

Georgian Triangle Humane Society
Financial Statements
For the year ended December 31, 2019

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For the year ended December 31, 2019

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Independent Auditor's Report

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, 2019 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, 2019, 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 organization 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, 2019 and 2018, current assets as at December 31, 2019 and 2018 and fund balances as at January 1 and December 31 for both the 2019 and 2018 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.



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
April 30, 2020

Georgian Triangle Humane Society
Statement of Financial Position

December 31

2019

2018

Assets

Current

Cash and bank	\$ 438,031	\$ 652,687
Short-term investments (Note 2)	308,243	202,658
Accounts receivable	85,486	59,503
Inventories	17,452	14,757

849,212	929,605
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Capital assets (Note 3)

1,050,502	833,838
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\$ 1,899,714	\$ 1,763,443
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Liabilities

Current

Accounts payable and accrued liabilities	\$ 66,056	\$ 108,013
Deferred revenue	54,987	33,886
Deferred contributions (Note 4)	95,271	239,984

161,327	347,997
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Deferred contributions related to capital assets (Note 5)

931,605	719,173
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1,147,919	1,101,056
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Commitments (Note 7)

Net Assets

751,795	662,388
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\$ 1,899,714	\$ 1,763,444
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Approved on behalf of the Board:

_____ Executive Director

_____ Director

Georgian Triangle Humane Society Statement of Operations and Net Assets

For the year ended December 31	2019	2018
Revenue		
Donations	\$ 269,730	\$ 254,073
Fundraising - Treasure Tails	222,542	201,261
Fundraising - Events	220,409	176,205
Animal adoption fees	204,717	162,043
Grants	156,611	58,918
Animal programs & services	119,459	92,092
Fundraising - Retail Store	97,165	76,674
Legacies and bequests	82,165	83,353
Fundraising - Programs	79,300	66,079
Amortization of deferred contributions related to capital assets (Note 5)	58,265	43,308
Recognized deferred contributions (Note 4)	39,503	14,911
Interest	15,158	9,714
	1,565,024	1,238,631
Expenses		
Salaries and wages	775,053	514,729
Veterinary	206,167	226,978
Fundraising - Retail store	69,117	59,916
Fundraising - Events	67,024	55,336
Amortization	63,733	50,566
Fundraising - Treasure Tails	48,149	48,583
Shelter operations	44,672	33,230
Office, telephone and general	41,126	46,533
Fundraising - Programs	34,322	8,765
Utilities	27,282	25,373
Grant expenses	25,389	20,039
Professional fees	20,610	20,176
Bank charges	15,747	15,329
Advertising and sales promotion	13,064	14,699
Repairs and maintenance	12,936	14,910
Insurance	11,226	9,991
	1,475,617	1,165,153
Excess of revenue over expenses for the year	89,407	73,478
Net assets, beginning of year	662,388	588,910
Net assets, end of year	\$ 751,795	\$ 662,388

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	2019	2018
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses for the year	\$ 89,407	\$ 73,478
Items not involving cash:		
Amortization of capital assets	63,733	50,566
Amortization of deferred contributions related to capital assets	(58,265)	(43,308)
	94,875	80,736
Changes in non-cash working capital balances		
Accounts receivable	(25,983)	4,659
Inventories	(2,695)	6,218
Accounts payable and accrued liabilities	(41,957)	49,296
Deferred revenue	21,101	33,886
Deferred contributions	(144,713)	150,763
Deferred contributions related to capital assets	270,698	9,310
	171,326	334,868
Investing activities		
Capital assets acquisitions	(280,398)	(19,901)
Purchase of short-term investments	(308,243)	(202,658)
Proceeds on sale of short-term investments	202,658	-
	(285,983)	(222,559)
Increase (decrease) in cash and bank during the year	(214,657)	112,309
Cash and bank, beginning of year	652,688	540,379
Cash and bank, end of year	\$ 438,031	\$ 652,688

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

Georgian Triangle Humane Society

Notes to Financial Statements

December 31, 2019

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

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Georgian Triangle Humane Society Notes to Financial Statements

December 31, 2019

1. Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization, based on the estimated useful life of the asset, is calculated as follows:

Building	4% declining balance basis
Equipment	20% declining balance basis
Vehicle	30% declining balance basis
Computer hardware	45% declining balance basis
Computer software	100% declining balance basis

Contributed Materials and Services

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.

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.

Continued...

Georgian Triangle Humane Society Notes to Financial Statements

December 31, 2019

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.

2. Short-term investments

Short-term investments consist of three guaranteed investment certificates maturing on May 14, 2020, bearing interest at a rate of 2.10%. Accrued interest totalling \$4,043 is included in this balance.

3. Capital Assets

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Buildings	\$ 1,209,546	\$ 331,547	\$ 1,065,825	\$ 298,102
Equipment	222,368	67,854	95,391	45,697
Computer hardware	24,836	17,572	23,136	12,322
Computer software	7,919	7,920	7,919	7,920
Vehicle	27,235	16,509	19,235	13,627
	\$ 1,491,904	\$ 441,402	\$ 1,211,506	\$ 377,668
Net book value		\$ 1,050,502		\$ 833,838

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

Georgian Triangle Humane Society Notes to Financial Statements

December 31, 2019

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>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 239,984	\$ 89,221
Deferred contributions received	165,487	174,984
Capital asset purchases	(270,697)	(9,310)
Recognized deferred contributions	<u>(39,503)</u>	<u>(14,911)</u>
Balance, end of year	<u>\$ 95,271</u>	<u>\$ 239,984</u>

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>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 719,173	\$ 753,171
Deferred contributions for capital asset purchases	270,697	9,310
Amortization of deferred contributions related to capital assets	<u>(58,265)</u>	<u>(43,308)</u>
Balance, end of year	<u>\$ 931,605</u>	<u>\$ 719,173</u>

Georgian Triangle Humane Society Notes to Financial Statements

December 31, 2019

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.

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 two years are as follows:

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

8. Comparative Information

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

Georgian Triangle Humane Society Notes to Financial Statements

December 31, 2019

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.

Georgian Triangle Humane Society Notes to Financial Statements

December 31, 2019

10. Subsequent event

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

Management is actively monitoring the situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. As a result, management anticipates a temporary decline in donation revenue, has postponed a number of its essential fundraisers, and temporarily closed the Treasure Tails store.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations.

Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.
