

**Georgian Triangle Humane Society**  
**Financial Statements**  
For the year ended December 31, 2017  
(Unaudited)

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**Financial Statements**  
For the year ended December 31, 2017  
(Unaudited)

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## Independent Practitioner's Review Engagement Report

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### To the Board of Directors of Georgian Triangle Humane Society

We have reviewed the accompanying financial statements of Georgian Triangle Humane Society that comprise the statement of financial position as at December 31, 2017, and the statements of operations, and 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 accounting standards for not-for-profit organizations, 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.

### Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

### Basis for Qualified Conclusion

In common with many not-for-profit organizations, the organization derives revenue from donations and fundraising, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2017 and 2016, current assets as at December 31, 2017 and 2016, and net assets as at January 1 and December 31 for both the 2017 and 2016 years. Our review conclusion on the financial statements for the year ended December 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

### Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of the Georgian Triangle Humane Society as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*BDO Canada LLP*

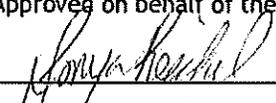
Chartered Professional Accountants, Licensed Public Accountants

Collingwood, Ontario  
May 16, 2018

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

December 31	2017	2016
<b>Assets</b>		
<b>Current</b>		
Cash and bank	\$ 540,379	\$ 362,385
Accounts receivable	64,162	37,934
Inventories	20,975	15,296
Prepaid expenses	-	1,208
	625,516	416,823
<b>Capital assets (Note 2)</b>	<b>864,503</b>	<b>866,575</b>
	<b>\$ 1,490,019</b>	<b>\$ 1,283,398</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 58,717	\$ 62,406
Deferred contributions (Note 4)	89,221	46,297
	147,938	108,703
<b>Deferred capital contributions (Note 5)</b>	<b>753,171</b>	<b>747,872</b>
	901,109	856,575
<b>Commitment (Note 7)</b>		
<b>Net Assets</b>	<b>588,910</b>	<b>426,823</b>
	<b>\$ 1,490,019</b>	<b>\$ 1,283,398</b>

Approved on behalf of the Board:

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

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

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

For the year ended	2017	2016
<b>Revenue</b>		
Donations	\$ 258,982	\$ 163,629
Fundraising - Treasure Tails	214,538	185,126
Fundraising - Retail Store	74,378	60,273
Fundraising - Other	169,782	100,286
Grants	31,173	6,705
Legacies and bequests	27,132	4,000
Animal adoption fees	162,537	114,132
Services	40,501	45,808
Interest	3,286	2,529
Animal programs	27,339	10,890
Amortization of deferred capital contributions (Note 5)	41,026	39,588
	<u>1,050,674</u>	<u>732,966</u>
<b>Expenses</b>		
Accommodation and pet care	24,065	19,331
Advertising and sales promotion	13,485	6,901
Amortization	48,397	48,111
Bank charges	13,686	10,029
Fundraising - Treasure Tails	47,082	50,763
Fundraising - Retail store	51,078	47,106
Fundraising - Other	27,102	11,819
Grant expenses	33,904	9,464
Insurance	9,042	10,186
Memberships	1,305	1,799
Office, telephone and general	31,405	25,756
Professional fees	8,692	9,600
Repairs and maintenance	2,751	918
Salaries and wages	327,417	232,613
Travel	2,838	2,221
Utilities	29,435	27,135
Veterinary	216,903	160,433
	<u>888,587</u>	<u>674,185</u>
<b>Excess of revenue over expenses for the year</b>	<b>162,087</b>	<b>58,781</b>
<b>Net assets, beginning of year</b>	<u><b>426,823</b></u>	<u><b>368,042</b></u>
<b>Net assets, end of year</b>	<u><b>\$ 588,910</b></u>	<u><b>\$ 426,823</b></u>

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

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

For the year ended	2017	2016
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenues over expenses for the year	\$ 162,087	\$ 58,781
Items not involving cash:		
Amortization of capital assets	48,397	48,111
Amortization of deferred capital contributions	(41,026)	(39,588)
	169,458	67,304
 Changes in non-cash working capital balances		
Accounts receivable	(26,228)	(9,785)
Inventories	(5,679)	(4,495)
Prepaid expenses	1,208	(1,004)
Accounts payable and accrued liabilities	(3,689)	22,882
Deferred contributions	42,924	(32,545)
Deferred capital contributions	46,325	31,626
	224,319	73,983
 <b>Investing activities</b>		
Capital assets acquisitions	(46,325)	(31,625)
 Increase in cash and bank during the year	 177,994	 42,358
Cash and bank, beginning of year	362,385	320,027
 Cash and bank, end of year	 \$ 540,379	 \$ 362,385

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

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

December 31, 2017

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### 1. Summary of Significant Accounting Policies

<b>Nature and Purpose</b>	<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>										
<b>Basis of Accounting</b>	<p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.</p>										
<b>Revenue Recognition</b>	<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>										
<b>Capital Assets</b>	<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										

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

December 31, 2017

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**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 at initial recognition.

In subsequent periods, financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

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

**December 31, 2017**

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**2. Capital Assets**

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Buildings	\$ 1,057,985	\$ 266,277	\$ 1,054,785	\$ 233,356
Shelter equipment	95,391	33,273	54,311	22,879
Computer hardware	11,075	8,409	9,030	7,060
Computer software	7,919	7,919	7,919	7,620
Vehicle	19,235	11,224	19,235	7,790
	<b>\$ 1,191,605</b>	<b>\$ 327,102</b>	<b>\$ 1,145,280</b>	<b>\$ 278,705</b>
Net book value		<b>\$ 864,503</b>		<b>\$ 866,575</b>

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

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**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.

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**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.

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

**December 31, 2017**

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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. The board expanded the designation of contributions towards other capital asset purchases.

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 747,872	\$ 755,834
Deferred contributions for capital additions	46,325	31,626
Amortization of deferred capital contributions	<u>(41,026)</u>	<u>(39,588)</u>
Balance, end of year	<u>\$ 753,171</u>	<u>\$ 747,872</u>

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

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

**December 31, 2017**

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**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 four years are as follows:

2018	\$	39,754
2019	\$	39,754
2020	\$	39,754
2021	\$	39,754

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**8. Comparative Information**

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

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

**December 31, 2017**

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**9. 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 organization'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 organization'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.