

WESTERN SKY LAND TRUST SOCIETY
Financial Statements
Year Ended December 31, 2025

WESTERN SKY LAND TRUST SOCIETY
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Year Ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Members of Western Sky Land Trust Society

Opinion

We have audited the financial statements of Western Sky Land Trust Society (the society), which comprise the statement of financial position as at December 31, 2025, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the society as at December 31, 2025, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the society in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of Western Sky Land Trust Society of Alberta for the year ended December 31, 2024 were audited by another practitioner who expressed an unmodified conclusion on those financial statements on May 14, 2025.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the society's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

May 13, 2026


Chartered Professional Accountant

WESTERN SKY LAND TRUST SOCIETY
Statement of Financial Position
December 31, 2025

	General fund 2025	Projects fund 2025	2025	2024
ASSETS				
CURRENT				
Cash	\$ 636,324	\$ 25,161	\$ 661,485	\$ 1,058,872
Term deposits	817,144	2,432,856	3,250,000	2,250,000
Goods and services tax recoverable	13,047	-	13,047	8,812
Accounts receivable	70,600	300,000	370,600	73,450
	1,537,115	2,758,017	4,295,132	3,391,134
LONG TERM INVESTMENTS				
CONSERVATION EASEMENTS (Note 3)	-	5,742,873	5,742,873	3,981,927
CONSERVATION LANDS (Note 4)	-	19,278,500	19,278,500	17,430,500
	-	8,443,243	8,443,243	8,443,243
	\$ 1,537,115	\$ 36,222,633	\$ 37,759,748	\$ 33,246,804
LIABILITIES AND FUND BALANCES				
CURRENT				
Accounts payable and accrued liabilities	\$ 2,499	\$ 323,021	\$ 325,520	\$ 65,311
FUND BALANCES				
Internally restricted (Note 2)	-	5,742,873	5,742,873	3,981,927
Externally restricted (Note 2)	-	2,434,996	2,434,996	2,079,691
Internally restricted net assets invested in conservation lands and easements	-	27,721,743	27,721,743	25,873,743
Unrestricted	1,534,616	-	1,534,616	1,246,132
	1,534,616	35,899,612	37,434,228	33,181,493
	\$ 1,537,115	\$ 36,222,633	\$ 37,759,748	\$ 33,246,804

LEVERAGING COMMITMENTS (Note 5)

ON BEHALF OF THE BOARD

Director



Director



WESTERN SKY LAND TRUST SOCIETY

Statement of Operations

Year Ended December 31, 2025

	General fund 2025	Projects fund 2025	2025	2024
REVENUES				
Grants	\$ 243,496	\$ 2,196,125	\$ 2,439,621	\$ 1,079,380
Donations	20,940	1,548,000	1,568,940	762,590
Legacies & bequests	1,268,857	-	1,268,857	385,000
Donations in kind <i>(Note 6)</i>	84,887	-	84,887	84,372
Land lease income	15,044	-	15,044	12,750
Memberships	1,800	-	1,800	1,500
Investment income	198,572	57,122	255,694	196,678
Realized gain/loss on investments	519,382	-	519,382	33,652
Unrealized gain/(loss) on investment portfolio	(212,221)	-	(212,221)	389,188
	<u>2,140,757</u>	<u>3,801,247</u>	<u>5,942,004</u>	<u>2,945,110</u>
EXPENSES				
Administration <i>(Notes 6, 7)</i>	448,030	300,840	748,870	531,728
Land operations and management	1,985	214,014	215,999	464,391
Land evaluation and acceptance <i>(Note 9)</i>	4,944	97,109	102,053	35,046
Outreach and awareness	21,570	2,528	24,098	8,297
Grant Repayments <i>(Note 8)</i>	-	598,249	598,249	3,731
	<u>476,529</u>	<u>1,212,740</u>	<u>1,689,269</u>	<u>1,043,193</u>
EXCESS OF REVENUES OVER EXPENSES	\$ 1,664,228	\$ 2,588,507	\$ 4,252,735	\$ 1,901,917

WESTERN SKY LAND TRUST SOCIETY
Statement of Changes in Fund Balances
Year Ended December 31, 2025

	General fund	Projects fund	2025	2024
FUND BALANCES - BEGINNING OF YEAR	\$ 1,246,132	\$ 31,935,361	\$ 33,181,493	\$ 31,279,576
Excess of revenues over expenses	1,664,228	2,588,507	4,252,735	1,901,917
Transfers between funds	(1,375,744)	1,375,744	-	-
FUND BALANCES - END OF YEAR	\$ 1,534,616	\$ 35,899,612	\$ 37,434,228	\$ 33,181,493

WESTERN SKY LAND TRUST SOCIETY**Statement of Cash Flows****Year Ended December 31, 2025**

	2025	2024
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 4,252,735	\$ 1,901,917
Items not affecting cash:		
Unrealized loss/(gain) on investment portfolio	212,221	(389,188)
Realized gain on investment portfolio	(519,382)	(33,652)
Donation of conservation easements	(1,548,000)	(746,000)
	<u>2,397,574</u>	<u>733,077</u>
Changes in non-cash working capital:		
Accounts receivable	(297,150)	(37,120)
Accounts payable and accrued liabilities	260,209	18,104
Goods and services tax recoverable	(4,235)	(4,089)
	<u>(41,176)</u>	<u>(23,105)</u>
Cash flow from operating activities	<u>2,356,398</u>	<u>709,972</u>
INVESTING ACTIVITIES		
Net investment in short-term investments	(1,000,000)	-
Net investment in long-term investments	(1,453,785)	(56,687)
Additions to conservation easements	(300,000)	(220,000)
Cash flow used by investing activities	<u>(2,753,785)</u>	<u>(276,687)</u>
INCREASE (DECREASE) IN CASH FLOW	<u>(397,387)</u>	<u>433,285</u>
Cash - beginning of year	<u>1,058,872</u>	<u>625,587</u>
CASH - END OF YEAR	<u>\$ 661,485</u>	<u>\$ 1,058,872</u>
CASH CONSISTS OF:		
Cash	\$ 588,432	\$ 1,044,729
AGLC casino cash	73,053	14,143
	<u>\$ 661,485</u>	<u>\$ 1,058,872</u>

WESTERN SKY LAND TRUST SOCIETY

Notes to Financial Statements

Year Ended December 31, 2025

1. PURPOSE OF THE SOCIETY

The Western Sky Land Trust Society (the "Society") was incorporated under the Societies Act on September 30, 2004 as a non-profit organization and is a registered charity under the Income Tax Act.

The Society was formed to champion the establishment and conservation of integrated open or natural areas principally within Southern Alberta with a focus on watershed lands in the Calgary region associated with agricultural, natural, heritage, scenic and recreational values. The Society operates directly with landowners and aims to achieve its objective mainly through donations, voluntary transfer of land and conservation easements, and the acquisition of conservation easements.

A conservation easement is a voluntary, legally-binding agreement which limits the amount and type of development that can occur on a property in order to preserve its environmental, recreational, scenic, educational, ecological research and agricultural qualities. The landowner continues to retain title to the property and all other rights of property ownership. While the terms of conservation easements vary, all preclude environmentally-damaging forms of development. Conservation easements are typically assigned in perpetuity, registered on title to the land.

Landowners may receive an income tax receipt from a registered charity for a fee simple land donation or a conservation easement to a registered charity. The value of the receipt associated with that donation is determined by a certified land appraiser and usually represents the difference in the appraised value of the property before and after the conservation restrictions are in place.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared on the going concern basis in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Fund accounting

The Society follows the restricted fund method of accounting for contributions.

The General Fund reports the Society's program delivery and administrative activities.

The Projects Fund reports the assets, liabilities, revenues and expenses associated with the Society's conservation projects.

Internally restricted funds represent amounts set aside by the Society's Board of Directors for conservation projects. These amounts are not available for other purposes without the approval of the Board of Directors.

The Projects Fund consists of contributions restricted by external parties that remain unspent at year end and restricted income to be used on land maintenance. These funds will be used for ongoing stewardship of the Society's capital assets in accordance with terms of the various grant agreements.

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WESTERN SKY LAND TRUST SOCIETY

Notes to Financial Statements

Year Ended December 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

The Society follows the restricted fund method of accounting for contributions, which includes grants and donations. Grants are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other donations are recorded when received because pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue in General Fund when initially recorded in the accounts. Externally restricted contributions, except endowment contributions, are recorded in the Projects Fund when initially recognized in the accounts. Externally restricted endowment contributions, if any, would be recognized in an Endowment Fund when initially recognized in the accounts.

Investment income consists of interest and dividends. Investment income earned on the Projects Fund resources that must be spent on grantor-restricted activities is recognized as revenue of the Projects Fund. All other investment income including the realized and unrealized gains and losses are recognized as revenue of the General Fund as they are not subject to an external restriction.

Land lease income and memberships are recognized in the General Fund when the services have been provided.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations (ASNPO) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

The most significant estimates included in these financial statements include the valuation of conservation easement and amount of accrued liabilities.

Conservative Easements

Purchased conservation easements are recorded at cost at the earlier of when title of the easement is registered to the Society or when the significant risks and rewards associated with ownership of the easement have transferred. Contributed conservation easements are recorded at fair value plus all costs directly related to the contribution at the earlier of when title of the property is registered to the Society or when the significant risks and rewards associated with ownership of the easement have transferred.

Conservation easements are not amortized.

Conservation land and other capital assets

Purchased conservation land is recorded at cost at the earlier of when title of the property is registered to the Society or when the significant risks and reward associated with ownership of the land have transferred. Contributed conservation land and other capital assets are recorded at fair value at the earlier of the date of contribution or when the significant risks and rewards associated with ownership of the property have transferred. Other capital assets are recorded at cost less accumulated amortization.

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WESTERN SKY LAND TRUST SOCIETY

Notes to Financial Statements

Year Ended December 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of conservation lands and easements

Conservation lands and easements are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of the land or easement may not contribute to the society's ability to provide services. Any impairment results in a write-down of the asset and a charge to income during the period. An impairment loss is not reversed if the fair value of the related long-lived asset subsequently increases.

Donated services and materials

The operations of the Society depends on both contributions of time and materials.

Donated services and materials are recorded at their estimated fair value if they would have otherwise been paid for, if not donated. If the fair value cannot be reasonably estimated, such donations are not recorded.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income and transaction costs expensed. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date.

Financial instruments subsequently measured at amortized cost include cash and term deposits, accounts receivable, accounts payable and accrued liabilities.

Financial instruments subsequently measured at fair value include investments.

Cash

The Society's policy is to present bank balances and term deposits with a maturity period of three months or less from the date of acquisition, or are redeemable as cash and cash equivalents.

AGLC casino cash represents amounts held in a separate bank account restricted for approved AGLC expenditures and is included in cash.

3. CONSERVATION EASEMENTS

Conservation easements consists of 17 projects (2024 - 14 projects) represented by 25,094 acres (2024 - 22,399 acres).

4. CONSERVATION LANDS

Conservation lands consist of 9 projects (2024 - 9 projects) represented by 1,308 acres (2024 - 1,308 acres).

5. LEVERAGING COMMITMENTS

The Society has been the recipient of various grants from the Alberta Minister of Environment and Protected Areas. The terms of these agreements stipulate the Society must commit to conserving landscapes with high conservation values. This is achieved through a leveraging commitment in the grant agreements. The spirit of grant agreements is to provide value to the province and people of Alberta.

WESTERN SKY LAND TRUST SOCIETY
Notes to Financial Statements
Year Ended December 31, 2025

6. DONATIONS-IN-KIND

Donations-in-kind include the following and are included within administration expenses:

	2025	2024
Facilities	\$ 82,800	\$ 82,800
Legal services	2,087	1,572
	\$ 84,887	\$ 84,372

7. FUNDRAISING EXPENSES

As required under Section 7(2) of the Charitable Fund-Raising Regulation of Alberta, the Society discloses that direct expenses incurred for the purposes of soliciting contributions were \$nil (2024 - \$nil)

8. GRANT REPAYMENTS

Under the terms of one grant agreement, the Society was required to return \$598,249 (2024 - \$3,731) to the grantor, the Alberta Minister of Environment and Protected Areas.

9. RELATED PARTY TRANSACTIONS

Switchback Spatial Solutions Ltd. is a company owned by a Director. This company provides Geographic Information Systems services to the Society. Transactions with this related party include:

	2025	2024
Project expenses	\$ 15,400	\$ 1,200

There are no amounts payable at the year end.

All related party transactions are in the normal course of operations and are measured at the agreed upon exchange amount, which approximate fair value.

10. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments.

Market risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factor specific to the individual investment, or factors affecting all securities.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant other price risks arising from these financial instruments.

11. SUBSEQUENT EVENTS

Subsequent to the year-end, the Society was approved for two new government grants totaling \$2,267,000.