

**NOVA SCOTIA CROWN SHARE
LAND LEGACY TRUST**

Financial Statements

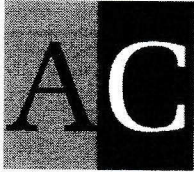
Year Ended January 31, 2012

NOVA SCOTIA CROWN SHARE LAND LEGACY TRUST

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Year Ended January 31, 2012

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Hunter Tellier Belgrave Adamson

CHARTERED ACCOUNTANTS

A Member Firm of The AC Group of Independent Accounting Firms Limited

INDEPENDENT AUDITOR'S REPORT

To the Members of Nova Scotia Crown Share Land Legacy Trust

We have audited the accompanying financial statements of Nova Scotia Crown Share Land Legacy Trust, which comprise the statement of financial position as at January 31, 2012 and the statements of revenues and expenditures, changes in net assets and cash flows 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 audit opinion.

(continues)

Independent Auditor's Report to the Members of Nova Scotia Crown Share Land Legacy Trust (continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nova Scotia Crown Share Land Legacy Trust as at January 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

AC Hunter Tellier Belgrave Adamson

AC HUNTER TELLIER BELGRAVE ADAMSON
CHARTERED ACCOUNTANTS

Dartmouth, Nova Scotia
August 2, 2012

NOVA SCOTIA CROWN SHARE LAND LEGACY TRUST**Statement of Revenues and Expenditures****Year Ended January 31, 2012**

	2012	2011
REVENUE		
Crown share payments	\$ 851,872	\$ 448,854
Interest income	206,557	126,645
	1,058,429	575,499
GRANTS AND RELATED EXPENDITURES	817,010	408,626
GROSS PROFIT	241,419	166,873
EXPENSES		
Botanical fieldwork	20,440	10,520
Professional fees	11,254	25,958
Honorariums	2,700	3,600
Office	255	78
Interest and bank charges	113	71
Insurance	100	-
	34,862	40,227
EXCESS OF REVENUE OVER EXPENSES	\$ 206,557	\$ 126,646

NOVA SCOTIA CROWN SHARE LAND LEGACY TRUST

Statement of Changes in Net Assets

Year Ended January 31, 2012

	2012	2011
NET ASSETS - BEGINNING OF YEAR	\$ 569,406	\$ 442,759
Excess of revenue over expenses	206,557	126,646
NET ASSETS - END OF YEAR	\$ 775,963	\$ 569,405

NOVA SCOTIA CROWN SHARE LAND LEGACY TRUST
Statement of Financial Position
January 31, 2012

	2012	2011
ASSETS		
CURRENT		
Cash	\$ 234,982	\$ 16,113
Promissory notes receivable (Note 5)	19,614,708	20,008,385
Interest receivable	18,075	27,861
Prepaid expenses	2,330	1,485
	\$ 19,870,095	\$ 20,053,844
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 487,133	\$ 25,567
Deferred income	18,606,999	19,458,871
	19,094,132	19,484,438
NET ASSETS		
General fund	775,963	569,406
	\$ 19,870,095	\$ 20,053,844

COMMITMENTS (Note 7)

ON BEHALF OF THE BOARD

Director

Director

See notes to financial statements
AC Hunter Tellier Belgrave Adamson
Chartered Accountants

NOVA SCOTIA CROWN SHARE LAND LEGACY TRUST**Statement of Cash Flows****Year Ended January 31, 2012**

	2012	2011
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 206,557	\$ 126,646
Changes in non-cash working capital:		
Interest receivable	9,786	(25,321)
Accounts payable and accrued liabilities	461,566	9,493
Deferred income	(851,872)	(448,854)
Prepaid expenses	(845)	(1,485)
Promissory notes	393,677	350,375
	12,312	(115,792)
INCREASE IN CASH FLOW	218,869	10,854
Cash - beginning of year	16,113	5,259
CASH - END OF YEAR	\$ 234,982	\$ 16,113
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest paid	\$ 113	\$ 72
Income taxes paid	\$ -	\$ -

NOVA SCOTIA CROWN SHARE LAND LEGACY TRUST

Notes to Financial Statements

Year Ended January 31, 2012

1. DESCRIPTION OF BUSINESS

The Nova Scotia Crown Share Land Legacy Trust is a not-for-profit entity established in accordance with Section 19 of the Environment Act. The Nova Scotia Crown Share Land Legacy Trust was established to hold, invest, and distribute by March 31, 2023, the Trust property to approved beneficiaries. Approved beneficiaries are defined as the Nature Conservancy of Canada, the Nova Scotia Nature Trust and those charitable, non-governmental, nature conservation land trusts that are designated as eligible bodies pursuant to the Conservation Easement Act, SNS, 2001, c.28.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

The Trust does not use fund accounting as a method of financial statement presentation due to the single nature and purpose of the entity. In accordance with CICA Handbook section 4410, the Trust recognizes contributions using the deferral method of accounting. Restricted and unrestricted contributions are recognized as revenue in the period in which the related expenses are incurred.

Investment income consists of interest income. There is no restricted investment income and unrestricted investment income is recognized as revenue when earned.

Accounting estimates

Accounting estimates are included in financial statements to approximate the effect of past business transactions or events, or to approximate the present status of an asset or liability. Examples include the estimated value of promissory notes receivable. It is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates. Should an adjustment become necessary, it would be reported in earnings in the period in which it became known.

Cash

Cash includes cash less outstanding cheques plus outstanding deposit.

3. FINANCIAL INSTRUMENTS

Substantially all of the Company's bank accounts are with one financial institution.

Fair Value

The trust's carrying value of cash and cash equivalents, accounts receivable, and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

The carrying value of the long term debt approximates the fair value as the interest rates are consistent with the current rates offered to the trust for debt with similar terms.

Interest Rate

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the trust manages exposure through its normal operating and financing activities. The trust is exposed to interest rate risk primarily through its floating interest rate investments.

NOVA SCOTIA CROWN SHARE LAND LEGACY TRUST

Notes to Financial Statements

Year Ended January 31, 2012

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Consistent with similar not-for-profit organizations, the Nova Scotia Crown Share Land Legacy Trust's risk management policies are part of the overall management of the entity's operations. Management's direct involvement in day-to-day operations identifies risks and variations from expectations leading to changes in risk management activities, requirements and actions. Management has not entered into hedging transactions to manage risk. As a part of the overall management of the entity's operations, management considers avoidance of undue concentrations of risk, and employs appropriate investment and credit management policies to manage the Trust's exposure.

5. PROMISSORY NOTES RECEIVABLE

	2012	2011
Province of Nova Scotia promissory notes	\$ 19,614,708	\$ 20,008,385

In accordance with Section 3855 of the CICA Handbook, the above promissory note is classified as a held for trading financial instrument bearing interest rates ranging from 1.00% to 1.08 % and therefore is required to be presented at fair value. Due to its short term nature, the carrying amount of the promissory note approximate fair value. There are no fixed terms of repayment as funds are withdrawn by the Trust on an as-needed basis.

6. DEFERRED REVENUE

In compliance with the deferral method of accounting for contributions as disclosed in note 2, the Trust has recorded \$18,835,252 in deferred revenues as detailed below:

The Trust received a total of \$23,440,005 from the Province of Nova Scotia in the form of Crown Share Payments during the January 31, 2009 fiscal year. In the current year, the Trustees have recognized \$589,010 (2011 - \$448,854) as revenue relating to grants awarded in the year. The remaining balance is being carried as deferred revenue.

As stated in the trust indenture, a maximum of 3% of the funds received can be allocated as unrestricted funds over the life of the trust to cover the costs of administration of the fund. In the current year, \$34,629 (\$2011 - \$40,227) was reported as unrestricted revenue for this purpose. A total of \$113,838 has been reported as unrestricted revenue since the Trust was created.

NOVA SCOTIA CROWN SHARE LAND LEGACY TRUST

Notes to Financial Statements

Year Ended January 31, 2012

7. COMMITMENTS

The Trust has approved the following funding applications where the release of the funds are contingent on additional information requirements. The amounts of the funding is unknown at year end as funding from the Trust is dependent on the assessed fair market values of the properties to be purchased. As of the date of this report, no funds have been released and no further information has been obtained from the qualified recipients.

1. Nova Scotia Nature Trust:

- a) An application to partially fund a conservation easement for the Sight Point property has been conditionally approved by the trust with the amount of funding of \$7,500.
- b) An application to partially fund a conservation easement for the Purgatory Point property has been conditionally approved by the trust with the amount of funding of \$11,445.
- c) An application to partially fund a conservation easement for the Little Annapolis Lake property has been conditionally approved by the trust with the amount of funding of \$10,631.
- d) An application to partially fund a conservation easement for the Goat Lake property has been conditionally approved by the trust with the amount of funding of \$19,520.
- e) An application to partially fund the purchase of a portion of the Troop Island property (\$58,940) and for a conservation easement (\$3,240) has been conditionally approved by the trust with the total amount of funding of \$62,180.
- f) An application to purchase the West Ironbound Island property has been conditionally approved by the trust with the amount of funding of \$116,258.