

HERITAGE AGRICULTURAL SOCIETY

Financial Statements

For The Year Ended October 31, 2011

Hawkings Epp Dumont LLP
Chartered Accountants

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Members of Heritage Agricultural Society

The management of Heritage Agricultural Society prepared these financial statements and is responsible for their reliability, completeness and integrity. They conform in all material respects to Canadian generally accepted accounting principles.

Management maintains the necessary accounting and internal control systems designed to ensure: the timely production of reliable and accurate financial information, the protection of assets (to a reasonable extent) against loss or unauthorized use, and the promotion of operational efficiency. The Board of Directors oversees management's responsibilities for the financial reporting and internal control systems.

The auditors, appointed by the membership, conducted an audit of these financial statements in accordance with Canadian generally accepted auditing standards. The President and Treasurer reviewed these financial statements with the auditors in detail before recommending their approval to the Board of Directors.

Stony Plain, Alberta
January 6, 2012

Locksley McGann, President

Francis Mella, Treasurer

Hawkings Epp Dumont LLP

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of Heritage Agricultural Society

We have audited the accompanying financial statements of Heritage Agricultural Society, which comprise the statement of financial position as at October 31, 2011 and the statements of revenues and expenditures, changes in net assets and cash flow 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.

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Basis for Qualified Opinion

In common with many charitable organizations, the society derives revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the society and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the contributions referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Heritage Agricultural Society as at October 31, 2011 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads "Hawkings Epp Dumont LLP". The signature is written in a cursive, flowing style.

Stony Plain, Alberta
January 6, 2012

Hawkings Epp Dumont LLP
Chartered Accountants

HERITAGE AGRICULTURAL SOCIETY
Statement of Financial Position
As at October 31, 2011

	2011	2010
ASSETS		
CURRENT		
Edmonton Community Foundation investment	\$ 19,941	\$ 66,488
Marketable securities	94,772	93,240
Accounts receivable	67,756	13,157
Inventory	103,452	112,137
Goods and services tax recoverable	-	319
Prepaid expenses	1,606	6,424
	287,527	291,765
PROPERTY AND EQUIPMENT <i>(Note 4)</i>	294,857	281,677
	\$ 582,384	\$ 573,442
LIABILITIES		
CURRENT		
Bank indebtedness	\$ 43,418	\$ 154,940
Accounts payable	53,791	56,298
Goods and services tax payable	3,235	-
Deferred revenue	67,839	37,844
	168,283	249,082
NET ASSETS		
General fund	119,244	42,683
Equity invested in property and equipment	294,857	281,677
	414,101	324,360
	\$ 582,384	\$ 573,442

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

The accompanying notes are an integral part of these financial statements

HERITAGE AGRICULTURAL SOCIETY
Statement of Revenues and Expenditures
For The Year Ended October 31, 2011

	Budget 2011	2011	2010
REVENUE			
Homesteaders kitchen (<i>Schedule 1</i>)	\$ 297,500	\$ 294,971	\$ 290,953
Provincial and other grants (<i>Schedule 2</i>)	228,298	240,270	183,335
Municipal grants (<i>Schedule 3</i>)	179,318	177,518	114,729
Cultural services (<i>Schedule 4</i>)	82,500	121,963	194,554
Electrical safety game	104,400	105,777	105,819
Art/Artisans services (<i>Schedule 5</i>)	110,000	91,497	93,647
Property lease/rentals	95,000	83,493	87,051
Donations and other projects (<i>Schedule 6</i>)	76,100	75,500	77,618
Fundraising - net (<i>Schedule 7</i>)	38,400	34,685	19,330
Federal grants	27,600	15,988	16,293
	<u>1,239,116</u>	<u>1,241,662</u>	<u>1,183,329</u>
EXPENDITURES			
Homesteaders kitchen (<i>Schedule 1</i>)	284,550	313,295	308,602
Administration expenditures (<i>Schedule 8</i>)	294,200	283,103	289,381
Art/Artisans services (<i>Schedule 5</i>)	120,200	132,388	113,193
Facility maintenance expenditures (<i>Schedule 9</i>)	77,500	112,219	120,775
Cultural services (<i>Schedule 4</i>)	125,300	107,427	200,585
Electrical safety game	79,500	78,549	77,986
Historical resources expenditures (<i>Schedule 10</i>)	72,700	75,777	106,278
Heritage Farmers Market	16,400	16,940	2,233
Amortization	-	16,278	16,278
Demonstration Farm expenditures (<i>Schedule 11</i>)	9,500	9,602	57,440
Advertising and promotion	5,500	9,347	10,970
	<u>1,085,350</u>	<u>1,154,925</u>	<u>1,303,721</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FROM OPERATIONS	153,766	86,737	(120,392)
OTHER INCOME (EXPENSES)			
Investment income (loss)	-	3,004	(4,763)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>\$ 153,766</u>	<u>\$ 89,741</u>	<u>\$ (125,155)</u>

The accompanying notes are an integral part of these financial statements

HERITAGE AGRICULTURAL SOCIETY
Statement of Changes in Net Assets
For The Year Ended October 31, 2011

	General Fund	Equity invested in Property and Equipment	2011	2010
NET ASSETS - BEGINNING OF YEAR	\$ 42,683	\$ 281,677	\$ 324,360	\$ 449,515
Excess of revenue over expenditures	89,741	-	89,741	(125,155)
Transfer to (from) general fund	(13,180)	13,180	-	-
NET ASSETS - END OF YEAR	\$ 119,244	\$ 294,857	\$ 414,101	\$ 324,360

The accompanying notes are an integral part of these financial statements

HERITAGE AGRICULTURAL SOCIETY
Statement of Cash Flow
For The Year Ended October 31, 2011

	2011	2010
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	\$ 89,741	\$ (125,155)
Items not affecting cash:		
Amortization	16,278	16,278
Investment (write-up) write-down	-	5,190
	106,019	(103,687)
Changes in non-cash working capital:		
Accounts receivable	(54,597)	(8,157)
Inventory	8,685	(10,824)
Prepaid expenses	4,818	1,780
Accounts payable	(2,508)	1,687
Goods and services tax payable	3,554	(2,572)
Deferred revenue	29,995	(85,804)
	(10,053)	(103,890)
	95,966	(207,577)
INVESTING ACTIVITIES		
Purchase of property and equipment	(29,458)	(1,204)
Decrease (increase) in investment in Edmonton Community Foundation	45,014	2,892
	15,556	1,688
INCREASE (DECREASE) IN CASH FLOW	111,522	(205,889)
Cash (deficiency) - beginning of year	(154,940)	50,949
DEFICIENCY - END OF YEAR	\$ (43,418)	\$ (154,940)
DEFICIENCY CONSISTS OF:		
Bank indebtedness	\$ (43,418)	\$ (154,940)

The accompanying notes are an integral part of these financial statements

HERITAGE AGRICULTURAL SOCIETY
Notes to Financial Statements
For The Year Ended October 31, 2011

1. NATURE OF OPERATIONS

The Society was incorporated under the Agricultural Societies Act of Alberta on June 1, 1973 and is a non-profit organization and registered charity under the Income Tax Act of Canada. The mission of the Society is to celebrate the heritage arts and agricultural base in the Stony Plain region through the delivery of creative programs and services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 expenditures during the period. Such estimates include providing for amortization of property and equipment. Actual results could differ from these estimates.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

Investments

Marketable securities consist of shares of a publicly traded corporation which were donated to the Society and are recorded at the lower of cost and net realizable value.

Edmonton Community Foundation represents funds held on deposit for investment purposes. One of the purposes of the Foundation is to administer funds for the benefit of registered charities. The investment is recorded at the lower of cost and net realizable value.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on an average cost basis.

Property and equipment

Property and equipment is stated at cost less accumulated amortization. Property and equipment is amortized over its estimated useful lives at the following rates and methods:

Works of art, artifacts and antiques		carried at cost
Buildings	40 years	straight-line method
Equipment	20%	straight-line method
Future building development costs		carried at cost

The Society regularly reviews its property and equipment to eliminate obsolete items. In the year of acquisition, half-rates are applied.

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

Long-lived assets

Long-lived assets consist of property and equipment. Long-lived assets held for use are measured and amortized as described in the above accounting policy.

The Society performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's value. Any impairment is included in income for the year.

Prices for similar items are used to measure the fair value of long-lived assets.

Capital management

Capital is comprised of the society's net assets and any debt that it may issue. As at October 31, 2011, the society's net assets was \$414,101 and it had no outstanding debt. The society's objectives when managing capital are to continue as a going concern to protect its ability to meet its on-going liabilities, and to maximize returns for members over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines based on risk management policies.

Revenue recognition

- a) Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.
- b) Unrestricted contributions are recognized when received or receivable if the amounts to be received can be reasonably estimated and collection is reasonably assured.

Donated services

A portion of the society's activities is carried out by services donated by individuals. The value of these services has not been determined, and accordingly, is not recorded in these financial statements.

3. FINANCIAL INSTRUMENTS

The society's financial instruments consist of cash, accounts receivable, marketable securities, Edmonton Community Foundation investment, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the society is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

HERITAGE AGRICULTURAL SOCIETY
Notes to Financial Statements
For The Year Ended October 31, 2011

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2011 Net book value	2010 Net book value
Buildings	\$ 651,136	\$ 402,817	\$ 248,319	\$ 264,597
Equipment	73,748	73,748	-	-
Works of art, artifacts and antiques	17,080	-	17,080	17,080
Future building development costs	29,458	-	29,458	-
	\$ 771,422	\$ 476,565	\$ 294,857	\$ 281,677

5. BANK LOAN - LINE OF CREDIT

The Society has an approved line of credit for borrowing from a bank in the amount of \$80,000.

6. LEASE COMMITMENTS

The Society maintains and operates the Multicultural Centre and Oppertshauser house which are located on land which is leased from the Parkland School Division for \$1 for ninety-nine (99) years from June 1, 1981.

The Society also leases school premises (Demo farm), from the Parkland School Division, for \$1 for 25 years from April 1, 1997. During the year the term of the lease was extended to May 31, 2080.

HERITAGE AGRICULTURAL SOCIETY
Homesteaders Kitchen (Schedule 1)
For The Year Ended October 31, 2011

	2011	2010
REVENUE		
Sales	\$ 266,302	\$ 260,535
Sales - GST exempt	20,354	22,451
Catering sales	5,381	5,262
Beverage sales	2,934	2,705
	294,971	290,953
EXPENDITURES		
Salaries	202,049	205,155
Food costs	91,798	86,230
Supplies	13,256	12,575
Repairs and maintenance	2,788	338
Liquor	1,759	1,696
Equipment lease	1,373	1,352
Smallwares	247	837
Equipment	143	327
Gratuities paid out	(118)	92
	313,295	308,602
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ (18,324)	\$ (17,649)

Provincial and Other Grants (Schedule 2)
For The Year Ended October 31, 2011

	2011	2010
REVENUE		
Agricultural Society grant	\$ 113,646	\$ 111,530
Museum Alberta grant	51,936	30,747
Community Initiatives Program	37,500	-
Alberta Art Foundation	33,188	30,058
MRTA	4,000	4,000
MYP Grants	-	7,000
	\$ 240,270	\$ 183,335

HERITAGE AGRICULTURAL SOCIETY
Municipal Grants (Schedule 3)
For The Year Ended October 31, 2011

	2011	2010
REVENUE		
Town of Stony Plain	\$ 132,502	\$ 69,713
Parkland County	45,016	45,016
	<u>\$ 177,518</u>	<u>\$ 114,729</u>

Cultural Services (Schedule 4)
For The Year Ended October 31, 2011

	2011	2010
REVENUE		
School programming fees	\$ 44,520	\$ 39,107
City slickers	43,100	16,700
Drama Troupe Income	17,591	32,724
Special events	15,852	15,746
Canada day grant	900	87,277
Drama troupe donations	-	3,000
	<u>121,963</u>	<u>194,554</u>
EXPENDITURES		
City slickers	32,916	24,899
MYP contract fees	25,000	25,825
School salaries	20,344	32,828
Miscellaneous grant expenses	13,657	100,072
Programming salaries	4,050	-
Special events supplies	4,027	1,242
Drama troupe expenses	3,015	11,467
School supplies	2,330	3,651
Schoolyard Naturalization salaries	1,220	-
Volunteer recognition	868	601
	<u>107,427</u>	<u>200,585</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>\$ 14,536</u>	<u>\$ (6,031)</u>

The accompanying notes are an integral part of these financial statements

HERITAGE AGRICULTURAL SOCIETY
Art/Artisans Services (Schedule 5)
For The Year Ended October 31, 2011

	2011	2010
REVENUE		
General store sales	\$ 86,456	\$ 83,996
Exhibition sales	5,041	9,651
	91,497	93,647
EXPENDITURES		
General store - cost of sales	62,641	42,510
Retail salaries	42,738	42,282
Gallery salaries	12,018	12,063
Artist fees	6,502	5,302
Cost of art sold	3,230	6,574
Gallery supplies	1,677	156
Consignment	1,431	1,307
Openings	1,248	1,646
General store supplies	903	1,353
	132,388	113,193
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ (40,891)	\$ (19,546)

Donations and Other Projects (Schedule 6)
For The Year Ended October 31, 2011

	2011	2010
REVENUE		
Charitable donations	\$ 48,542	\$ 41,583
Other farm revenue	16,000	10,600
Heritage Farmers Market	7,392	20,895
Historical resources - other	2,513	1,845
Donations	765	2,183
Historical resources tour income	288	512
	\$ 75,500	\$ 77,618

HERITAGE AGRICULTURAL SOCIETY
Fundraising (Schedule 7)
For The Year Ended October 31, 2011

	2011	2010
REVENUE		
Bingo	\$ 19,175	\$ 21,342
Casino - programming	17,329	-
	36,504	21,342
EXPENDITURES		
Bingo expenses	1,739	1,951
Raffle expense	80	61
	1,819	2,012
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ 34,685	\$ 19,330

Administration Expenditures (Schedule 8)
For The Year Ended October 31, 2011

	2011	2010
EXPENDITURES		
Administrative salaries	\$ 241,645	\$ 249,901
Office supplies	9,787	9,479
Professional fees	5,964	5,931
Telephone	5,726	5,869
Bank service charges	4,683	3,657
Conferences and courses	4,132	3,291
Credit card service charge	3,200	4,105
Workers' compensation	3,095	3,005
Postage and freight	2,822	2,220
Interest	1,801	1,148
Memberships and subscriptions	856	893
Office equipment	143	360
Shortage/Overage	(751)	(478)
	\$ 283,103	\$ 289,381

The accompanying notes are an integral part of these financial statements

HERITAGE AGRICULTURAL SOCIETY
Facility Maintenance Expenditures (Schedule 9)
For The Year Ended October 31, 2011

	2011	2010
EXPENDITURES		
Utilities	\$ 49,423	\$ 50,223
Caretaking salaries	26,408	32,629
Grounds salaries	11,092	8,373
Insurance and taxes	6,631	7,303
Repairs and maintenance	5,416	10,077
Caretaking supplies	4,777	6,124
Garbage removal	3,783	3,739
Security/Lockup	2,576	2,177
Ground supplies	2,113	130
	<u>\$ 112,219</u>	<u>\$ 120,775</u>

Historical Resources Expenditures (Schedule 10)
For The Year Ended October 31, 2011

	2011	2010
EXPENDITURES		
Historical resources salaries	\$ 51,092	\$ 67,539
Museums Alberta	23,375	37,497
Historical resources books and subscriptions	694	461
Historical resources display/supplies	686	781
Programs and events	202	-
Historical resources walking tours	(272)	-
	<u>\$ 75,777</u>	<u>\$ 106,278</u>

Demonstration Farm Expenditures (Schedule 11)
For The Year Ended October 31, 2011

	2011	2010
EXPENDITURES		
Farm supplies	\$ 9,602	\$ 14,730
Farm operations	-	42,710
	<u>\$ 9,602</u>	<u>\$ 57,440</u>