

NATURESERVE CANADA

AUDITED FINANCIAL STATEMENTS

AT MARCH 31, 2005

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John F. Rubie

CHARTERED ACCOUNTANT

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AUDITOR'S REPORT

To the Board of Directors of NatureServe Canada:

I have audited the statement of financial position of NatureServe Canada as at March 31, 2005 and the statements of operations, net assets and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2005 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Peterborough, Ontario

July 13, 2005

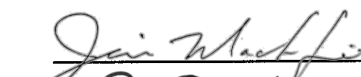
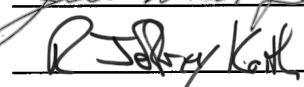

Chartered Accountant

NATURESERVE CANADA

STATEMENT OF FINANCIAL POSITION As at March 31, 2005

	2005 \$	2004 \$
ASSETS		
Current		
Cash	29,281	3,789
Accounts receivable	199,588	90,058
Prepaid expense	270	-
Total Assets	229,139	93,847
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	145,462	38,244
Deferred revenue - Note 4	7,500	-
	152,962	38,244
Net Assets	76,177	55,603
	76,177	55,603
Total Liabilities and Net Assets	229,139	93,847

ON BEHALF OF THE BOARD OF DIRECTORS


 _____, Director

 _____, Director

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

NATURESERVE CANADA**STATEMENT OF NET ASSETS**
For The Year Ending March 31, 2005

	2005	2004
	\$	\$
<hr/>		
NET ASSETS		
Balance, beginning of year	55,603	26,417
Excess of revenues over expenditures	20,574	29,186
<hr/>		
Balance, end of year	76,177	55,603

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

NATURESERVE CANADA**STATEMENT OF OPERATIONS**
For The Year Ending March 31, 2005

	2005	2004
	\$	\$
Revenue		
Dues	2,875	13,000
Interest	635	552
Government funding	395,939	100,050
Miscellaneous	-	70,000
Total Revenues	399,449	183,602
Expenditures		
Biotics installation and training	72,102	6,336
Bookkeeping and accounting	6,375	7,453
Business taxes, licences and membership	30	110
Consulting fees	122,898	133,925
Canadian Wildlife Contribution Agreement implementation	72,000	-
Parks Canada	89,191	-
Conference	8,000	-
Interest and bank charges	145	205
Office, telephone and general	572	971
Professional fees	7,475	1,553
Rent	-	1,511
Travel, meals and accommodation	87	2,352
Total Expenditures	378,875	154,416
Excess Of Revenues Over Expenditures	20,574	29,186

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

NATURESERVE CANADA**STATEMENT OF CASH FLOWS
For The Year Ending March 31, 2005**

	2005	2004
	\$	\$
CASH PROVIDED BY (USED IN)		
Operating Activities		
Excess of revenue over expenditure	20,574	29,186
Changes in non-cash working capital accounts		
Accounts receivable	(109,530)	(73,779)
Prepaid expense	(270)	-
Accounts payable	107,218	14,157
Deferred revenue	7,500	(4,000)
	25,492	(34,436)
Increase (Decrease) In Cash	25,492	(34,436)
Cash, Beginning of Year	3,789	38,225
Cash, End of Year	29,281	3,789

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

NATURESERVE CANADA

NOTES TO THE FINANCIAL STATEMENTS For The Year Ending March 31, 2005

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 purchased are expensed in the year of acquisition.

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's financial statements for donated materials and services.

Financial Instruments

The organization's financial instruments consist of cash, accounts receivable and accounts payable. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

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.

NOTE 3: CAPITAL ASSETS

No capital assets were expensed to the Statement of Operations in the year.

NATURESERVE CANADA**NOTES TO THE FINANCIAL STATEMENTS**
For The Year Ending March 31, 2005

NOTE 4: DEFERRED REVENUE

Deferred revenue relates to membership dues received for the subsequent fiscal year.