

**Grey Bruce Animal Shelter
Financial Statements
For the year ended December 31, 2020**

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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, 2020, 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, 2020, 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, 2020, current assets as at December 31 2020 and 2019, and net assets as at January 1 and December 31 for both the 2020 and 2019 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 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
April 14, 2021

Grey Bruce Animal Shelter
Statement of Financial Position

December 31	2020	2019
Assets		
Current		
Cash and bank	\$ 86,894	\$ 103,636
Temporary investments (Note 2)	33,768	-
Accounts receivable (Note 3)	24,058	6,632
Prepays	450	-
	<u>145,170</u>	<u>110,268</u>
Restricted		
Restricted cash	27,487	32,003
Temporary investments (Note 2)	138,177	50,000
Accrued interest	452	-
Deferred revenue	(2,000)	(2,000)
	<u>164,116</u>	<u>80,003</u>
	<u>\$ 309,286</u>	<u>\$ 190,271</u>
Liabilities and Fund Balances		
Current		
Accounts payable and accrued liabilities (Note 4)	\$ 18,781	\$ 16,597
Net assets		
Operating fund (Page 5)	126,158	93,426
Internally restricted fund (Page 5)	164,347	80,248
	<u>290,505</u>	<u>173,674</u>
	<u>\$ 309,286</u>	<u>\$ 190,271</u>

Approved on behalf of the Board:

Elaine B. Burrow
_____ Director

_____ Director

**Grey Bruce Animal Shelter
Statement of Operating Fund**

For the year ended December 31	2020	2019
Surplus, beginning of the year	\$ 93,426	\$ 89,355
Excess of revenues over expenses for the year (Page 6)	<u>116,831</u>	<u>20,691</u>
	210,257	110,046
Transfer from internally restricted fund	<u>(84,099)</u>	<u>(16,620)</u>
Surplus, end of the year	\$ 126,158	\$ 93,426

**Grey Bruce Animal Shelter
Statement of Internally Restricted Fund**

For the year ended December 31	2020	2019
Internally restricted fund, beginning of the year	\$ 80,248	\$ 63,628
Transfer from operations	<u>84,099</u>	<u>16,620</u>
Internally restricted fund, end of the year	\$ 164,347	\$ 80,248

Grey Bruce Animal Shelter
Statement of Operations

For the year ended December 31	2020	2019
Revenue		
Adoption fees	\$ 33,455	\$ 32,100
Donation revenue	201,085	143,718
Fundraising	34,159	20,228
Grants	2,131	388
Membership fees	840	580
Miscellaneous revenue	1,908	1,442
Pet surrender fees	5,290	4,813
Sale of goods	11,836	-
	290,704	203,269
Expenses		
Advertising and promotion	709	572
Accounting and professional fees	7,336	7,335
Bank charges and interest	2,380	1,245
Capital expenses	16,965	26,817
Fundraising expenses	8,743	5,394
Insurance	2,796	2,850
Medical expenses	42,171	42,773
Miscellaneous	3,275	4,961
Office	1,994	3,292
Property taxes	4,537	4,496
Rent	2,700	-
Repairs and maintenance	15,988	12,451
Subscription fees	-	1,540
Salaries and benefits	56,277	45,645
Supplies	6,972	3,654
Utilities and telephone	17,337	16,353
Vehicle expenses	2,264	1,825
Website costs	530	1,375
	192,974	182,578
	97,730	20,691
Other income		
Government subsidy revenue	19,101	-
Excess of revenue over expenses	\$ 116,831	\$ 20,691

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	2020	2019
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses (Page 6)	\$ 116,831	\$ 20,691
Changes in non-cash working capital balances		
Accounts receivable	(17,878)	(3,354)
Prepaid expenses	(450)	304
Accounts payable	2,184	2,105
	100,687	19,746
Investing activities		
Increase in temporary investments	(121,945)	(50,000)
Decrease in cash during the year	(21,258)	(30,254)
Cash, beginning of the year	135,639	165,893
Cash, end of the year	\$ 114,381	\$ 135,639
Represented by		
Cash and bank	\$ 86,894	\$ 103,636
Restricted cash	27,487	32,003
	\$ 114,381	\$ 135,639

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

Grey Bruce Animal Shelter
Notes to Financial Statements

December 31, 2020

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, 2020

1. Summary of Significant Accounting Policies - (continued)

Revenue Recognition	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.
Contributed Services	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.
Donated Supplies	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.
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>
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 will differ from management's best estimates as additional information becomes available in the future. Key estimates include accounts payable and accrued liabilities.

Grey Bruce Animal Shelter
Notes to Financial Statements

December 31, 2020

2. Temporary Investments

Temporary investments held by the organization are as follows:

	2020	2019
Guaranteed investment certificate, 1.2% due November 2023	\$ 30,000	\$ -
Guaranteed investment certificate, 1.2% due November 2023	30,000	-
Guaranteed investment certificate, 1.2% due November 2023	32,500	-
Guaranteed investment certificate, 1.15% due November 2023	32,500	-
Guaranteed investment certificate, 1.15% due November 2022	1,268	-
Guaranteed investment certificate, 0.7%, due November 2021	20,000	-
Guaranteed investment certificate, 2.7%, due February 2021	25,677	-
Guaranteed investment certificate, 2.5%, due August 2020	-	25,000
Guaranteed investment certificate, 2.7% due August 2020	-	25,000
	\$ 171,945	\$ 50,000
Represented by:		
Unrestricted	\$ 33,768	\$ -
Restricted	138,177	50,000
	\$ 171,945	\$ 50,000

3. Accounts Receivable

There was no impairment allowance in relation to accounts receivable at December 31, 2020 (2019 - \$0).

Grey Bruce Animal Shelter
Notes to Financial Statements

December 31, 2020

4. Accounts Payable and Accrued Liabilities

The government remittances payable at the year-end were \$Nil (2019- \$65).

5. 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 statements. The organization's bank accounts are held at one credit union. The Deposit Insurance Corporation of Ontario (DICO) insures deposits to a maximum of \$250,000 per depositor. 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.

6. Subsequent Events

During the year COVID-19 came into effect. As the impacts of COVID-19 continue, there could be further impact on the organization, its funders and donors. Management is actively monitoring the affect on its financial condition, liquidity, operations, suppliers, industry, and workforce. In 2020 the organization experienced increased revenues due to community donations and government subsidies. As well fundraising revenue was increased due to several successful events prior to COVID-19. Revenues are not expected to remain at these levels in the future.

7. Comparative Figures

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