

**Georgian Triangle Humane Society**  
**Financial Statements**  
For the year ended December 31, 2018

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**Financial Statements**  
For the year ended December 31, 2018

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## Independent Auditor's Report

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

#### Qualified Opinion

We have audited the financial statements of Georgian Triangle Humane Society (the organization), which comprise the statement of financial position as at December 31, 2018 and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### Basis for Qualified Opinion

In common with many charitable organizations, the entity derives revenues from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification 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 revenues, excess of revenues over expenses and cash flows from operations for the years ended December 31, 2018 and 2017, current assets as at December 31, 2018 and 2017 and fund balances as at January 1 and December 31 for both the 2018 and 2017 years.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### Comparative Information

We were not engaged to report on the comparative information, and as such, it is unaudited.

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the Annual Report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Collingwood, Ontario  
May 23, 2019

**Georgian Triangle Humane Society**  
**Statement of Financial Position**

December 31

2018

2017

(unaudited)

**Assets**

**Current**

Cash and bank	\$ 652,687	\$ 540,379
Short-term investments (Note 2)	202,658	-
Accounts receivable	59,503	64,162
Inventories	14,757	20,975

929,605      625,516

**Capital assets (Note 3)**

833,838      864,503

**\$ 1,763,443**      **\$ 1,490,019**

**Liabilities**

**Current**

Accounts payable and accrued liabilities	\$ 108,013	\$ 58,717
Deferred revenue	33,886	-
Deferred contributions (Note 4)	239,984	89,221

347,997      147,938

**Deferred contributions related to capital assets (Note 5)**

719,173      753,171

1,101,056      901,109

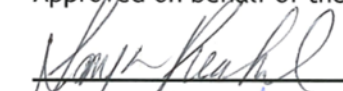

**Commitments (Note 7)**

**Net Assets**

662,387      588,910

**\$ 1,763,443**      **\$ 1,490,019**

Approved on behalf of the Board:

  
\_\_\_\_\_  
  
\_\_\_\_\_

Executive Director

Director

## Georgian Triangle Humane Society Statement of Operations and Net Assets

<b>For the year ended December 31</b>	<b>2018</b>	<b>2017</b> (unaudited)
<b>Revenue</b>		
Amortization of deferred contributions related to capital assets (Note 5)	\$ 43,308	\$ 41,026
Recognized deferred contributions (Note 4)	14,911	2,751
Animal adoption fees	162,043	162,537
Animal programs	43,399	27,339
Donations	265,892	255,870
Fundraising - Other	223,696	169,782
Fundraising - Retail Store	76,674	74,378
Fundraising - Treasure Tails	201,261	214,538
Grants	58,918	31,173
Interest	6,925	3,286
Legacies and bequests	83,353	27,132
Services	39,663	40,501
	<b>1,220,043</b>	<b>1,050,313</b>
<b>Expenses</b>		
Accommodation and pet care	28,282	24,065
Advertising and sales promotion	14,699	13,485
Amortization	50,566	48,397
Bank charges	15,329	13,686
Fundraising - Other	45,512	27,102
Fundraising - Retail store	59,916	51,078
Fundraising - Treasure Tails	48,583	47,082
Grant expenses	20,039	33,904
Insurance	9,991	8,681
Memberships	1,749	1,305
Office, telephone and general	46,533	31,405
Professional fees	20,176	8,692
Repairs and maintenance	14,911	2,751
Salaries and wages	514,729	327,417
Travel	3,200	2,838
Utilities	25,373	29,435
Veterinary	226,978	216,903
	<b>1,146,566</b>	<b>888,226</b>
<b>Excess of revenue over expenses for the year</b>	<b>73,477</b>	<b>162,087</b>
<b>Net assets, beginning of year</b>	<b>588,910</b>	<b>426,823</b>
<b>Net assets, end of year</b>	<b>\$ 662,387</b>	<b>\$ 588,910</b>

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

## Georgian Triangle Humane Society Statement of Cash Flows

For the year ended December 31	2018	2017
		(unaudited)
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenues over expenses for the year	\$ 73,477	\$ 162,087
Items not involving cash:		
Amortization of capital assets	50,566	48,397
Amortization of deferred contributions related to capital assets	(43,308)	(41,026)
	80,735	169,458
Changes in non-cash working capital balances		
Accounts receivable	4,659	(26,228)
Inventories	6,218	(5,679)
Prepaid expenses	-	1,208
Accounts payable and accrued liabilities	49,296	(3,689)
Deferred revenue	33,886	-
Deferred contributions	150,763	42,924
Deferred contributions related to capital assets	9,310	46,325
	334,867	224,319
<b>Investing activities</b>		
Capital assets acquisitions	(19,901)	(46,325)
Purchase of short-term investments	(202,658)	-
<b>Increase in cash and bank during the year</b>	112,308	177,994
<b>Cash and bank, beginning of year</b>	540,379	362,385
<b>Cash and bank, end of year</b>	\$ 652,687	\$ 540,379

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



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# Georgian Triangle Humane Society

## Notes to Financial Statements

December 31, 2018

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### 1. Summary of Significant Accounting Policies

#### Nature and Purpose

The organization is a non-profit organization incorporated without share capital under the laws of Ontario.

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.

The organization is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

#### Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

#### Revenue Recognition

Georgian Triangle Humane Society follows the deferral method of accounting for contributions.

Contributions relating to depreciable capital assets are deferred and amortized over the useful life of the depreciable capital asset acquired.

Contributions relating to non-depreciable assets are recognized as direct increases to net assets.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

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.

Service revenues are recognized at the time the service is provided and collection is reasonably assured.

#### Inventories

Retail store inventories are stated at the lower of cost and net realizable value. Cost is generally on the first-in, first-out basis.

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## Georgian Triangle Humane Society Notes to Financial Statements

December 31, 2018

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### 1. Summary of Significant Accounting Policies (continued)

<b>Capital Assets</b>	Capital assets are stated at cost less accumulated amortization. Amortization, based on the estimated useful life of the asset, is calculated as follows:  <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										
<b>Contributed Materials and Services</b>	The organization recognizes 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.										
<b>Financial Instruments</b>	<p>Financial Instruments are recorded at fair value at initial recognition.</p> <p>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.</p> <p>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.</p>										

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## Georgian Triangle Humane Society Notes to Financial Statements

December 31, 2018

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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.

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### 2. Short-term investments

Short-term investments consist of two guaranteed investment certificates maturing on May 14, 2019, bearing interest at a rate of 2.10%. Accrued interest totalling \$2,658 is included in this balance.

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### 3. Capital Assets

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Buildings	\$ 1,065,825	\$ 298,102	\$ 1,057,985	\$ 266,277
Shelter equipment	95,391	45,697	95,391	33,273
Computer hardware	23,136	12,323	11,075	8,408
Computer software	7,919	7,919	7,919	7,920
Vehicle	19,235	13,627	19,235	11,224
	\$ 1,211,506	\$ 377,668	\$ 1,191,605	\$ 327,102
Net book value		\$ 833,838		\$ 864,503

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

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## Georgian Triangle Humane Society Notes to Financial Statements

December 31, 2018

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#### 4. Deferred Contributions

Deferred contributions represent donations restricted by the funding individual or organization for future purchases of capital assets and expenses of a subsequent period.

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 89,221	\$ 46,297
Deferred contributions received	174,984	92,000
Capital asset purchases	(9,310)	(46,325)
Recognized deferred contributions	<u>(14,911)</u>	<u>(2,751)</u>
Balance, end of year	<u>\$ 239,984</u>	<u>\$ 89,221</u>

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#### 5. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represents the unamortized portion of restricted contributions used for capital asset purchases.

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 753,171	\$ 747,872
Deferred contributions for capital asset purchases	9,310	46,325
Amortization of deferred contributions related to capital assets	<u>(43,308)</u>	<u>(41,026)</u>
Balance, end of year	<u>\$ 719,173</u>	<u>\$ 753,171</u>

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## Georgian Triangle Humane Society Notes to Financial Statements

December 31, 2018

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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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### 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 three years are as follows:

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

On November 28, 2018, the organization signed a letter of intent with a vendor for construction services. The total value of the contract is \$128,300 and as of December 31, 2018, no work has been performed.

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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

December 31, 2018

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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 and its short-term investment.

#### 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.