

Grey Bruce Animal Shelter
Financial Statements
For the year ended December 31, 2022

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For the year ended December 31, 2022

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Independent Auditor's Report

To the Board of Directors of Grey Bruce Animal Shelter

Qualified Opinion

We have audited the financial statements of Grey Bruce Animal Shelter, which comprise the statement of financial position as at December 31, 2022, and the statements of operations, operating fund, internally restricted fund, 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 Grey Bruce Animal Shelter as at December 31, 2022, and its statement of operations and statement of 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 not-for-profit organizations, the Grey Bruce Animal Shelter derives revenue from donations and fundraising activities 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 Grey Bruce Animal Shelter. Therefore, we were not able to determine whether any adjustments might be necessary to donation or fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2022, current assets as at December 31 2022 and 2021, and net assets as at January 1 and December 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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 Grey Bruce Animal Shelter 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 audit opinion.

Responsibilities of Management and Those Charged with Governance 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.

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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
June 9, 2023

Grey Bruce Animal Shelter
Statement of Financial Position

December 31	2022	2021
Assets		
Current		
Cash and bank	\$ 172,316	\$ 670,831
Investments (Note 2)	581,947	34,449
Accounts receivable (Note 3)	5,359	4,986
Prepays	1,138	-
	760,760	710,266
Restricted		
Restricted cash	85,159	47,781
Investments (Note 2)	181,321	120,083
	266,480	167,864
	\$ 1,027,240	\$ 878,130
Liabilities and Fund Balances		
Current		
Accounts payable and accrued liabilities (Note 4)	\$ 30,378	\$ 17,976
Deferred revenue (Note 5)	478,190	454,500
	508,568	472,476
Net assets		
Operating fund (Page 5)	208,551	173,707
Internally restricted fund (Page 5)	310,121	231,947
	518,672	405,654
	\$ 1,027,240	\$ 878,130

Approved on behalf of the Board:



Director

Grey Bruce Animal Shelter
Statement of Operating Fund

For the year ended December 31	2022	2021
Surplus, beginning of the year	\$ 173,707	\$ 126,158
Excess of revenues over expenses for the year (Page 6)	<u>113,018</u>	<u>115,149</u>
	286,725	241,307
Transfer to internally restricted fund	<u>(78,174)</u>	<u>(67,600)</u>
Surplus, end of the year	<u>\$ 208,551</u>	<u>\$ 173,707</u>

Grey Bruce Animal Shelter
Statement of Internally Restricted Fund

For the year ended December 31	2022	2021
Internally restricted fund, beginning of the year	\$ 231,947	\$ 164,347
Transfer from operations	<u>78,174</u>	<u>67,600</u>
Internally restricted fund, end of the year	<u>\$ 310,121</u>	<u>\$ 231,947</u>

Grey Bruce Animal Shelter
Statement of Operations

For the year ended December 31	2022	2021
Revenue		
Donations	\$ 175,548	\$ 156,007
Fundraising	15,259	11,884
Grants	-	4,500
Membership fees	520	640
Pet adoption fees	47,575	41,900
Pet surrender fees	5,525	6,145
Sale of goods	26,832	25,127
	<u>271,259</u>	<u>246,203</u>
Expenses		
Advertising and promotion	54	340
Accounting and professional fees	9,915	7,879
Bank charges and interest	3,020	2,301
Capital	4,291	1,408
Fundraising	5,332	4,410
Insurance	3,124	3,003
Medical	67,190	58,106
Miscellaneous	1,902	2,063
Office	2,976	2,598
Property taxes	4,830	4,654
Rent	5,550	3,150
Repairs and maintenance	15,564	10,120
Salaries and benefits	52,075	45,280
Supplies	7,798	4,047
Utilities and telephone	25,213	16,507
Vehicle	3,043	3,196
Website costs	1,039	302
	<u>212,916</u>	<u>169,364</u>
Excess of revenue over expenses before other income	<u>58,343</u>	<u>76,839</u>
Other income (expenses)		
Bequests	80,574	2,305
Government subsidy revenue	1,546	32,347
Interest	4,525	3,658
Investment income	12,379	-
Realized loss on sale on investments	(1,440)	-
Unrealized loss on investments	(42,909)	-
	<u>54,675</u>	<u>38,310</u>
Excess of revenue over expenses for the year	<u>\$ 113,018</u>	<u>\$ 115,149</u>

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

Grey Bruce Animal Shelter
Statement of Cash Flows

For the year ended December 31	2022	2021
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses (Page 6)	\$ 113,018	\$ 115,149
Changes in non-cash working capital balances		
Accounts receivable	(373)	18,801
Prepaid expenses	(1,138)	450
Accounts payable	12,402	(805)
Deferred revenue	23,690	452,500
	147,599	586,095
Investing activities		
Change in investments	(608,736)	18,136
Increase (decrease) in cash during the year	(461,137)	604,231
Cash, beginning of the year	718,612	114,381
Cash, end of the year	\$ 257,475	\$ 718,612
Represented by		
Cash and bank	\$ 172,316	\$ 670,831
Restricted cash	85,159	47,781
	\$ 257,475	\$ 718,612

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

Grey Bruce Animal Shelter
Notes to Financial Statements

December 31, 2022

1. Summary of Significant Accounting Policies

Management Responsibility The Board of Grey Bruce Animal Shelter is responsible for the integrity, objectivity and accuracy of the financial information presented in these financial statements. The Board reviews and approves the financial statements.

Nature of Business The organization is incorporated under the laws of Ontario. Grey Bruce Animal Shelter is a charity dedicated to the provision of animal shelter services to meet the needs of homeless animals.

Grey Bruce Animal Shelter is a registered charity under paragraph 149(1)(f) of the Income Tax Act and is exempt from tax by virtue of that section.

Basis of Accounting These statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations, using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

Fund Accounting The organization follows the deferral method of accounting for restricted contributions and uses two funds to record its transactions.

(i) Operating Fund

The operating fund includes and records general operations and unrestricted contributions.

(ii) Internally Restricted Fund

The internally restricted fund has been established by the Board of directors to accumulate amounts for major repairs, renovations and specific board initiatives.

Capital Assets Capital asset additions are not recorded in the statement of financial position. Expenditures for capital assets in the year are recorded as expenses and disclosed in the statement of operations.

Grey Bruce Animal Shelter
Notes to Financial Statements

December 31, 2022

1. Summary of Significant Accounting Policies - (continued)

Revenue Recognition	<p>Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Revenue from adoptions and pet surrenders is recognized when the animals are adopted or surrendered and payment is made. Donation, fundraising and membership revenues are recognized once amounts are received or event which took place to raise funds has been completed and amounts to be received are known. Miscellaneous revenue is recognized when the amounts can be reasonably estimated and collection is reasonably assured.</p> <p>Grant and subsidy revenue is recorded when stipulations relating to the funding are met, the amount is reasonably estimated and collectibility is reasonably assured.</p> <p>Sale of goods income is recognized as revenue in the year in which goods are sold.</p>
Contributed Services	<p>Volunteers contribute a significant number of hours on education, support, awareness, governance and fundraising activities. Because of the difficulty of determining their fair market value, contributed services are not recognized on the financial statements.</p>
Donated Supplies	<p>A significant amount of materials and supplies are contributed by donors during the year. These donations are not included in these statements. Grey Bruce Animal Shelter does not provide charitable receipts for donated materials and supplies.</p>
Financial Instruments	<p>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 are charged to the financial instrument for those measured at amortized cost.</p> <p>Financial instruments quoted in an active market are accounted for at fair value. Changes in fair value are recorded through the statement of operations.</p>

Grey Bruce Animal Shelter
Notes to Financial Statements

December 31, 2022

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 revenue and expenses during the period. Actual results could differ from management's best estimates as additional information becomes available in the future. Key estimates include accounts payable and accrued liabilities.

2. Investments

Investments held by the organization are as follows:

	2022	2021
Unrestricted		
Investments held with Scotia Capital Inc. (cost \$510,940)	\$ 468,031	\$ -
GIC, 4.25% due December 2025	25,000	-
GIC, 4.25%, due July 2025	3,600	-
GIC, 5.25%, due June 2024	30,000	-
GIC, 4.60% due December 2023	25,000	-
GIC, 5.05% due September 2023	30,000	-
GIC, 1.2% due November 2022	-	32,890
GIC, 1.15% due November 2022	-	1,283
Accrued interest	316	276
	\$ 581,947	\$ 34,449
Restricted		
GIC, 4.90% due December 2023	40,000	-
GIC, 4.60% due December 2023	40,000	-
GIC, 5.05% due September 2023	40,000	-
GIC, 3.10% due June 2023	60,000	-
GIC, 1.2% due November 2023	-	32,890
GIC, 1.2% due November 2023	-	30,360
GIC, 1.2% due November 2023	-	30,360
GIC, 1.2% due August 2022	-	26,026
Accrued interest	1,321	447
	181,321	120,083
	\$ 763,268	\$ 154,532

Grey Bruce Animal Shelter
Notes to Financial Statements

December 31, 2022

3. Accounts Receivable

There was no impairment allowance in relation to accounts receivable at December 31, 2022 (2021 - \$Nil).

4. Accounts Payable and Accrued Liabilities

The government remittances payable at the year-end were \$Nil (2021 - \$Nil).

5. Deferred Revenue

Deferred revenue consists of restricted contributions to be used for specific purposes in future periods.

	<u>2022</u>	<u>2021</u>
Opening balance	\$ 454,500	\$ 2,000
Contributions received in the year	51,073	452,500
Amounts recognized	<u>(27,383)</u>	-
Closing balance	<u>478,190</u>	<u>454,500</u>

6. Interfund Loans and Advances

The operating fund owed the internally restricted fund \$43,641 at December 31, 2022 (2021 - \$64,083).

7. Financial Instruments

Grey Bruce Animal Shelter's financial instruments consist of cash, accounts receivable, HST receivable and accounts payable and accrued liabilities. It is management's opinion that the organization is not exposed to significant currency risk arising from these financial instruments. The organization's bank accounts and guaranteed investment certificates are held at one credit union. The Deposit Insurance Corporation of Ontario (DICO) insures deposits to a maximum of \$250,000 per depositor. Guaranteed investment certificates have fixed interest rates. The corporation is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the fair value of fixed income denominated investments. The organization is exposed to market risk through the investments held in equities. Investments held with Scotia Capital Inc. are exposed to the risk that the fair value or future cash flows will fluctuate because of changes in market prices. The organization is exposed to credit risk arising from the possibility of default on its accounts receivable. Liquidity risk arises from accounts payable and accrued liabilities and is the risk that the organization will not have sufficient funds to settle a transaction on the due date. The organization has evaluated credit risk and liquidity risk to be low.

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Notes to Financial Statements

December 31, 2022

8. Comparative Figures

Certain comparative figures have been restated to conform to current year financial statement presentation.
