

Georgian Triangle Humane Society

Financial Statements
For the year ended December 31, 2015
(Unaudited)



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Review Engagement Report

To the Board of Directors of
Georgian Triangle Humane Society

We have reviewed the statement of financial position of Georgian Triangle Humane Society as at December 31, 2015 and the statements of operations and net assets and cash flows for the year then ended. Our 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 us by the organization.

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

In common with many charitable organizations, the organization derives part of its income from the general public in the form of donations and fundraising programs which are not susceptible to complete verification. Accordingly, our review of revenue from these sources was limited to accounting for the amounts recorded in the records of the organization.

Based on our review, except for the effects of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves with respect to revenue referred to in the preceding paragraph, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Collingwood, Ontario
May 13, 2016

**Georgian Triangle Humane Society
Statement of Financial Position
(Unaudited)**

December 31 2015 2014

Assets

Current

Cash and bank	\$	320,027	\$	247,521
Short-term investments		-		50,867
Accounts receivable		28,149		29,772
Inventories		10,801		6,967
Prepaid expenses		204		1,520

359,181 336,647

Capital (Note 2)

883,061 904,126

\$ 1,242,242 \$ 1,240,773

Liabilities

Current

Accounts payable and accrued liabilities	\$	39,525	\$	51,918
Deferred contributions (Note 5)		78,841		105,920

118,366 157,838

Deferred capital contributions (Note 5)

755,834 763,228

874,200 921,066

Commitment (Note 7)

Net Assets

368,042 319,707

\$ 1,242,242 \$ 1,240,773

Approved on behalf of the Board:

David Schmit Director

Robert Boyd Director

Georgian Triangle Humane Society
Statement of Operations and Net Assets
(Unaudited)

For the year ended December 31	2015	2014
Revenue		
Donations	\$ 246,685	\$ 211,823
Fundraising	317,371	291,684
Grants	2,000	4,615
Legacies and bequests	10,000	-
Membership dues	-	125
Services	40,367	39,954
Interest	2,518	2,498
Amortization of deferred capital contributions (Note 5)	35,950	31,728
	654,891	582,427
Expenses		
Accommodation and pet care	17,841	16,418
Advertising and sales promotion	6,719	6,642
Amortization	49,221	46,170
Bank charges	8,581	8,655
Fundraising	84,867	79,481
Insurance	7,654	7,488
Memberships	1,123	932
Office, telephone and general	31,176	29,274
Professional fees	8,405	16,535
Repairs and maintenance	3,601	6,401
Salaries and wages	204,986	165,417
Travel	2,243	3,920
Utilities	24,373	21,730
Veterinary	155,766	155,895
	606,556	564,958
Excess of revenue over expenses for the year	48,335	17,469
Net assets, beginning of year	319,707	302,238
Net assets, end of year	\$ 368,042	\$ 319,707

The accompanying notes are an integral part of these financial statements.

**Georgian Triangle Humane Society
Statement of Cash Flows
(Unaudited)**

For the year ended December 31	2015	2014
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses for the year	\$ 48,335	\$ 17,469
Items not involving cash:		
Amortization of capital assets	49,221	46,170
Amortization of deferred capital contributions	(35,950)	(31,728)
	<u>61,606</u>	<u>31,911</u>
 Changes in non-cash working capital balances		
Accounts receivable	1,623	(496)
Inventories	(3,834)	(2,386)
Prepaid expenses	1,316	(1,520)
Accounts payable and accrued liabilities	(12,393)	7,707
Deferred contributions	(27,079)	(3,997)
Deferred capital contributions	28,556	3,489
	<u>49,795</u>	<u>34,708</u>
 Investing activities		
Capital asset acquisitions	(28,556)	(11,963)
Purchase of short-term investments	-	(192,676)
Proceeds on sale of Capital asset	400	-
Proceeds on sale of short-term investments	50,867	182,175
	<u>22,711</u>	<u>(22,464)</u>
 Increase in cash and bank during the year	72,506	12,244
 Cash and bank, beginning of year	<u>247,521</u>	<u>235,277</u>
 Cash and bank, end of year	\$ 320,027	\$ 247,521

The accompanying notes are an integral part of these financial statements.

**Georgian Triangle Humane Society
Notes to Financial Statements
(Unaudited)**

December 31, 2015

1. Summary of Significant Accounting Policies

Nature and Purpose	<p>The organization is a non-profit organization incorporated without share capital under the laws of Ontario.</p> <p>The organization was formed to provide shelter and care for lost, stray, unwanted or abandoned animals in the communities of Wasaga Beach, Stayner, Creemore, Collingwood, The Blue Mountains, Thornbury, Clarksburg, Meaford and the surrounding areas.</p> <p>The organization is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.</p>										
Basis of Accounting	<p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.</p>										
Revenue Recognition	<p>Georgian Triangle Humane Society follows the deferral method of accounting for contributions.</p> <p>Contributions relating to depreciable capital assets are deferred and amortized over the useful life of the depreciable capital asset acquired.</p> <p>Contributions relating to non-depreciable assets are recognized as direct increases to net assets.</p> <p>Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.</p> <p>Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p> <p>Service revenues are recognized at the time the service is provided and collection is reasonably assured.</p>										
Capital Assets	<p>Capital assets are stated at cost less accumulated amortization. Amortization, based on the estimated useful life of the asset, is calculated as follows:</p> <table><tr><td>Building</td><td>4% declining balance basis</td></tr><tr><td>Shelter equipment</td><td>20% declining balance basis</td></tr><tr><td>Vehicle</td><td>30% declining balance basis</td></tr><tr><td>Computer hardware</td><td>45% declining balance basis</td></tr><tr><td>Computer software</td><td>100% declining balance basis</td></tr></table>	Building	4% declining balance basis	Shelter equipment	20% declining balance basis	Vehicle	30% declining balance basis	Computer hardware	45% declining balance basis	Computer software	100% declining balance basis
Building	4% declining balance basis										
Shelter equipment	20% declining balance basis										
Vehicle	30% declining balance basis										
Computer hardware	45% declining balance basis										
Computer software	100% declining balance basis										

Continued...

**Georgian Triangle Humane Society
Notes to Financial Statements
(Unaudited)**

December 31, 2015

1. Summary of Significant Accounting Policies (continued)

Use of Estimates	The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The amounts recorded for estimated useful life of capital assets and accrued liabilities are based on management's best estimates. Actual results could differ from management's best estimates as additional information becomes available in the future.
Contributed Materials and Services	The organization may recognize contributions of materials and services if the fair value can be reasonably estimated, the materials and services are used in the normal course of its operations and would otherwise have been purchased.
Financial Instruments	Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument.

**Georgian Triangle Humane Society
Notes to Financial Statements
(Unaudited)**

December 31, 2015

2. Capital Assets

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Buildings	\$ 1,039,810	\$ 199,442	\$ 1,039,810	\$ 164,546
Shelter equipment	38,811	16,958	36,302	12,278
Computer hardware	8,480	5,674	6,430	4,217
Computer software	7,319	5,635	3,950	2,783
Vehicle	19,235	2,885	5,000	3,542
	<u>\$ 1,113,655</u>	<u>\$ 230,594</u>	<u>\$ 1,091,492</u>	<u>\$ 187,366</u>
Net book value		<u>\$ 883,061</u>		<u>\$ 904,126</u>

The building is situated on land owned by the Town of Collingwood.

3. Related Party

Management and directors were reimbursed for certain administrative costs. These transactions were in the normal course of operations and were measured at the exchange amount.

4. Deferred Contributions

Deferred contributions represent donations restricted by the funding individual or organization for future use towards the purchase of capital assets. They are reduced by amounts spent towards the building either for repairs or additions and purchase of capital assets. See Note 5.

Georgian Triangle Humane Society
Notes to Financial Statements
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5. Deferred Capital Contributions

Deferred capital contributions represent restricted contributions that have been used for the construction of the new building and additions thereon. Beginning in 2015 the board has designated the contributions for other capital asset purchases as well.

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 763,228	\$ 791,467
Deferred contributions for capital additions	28,556	3,489
Amortization of deferred capital contributions	<u>(35,950)</u>	<u>(31,728)</u>
Balance, end of year	<u>\$ 755,834</u>	<u>\$ 763,228</u>

6. Contributed Materials and Services

The organization receives goods and services from its members and the community.

The organization would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Due to the difficulty of compiling these hours, contributed services are not recognized in the financial statements.

Additionally, the organization has a land lease from the Town of Collingwood at a nominal value of \$2 per year. The lease of commercial space for Treasure Tails has been recognized at the amount paid, which consists of maintenance, interest and taxes only (Note 7).

The fair values of these contributions cannot be reasonably estimated and have therefore not been recognized in the financial statements.

**Georgian Triangle Humane Society
Notes to Financial Statements
(Unaudited)**

December 31, 2015

7. Commitments

The organization has an operating lease for the Treasure Tails premises at \$2,259 per month plus common area fees at \$1,054, under a lease expiring in December 2021.

The minimum annual lease payments for the next five years are as follows:

2016	\$	39,754
2017		39,754
2018		39,754
2019		39,754
2020		39,754

**Georgian Triangle Humane Society
Notes to Financial Statements
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December 31, 2015

8. Financial Instrument Risk

The organization is exposed to risks that arise from its use of financial instruments. This note describes the organization's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive change in the organization's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to this risk on its high interest savings account.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or from financial obligations which have the similar economic characteristics such that they could be similarly affected by changes in economic conditions. The company's financial instruments that are exposed to concentrations of credit risk are accounts receivable, government remittances receivable and holding all bank accounts with one financial institution. Mitigating the risk relating to the receivable balances is a historic trend of no collection issues as receivable balances are all from municipalities with no history of defaulting on obligations. All of the company's cash is held at one credit union. The Canadian Deposit Insurance Corporation (CDIC) insures Canadian current bank accounts and investments at a single financial institution to a maximum of \$100,000.

Liquidity risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises primarily from accounts payable and accrued liabilities.

