

***NATURESERVE CANADA***

**AUDITED FINANCIAL STATEMENTS**

**AT MARCH 31, 2011**

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## **INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors of  
NatureServe Canada**

### ***Report on the Financial Statements***

I have audited the accompanying financial statements of the NatureServe Canada which comprises the statement of financial position as at March 31, 2011 and the statements of operations, 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 standards for not-for-profit entities, 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***

My responsibility is to express an opinion on these financial statements based upon my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In my opinion the financial statements present fairly, in all material respects, the financial position of the NatureServe Canada as at March 31, 2011, and of its financial performance and its cash flows for the year ended in accordance with Canadian generally accepted accounting standards for not-for-profit entities.

Peterborough, Ontario  
June 20, 2011

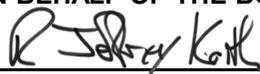
*John Rubie*  
John F. Rubie, C.A.  
Licensed Public Accountant

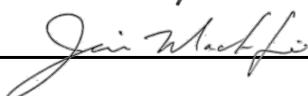
**NATURESERVE CANADA****STATEMENT OF FINANCIAL POSITION**

As at March 31, 2011

	2011 \$	2010 \$ (Note 6)
<b>ASSETS</b>		
<b>Current</b>		
Cash	250,771	151,202
Accounts receivable	634,036	1,089,718
Prepaid expense	1,338	1,338
	886,145	1,242,258
<b>Capital Assets - Note 3</b>	8,045	-
<b>Total Assets</b>	894,190	1,242,258
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	694,428	1,037,333
Deferred revenue - Note 4	42,375	9,875
	736,803	1,047,208
<b>Net Assets</b>	157,387	195,050
<b>Total Liabilities and Net Assets</b>	894,190	1,242,258

ON BEHALF OF THE BOARD OF DIRECTORS

 , Director

 , Director

*The accompanying notes are an integral part of this financial statement.*

**NATURESERVE CANADA****STATEMENT OF CHANGES IN NET ASSETS**  
For The Year Ending March 31, 2011

	2011 \$	2010 \$ (Note 6)
<b>NET ASSETS</b>		
<b>Balance, beginning of year</b>	195,050	176,904
Excess (deficiency) of revenue over expenditures	(37,663)	18,146
<b>Balance, end of year</b>	157,387	195,050

*The accompanying notes are an integral part of this financial statement.*

**NATURESERVE CANADA****STATEMENT OF OPERATIONS**

For The Year Ending March 31, 2011

	2011 \$	2010 \$ (Note 6)
<b>Revenue</b>		
Dues	12,000	12,000
Interest	720	13
Government funding	1,329,180	1,296,032
Suncor Energy Foundation	-	62,500
Other	-	841
<b>Total Revenue</b>	<b>1,341,900</b>	<b>1,371,386</b>
<b>Expenditures</b>		
Annual meeting	2,144	5,000
Amortization	4,023	-
Bookkeeping and accounting	20,574	12,300
Consulting fees	1,303,441	1,304,340
Computer software	2,643	-
Insurance	2,430	2,430
Interest and bank charges	957	700
Office, telephone and general	11,447	6,153
Printing fees	-	12,749
Professional fees	4,506	4,427
Travel, meals and accommodation	18,184	3,553
Workshop and seminars	9,214	1,588
<b>Total Expenditures</b>	<b>1,379,563</b>	<b>1,353,240</b>
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	<b>(37,663)</b>	<b>18,146</b>

*The accompanying notes are an integral part of this financial statement.*

**NATURESERVE CANADA****STATEMENT OF CASH FLOWS**  
For The Year Ending March 31, 2011

	2011 \$	2010 \$ (Note 6)
<b>CASH PROVIDED BY (USED IN)</b>		
Amortization		
<b>Operating Activities</b>		
Excess of revenue over expenditure for the year	(37,663)	18,146
Charges (credits) to income not using (providing) cash:		
Amortization	4,023	-
Changes in non-cash working capital accounts		
Accounts receivable	455,682	(320,476)
Prepaid expense	-	297
Accounts payable	(342,905)	300,100
Deferred revenue	32,500	(69,132)
	111,637	(71,065)
<b>Investing Activities</b>		
Purchase of capital assets	(12,068)	-
<b>Increase (Decrease) In Cash</b>	99,569	(71,065)
<b>Cash, Beginning of Year</b>	151,202	222,267
<b>Cash, End of Year</b>	250,771	151,202

*The accompanying notes are an integral part of this financial statement.*

## **NATURESERVE CANADA**

### **NOTES TO THE FINANCIAL STATEMENTS For The Year Ending March 31, 2011**

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**NOTE 1: PURPOSE OF THE ORGANIZATION**

NatureServe Canada is a not-for-profit organization whose goal is to be the authoritative source for accessible, current and reliable information on the distribution and abundance of Canada's biodiversity by building dynamic, accurate and comprehensive national, international and ecoregional databases on the distribution, character and conservation status of species and communities at risk in Canada and North America. NatureServe Canada is incorporated under the Canada Corporations Act as a not-for-profit organization.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

NatureServe Canada uses the deferral method of accounting.

***Realization of Revenues and Expenses***

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions, including investment income, are recorded as received.

***Capital Assets***

Capital assets are recorded at cost. Amortization is provided for on a straight-line basis over the assets' estimated useful life. Computer equipment is amortized over three years.

***Income Taxes***

The organization qualifies as a non-profit organization as defined by the Federal and Ontario Income Tax Acts and, as such, is not subject to Federal or Provincial income taxes.

***Donated Materials and Services***

No amounts have been recorded in the current year financial statements for donated materials and services.

***Use of Accounting Estimates***

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting periods. Actual results could differ from those estimates.

## NATURESERVE CANADA

### NOTES TO THE FINANCIAL STATEMENTS For The Year Ending March 31, 2011

#### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### *Financial Instruments*

The organization has adopted the CICA Handbook Section 3855 for the recognition and measurement of financial instruments. Under this new section, the organization's financial instruments are classified by management as either held for trading, held to maturity, available for sale, loans and receivables or other liabilities. Financial instruments classified as held for trading are stated at fair value and changes in fair value are recognized in the statement of operations as revenue or expenditure for the year. Financial instruments classified as available for sale are stated at fair value and changes in fair value are recognized in the statement of changes in fund balances as an increase or decrease in net assets for the year. Financial instruments classified as held to maturity, loans and receivables or other liabilities are stated at cost or amortized cost and any interest income or expense arising from these financial instruments is recorded using the effective interest method.

The organization's financial instruments consist of cash, accounts receivable and accounts payable. Management has classified its cash as available for sale. As the fair value of the cash approximates the cost, there is no effect on net assets for the year. Management has classified its accounts receivable as loans and receivables which have been stated at cost due to their short term maturity. Management has classified its accounts payable as other liabilities which have been stated at cost due to their short term maturities.

Unless otherwise noted, it is management's opinion that the organization is not exposed to any significant interest, currency, or credit risk arising from its financial instruments.

#### NOTE 3: CAPITAL ASSETS

	Cost \$	Accumulated Amortization \$	Net Book Value 2011 \$
Computer equipment	12,068	4,023	8,045

#### NOTE 4: DEFERRED REVENUE

Deferred revenue relates to membership dues received for the subsequent fiscal year and government funding where expenses will be incurred in the next fiscal period.

#### NOTE 5: PRIOR YEAR COMPARATIVE FIGURES

Certain prior year figures have been reclassified to conform to the current year presentation.

**NATURESERVE CANADA****NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ending March 31, 2011**

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**NOTE 6: PRIOR YEAR AMENDMENT**

Subsequent to the Annual General Meeting in 2010, it came to light that invoices pertaining to the prior year were not received and booked into the accounting records. As a result, there was an understatement of the consultancy fees for the 2010 fiscal year. The error has been corrected and resulted in the following: an increase in accounts payable and accrued liabilities by \$78,667, an increase in the consultancy fee expense of \$78,667 and a decrease in the net assets by \$78,667.