

NATURESERVE CANADA

AUDITED FINANCIAL STATEMENTS

AT MARCH 31, 2008

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AUDITOR'S REPORT

**To the Board of
NatureServe Canada**

I have audited the statement of financial position of the NatureServe Canada as at March 31, 2008 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, 2008 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

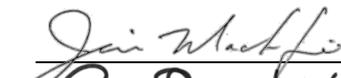
Peterborough, Ontario
June 23, 2008

J dnR ube
John F. Rubie, C.A.
Licensed Public Accountant

NATURESERVE CANADA**STATEMENT OF FINANCIAL POSITION**
As at March 31, 2008

	2008 \$	2007 \$
ASSETS		
Current		
Cash	152,923	71,416
Accounts receivable	477,465	216,639
Prepaid expense	1,635	1,260
Total Assets	632,023	289,315
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	472,849	245,435
Deferred revenue - Note 4	67,375	11,000
	540,224	256,435
Net Assets	91,799	32,880
Total Liabilities and Net Assets	632,023	289,315

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, 2008

	2008 \$	2007 \$
NET ASSETS		
Balance, beginning of year	32,880	33,353
Excess (deficiency) of revenue over expenditures	58,919	(473)
Balance, end of year	91,799	32,880

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

NATURESERVE CANADA**STATEMENT OF OPERATIONS**
For The Year Ending March 31, 2008

	2008	2007
	\$	\$
Revenue		
Dues	12,000	11,483
Interest	4,151	2,115
Government funding	1,152,998	513,242
Other	590	-
Total Revenue	1,169,739	526,840
Expenditures		
Annual meeting	2,222	13,152
Bookkeeping and accounting	7,431	7,184
Business taxes, licenses and membership	30	30
Consulting fees	840,914	165,872
Parks Canada	250,267	329,669
Insurance	2,355	1,846
Interest and bank charges	728	735
Office, telephone and general	233	402
Professional fees	5,088	5,341
Travel, meals and accommodation	1,156	3,082
Workshop	396	-
Total Expenditures	1,110,820	527,313
Excess (Deficiency) of Revenue Over Expenditures	58,919	(473)

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

NATURESERVE CANADA**STATEMENT OF CASH FLOWS**
For The Year Ending March 31, 2008

	2008 \$	2007 \$
CASH PROVIDED BY (USED IN)		
Operating Activities		
Excess of revenue over expenditure	58,919	(473)
Changes in non-cash working capital accounts		
Accounts receivable	(260,826)	26,686
Prepaid expense	(375)	(442)
Accounts payable	227,414	28,214
Deferred revenue	56,375	6,500
	81,507	60,485
Increase (Decrease) In Cash	81,507	60,485
Cash, Beginning of Year	71,416	10,931
Cash, End of Year	152,923	71,416

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

NATURESERVE CANADA

NOTES TO THE FINANCIAL STATEMENTS For The Year Ending March 31, 2008

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.

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, 2008**

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

The organization has adopted the new 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

No capital assets were acquired in the year.

NOTE 4: DEFERRED REVENUE

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