LEGACY LAND TRUST SOCIETY

Financial Statements

Year Ended December 31, 2025

Dart Bryant LLP
Chartered Professional Accountants
250, 1319 Edmonton Trail NE
Calgary, Alberta - T2E 4Y8
www.dartbryant.com
P. 403-230-3764
F. 403-230-3766

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, 2025, and the statements of operations, 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, 2025, 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 (ASNPO).

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, cash flows from operations for the years ended December 31, 2025 and 2024, current assets as at December 31, 2025 and 2024 and net assets as at January 1 and December 31 for both 2025 and 2024 years. Our audit opinion on the financial statements for the year ended December 31, 2024 was modified accordingly because of the possible effects of this limitation of scope.

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 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 these 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 ASNPO, 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.

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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.

Dart Bryant LLP

March 19, 2026 | Chartered Professional Accountants

LEGACY LAND TRUST SOCIETY
Statement of Financial Position
December 31, 2025

	2025	2024
ASSETS		
CURRENT		
Cash	$ **388,263**	$ 129,211
Goods and services tax recoverable	**2,158**	1,526
	390,421	130,737
CONSERVATION EASEMENTS *(Note 4)*	**9,980,800**	8,932,300
RESTRICTED CASH AND CASH EQUIVALENTS *(Note 5)*	**531,261**	930,864
INVESTMENTS *(Note 6)*	**668,567**	557,968
	$ 11,571,049	$ 10,551,869
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	$ **307,480**	$ 12,000
DEFERRED CONTRIBUTIONS - ALTGP *(Note 8)*	**387,977**	866,069
DEFERRED CONTRIBUTIONS - OTHER *(Note 9)*	**94,048**	63,239
	789,505	941,308
NET ASSETS	**10,781,544**	9,610,561
	$ 11,571,049	$ 10,551,869

ON BEHALF OF THE BOARD

Don Greenfield *Director*

Director

The accompanying notes are an integral part of these financial statements

LEGACY LAND TRUST SOCIETY
Statement of Operations
Year Ended December 31, 2025

		2025		2024
REVENUES				
Grants - ALTGP *(Note 8)*	**$**	**93,010**	$	160,689
Grants - Casino *(Note 9)*		**60,180**		16,668
Interest and investment income *(Note 8)*		**37,870**		25,843
Donations		**16,086**		16,775
Events, products and workshops		**6,280**		6,226
Grants - Other *(Notes 7, 9)*		**-**		10,333
		213,426		236,534
EXPENSES				
ALTGP *(Note 12)*		**110,996**		186,917
Other projects *(Note 9)*		**-**		4,716
Self-funded projects		**377**		4,969
Total conservation projects		**111,373**		196,602
General and administration		**106,914**		27,272
Outreach and events		**12,049**		10,695
		230,336		234,569
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS		**(16,910)**		1,965
OTHER INCOME				
Unrealized gain on marketable securities		**26,693**		35,325
EXCESS OF REVENUES OVER EXPENSES	**$**	**9,783**	$	37,290

The accompanying notes are an integral part of these financial statements

LEGACY LAND TRUST SOCIETY
Statement of Changes in Net Assets
Year Ended December 31, 2025

	2024 Balance	Excess of revenues over expenses	Contributions/ Withdrawals	Transfers	**2025 Balance**
Unrestricted	$ 104,995	$ (15,364)	$ (32,204)	$ 69,133	**$ 126,560**
Internally restricted *(Note 10)*	91,710	3,222	32,204	(47,208)	**79,928**
Easements *(Note 4)*	8,932,300	-	1,048,500	-	**9,980,800**
Endowment *(Note 11)*	481,556	21,925	112,700	(21,925)	**594,256**
	$ 9,610,561	$ 9,783	$ 1,161,200	$ -	**$ 10,781,544**

	2023 Balance	Excess of revenues over expenses	Contributions	Transfers	2024 Balance
Unrestricted	$ 103,227	$ 21,064	$ 8,075	$ (27,371)	$ 104,995
Internally restricted	56,188	3,373	(8,075)	40,224	91,710
Easements	7,999,300	-	933,000	-	8,932,300
Endowment	526,556	12,853	(45,000)	(12,853)	481,556
	$ 8,685,271	$ 37,290	$ 888,000	$ -	$ 9,610,561

The accompanying notes are an integral part of these financial statements

LEGACY LAND TRUST SOCIETY

Statement of Cash Flows

Year Ended December 31, 2025

	2025	2024
OPERATING ACTIVITIES		
Excess of revenues over expenses	**$ 9,783**	$ 37,290
Item not affecting cash:		
Unrealized gain on investments	**(26,693)**	(35,325)
	(16,910)	1,965
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	**295,480**	1,001
Goods and services tax payable	**(632)**	(77)
Deferred Contributions - ALTGP	**(478,092)**	82,681
Deferred contributions - Other *(Note 9)*	**30,809**	58,133
	(152,435)	141,738
Cash flow from (used by) operating activities	**(169,345)**	143,703
INVESTING ACTIVITIES		
Additions to land easements *(Note 8)*	**112,700**	-
Purchase of equipment	**-**	-
Investment to the Red Deer Foundation	**-**	(45,000)
Restricted cash	**399,603**	34,390
Purchases of investments	**(105,831)**	(173,262)
Proceeds of investments	**21,925**	10,536
Cash flow from (used by) investing activities	**428,397**	(173,336)
INCREASE (DECREASE) IN CASH FLOW	**259,052**	(29,633)
Cash - beginning of year	**129,211**	158,844
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 388,263**	$ 129,211
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash	**$ 388,263**	$ 129,211

The accompanying notes are an integral part of these financial statements

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 charity 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, 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.

Financial instruments subsequently measured at fair value include investments.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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. Contributions of endowments are recognized as direct increases in net assets in the period the endowment is received and agreed to be an endowment.

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.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Legacy Land Society Trust Fund

When a conservation project is completed with an unspent balance, the remaining funds can be used to top up the Stewardship Endowment (up to 15% of the conservation easement value). Legacy Land Trust Stewardship Endowment funds are invested in one of two ways:

1. Legacy Land Trust Society Endowment Fund managed by the Red Deer and District Community Foundation

   When the Legacy Land Trust Stewardship Endowment funds are invested with 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 monitoring expenses. When the Society makes a contribution to the fund, it recognizes the capital contributions as conservation expenses and income distributions as deferred contributions - ALTGP until the amount spent on its conservation proposals and monitoring is recognized.

2. Legacy Land Trust Society Direct Investment Endowment Fund managed by the Society

   When the Legacy Land Trust Stewardship Endowment funds are invested and managed by the Society, the Society has no access to the capital of the fund, except under exceptional circumstances under the ALTGP guidelines. The Society will be able to use income of the investment in the Endowment on its conservation monitoring expenses. When the Society makes a contribution to the fund, it transfers the deferred contribution balance to the endowment fund as contributions directly in net assets.

Any unspent funds that cannot be applied to project costs or used to top up the Stewardship Endowment for a project must be returned to the Alberta Land Trust Grant Program (ALTGP). When the Society returns the fund, the deferred contribution balance will be reduced by the amount of the refund.

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 and cash equivalents.

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 $5,427 (2024 - $4,734) and $Nil (2024 - $617) 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.

Market risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities (Note 6).

4. CONSERVATION EASEMENTS

The continuity of conservation easements and agreements is as follows:

	2025	2024
Balance, beginning of year	**$ 8,932,300**	$ 7,999,300
Contributed (i.e. donated) during the year	**956,500**	933,000
Purchased during the year (Note 8)	**92,000**	-
Balance, end of year	**$ 9,980,800**	$ 8,932,300

5. RESTRICTED CASH

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

	2025	2024
Deferred Contributions - ALTGP (Note 8)	**$ 387,977**	$ 866,069
Internally restricted - Monitoring/Stewardship (Note 10)	**14,980**	-
Endowment (Note 11)	**34,256**	1,556
AGLC(Note 9)	**94,048**	63,239
	$ 531,261	$ 930,864

6. INVESTMENTS

	2025	2024
Mutual funds - Endowments (Note 11)	**$ 594,256**	$ 481,556
Accumulation of unrealized gains/losses	**70,464**	44,604
Accumulation of funds withdrawn	**(34,595)**	(12,670)
Accumulation of income earned	**54,256**	29,140
Endowment in cash	**(34,256)**	(1,556)
	650,125	541,074
Mutual funds - Smith	**18,442**	16,894
	$ 668,567	$ 557,968

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in the accounts payable is employees deductions payable for $2,575.

8. DEFERRED CONTRIBUTIONS - ALBERTA LAND TRUST GRANT PROGRAM (ALTGP)

The Society receives grants from the Alberta Land Trust Grant Program (ALTGP) with approved grant objectives to establish conservation easements on designated land parcels. Grants are received prior to legal finalization of the conservation easement, and unspent grant funding is restricted according to approved grant objectives. These deferred contributions remain liabilities until spent. In exceptional cases where the assessed fair market value of the property is lower than anticipated or expenses are lower than anticipated in the approved grant, funds may be returned to the grantor.

A portion of the ALTGP grant (typically 15% of the property fair market value) is transferred to the Society and set aside as a permanent “Conservation Easement Stewardship Endowment” (stewardship fund) to allow for long-term monitoring and stewardship of each conservation easement property. Multiple ALTGP stewardship funds can be pooled together, but investment income from these funds can only be spent on ALTGP properties.

	2025	2024
Balance, beginning of year	**$ 866,069**	$ 783,388
Grants received	**103,150**	223,775
Interest earned	**9,373**	19,595
Grants - ALTGP	**(93,010)**	(160,689)
Amounts recognized as conservation easements (Note 4)	**(92,000)**	-
Transfer to endowment fund upon completion of conservation easements (Note 11)	**(112,700)**	-
Returned to the Alberta government	**(292,905)**	-
Balance, end of year	**$ 387,977**	$ 866,069

The Society has the option to manage stewardship funds by investing them in either a community foundation (e.g., Red Deer and District Community Foundation or Calgary Foundation) or by directly investing them in accordance with Society policy.

When pooled stewardship funds are managed by a community foundation, the Society has no access to the capital of the fund. However, the investment return from the funds is available to the Society to cover monitoring and stewardship expenses. In 2025, the Society received $10,279 (2024 - $9,200) from the Red Deer and District Community Foundation and utilized this amount for monitoring and stewardship expenses (Note 12).

During the year, the Society transferred $112,700 (2024 – $Nil) to its in-house stewardship fund pool (Note 11). This will be invested in securities and fixed income assets and the investment income will be used for long-term monitoring and stewardship expenses. The Society recorded a return of $25,115 (2024 – 12,853) on its own stewardship fund pool and has utilized this amount on ongoing monitoring and stewardship efforts (Note 12).

During the year, the Society had a payable of $292,905 to be returned to the Alberta government for Nitchi Valley project as it was canceled due to unexpected outcome and sale of land by the land owner.

9. DEFERRED CONTRIBUTIONS - OTHER

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

	2024	Addition	Utilization	**2025**
AGLC Casino Fund	$ 63,239	$ 90,993	$ 60,184	**$ 94,048**

10. INTERNALLY RESTRICTED FUNDS

	2024	Additions	Transferred	**2025**
Dedicated fund	$ 91,710	$ 3,146	$ (29,907)	**$ 64,949**
Monitoring/Stewardship fund	-	32,280	(17,301)	**14,979**
	$ 91,710	$ 35,426	$ (47,208)	**$ 79,928**

11. ENDOWMENT

At completion of the conservation easement, a portion of the ALTGP grant (typically 15% of the property fair market value) is transferred to the Society and set aside as a permanent "Conservation Easement Stewardship Endowment" (stewardship fund) to allow for long-term monitoring and stewardship of each conservation easement property. The Endowment fund managed directly by the Society represents the pooled stewardship funds invested in securities and fixed income assets.

The Society does not access the capital of the pooled direct investment stewardship funds except under exceptional circumstances consistent with ALTGP guidelines. The investment return from the directly managed stewardship funds is available to the Society to cover monitoring and stewardship expenses.

	2025	2024
ALTGP Stewardship Endowment		
Endowment - ALTGP (Note 8)	**$ 594,256**	$ 481,556
Endowment - Other donors with similar goals	**-**	-
Endowment income	**25,115**	12,853
Transfer to monitoring account (Note 10)	**(21,925)**	-
Withdrawals for monitoring expenses (Note 12)	**(3,190)**	(12,853)
Endowment, ending balance	**$ 594,256**	$ 481,556

12. ALBERTA LAND TRUST GRANT PROGRAM (ALTGP) EXPENSES

	2025	2024
Proposals	**$ 1,801**	$ -
Conservation	**93,869**	163,178
Monitoring (Note 11)	**15,326**	23,739
	$ 110,996	$ 186,917