

**ALBERTA CONSERVATION  
ASSOCIATION**  
**Financial Statements**  
**Year Ended March 31, 2011**

Index to Financial Statements

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**ALBERTA CONSERVATION ASSOCIATION**

Year ended March 31, 2011

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June 8, 2011  
Edmonton, Alberta

**INDEPENDENT AUDITOR'S REPORT**



To the Members of Alberta Conservation Association

We have audited the accompanying financial statements of Alberta Conservation Association, which comprise the statement of financial position as at March 31, 2011, and the statements of operations, changes in net assets and cash flow 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 these 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 not-for-profit organizations, the Association derives some of its revenue from partner contributions and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to partner contributions, excess of revenue over expenses, current assets, deferred contributions and net assets.

*Qualified Opinion*

In our opinion, except for the possible effect of the matter in the Basis of Qualified Opinion paragraph above, these financial statements present fairly, in all material respects, the financial position of the Alberta Conservation Association as at March 31, 2011, and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

  
**Kingston Ross Pasnak LLP**  
Chartered Accountants

## Statement of Operations

### ALBERTA CONSERVATION ASSOCIATION

Year ended March 31, 2011

	2011	2010
		(Restated - Note 3)
<b>REVENUES</b>		
Fees and assessments	\$ 10,352,775	\$ 10,544,363
Partner contributions	2,585,367	1,879,567
Creative sentencing	940,000	-
Miscellaneous	805,355	333,783
Donations	300,058	113,785
Investment income	196,314	249,075
	<b>15,179,869</b>	<b>13,120,573</b>
<b>EXPENDITURES</b>		
Salaries and benefits	6,565,939	5,630,108
Grants	2,834,282	1,827,460
Contracted services	1,101,185	1,029,829
Rentals	953,806	851,739
Materials and supplies	776,642	567,053
Amortization	649,686	607,908
Advertising	392,184	359,779
Travel	360,860	324,613
Repairs and maintenance	233,560	259,268
Office	225,835	267,067
Fuel and lubricants	192,080	184,329
Telephone and communications	148,398	113,054
Insurance	134,065	122,829
Landowner agreements	105,333	89,230
Bank charges and interest	92,999	98,845
Freight and postage	80,442	64,221
Fees, licences and permits	68,953	46,229
Utilities	46,762	44,347
Training and membership	38,489	25,185
Hosting and conferences	15,839	14,274
	<b>15,017,339</b>	<b>12,527,367</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS</b>	<b>162,530</b>	<b>593,206</b>
<b>OTHER REVENUES (EXPENSES)</b>		
Unrealized gain on investments	493,973	1,210,013
(Loss) gain on disposal of property, plant and equipment	(20,936)	8,047
Loss on sale of investments	(34,365)	(37,798)
	<b>438,672</b>	<b>1,180,262</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ 601,202</b>	<b>\$ 1,773,468</b>

Statement of Changes in Net Assets

<b>ALBERTA CONSERVATION ASSOCIATION</b>					
Year ended March 31, 2011					
	<b>Invested in Property, Plant and Equipment</b>	<b>Internally Restricted</b>	<b>Unrestricted</b>	<b>2011 Total</b>	<b>2010 Total (Restated - Note 3)</b>
Balance, beginning of year	\$ 12,739,810	\$ 250,899	\$ 2,369,495	\$ 15,360,204	\$ 9,999,906
Excess (deficiency) of revenues over expenditures	(670,622)	-	1,271,824	601,202	1,773,468
Transfers	-	748,091	(748,091)	-	-
Proceeds on disposal of capital assets	(19,965)	-	19,965	-	-
Purchase of property, plant and equipment	2,734,360	(349,944)	(2,384,416)	-	-
Donations and grants restricted for land acquisitions	231,753	-	-	231,753	3,586,830
<b>Balance, end of year</b>	<b>\$ 15,015,336</b>	<b>\$ 649,046</b>	<b>\$ 528,777</b>	<b>\$ 16,193,159</b>	<b>\$ 15,360,204</b>

Statement of Financial Position

**ALBERTA CONSERVATION ASSOCIATION**

March 31, 2011

**ASSETS**

	2011	2010
<b>CURRENT ASSETS</b>		
Accounts receivable	\$ 695,034	\$ 708,492
Inventory	9,089	8,839
Goods and Services Tax receivable	89,419	14,649
Prepaid expenses	74,699	131,602
	868,241	863,582
LONG-TERM INVESTMENTS (Note 4)	5,694,715	6,301,066
PROPERTY, PLANT AND EQUIPMENT (Note 5)	15,015,336	12,739,810
	<u>\$ 21,578,292</u>	<u>\$ 19,904,458</u>

**LIABILITIES AND  
NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Bank indebtedness (Note 6)	\$ 617,488	\$ 115,314
Accounts payable and accrued liabilities	2,082,340	1,109,367
Deferred contributions (Note 7)	1,185,335	1,604,049
Deposits	4,765	4,598
Demand non-revolving loan (Note 8)	1,495,205	1,710,926
	5,385,133	4,544,254
<b>COMMITMENTS (Note 9)</b>		
<b>NET ASSETS</b>		
Invested in property, plant and equipment	15,015,336	12,739,810
Internally restricted (Note 10)	649,046	250,899
Unrestricted	528,777	2,369,495
	16,193,159	15,360,204
	<u>\$ 21,578,292</u>	<u>\$ 19,904,458</u>

APPROVED BY THE BOARD

  
\_\_\_\_\_  
Director

  
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Director

## Statement of Cash Flow

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### ALBERTA CONSERVATION ASSOCIATION

Year ended March 31, 2011

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	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts	\$ 15,159,245	\$ 16,123,599
Cash paid to suppliers	(8,069,685)	(6,361,024)
Cash paid to employees	(5,691,157)	(4,862,297)
Investment income received	196,314	249,075
	<hr/> 1,594,717	<hr/> 5,149,353
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(2,966,111)	(5,592,742)
Proceeds on disposal of property, plant and equipment	19,965	23,490
Purchase of long-term investments	(1,074,414)	(4,910,129)
Proceeds on sale of long-term investments	2,139,391	5,568,446
	<hr/> (1,881,169)	<hr/> (4,910,935)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of demand loan	(215,722)	(242,933)
	<hr/> (215,722)	<hr/> (242,933)
<b>NET DECREASE IN CASH</b>	(502,174)	(4,515)
<b>BANK INDEBTEDNESS, BEGINNING OF YEAR</b>	(115,314)	(110,799)
<b>BANK INDEBTEDNESS, END OF YEAR</b>	<hr/> \$ (617,488)	<hr/> \$ (115,314)

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**ALBERTA CONSERVATION ASSOCIATION**

Year ended March 31, 2011

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**Note 1**

Significant Accounting  
Policies

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Significant accounting policies observed in the preparation of the financial statements are summarized below. These policies are in accordance with Canadian generally accepted accounting principles.

**General**

Alberta Conservation Association (the "Association") is incorporated under the Alberta Societies Act as a not-for-profit organization. Effective April 1, 1998, the Association was registered as a charitable organization under Section 149(1)(f) of The Income Tax Act (Canada). Its mission is to work together with Albertans to conserve, protect and enhance the province's natural resources. The Association is a non-profit organization and accordingly is exempt from payment of income taxes.

**Revenue Recognition**

The Association follows the deferral method of accounting for contributions. Restricted contributions from member organizations and donors are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted to purchase land are recorded as direct increases in net assets invested in property, plant and equipment when received. Unrestricted contributions from member organizations and donors, fee and assessment revenues, investment revenues and miscellaneous revenue are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donations and creative sentencing revenues are recognized when received.

**Inventory**

Inventory is valued at the lower of purchased cost and net realizable value with the cost being determined on a first-in, first-out basis.



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**ALBERTA CONSERVATION ASSOCIATION**

Year ended March 31, 2011

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**Note 1**

Significant Accounting  
Policies (Continued)

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**Property, Plant and Equipment**

Property, plant and equipment are recorded at cost net of accumulated amortization. The Association provides amortization on its property, plant and equipment using the following methods and annual rates:

	<u>Method</u>	<u>Rate</u>
Building	Diminishing balance	4%
Leasehold improvements	Straight-line	six years
Automotive	Diminishing balance	30%
Other equipment	Diminishing balance	20%
Computer hardware	Diminishing balance	33%
Computer software	Diminishing balance	100%
Office equipment	Diminishing balance	20%
Boats	Diminishing balance	20%
Communication equipment	Diminishing balance	33%
Trailers	Diminishing balance	20%

**Leases**

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incident to the ownership of property is classified as a capital lease. All other leases are accounted for as operating leases, wherein rental payments are expensed as incurred.

**Long-Term Investments**

Long-term investments are classified as held for trading and are recorded at market value. The Association's long-term investments consist of government and corporate bonds and domestic and foreign equities and trust units. The portfolio is held primarily for trading purposes. The portfolio is managed by a third party investment manager and is subject to an investment policy set by the Board with the main objectives of growth and preservation of capital.

**Statement of Cash Flow**

The Association is using the direct method in its presentation of the Statement of Cash Flow.

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**ALBERTA CONSERVATION ASSOCIATION**

Year ended March 31, 2011

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**Note 1**

Significant Accounting  
Policies (Continued)

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**Financial Instruments**

Bank indebtedness is classified as held for trading and is measured at fair value. Accounts receivable are classified as loans and receivables and are measured at amortized cost. Accounts payable and accrued liabilities and the demand loan are classified as other financial liabilities and are measured at amortized cost.

The Association has chosen to continue to apply Section 3861, Financial Instruments - Disclosure and Presentation, instead of adopting Section 3862, Financial Instruments - Disclosure and Section 3863, Financial Instruments - Presentation.

**Measurement Uncertainty**

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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Such estimates include providing for amortization of property, plant and equipment and accounts receivable valuation. These estimates are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

**Note 2**

Future Accounting  
Standards

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The Canadian Institute of Chartered Accountants (CICA) has issued several new accounting standards which will affect the Association's financial statements in subsequent fiscal years.

**Developments in Not-for-Profit Accounting Standards**

In December 2010, the Accounting Standards Board (AcSB) issued Part III of the CICA Handbook entitled "Accounting Standards for Not-for-Profit Organizations." These new accounting standards are available for early adoption and carry forward the Section 4400 series and relevant material relating specifically to not-for-profit organizations in other sections of the current Handbook, including Section 1000, 1100, 1400 and 3031, largely without change. For years beginning on or after January 1, 2012, not-for-profit enterprises must choose to adopt either the Accounting Standards for Not-for-Profit Organizations or International Financial Reporting Standards. Management has decided to apply the new "Accounting Standards for Not-for-Profit Organizations" for the Society's fiscal year ended March 31, 2013.

## Notes to the Financial Statements

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### ALBERTA CONSERVATION ASSOCIATION

Year ended March 31, 2011

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#### Note 3

##### Restatement

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The Association's 2010 financial statements have been restated in the current year to reflect the treatment of donations of land as direct increases in net assets.

The effect of the change in revenue on the excess of revenues over expenditures is a decrease of \$3,586,830. There is no effect on the net assets invested in property plant and equipment as there is a corresponding increase in donations restricted for land acquisitions.

#### Note 4

##### Long-Term Investments

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	<u>2011</u>	<u>2010</u>
Canadian Fixed Income (Bissett Bond Fund)	\$ 2,537,802	\$ 2,900,859
Canadian equities	1,601,172	1,955,456
US equities	627,332	728,725
International equities	642,802	700,687
Cash and cash equivalents	285,607	15,339
	<u>\$ 5,694,715</u>	<u>\$ 6,301,066</u>

Bonds have varying maturities between April 1, 2011 and October 30, 2039 and bear interest at various rates between 1.0% to 11.0%.

Notes to the Financial Statements

**ALBERTA CONSERVATION ASSOCIATION**

Year ended March 31, 2011

**Note 5**

Property, Plant and  
Equipment

			2011	2010
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$12,290,658	\$ -	\$12,290,658	\$9,556,663
Building	1,679,350	232,595	1,446,755	1,441,978
Leasehold improvements	775,821	504,795	271,026	394,461
Automotive	1,782,520	1,486,942	295,578	373,574
Other equipment	604,879	306,676	298,203	328,901
Computer hardware	476,053	323,600	152,453	165,989
Computer software	384,946	382,294	2,652	143,147
Office equipment	197,170	92,873	104,297	130,371
Boats	184,472	127,838	56,634	80,302
Communication equipment	156,175	112,337	43,838	62,366
Trailers	217,874	164,632	53,242	62,058
	<u>\$18,749,918</u>	<u>\$ 3,734,582</u>	<u>\$15,015,336</u>	<u>\$12,739,810</u>

Amortization provided for in the current year totaled \$649,686; (2010 - \$607,908).

During the year the Association received a grant in the amount of \$231,753 to purchase land.

**Note 6**

Bank Indebtedness

	2011	2010
Cash in bank	\$ 497,622	\$ 447,986
Cheques in excess of bank balance	(35,110)	(93,300)
Line of credit	(1,080,000)	(470,000)
	<u>\$ (617,488)</u>	<u>\$ (115,314)</u>

At March 31, 2011 the Association had available a Royal Bank of Canada demand operating credit facility with an authorized limit of \$1,500,000. The facility is due on demand and bears interest at bank prime. As collateral for the credit facility, the Association has provided a General Security Agreement representing a first charge on all of the Association's assets and undertakings. As at the end of the year, the Association had drawn \$1,080,000 on the available credit facility.

Notes to the Financial Statements

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**ALBERTA CONSERVATION ASSOCIATION**

Year ended March 31, 2011

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**Note 7**

Deferred Contributions

Deferred contributions represent unspent resources from external sources such as government, not-for-profit organizations and industry that were restricted by the contributor for carrying out specific conservation projects. These funds have been carried forward to spend on future similar projects, at the discretion of the contributor.

	<u>2011</u>	<u>2010</u>
Deferred contributions, beginning of year	\$ 1,604,049	\$ 673,059
Add: contributions received	895,094	1,510,052
Less: amounts recognized as revenue	(1,313,808)	(579,062)
Deferred contributions, end of year	<u>\$ 1,185,335</u>	<u>\$ 1,604,049</u>

**Note 8**

Demand Non-Revolving Loan

Royal Bank of Canada demand non-revolving loan bearing interest of 3.45% per annum, repayable in monthly blended payment of \$9,495. The loan matures on February 28, 2012 and is secured by the same General Security Agreement as the bank indebtedness (Note 6).

**Note 9**

Commitments

a) The Association has a four-year lease commitment on office equipment, with annual payments of \$6,317.

b) The Association is committed to various leases for its office premises. The total lease obligations as at year end are as follows:

2012	\$ 151,138
2013	85,279
	<u>\$ 236,417</u>

Notes to the Financial Statements

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**ALBERTA CONSERVATION ASSOCIATION**

Year ended March 31, 2011

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**Note 10**  
Internally Restricted  
Funds

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	<u>2011</u>	<u>2010</u>
Habitat Securement Fund	\$ 399,046	\$ 899
Board Special Projects Fund	250,000	250,000
	<u>\$ 649,046</u>	<u>\$ 250,899</u>

The Habitat Securement Fund is intended to provide a source of capital to further the Alberta Conservation Habitat Securement Strategic Plan and to provide capital for the purchase of land to preserve and develop habitat. This Fund was created in 2002 for an amount of \$500,000. Expenditures from the Fund to March 31, 2011 were \$2,840,759. Transfers to the Fund equivalent to 30% of the previous fiscal year's interest income are made annually in addition to any other discretionary transfers authorized by the Board of Directors. Total transfers of \$685,822 were made to the Fund in the year.

The Board Special Projects Fund was created to allow the Board of Directors latitude in endorsing new and innovative ideas. This Fund could be used for such initiatives as funding pilot projects, and as a contingency for unplanned events that may be of value but were not known at the time of developing operational budgets. The Board grants allocations from this Fund on the basis of approved Board motion. This Fund was created in 2002 for an amount of \$250,000. Any excess Fund balances over and above the \$250,000 funding cap are transferred to the Habitat Securement Fund. Total transfers of \$62,269 were made from the fund in the year.

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**ALBERTA CONSERVATION ASSOCIATION**

Year ended March 31, 2011

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**Note 11**

Related Party  
Transactions

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The following member organizations are entitled to appoint representatives to the Board of Directors the Association:

<b>Organization</b>	<b>Number of Appointees</b>
Alberta Fish and Game Association	one
Alberta Hunter Education Instructors Association	one
Alberta Professional Outfitters Society	one
Alberta Sustainable Resource Development	one
Alberta Trappers Association	one
Nature Alberta	one
Pheasants Forever Alberta Council	one
Treaty 8 First Nations of Alberta	one
Trout Unlimited Canada	one
Wild Sheep Foundation Alberta	one

The Minister of Sustainable Resource Development continues to appoint a director. These directors elect at least seven public at large directors. The Association disperses funds for conservation initiatives in the Province of Alberta.

Notes to the Financial Statements

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**ALBERTA CONSERVATION ASSOCIATION**

Year ended March 31, 2011

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**Note 11**  
 Related Party  
 Transactions (Continued)

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The following is a summary of the contributions made during the year by the Association to organizations which are related to board members to carry out projects approved by the Board of Directors. These transactions are in the normal course of business and are measured at the exchange amount.

<b>Organization</b>	<b>Amount Contributed</b>	
	<b>2011</b>	<b>2010</b>
Alberta Fish and Game Association	\$ 894,399	\$ 89,775
University of Alberta	562,162	539,181
Alberta Hunter Education Instructors Association	363,138	332,743
Trout Unlimited Canada	80,978	52,000
Nature Alberta	79,632	68,399
Pheasants Forever	12,700	2,400
Alberta Trappers Association	410	167,410

The following is a summary of the contributions received during the year by the Association from organizations which are related to board members to carry out projects approved by the Board of Directors. These transactions are in the normal course of business and are measured at the exchange amount.

<b>Organization</b>	<b>2011</b>	<b>2010</b>
Alberta Fish and Game Association	261,753	-
Pheasants Forever	109,592	-

Included in accounts payable and accrued liabilities at year-end are the following amounts payable to member organizations:

<b>Organization</b>	<b>2011</b>	<b>2010</b>
University of Alberta	\$ 306,887	\$ 33,820
Alberta Fish and Game Association	16,276	3,500
Federation of Alberta Naturalists	8,032	3,385
Trout Unlimited Canada	5,500	700
Alberta Hunter Education Instructors Association	267	-



Notes to the Financial Statements

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**ALBERTA CONSERVATION ASSOCIATION**

Year ended March 31, 2011

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**Note 12**

Remuneration of Directors

The following amounts were paid to directors during the fiscal year:

Directors

Mr. Randy Collins	\$	3,940
Mr. Brian Bildson		2,480
Mr. Pat Long		2,160
Mr. Tom Bateman		1,995
Mr. Jeff Smith		1,955
Ms. Sandra Foss		1,945
Mr. Calvin Rakach		1,930
Mr. Adam Norris		1,600
Mr. Don Pike		1,475
Mr. Colin Gosselin		1,285
Mr. Robert Haysom		1,250
Mr. Robert Byers		1,225
Dr. Lee Foote		830
Dr. Mark Boyce		545

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\$ 24,615

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**ALBERTA CONSERVATION ASSOCIATION**

Year ended March 31, 2011

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**Note 13**

Financial Instruments

The Association's financial instruments consist of accounts receivable, long-term investments, bank indebtedness, accounts payable and accrued liabilities and a demand loan. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest, currency or credit risks arising from these financial instruments.

*Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rate. The Association is exposed to interest rate risk primarily through its floating interest rate on the line of credit and through its holding of interest-bearing bond instruments purchased at premiums and discounts.

*Currency risk*

Currency risk is the risk to the Association's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Association is exposed to currency risk with regard to its U.S. and other foreign denominated investments and has not entered into financial instruments to hedge against this risk.

*Fair value*

The Association's carrying amounts of accounts receivable, accounts payable and accrued liabilities and the demand loan approximate their fair values due to the short-term maturities of these items.

**Note 14**

Capital Disclosure

The Association's objectives when managing capital are to protect its ability to meet its on-going financial obligations. Protecting the ability to pay current and future liabilities includes maintaining a prudent base of capital, ensuring adequate liquidity and financial flexibility and satisfying internally determined capital guidelines based on risk management policies.

Capital is comprised of the Association's net assets and demand non-revolving loan and bank indebtedness. As at March 31, 2011, the Association's balance of net assets was \$16,193,159 and the balance of outstanding debt was \$2,112,693.

The Association is not subject to any external capital requirements.