645,914</u>	<u>584,316</u>
NET INCOME FROM OPERATIONS	<u>(32,979)</u>	<u>(9,012)</u>
INVESTMENT ACTIVITIES		
Interest and dividend income (Note 8)	22,633	19,190
Realized capital gains (Note 8)	33,769	22,420
Unrealized capital gains (losses) (Note 8)	59,927	16,760
Investment management fee (Note 8)	(10,886)	(10,073)
	<u>105,443</u>	<u>48,297</u>
NET INCOME BEFORE CAPITAL ACTIVITIES	<u>72,464</u>	<u>39,285</u>
CAPITAL ACTIVITIES		
Amortized capital contributions (Note 6)	62,688	59,318
Amortization expense	(90,347)	(90,222)
	<u>(27,659)</u>	<u>(30,904)</u>
SURPLUS (DEFICIT)	<u>\$ 44,805</u>	<u>\$ 8,381</u>

See Notes to the Financial Statements

ANN & SANDY CROSS CONSERVATION AREA
STATEMENT OF CASH FLOWS
(Audited)

For the Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>
Funds Provided By (Used In) Operations:		
Excess of revenue (deficit)	\$ 44,805	\$ 8,381
Charges not requiring cash outlay:		
Amortization	90,347	90,222
Amortization of deferred capital contributions	(62,688)	(59,318)
Unrealized capital (gain) loss on investments	(59,927)	(16,760)
	<u>12,537</u>	<u>22,525</u>
Changes in non-cash operating working capital:		
Account receivable	(22,799)	9,375
Goods and Services Tax	3,362	(6,099)
Prepaid expenses	(1,264)	(4,425)
Accounts payable and accrued liabilities	(5,990)	(4,791)
Deferred revenue	6,620	(140)
	<u>(20,071)</u>	<u>(6,080)</u>
Net increase in working capital	<u>(7,534)</u>	<u>16,445</u>
Cash flows from financing activities		
Net use of (transfer to) deferred cash contributions	(188,446)	(156,525)
Grant proceeds received	250,520	208,189
	<u>62,074</u>	<u>51,664</u>
Cash flows from investing activities		
Purchase of property and equipment	(45,199)	(73,131)
	<u>(45,199)</u>	<u>(73,131)</u>
Increase (decrease) in cash and cash equivalents	9,341	(5,022)
Cash and cash equivalents, beginning of the year	69,488	74,510
Cash and cash equivalents, end of the year	<u>\$ 78,829</u>	<u>\$ 69,488</u>
Cash and cash equivalents consist of:		
Unrestricted cash	\$ 40,688	\$ 43,379
Externally restricted cash	38,141	26,109
	<u>\$ 78,829</u>	<u>\$ 69,488</u>

See Notes to the Financial Statements

ANN & SANDY CROSS CONSERVATION AREA

NOTES TO THE FINANCIAL STATEMENTS

(Audited)

December 31, 2021

1. NATURE OF THE ORGANIZATION

The Sandy Cross Conservation Foundation was incorporated on February 26, 1996 under the Alberta Companies Act as a company limited by shares and became a registered charity under the Income Tax Act on March 7, 1996. On November 24, 2008, the name was changed to the Ann & Sandy Cross Conservation Area (the "Organization").

The Organization leases and manages 4,800 acres of land southwest of Calgary for the purpose of habitat conservation and to provide conservation education, particularly to young people.

The Organization commenced operations on August 1, 1996 with the assignment of the land lease and the transfer of assets from the Nature Conservancy of Canada, which had operated the Organization as the Sandy Cross Conservation Foundation. The Organization recorded the assets at the carrying amounts reflected on the books of the Nature Conservancy of Canada, except for investments in securities which were recorded at market value.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

(a) Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Contributions of capital assets and contributions restricted for capital asset expenditure are deferred and recognized as revenue as the related capital asset is amortized. 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. Unrestricted investment income is recognized when earned. Endowment contributions are recognized as direct increases in net assets.

Amounts received for courses, hay, grazing, housing rent and other items are recognized as revenue as the related services are rendered.

ANN & SANDY CROSS CONSERVATION AREA
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

December 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES Continued...

(b) Investments

Investments held as endowments are carried at market value with realized gains, dividends, interest income and unrealized gains or losses recognized directly in the Endowment Fund in Net Assets. These funds are held in perpetuity with an annual distribution from income earned.

Internally restricted and unrestricted investments are carried at market value with realized gains, dividends, interest income and unrealized gains or losses recognized directly in the Statement of Operations.

(c) Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is recorded on a straight line basis over their estimated useful lives as follows:

Buildings, fences and roads	10 & 20 years
Furniture and fixtures	10 years
Automotive	4 years
Equipment	5 years
Website	4 years

(d) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenues and expenses for the periods covered.

The main estimates relate to the collectibility of receivables, the useful life of property and equipment, the amounts recorded as accrued liabilities and the portion of investment revenue and assets that relate to the endowment.

ANN & SANDY CROSS CONSERVATION AREA

NOTES TO THE FINANCIAL STATEMENTS

(Audited)

December 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES Continued...

(e) Financial Instruments

Measurement of financial instruments

The Association initially measures its financial assets and financial liabilities at fair value. The Association subsequently measures all its financial assets and financial liabilities at cost or amortized cost. Changes in fair value of these financial instruments are recognized in net income.

Financial instruments measured at amortized cost include cash and cash equivalents, accounts receivable, investments and accounts payable.

Risk

It is management's opinion that the Association is not exposed to significant interest, currency, price, market or credit risks arising from these financial instruments.

3. EXTERNALLY RESTRICTED ASSETS / DEFERRED CASH CONTRIBUTIONS

Deferred cash contributions represent contributions externally restricted for expenditures according to the specific grant contract. Grant funding is restricted by parameters on spending within each grant contract.

	2021	2020
Balance, beginning of year	\$ 28,189	\$ 36,478
Grants received / receivable	250,520	208,631
Transferred to endowment	(5,000)	-
Spent on operations and programs	(185,952)	(165,152)
Spent on capital assets (Note 6)	(24,737)	(51,768)
Balance, end of year	<u>\$ 63,020</u>	<u>\$ 28,189</u>

These funds are held as follows:

Restricted cash held in general bank account	\$ 38,141	\$ 26,109
Restricted accounts receivable	24,879	2,080
Balance, end of year	<u>\$ 63,020</u>	<u>\$ 28,189</u>

4. INVESTMENTS

	2021	2020
Calgary Foundation - Endowment funds held in perpetuity	\$ 4,191,687	\$ 3,684,650
Calgary Foundation - Restricted investments	451,858	451,858
Calgary Foundation - Unrestricted investments	453,562	587,921
Held in bank (in transit to The Calgary Foundation)	76,379	-
Long term investments	<u>\$ 5,173,486</u>	<u>\$ 4,724,429</u>

ANN & SANDY CROSS CONSERVATION AREA

NOTES TO THE FINANCIAL STATEMENTS

(Audited)

December 31, 2021

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	2021 Net	2020 Net
Buildings, fence and roads	\$ 1,494,372	1,162,243	332,129	381,418
Furniture and fixtures	70,358	67,540	2,818	2,550
Automotive	153,129	141,571	11,558	1,418
Equipment	148,250	134,900	13,350	19,616
Website	29,194	29,194	-	-
	<u>\$ 1,895,303</u>	<u>1,535,448</u>	<u>359,855</u>	<u>405,002</u>

The Organization has leased 4,800 acres of land for 99 years for \$1 for the entire term. The lease commenced September 20, 1996.

6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent funding or donations received to assist in the purchase of capital assets and are recognized as revenue on the same basis that the related asset is amortized.

	2021	2020
Balance, beginning of year	\$ 296,863	\$ 304,413
Contributions received during the year (Note 3)	31,993	51,768
Amortized to revenue	(62,688)	(59,318)
Balance, end of the year	<u>\$ 266,168</u>	<u>\$ 296,863</u>

7. CAPITAL STOCK

Authorized

The Organization is authorized to issue 100 common, voting shares without nominal or par value with a maximum price or consideration of \$1. No dividends may be declared nor paid upon these shares. The maximum number of shareholders is twenty-five.

Issued

The Organization originally issued without payment one share with no par value to each of its eleven directors at December 31, 2001. During 2021 no share certificates were cancelled and none issued. At December 31, 2021 eight shares were outstanding.

ANN & SANDY CROSS CONSERVATION AREA
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

December 31, 2021

8. ENDOWMENT FUND

The Organization's endowment fund is held as part of the investments held by The Calgary Foundation (Note 4). Transactions of the endowment fund do not flow to the statement of operations but are recorded as transactions on the statement of changes in net assets.

Transactions of the remaining unrestricted and internally restricted funds are recognized on the statement of operations.

9. CONTRIBUTED MATERIALS AND SERVICES

Contributed materials and services are recognized in the financial statements when the fair value can be reasonably estimated, when the materials or services are used in the normal course of the Organization's operations and when they would otherwise have been purchased. Contributions of services and materials for the year ended December 31, 2021 were \$Nil (2020 - \$Nil).

A number of volunteers have made significant contributions of their time to develop the Organization's programs. The value of this contributed time is not reflected in these financial statements.

10. INTERNALLY RESTRICTED FUNDS

On June 25, 2007, the board internally restricted \$341,854 of the net proceeds generated during the year for the purpose of matching the endowment contribution from the Calgary Foundation as stated per the Grant Agreement between the Calgary Foundation and the Ann and Sandy Cross Conservation Foundation.

On September 22, 2008, the board internally restricted an additional amount of \$110,004 of the net proceeds generated during the year from the gala revenue for the purpose of covering the short fall in investments over endowment contributions.

ANN & SANDY CROSS CONSERVATION AREA
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

December 31, 2021

11. RELATED PARTY TRANSACTIONS

The Organization entered into the following related party transaction during the year:

House rentals by staff	\$ 9,840
Donations from related parties	\$ 750

The Organization provides house rentals to certain staff at fair market value. These transactions are recognized in the statements at the agreed exchange amounts.

12. FUNDRAISING EXPENSES

As required under section 7(2) of the Charitable Fundraising Regulation of Alberta, the following amounts are disclosed:

Direct costs incurred for the purpose of soliciting contributions
\$Nil (2020 - \$Nil)

Amounts paid as remuneration to employees whose principal duties
involve fundraising \$21,689 (2020 - \$18,960)

13. SUBSEQUENT EVENT

The global COVID19 pandemic has disrupted economic activities and supply chains. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. The Organization's ability to continue its management and programs is dependent on the continued ability to maintain its assets, to generate revenue and to manage expenses.