

LEGACY LAND TRUST SOCIETY
Financial Statements
Year Ended December 31, 2021



DART BRYANT LLP
Chartered Professional Accountants
#250, 1319 Edmonton Trail NE
Calgary, Alberta T2E 4Y8

David R Dart, CPA, CA
Edwin L Bryant, CPA, CA
Denis G Perron, CPA, CA

Bus: (403) 230-3764
Fax: (403) 230-3766
davedart@dartbryant.com
edbryant@dartbryant.com
denisperron@dartbryant.com

INDEPENDENT AUDITOR'S REPORT

To the Members of Legacy Land Trust Society

Qualified Opinion

We have audited the financial statements of Legacy Land Trust Society (the Society), which comprise the statement of financial position as at December 31, 2021, and the statements of revenues and expenses, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible 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 Society as at December 31, 2021, and the results of its operations 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 Society derives revenue from donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to recorded donations, excess of revenues over expenses, cash flows from operations for the years ended December 31, 2020 and 2021, current assets as at December 31, 2020 and 2021, and net assets as at January 1 and December 31 for both the 2020 and 2021 years. Our audit opinion on the financial statements for the year ended December 31, 2020 was modified accordingly 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 Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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 accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

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Auditor's Responsibilities 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.

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.

May 2, 2022



Chartered Professional Accountants

LEGACY LAND TRUST SOCIETY
Statement of Financial Position
December 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 209,449	\$ 194,597
Goods and services tax recoverable	2,437	1,608
	<u>211,886</u>	196,205
RESTRICTED CASH (Note 4)	868,515	1,034,268
CONSERVATION EASEMENTS (Note 5)	5,339,800	2,187,800
	<u>\$ 6,420,201</u>	<u>\$ 3,418,273</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 18,938	\$ 10,999
CEBA LOAN PAYABLE (Note 6)	60,000	40,000
DEFERRED CONTRIBUTIONS - ALTGP (Note 7)	854,200	1,034,268
DEFERRED CONTRIBUTIONS - OTHER (Note 8)	27,435	-
	<u>960,573</u>	1,085,267
NET ASSETS		
Unrestricted	1,390	41,437
Internally restricted (Note 9)	118,438	103,769
Restricted for conservation easements (Note 5)	5,339,800	2,187,800
	<u>5,459,628</u>	2,333,006
	<u>\$ 6,420,201</u>	<u>\$ 3,418,273</u>

ON BEHALF OF THE BOARD

_____ Director

_____ Director

LEGACY LAND TRUST SOCIETY
Statement of Revenues and Expenses
Year Ended December 31, 2021

	2021	2020
REVENUES		
Grants - ALTGP (Note 7)	\$ 159,998	\$ 100,354
Grants - Other (Note 8)	23,424	27,405
Grants - Operations	10,000	23,000
Donations	10,414	44,304
Events, products and workshops	13,340	37,213
Interest and investment income (Note 7)	11,492	3,342
	<u>228,668</u>	<u>235,618</u>
EXPENSES		
ALTGP (Note 10)	174,807	105,504
Other projects (Note 8)	23,424	27,405
Self-funded projects (Note 9)	4,063	-
Total conservation projects	202,294	132,909
General and administration	39,525	51,187
Outreach and events	12,227	51,285
	<u>254,046</u>	<u>235,381</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (25,378)	\$ 237

LEGACY LAND TRUST SOCIETY
Statement of Changes in Net Assets
Year Ended December 31, 2021

	Unrestricted	Internally restricted	Restricted for conservation easements	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 41,437	\$ 103,769	\$ 2,187,800	\$ 2,333,006	\$ 2,092,769
Excess (deficiency) of revenues over expenses	(40,047)	14,669	-	(25,378)	237
Value of donated conservation easements	-	-	2,912,000	2,912,000	197,000
Value of purchased conservation easements from deferred contributions	-	-	240,000	240,000	43,000
NET ASSETS - END OF YEAR	\$ 1,390	\$ 118,438	\$ 5,339,800	\$ 5,459,628	\$ 2,333,006

LEGACY LAND TRUST SOCIETY
Statement of Cash Flows
Year Ended December 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (25,378)	\$ 237
Changes in non-cash working capital:		
Accounts receivable	-	1,000
Accounts payable and accrued liabilities	7,938	(5,001)
Goods and services tax recoverable	(828)	(1,320)
Deferred contributions - ALTGP	48,764	197,768
Deferred contributions - Other	27,435	(18,017)
	<u>83,309</u>	<u>174,430</u>
Cash flow from operating activities	<u>57,931</u>	<u>174,667</u>
INVESTING ACTIVITIES		
Addition to land easements (Note 7)	(240,000)	(43,000)
Stewardship investment to the Red Deer Foundation (Note 7)	-	(36,000)
Investment return from the Red Deer Foundation (Note 7)	11,168	2,540
	<u>(228,832)</u>	<u>(76,460)</u>
Cash flow used by investing activities	<u>(228,832)</u>	<u>(76,460)</u>
FINANCING ACTIVITIES		
Advance of short term loan	-	10,000
Repayment of short term loan	-	(10,000)
Advance of CEBA loan (Note 6)	20,000	40,000
	<u>20,000</u>	<u>40,000</u>
Cash flow from financing activities	<u>20,000</u>	<u>40,000</u>
INCREASE (DECREASE) IN CASH FLOW	(150,901)	138,207
Cash - beginning of year	<u>1,228,865</u>	<u>1,090,658</u>
CASH - END OF YEAR	\$ 1,077,964	\$ 1,228,865
CASH CONSISTS OF:		
Cash	\$ 209,449	\$ 194,597
Restricted cash (Note 4)	868,515	1,034,268
	<u>\$ 1,077,964</u>	<u>\$ 1,228,865</u>

LEGACY LAND TRUST SOCIETY
Notes to Financial Statements
Year Ended December 31, 2021

1. PURPOSE OF THE SOCIETY

Legacy Land Trust Society (the "Society") is a not-for-profit organization incorporated provincially under the Societies Act of Alberta. The Society is a registered charitable organization and is exempt from the payment of income taxes under the Income Tax Act.

The Society was formed to protect the environment for the benefit of the public by conserving and permanently protecting lands in Mountain View County and adjacent municipalities in Alberta which are regionally significant for their ecological, cultural, historical, agricultural, productive and scenic values for all citizens by holding such lands, in freehold title or interest, in real and personal property, and to enter into agreements, such as conservation easements. The Society will advance education regarding conservation through publications, workshops and seminars.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) on a going concern basis.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations (ASNPO) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

The most significant estimates included in these financial statements include the valuation of conservation easements, amount of accrued liabilities, amount of deferred contributions, valuation of donated good and services and the allocation rate for staff and administrative overhead costs related to the determination of reasonable day rates.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income and transaction costs expensed. All other financial instruments are reported at amortized cost.

Financial instruments subsequently measured at amortized cost include cash and restricted cash, accounts receivable, accounts payable and accrued liabilities and CEBA loan payable.

Cash and cash equivalents

The society's policy is to present bank balances and term deposits with a maturity period of three months or less from the date of acquisition under cash.

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LEGACY LAND TRUST SOCIETY
Notes to Financial Statements
Year Ended December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Conservation Easements

A conservation easement is an interest in land and is a voluntary, written agreement between a landowner and one or more easement holders. It can cover all or part of a parcel of land. In the agreement, the landowner promises to protect the land or features on the land in ways that are specified in the easement. The conservation easement is registered against the title of the property under Alberta Land Titles Act. Once registered on the title, that agreement is connected to the title and binds all future owners. Conservation easements are donated, purchased or obtained through a combination of both.

Contributed (i.e. donated) or purchased easements are recorded at fair market value when the title is transferred. Landowners may receive an income tax receipt for the donated portion of a conservation easement to a registered charity. The value of the receipt is determined by a certified land appraiser and usually represents the difference in the appraised value of the property before and after the conservation easement restrictions are in place less any cash given in the transaction.

Contributed easements are recorded as assets and as a direct increase in net assets as they are restricted contributions related to non-depreciable assets. Properties transferred to others are recorded as a reduction of conservation easements and net assets invested in conservation easements.

Legacy Land Society Trust Fund

When a conservation project is completed, the Society has the option to contribute the unspent amount from the Alberta Land Trust Grant Program (ALTGP) to the Legacy Land Society Trust Fund managed by the Red Deer and District Community Foundation. The Society has no access to the capital of the fund, but the income of the fund is available to the Society to cover its conservation motioning expenses. When the Society makes a contribution to the fund, it recognizes capital contributions as conservation expenses and income distributions as deferred contributions - ALTGP until the amount spent on its conservation proposals and monitoring is recognized.

Revenue recognition

Legacy Land Trust Society follows the deferral method of accounting for contributions.

1. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Interest earned on externally restricted contributions are added to deferred contributions until the related expenses are incurred in accordance to the grant agreements.
2. Contributions of conservation easements are recognized as direct increases in net assets in the year in which title to the property is acquired as they are restricted contributions related to non-depreciable assets. Proceeds from property sales are recognized when title is transferred.
3. 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.
4. Interest and investment income and events, products and workshops revenues are recorded when earned and collection is reasonably assured.

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LEGACY LAND TRUST SOCIETY
Notes to Financial Statements
Year Ended December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of long lived assets

The Society tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Donated services and materials

The operations of the Society depends on both contributions of time and materials.

Donated services and materials are recorded at their estimated fair value if they would have otherwise been paid for, if not donated. If the fair value cannot be reasonably estimated, such donations are not recorded.

During the year, the Society recognized \$650 (2020 - \$13,458) and \$nil (2020 - \$nil) from donated services and donated materials respectively.

Allocation of Expenses

The Society reviews the costs directly related to each project and allocates the expenses accordingly. Staffing and land management costs related to projects are allocated based on a reasonable day rate from general and administration expenses.

3. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. It is management's opinion that the Society is not exposed to any significant risks (credit, liquidity, market, currency or interest rates) arising from these financial instruments.

4. RESTRICTED CASH

Cash that has been restricted from current use consists of ALTGP deferred contributions as well as internally restricted net assets for self-funded projects.

	<u>2021</u>	<u>2020</u>
Externally restricted - ALTGP (Note 7)	\$ 854,200	\$ 1,034,268
Internally restricted - self-funded projects (Note 9)	14,315	-
	<u>\$ 868,515</u>	<u>\$ 1,034,268</u>

LEGACY LAND TRUST SOCIETY
Notes to Financial Statements
Year Ended December 31, 2021

5. CONSERVATION EASEMENTS

The continuity of conservation easements and agreements is as follows:

	2021	2020
Balance, beginning of year	\$ 2,187,800	\$ 1,947,800
Contributed (i.e. donated) during the year	2,912,000	197,000
Purchased during the year (Note 7)	240,000	43,000
Balance, end of year	\$ 5,339,800	\$ 2,187,800

6. CEBA LOAN PAYABLE

The Canadian Emergency Business Account (CEBA) loan payable bears interest at 0% per annum until December 31, 2023. If the loan is not repaid by December 2023, it will be converted into a 3-year term loan bearing interest at 5% per annum.

The Society was further advanced \$20,000 in 2021 (\$40,000 in 2020). \$20,000 of the total loan balance will be forgiven if the loan is repaid by December 2023. The forgiven amount was not recognized as revenue in the current year as it is unknown if the loan will be repaid within the established timeline.

7. DEFERRED CONTRIBUTIONS - ALBERTA LAND TRUST GRANT PROGRAM (ATLGP)

The Society receives grants from the Alberta Land Trust Grant Program (ALTGP) with approved grant objectives upon acquisition of conservation land and agreements. Unspent grant funding is restricted according to approved grant objectives. These deferred contributions remain liabilities until spent. If not spent before the project completion date, funds are required to be returned to the granting organization.

	2021	2020
Balance, beginning of year	\$ 1,034,268	\$ 912,960
Grants received	216,150	365,850
Interest earned	3,780	3,085
Grants utilized - ALTGP	(159,998)	(100,354)
Amounts recognized as conservation easements (Note 5)	(240,000)	(43,000)
Returned to the Alberta government	-	(104,273)
Balance, end of year	\$ 854,200	\$ 1,034,268

During the year, amounts recognized as revenue includes \$nil (2020 - \$36,000) for stewardship gift to the Red Deer & District Community Foundation for future maintenance of the conservation easements.

As this fund is managed by the Red Deer and District Community Foundation, the Society has no access to the capital of the fund. However, the investment return from the fund is available to the Society to cover its future conservation motioning expenses. In 2021, the Society received \$11,168 (2020 - \$2,540) from the Foundation and has utilized this amount on its future proposals and ongoing monitoring efforts (Note 10).

LEGACY LAND TRUST SOCIETY
Notes to Financial Statements
Year Ended December 31, 2021

8. DEFERRED CONTRIBUTIONS - OTHER

The Society receives grants from various levels of government and other not-for-profit organization with approved grant objectives:

	Beginning balance	Addition	Utilization	Ending balance
Alberta Real Estate Foundation	\$ -	\$ 18,750	\$ 8,315	\$ 10,435
Red Deer Foundation	-	18,000	1,000	17,000
Canada Summer Job program	-	14,109	14,109	-
	<u>\$ -</u>	<u>\$ 50,859</u>	<u>\$ 23,424</u>	<u>\$ 27,435</u>

9. INTERNALLY RESTRICTED FUNDS

	Beginning balance	Additions	Utilized	Ending balance
Legal defence fund	\$ 10,024	\$ 34	\$ -	\$ 10,058
Dedicated fund	93,745	320	-	94,065
Self-funded projects	-	18,378	(4,063)	14,315
	<u>\$ 103,769</u>	<u>\$ 18,732</u>	<u>\$ (4,063)</u>	<u>\$ 118,438</u>

10. ALBERTA LAND TRUST GRANT PROGRAM (ATLGP) EXPENSES

	2021	2020
Proposals	\$ 11,284	\$ 2,565
Conservation	159,998	100,354
Monitoring	3,525	2,585
	<u>\$ 174,807</u>	<u>\$ 105,504</u>

11. HEALTH PANDEMIC

During the prior fiscal year, the World Health Organization categorized the outbreak of a strain of the novel coronavirus (COVID-19) as a pandemic which has led to a number of public health and emergency measures which have been put in place by various levels of government to attempt to combat the spread of the virus.

Those public health and emergency measures may have negative impact to the outreach and event operations.