

# **ANN & SANDY CROSS CONSERVATION AREA**

## **FINANCIAL STATEMENTS** (Audited)

**December 31, 2017**

# ANN & SANDY CROSS CONSERVATION AREA

December 31, 2017

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## Independent Auditor's Report

To the Shareholders of the  
Ann & Sandy Cross Conservation Area

I have audited the financial statements of the Ann & Sandy Cross Conservation Area as at December 31, 2017 which include the Statement of Financial Position and the Statements of Operations, Changes in Net Assets, Cash Flows, and a summary of significant accounting policies and other explanatory notes for the year then ended.

### 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 organizations 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.

### 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, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

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, 2017 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Nancy Murdoch CPA CA*

Calgary, Alberta  
May 29, 2018

Nancy Murdoch, CPA, CA

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

As at December 31, 2017

ASSETS	2017	2016
<b>Current assets</b>		
Cash, unrestricted	\$ 6,015	\$ 5,679
Externally restricted cash (Note 3)	18,667	98,864
Accounts receivable, unrestricted	1,429	-
GST receivable	5,821	7,621
Prepaid expenses	17,916	18,146
	49,848	130,310
<b>UFA shares</b>	301	476
<b>Endowment funds held in perpetuity (Note 4)</b>	3,828,845	3,631,378
<b>Restricted investments (Note 4)</b>	451,858	451,858
<b>Long term investments, unrestricted (Note 4)</b>	399,626	444,017
<b>Capital assets (Note 5)</b>	414,996	370,227
	\$ 5,145,474	\$ 5,028,266

**LIABILITIES AND NET ASSETS**

<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 18,694	\$ 99,249
Deferred cash contributions (Note 3)	18,667	98,864
Deferred revenue	-	300
	37,361	198,413
<b>Deferred capital contributions (Note 6)</b>	282,419	252,622
	319,780	451,035
<b>Net assets</b>		
Capital stock (Note 7)	-	-
Invested in capital assets	132,577	117,605
Restricted for endowment (Note 8)	3,828,845	3,631,378
Internally restricted	451,858	451,858
Unrestricted	412,414	376,390
	4,825,694	4,577,231
	\$ 5,145,474	\$ 5,028,266

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, 2017

	Invested in Capital Assets	Restricted for Endowment	Internally Restricted	Unrestricted Surplus	2017 Totals	2016 Totals
<b>Balances, beginning of the year</b>	\$ 117,605	3,631,378	451,858	376,390	4,577,231	4,259,512
Endowment contributions	-	-	-	-	-	360,000
Endowment realized income (loss)	-	86,448	-	-	86,448	182,262
Endowment realized capital gains (losses)	-	115,527	-	-	115,527	405,851
Endowment unrealized capital gains (losses)	-	196,071	-	-	196,071	(363,334)
Endowment portion, investment management fees	-	(47,603)	-	-	(47,603)	(42,368)
Withdrawal from endowment	-	(152,976)	-	-	(152,976)	(140,696)
Purchase of capital assets from unrestricted funds	44,897	-	-	(44,897)	-	-
	<b>162,502</b>	<b>3,828,845</b>	<b>451,858</b>	<b>331,493</b>	<b>4,774,698</b>	<b>4,661,227</b>
Excess of revenue (deficit)	(29,925)	-	-	80,921	50,996	(83,996)
<b>Balances, end of the year</b>	<b>\$ 132,577</b>	<b>3,828,845</b>	<b>451,858</b>	<b>412,414</b>	<b>4,825,694</b>	<b>4,577,231</b>

See Notes to the Financial Statements

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

For the Year Ended December 31, 2017

	2017	2016
<b>OPERATIONS</b>		
<b>Revenue</b>		
Contributions	\$ 95,530	\$ 52,762
Courses, hay and grazing	96,257	92,100
Distribution from endowment	152,976	178,985
Fundraising	-	2,797
Grants and funding	155,077	62,658
Housing rent	33,840	33,840
	<b>533,680</b>	<b>423,142</b>
<b>Expenses</b>		
Auto	4,304	3,668
Bank charges	1,699	1,433
Board meetings	2,629	2,943
Education program	32,874	18,655
Fundraising expenses	2,863	6,450
GST	5,821	6,735
Insurance	32,251	33,014
Legal and audit	6,220	6,579
Professional fees	18,349	19,268
Promotions	-	1,168
Property taxes	9,816	9,472
Salaries and benefits	339,939	344,196
Staff training, meals and recognition	1,362	392
Supplies and maintenance	47,152	46,776
Telephone and utilities	35,117	29,749
	<b>540,396</b>	<b>530,498</b>
<b>NET INCOME FROM OPERATIONS</b>	<b>(6,716)</b>	<b>(107,356)</b>
<b>INVESTMENT ACTIVITIES</b>		
Interest and dividend income (Note 8)	21,657	26,023
Realized capital gains (Note 8)	28,874	22,847
Unrealized capital gains (losses) (Note 8)	49,005	20,880
Investment management fee (Note 8)	(11,898)	(11,362)
	<b>87,638</b>	<b>58,388</b>
<b>NET INCOME BEFORE CAPITAL ACTIVITIES</b>	<b>80,922</b>	<b>(48,968)</b>
<b>CAPITAL ACTIVITIES</b>		
Amortized capital contributions (Note 6)	47,273	39,950
Amortization expense	(77,199)	(89,671)
	<b>(29,926)</b>	<b>(49,721)</b>
<b>SURPLUS (DEFICIT)</b>	<b>\$ 50,996</b>	<b>\$ (98,689)</b>

See Notes to the Financial Statements

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

For the Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u>
<b>Funds Provided By (Used In) Operations:</b>		
Excess of revenue (deficit)	\$ 50,996	\$ (98,689)
Charges not requiring cash outlay:		
Amortization	77,199	89,671
Amortization of deferred capital contributions	(47,273)	(39,950)
Unrealized capital (gain) loss on investments	(49,005)	(20,880)
	<u>31,917</u>	<u>(69,848)</u>
Changes in non-cash operating working capital:		
Account receivable	(1,429)	38,155
Goods and Services Tax	1,799	(1,807)
Prepaid expenses	230	(456)
Accounts payable and accrued liabilities	(80,555)	75,522
Deferred revenue	(300)	-
	<u>(80,255)</u>	<u>111,414</u>
<b>Net increase in working capital</b>	<u>(48,338)</u>	<u>41,566</u>
<b>Cash flows from financing activities</b>		
Net use of (transfer to) deferred cash contributions	(61,680)	(55,431)
Grant proceeds received	151,950	225,982
	<u>90,270</u>	<u>170,551</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(121,967)	(180,413)
UFA shares	174	-
	<u>(121,793)</u>	<u>(180,413)</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<u>(79,861)</u>	<u>31,704</u>
<b>Cash and cash equivalents, beginning of the year</b>	<u>104,543</u>	<u>72,840</u>
<b>Cash and cash equivalents, end of the year</b>	<u>\$ 24,682</u>	<u>\$ 104,543</u>
<b>Cash and cash equivalents consist of:</b>		
Unrestricted cash	\$ 6,015	\$ 5,679
Externally restricted cash	18,667	98,864
	<u>\$ 24,682</u>	<u>\$ 104,543</u>

See Notes to the Financial Statements



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

**December 31, 2017**

**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) Basis of Accounting**

Management has concluded that the going concern basis of accounting is appropriate for the Organization.

**(b) 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, 2017

**2. SIGNIFICANT ACCOUNTING POLICIES Continued**

**(c) 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.

**(d) 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

**(e) 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, 2017

**2. SIGNIFICANT ACCOUNTING POLICIES Continued**

**(f) 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.

	2017	2016
Balance, beginning of year	\$ 98,864	\$ 87,465
Grants received / receivable	151,950	225,982
Spent on operations and programs	(155,077)	(62,658)
Spent on capital assets (Note 6)	(77,070)	(151,925)
Balance, end of year	\$ 18,667	\$ 98,864

These funds are held as follows:

Restricted cash held in general bank account	\$ 18,667	\$ 98,864
Restricted accounts receivable	-	-
Balance, end of year	\$ 18,667	\$ 98,864

**4. INVESTMENTS**

	2017	2016
Calgary Foundation - Endowment funds held in perpetuity	\$ 3,828,845	\$ 3,631,378
Calgary Foundation - Restricted investments	451,858	451,858
Calgary Foundation - Unrestricted investments	399,626	444,017
Long term investments	\$ 4,680,329	\$ 4,527,253

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

December 31, 2017

**5. CAPITAL ASSETS**

	Cost	Accumulated Amortization	2017 Net	2016 Net
Buildings, fence and roads	\$ 1,241,484	856,474	385,010	336,987
Furniture and fixtures	66,895	61,515	5,380	7,648
Automotive	137,719	126,325	11,394	13,337
Equipment	118,436	105,224	13,212	12,255
Website	29,194	29,194	-	-
	<u>\$ 1,593,728</u>	<u>1,178,732</u>	<u>414,996</u>	<u>370,227</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.

	2017	2016
Balance, beginning of year	\$ 252,622	\$ 140,648
Contributions received during the year (Note 3)	77,070	151,924
Amortized to revenue	(47,273)	(39,950)
Balance, end of the year	<u>\$ 282,419</u>	<u>\$ 252,622</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 2017 no share certificates were cancelled and no share certificates were issued. At December 31, 2017 ten shares were outstanding.

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

**December 31, 2017**

**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 for the year ended December 31, 2017 include \$6,750 in contributed services and materials (2016 - \$19,394).

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, 2017**

**11. RELATED PARTY TRANSACTIONS**

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

Cash donations by board members and related parties	\$ 3,750
House rentals by staff	\$ 9,840

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  
\$2,863 (2016 - \$6,450)

Amounts paid as remuneration to employees whose principal duties  
involve fundraising \$14,213 (2016 - \$12,208)