
INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Glenbow Ranch Park Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Glenbow Ranch Park Foundation, which comprise the statement of financial position as at December 31, 2010 and the statements of operations, changes in net assets and cash flows 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 charitable organizations, the Foundation 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 Foundation and we were not able to determine whether any adjustments might be necessary to donations, excess of revenue over expenditures, current assets and net assets.

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Independent Auditor's Report to the Shareholders of Glenbow Ranch Park Foundation *(continued)*

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Glenbow Ranch Park Foundation as at December 31, 2010, the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Alberta
July 18, 2011

Kouri Bergeon Heinrichs

Chartered Accountants

Glenbow Ranch Park Foundation
Statement of Financial Position
As at December 31

	<u>2010</u>	<u>2009</u>
Assets		
Current		
Cash (<i>note 2</i>)	\$ 316,057	\$ 8,032
Accounts receivable	298,719	6,225
Prepays	<u>595</u>	<u>—</u>
	615,371	14,257
Capital Assets (<i>note 3</i>)	<u>4,548,951</u>	<u>2,000,000</u>
	<u>\$ 5,164,322</u>	<u>\$ 2,014,257</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ <u>179,549</u>	\$ <u>21,524</u>
Net Assets		
Share capital (<i>note 4</i>)	\$ 2	\$ 2
Externally restricted net assets		
Capital fund	4,949,807	2,000,000
Lois Hole Centennial Park fund	200	100
Unrestricted net assets		
Operations fund	268,902	76,943
Municipal planning fund	(153,206)	(70,299)
Education fund	<u>(80,932)</u>	<u>(14,013)</u>
	4,984,771	1,992,733
	<u>\$ 5,164,322</u>	<u>\$ 2,014,257</u>
Commitments (<i>note 5</i>)		
Subsequent events (<i>note 6</i>)		

Approved by the directors

Director

Director

See accompanying notes to financial statements

Glenbow Ranch Park Foundation

Statements of Operations

For the years ended December 31

	Capital Fund	Lois Hole Centennial Park Fund	Operations Fund	Municipal Planning Fund	Education Fund	2010	2009
Revenue							
Grants and contributions	\$ 2,526,207	\$	\$ 440,065	\$	\$	\$ 2,966,272	\$ 358,875
Donations	414,212	100	46,693	20,000	2,381	483,386	65,100
Historical program					12,840	12,840	3,220
Rent			3,500			3,500	
	2,940,419	100	490,258	20,000	15,221	3,465,998	427,195
Expenses							
Accounting fees			26,588			26,588	20,966
Administrative fees			44,280			44,280	39,398
Advertising and promotion			18,707			18,707	4,871
Amortization	3,557					3,557	—
Business taxes and licenses						—	4,313
Consulting				5,125		5,125	998
Contract staff				54,581		54,581	61,500
Education program					8,483	8,483	1,581
Equipment rentals			—			—	1,543
Foundation management			122,041			122,041	166,134
Fundraising			6,276			6,276	16,982
Fundraising salaries and benefits			15,602			15,602	15,652
Insurance			1,844			1,844	1,166
Interest and bank charges			368			368	66
Legal fees						—	55
Maps – GIS				2,201		2,201	7,580
Meals and entertainment			3,305			3,305	3,293
Office			13,829			13,829	13,310
Rent			19,686			19,686	14,297
Salaries and benefits					73,657	73,657	15,652
Staff travel and accommodations			1,076			1,076	137
Studies				41,000		41,000	221
Telephone			11,752			11,752	13,275
	3,557		285,354	102,907	82,140	473,958	402,990
Excess of revenues over (under) expenses	\$ 2,936,862	\$ 100	\$ 204,904	\$ (82,907)	\$ (66,919)	\$ 2,992,040	\$ 24,205

See accompanying notes to financial statements

Glenbow Ranch Park Foundation
Statements of Changes in Net Assets
Year ended December 31, 2010

	NET ASSETS AT BEGINNING OF YEAR	Excess of revenue over (under) expenses	Transfers	NET ASSETS AT END OF YEAR
Capital fund	\$ 2,000,000	\$ 2,936,862	\$ 12,945	\$ 4,949,807
Lois Hole Centennial Park fund	100	100		200
Operations fund	76,943	204,904	(12,945)	268,902
Municipal planning fund	(70,299)	(82,907)		(153,206)
Education fund	(14,013)	(66,919)		(80,932)
	<u>\$ 1,992,731</u>	<u>\$ 2,992,040</u>	<u>\$ -</u>	<u>\$ 4,934,771</u>

See accompanying notes to financial statements

Glenbow Ranch Park Foundation
Statements of Cash Flows
For the years ended December 31

	2010	2009
Operating Activities		
Net income	\$ 2,992,040	\$ 24,205
Items not affecting cash:		
Non-cash donation in kind	(418,012)	—
Amortization	3,557	—
	<u>2,577,585</u>	<u>24,205</u>
Change in non-cash working capital:		
Account receivable	(292,494)	(4,577)
Prepaid	(595)	
Account payable and accrued liabilities	5,755	20,024
	<u>(287,334)</u>	<u>15,447</u>
Cash flow from (used by) operating activities	2,290,251	39,652
Financing Activities		
Advances from (to) Harvie Conservancy Foundation	—	(31,620)
Increase in account payable related to capital fund	152,270	
Cash flow from (used by) financing activities	<u>152,270</u>	<u>(31,620)</u>
Investing Activities		
Expenditures on capital assets	<u>(2,134,496)</u>	—
Cash flow used by investing activities	<u>(2,134,496)</u>	—
Increase in Cash Flow	308,025	8,032
Cash, beginning of year	<u>8,032</u>	—
Cash, end of year	\$ <u><u>316,057</u></u>	\$ <u><u>8,032</u></u>

See accompanying notes to financial statements

Glenbow Ranch Park Foundation

Notes to the Financial Statements

Year ended December 31, 2010

1. Purpose of foundation

The Glenbow Ranch Park Foundation ("the Foundation") is a not-for-profit organization dedicated to protecting and preserving Glenbow Ranch Provincial Park ("Park") and other lands that possess important heritage and ecological value. The Foundation is incorporated under the Companies Act of Alberta as a not-for-profit organization and is a registered charitable organization under Section 149(l)(f) of the Income Tax Act and, accordingly, is exempt from income taxes and can issue donation receipts for income tax purposes. Therefore, no provision for income taxes is recorded in the financial statements.

The Foundation receives the majority of its revenue from the Harvie Conservancy Foundation, a related entity that is a private family foundation with common officers and directors.

2. Summary of significant accounting policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles using the following significant accounting policies:

a) Cash

Cash consist of balances held with banks. Cash subject to restrictions that prevent its use for current purposes is included in cash. Cash includes \$200 restricted for use in the Lois Hole Centennial Park Fund (2009 - \$100). Cash includes \$249,918 restricted for use in the Capital Fund (2009 - \$nil)

b) Capital assets

Contributed capital assets are recorded at fair value on the date of contribution. Purchased assets are recorded at cost net of accumulated amortization. Amortization is determined using the declining balance basis, over the estimated useful life of the assets at the following annual rates:

Furniture and fixtures	20%
Vehicles	30%

c) Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions. Restricted contributions related to general operations are recognized as revenue of the operating fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as review of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the operating fund in the year received or receivable if the amount can be reasonable estimated and collection is reasonable assured.

Contributions of property and equipment are recorded as revenue in the period received and receivable if the amount can be reasonable estimated and collection is reasonably assured.

d) Measurement uncertainty

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported and disclosed in the financial statements and related notes. Actual amounts may differ from those estimates.

Glenbow Ranch Park Foundation

Notes to the Financial Statements

Year ended December 31, 2010

2. Summary of Significant accounting policies (continued)

e) Financial instruments

All financial instruments must be initially recognized at fair value on the balance sheet date as determined based on the Foundation's assessment of available market information. The Foundation has classified each financial instrument into the following categories: held for trading financial assets and liabilities, loans or receivables, held to maturity investments, available for sale financial assets, and other financial liabilities. Subsequent measurement of the financial instruments is based on their classification.

Unrealized gains and losses on held-for-trading financial instruments are recognized in earnings. Gains and losses on available for sale financial assets are recognized in net assets and transferred to earnings when the asset is derecognized. The other categories of financial instruments are recognized at amortized cost using the effective interest rate method.

There are no financial assets on the balance sheet designated as available-for-sale or held-to maturity. Cash and term deposits and investments are classified as held-for-trading. All other financial assets are classified as loans or receivables and are accounted for on an amortized cost basis.

All financial liabilities are classified as other financial liabilities and are accounted for on an amortized cost basis.

Transaction costs are recorded in the statement of operations.

Unless otherwise noted it is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks.

f) Contributed goods and services

The Foundation records the fair market value of contributed goods only in the circumstances when the fair market value is determined and when the goods would otherwise be purchased by the Foundation.

A substantial number of volunteers contributed a significant amount of time each year but due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

g) Fund accounting

The Capital fund reports expenditures for the donations of capital assets net of accumulated amortization where applicable.

The Lois Hole Centennial Park fund reports revenues and expenditures for infrastructure projects committed to the Lois Hole Centennial Provincial Park in Edmonton, Alberta. The Foundation has committed to help this park fund certain infrastructure projects. This fund is restricted and reports amounts for which the use is restricted by donors.

The Operations fund reports the general operations of the Foundation including office and administrative functions. Revenues and expenses related to the collection of unrestricted donations and fund raising activities are reported in the Operations fund.

The Municipal Planning fund reports expenditures relating to surveys, consulting and studies regarding the proposal of standards for development of communities and areas surrounding the Glenbow Ranch park lands.

The Education fund reports revenue and expenditures relating to the Discover Archeology in-school instruction program as well as other education programs supported by the Foundation.

Glenbow Ranch Park Foundation

Notes to the Financial Statements

Year ended December 31, 2010

2. Summary of Significant accounting policies (continued)

h) Allocation of expenditures

Many of the Foundation's administrative expenditures are allocated from total expenditures incurred by the Harvie Conservancy Foundation. Expenses are allocated to the Foundation based on an estimated of the total time and effort consumed by the Foundation for the expenses (2010 – 75%, 2009 – 75%). (note 7)

3. Capital assets

	December 31, 2010		
	Cost	Accumulated amortization	Net book value
Furniture and Fixtures	\$ 4,819	\$ 482	\$ 4,337
Vehicle	20,500	3,075	17,425
Land Developments	2,131,677	—	2,131,677
Land	2,395,512	—	2,395,512
	<u>\$ 4,552,508</u>	<u>\$ 3,557</u>	<u>\$ 4,548,951</u>

	December 31, 2009		
	Cost	Accumulated amortization	Net book value
Land	<u>\$ 2,000,000</u>	<u>\$ —</u>	<u>\$ 2,000,000</u>

4. Share capital

		Years ended December 31	
		2010	2009
Authorized:			
10,000	Class A common, non-participating, voting shares with a par value of \$1 per share		
Issued:			
2	Class A share	<u>\$ 2</u>	<u>\$ 2</u>

5. Commitments

The Foundation operates from leased premises under a lease agreement commencing in February 2010 and expiring in January 2015. The Foundation is committed to lease payments of \$666 per month plus operating costs and taxes which represents the Foundation's 75% allocation of the contracted amount.

The Foundation has an agreement with Alberta Ministry of Tourism, Parks, Recreation and Culture to turn over the Foundation's land and leasehold improvements to the Ministry at a mutually agreed upon time.

Glenbow Ranch Park Foundation

Notes to the Financial Statements

Year ended December 31, 2010

6. Subsequent events

Subsequent to year end the deadline for development to be subsidized by Recreation Infrastructure Canada was extended from March 31, 2011 to October 31, 2011. The development of Glenbow Ranch Provincial Park is expected to be completed by this date.

7. Related party transactions

The Foundation is related to the Harvie Conservancy Foundation due to common management and officers. Harvie Conservancy Foundation incurs general and administrative expenses of which 75% are reimbursed by the Foundation for its share of these costs. The allocation of costs reimbursed is as follows:

	2010	2009
Administrative fees	\$ 35,763	\$ 39,398
Communications	11,752	13,274
Equipment rental and maintenance	-	1,543
Foundation management	122,041	166,134
Internal accounting	8,974	5,933
Meals and entertainment	240	1,068
Office	7,520	12,802
Rent	19,686	14,297
Travel	295	89
	<u>\$ 206,271</u>	<u>\$ 254,538</u>

The costs are covered by contributions from the Harvie Conservancy Foundation, which for 2010 were \$2,168,203 (2009 - \$358,875). The balance due to the Harvie Conservancy Foundation at December 31, 2010 was \$16,498 (2009 - \$nil) and is included in accounts payable and accrued liabilities.

Included in the reimbursed costs are amounts incurred with entities related to the Foundation due to ownership by individuals who are officers and directors of the Foundation. The costs are included in the following expense categories: Foundation management \$121,029 (2009 - \$166,134); Rent \$19,686 (2009-\$14,297); Office \$7,520 (2009 -\$7,887); Communications \$2,527 (2009 - \$4,125); Equipment rental and maintenance \$nil (2009 - \$1,543).

There were also donations of \$38,475(2009 - \$50,000) made by two directors/officers and the accounting firm of which a director/officer is a partner.

The Foundation is economically dependant on the Harvie Conservancy Foundation to provide grants and to fund operations as well as to provide fundraising commitments to support requirements of federal government contributions in its efforts to realize the purpose of the Foundation.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Glenbow Ranch Park Foundation

Notes to the Financial Statements

Year ended December 31, 2010

8. Capital management

The Foundation's capital is comprised of share capital, restricted and unrestricted net assets.

The Foundation's objectives when managing capital are to safeguard its ability to continue as a going concern with sufficient capital to pay for monthly operating costs as they come due in its efforts to protect and preserve the land known as the Glenbow Ranch Provincial Park.

In managing its capital, the Foundation prepares an annual budget of operating costs. This budget is updated as necessary depending on various factors including special projects and general industry conditions. This budget is approved by the directors.

In order to maintain or adjust the capital structure, the Foundation relies on its ability to secure federal and other government grant contributions as well as to raise funds through grants from the Harvie Conservancy Foundation and from external donations. The Foundation's internal financial statements are monitored on a regular basis. Expenditures are adjusted as required or additional funding is sought through fundraising and grant application processes.

The Foundation expects its current capital resources will be sufficient to meet its objective through its current operating period.

9. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.