

Financial Statements of:

Habitat Acquisition Trust

**For the year ended
October 31, 2010**

REVIEW ENGAGEMENT REPORT

To The Directors of
Habitat Acquisition Trust

I have reviewed the statement of financial position of Habitat Acquisition Trust as at October 31, 2010 and the statement of operations and changes in fund balances, and the statement of cash flow for the year then ended.

My review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures, and discussion related to information supplied to me by management.

A review does not constitute an audit and consequently I do not express an audit opinion on these financial statements.

Based on my review, nothing has come to my attention that causes me to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

Rodney Munro
Chartered Accountant

November 24, 2010
Victoria, British Columbia

Habitat Acquisition Trust
Statement of Financial Position
As at October 31, 2010

	General Fund		Land Acquisition Fund		Matson Fund		D. Andrew Fund	
	2010	2009	2010	2009	2010	2009	2010	2009
ASSETS								
Current Assets								
Cash	183,385	135,242	45,109	44,773	3,870	3,641	11,478	11,393
Accounts Receivable	-	6,038	-	-	-	-	-	-
GST Receivable	2,924	1,550	-	-	-	-	-	-
Interfund Receivable	-	14,082	200	-	-	-	1,500	-
Prepays	1,100	2,163	-	-	-	-	-	-
	<u>187,409</u>	<u>159,075</u>	<u>45,309</u>	<u>44,773</u>	<u>3,870</u>	<u>3,641</u>	<u>12,978</u>	<u>11,393</u>
Realstate Properties	<u>475,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>10</u>	<u>-</u>	<u>-</u>
	662,409	101,020	45,309	44,773	3,880	3,651	12,978	11,393
LIABILITIES & EQUITY								
Current Liabilities								
Accounts Payable	10,301	10,024	-	-	-	-	-	-
Interfun Payable	1,500	3,643	-	200	200	-	-	-
	<u>11,801</u>	<u>13,667</u>	<u>-</u>	<u>-</u>	<u>200</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Contributions	64,795	104,877						
Net Assets								
Restricted	-	-	-	-	3,680	3,651	12,978	11,393
Unrestricted	585,813	40,531	45,309	44,773	-	-	12,978	11,393
	<u>585,813</u>	<u>40,531</u>	<u>45,309</u>	<u>44,773</u>	<u>3,680</u>	<u>3,651</u>	<u>12,978</u>	<u>11,393</u>
	662,409	101,020	45,309	44,773	3,880	6,138	12,978	11,393

Prepared Without Audit

Habitat Acquisition Trust
Statement of Operations and Changes in Fund Balances
For the year ended October 31, 2010

	<u>General Fund</u>		<u>Land Acquisition Fund</u>		<u>Matson Fund</u>		<u>D. Andrew Fund</u>	
	2010	2009	2010	2009	2010	2009	2010	2009
REVENUES								
Donations and Gifts	\$672,920	\$148,300	\$ 200	\$ -	\$ -	\$ -	\$ 1,500	\$ -
Gaming	39,447	43,000	-	-	-	-	-	-
Grants	124,640	114,377	-	-	-	-	-	-
Membership Fees	1,925	3,690	-	-	-	-	-	-
Other (net)	11,958	9,645	-	-	-	-	-	-
Interest	978	1,201	336	411	29	35	85	105
	851,867	320,213	536	411	29	35	1,585	105
EXPENSES								
Advertising	4,108	4,099	-	-	-	-	-	-
Bank Charges	640	403	-	-	-	-	-	-
Dues	452	527	-	-	-	-	-	-
Education	245	4,335	-	-	-	-	-	-
Insurance	1,459	2,892	-	-	-	-	-	-
Land Acquisition	324	438	-	-	-	-	-	-
Office	30,605	25,160	-	-	-	-	-	-
Professional Fees	9,321	4,268	-	-	-	-	-	-
Projects	100,500	114,815	-	-	-	-	-	-
Travel	6,025	5,648	-	-	-	-	-	-
Wages and Contracts	150,579	142,359	-	-	-	-	-	-
Donations	2,328	2,147	-	-	-	-	-	-
	306,586	307,091	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	545,282	13,122	536	411	29	35	1,585	105
NET ASSETS								
Beginning of the year	40,531	27,409	44,773	44,362	3,651	3,616	11,393	11,288
Balance, end of the year	\$585,813	\$ 40,531	\$45,309	\$ 44,773	\$3,680	\$3,651	\$12,978	\$11,393

Prepared Without Audit

**Habitat Acquisition Trust
Statement of Cash Flows
For the year ended October 31, 2010**

	<u>General Fund</u>		<u>Land Acquisition Fund</u>		<u>Matson Fund</u>		<u>D. Andrew Fund</u>	
	2010	2009	2010	2009	2010	2009	2010	2009
OPERATING ACTIVITIES								
Excess (deficiency) of revenues over expenses	545,282	\$ 13,121	536	\$ 411	29	\$ 35	1,585	\$ 105
Increase (decrease) in non-cash working capital								
Accounts Receivable	6,038	20,511	(200)	-	-	-	-	-
GST Receivable	(1,374)	(159)	-	-	-	-	-	-
Prepays	(1,063)	-	-	-	-	-	-	-
Payable to Funds	15,582	(14,082)	-	200	(200)	-	1,500	-
Accounts Payable	277	486	-	-	-	-	-	-
Deferred Contributions	(40,082)	21,807	-	-	-	-	-	-
	(20,622)	28,563	(200)	-	200	(200)	(1,500)	-
Investment Activities								
Acquisition of Realstate	(475,000)	-	-	-	-	-	-	-
Cash increase for period	49,660	41,684	336	411	229	165	85	105
Cash at beginning of period	135,245	93,558	44,773	44,362	3,641	3,806	11,393	11,288
Cash at end of period	184,905	\$ 135,242	45,109	\$ 44,773	3,870	\$ 3,641	11,478	\$ 11,393

Prepared Without Audit

Habitat Acquisition Trust
Notes to the Financial Statements
For the year ended October 31, 2010

Note 1: Habitat Acquisition Trust (HAT) is a not-for-profit association organized to assist the community to conserve natural environments by preserving habitats and promoting stewardship. HAT is incorporated under the British Columbia Society Act as a not-for-profit organization and is a registered charity under the Income Tax Act.

Note 2: Significant Accounting Policies

HAT follows the deferral method of accounting for contributions.

Fund Accounting

The General Fund is used to account for programs and administrative services and includes unrestricted resources and restricted operating grants.

The Endowment Fund reports resources contributed for endowment. Investment income earned on resources can be transferred to the General Fund.

The Matson Fund reports donations and disbursement related to the Matson land. The Matson land was conveyed from the Nature Conservancy of Canada (NCC) in 2005 with consent from the Township of Esquimalt and Mandalay Developments. The land is covenanted by NCC, and along with the Township of Esquimalt, each hold reversionary rights to re-acquire the property for \$10 at the option of HAT, which is the original nominal recorded amount. When the property was acquired, it had a declared market value of \$1,060,000.

The D. Andrew Fund was established to retain donations to be used for a structure at Goldstream Park.

Revenue: Revenues related to restricted contributions are recorded in the appropriate fund and recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions and membership fees are recognized as revenue when received or receivable when the amounts can be reasonably estimated and collection can be reasonably assured.

Endowments are managed by the Victoria Foundation. Distributions from the Victoria Foundation are recorded as revenue when received or receivable.

Capital Assets: Capital asset are recorded as an expense in the period purchased.

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Habitat Acquisition Trust
Notes to the Financial Statements
For the year ended October 31, 2010

Use of Estimates: The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Note 3: Financial Instruments

Habitat Acquisition Trust (HAT) financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities. The carrying amount of these financial instruments approximates their fair market value. Unless otherwise noted, it is management's opinion that the Initiative is not exposed to significant interests or credit risks arising from these financial instruments.

Note 4: Income Tax

HAT is a not-for-profit society and is exempt from Income Tax by section 149 of the Income Tax Act.

Note 5: Endowment fund investments

In previous years the HAT transferred cash to the Victoria Foundation. The Victoria Foundation makes distributions back to HAT based on the market value of the investments held in the funds. Fluctuations in the market value occur throughout the year; the values at October 31, 2010 are reported as follows:

	2010	2009
Market Value		
Endowment Fund	104,273	48,875
Matson Fund	87,575	83,141
Distribution		
Endowment Fund	1,520	1,328
Matson Fund	2,590	2,486

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Habitat Acquisition Trust
Notes to the Financial Statements
For the year ended October 31, 2010

Note 6: Subsequent Events

Subsequent to year end the HAT endowed \$40,000 to the Victoria Foundation. These funds will be held in perpetuity for the benefit of HAT.

Note 7: Real Estate Donation

During the year, one individual donated their personal residence to HAT in return for a tax receipt and the life long right to live at the property. At the time of the donation, the fair value of the property was estimated to be \$475,000. The value advantage to the donor was estimated to be \$106,700. HAT issued a tax receipt to the donor in the amount of \$368,300. The values used in these related transactions were provided by an independant accredited appraiser and an independant actuarial firm.