



Chengkalath Gangji LLP

Chartered Accountants

Financial Statements of

**THE BOW VALLEY SOCIETY FOR THE
PREVENTION OF CRUELTY TO ANIMALS
(OPERATING AS "THE BOW VALLEY SPCA")**

December 31, 2011

The Bow Valley Society For The Prevention Of Cruelty To Animals

123 Bow Meadows Crescent, Canmore, Alberta, T1W 2T9 T 403-609-2022 F 403-609-2110

Management's Responsibility for Financial Statements

Management is responsible to the Board of Directors for the preparation of the financial statements of The Bow Valley Society For The Prevention Of Cruelty To Animals (Operating as "The Bow Valley SPCA") (the "Society"). These statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations and necessarily include some amounts based on estimates and judgements.

The Society maintains a system of internal control, which provides management with reasonable assurance that assets are safeguarded and that reliable financial records are maintained. This system includes written policies and procedures and an organizational structure that segregates duties to the extent possible. The Society has also instituted policies and guidelines, which require employees to maintain the highest ethical standards.

The external auditors of the Society, Chengkalath Gangji LLP, Chartered Accountants, have been appointed by the Board to express an opinion as to whether the financial statements present fairly the Society's financial position and operating results in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. Their report follows.

The Board of Directors has reviewed and approved these financial statements. The Board meets periodically with management and the external auditors to review internal controls, audit results and accounting principles and practices.

Paul Turner
President
The Bow Valley Society For The Prevention Of Cruelty To Animals

December 21, 2012

Auditor's Report

To the Board of Directors of The Bow Valley Society For The Prevention Of Cruelty To Animals

We have audited the accompanying financial statements of The Bow Valley Society For The Prevention Of Cruelty To Animals (Operating as "The Bow Valley SPCA") (the "Society"), which comprise the statement of financial position as at December 31, 2011, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Except as explained in the following paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

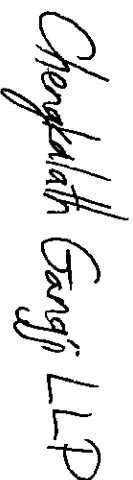
Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenues through donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we are not able to determine whether adjustments might be necessary to donation revenues, fundraising revenues, excess of expenditures over revenues, assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Calgary, Alberta
December 21, 2012



Chartered Accountants

**THE BOW VALLEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
(OPERATING AS "THE BOW VALLEY SPCA")
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2011**

	2011	2010
ASSETS		
Current		
Cash and short-term investments (note 3)	181,912	132,201
Short-term investments - restricted	64,892	60,920
Accrued receivables	9,175	7,394
Inventory	1,918	-
Prepaid expenses	3,147	6,136
Property, Plant & Equipment (note 4)	261,044	206,651
Other		
Investments (note 5)	64,947	79,892
	1,194,966	1,166,943
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	19,138	11,313
Deferred contributions (note 6)	68,211	10,920
	87,349	22,233
NET ASSETS		
Invested in capital assets	868,975	880,400
Endowments (note 7)	127,571	127,571
Unrestricted net assets	111,071	136,739
	1,107,617	1,144,710
	1,194,966	1,166,943

Approved on behalf of the Board:

Director

Director

**THE BOW VALLEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
 (OPERATING AS "THE BOW VALLEY SPCA")
 STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2011**

	Invested in		Unrestricted	
	capital assets	Endowments	net assets	2011
Balance, beginning of year	\$ 880,400	\$ 127,571	\$ 136,739	\$ 1,144,710
Excess of revenues over expenditures (expenditures over revenues)	(37,500)	-	407	(37,093)
Investment in capital assets	26,075	-	(26,075)	-
Balance, end of year	\$ 868,975	\$ 127,571	\$ 111,071	\$ 1,107,617
			\$ 1,107,617	\$ 1,144,710

**THE BOW VALLEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
(OPERATING AS "THE BOW VALLEY SPCA")
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	2011	2010
Revenues		
Donations	\$ 89,009	\$ 72,484
Fundraising events	66,294	24,827
Grants	36,787	26,564
Adoption fees	21,230	28,270
Re-homing fees	4,760	5,600
Investment income	5,013	6,046
	223,093	163,791
Expenditures		
Administration	14,859	8,128
Advertising	4,737	2,020
Amortization	37,500	38,744
Automotive	1,146	2,339
Contract services	26,430	34,512
Facilities	24,769	20,355
Fundraising events	7,782	4,496
Supplies	17,034	5,643
Wages and benefits	125,929	127,487
	260,186	243,724
Excess of revenues over expenditures (expenditures over revenues)	\$ (37,093)	\$ (79,933)

**THE BOW VALLEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
(OPERATING AS "THE BOW VALLEY SPCA")
STATEMENT OF CASH FLOWS
AS AT DECEMBER 31, 2011**

	2011	2010
Operating activities		
Excess of revenues over expenditures (expenditures over revenues) for the year	\$ (37,093)	\$ (79,933)
Items not affecting cash:		
Amortization of capital assets	37,500	38,744
Changes in non-cash working capital	407	(41,189)
Increase in accrued receivables	(1,781)	(1,831)
Increase in inventory	(1,918)	-
Decrease in prepaid expenses	2,989	(5,103)
Increase in accounts payable and accrued liabilities	7,825	1,402
Increase in deferred contributions	57,291	752
Cash provided by (used for) operating activities	64,813	(45,967)
Investing activities		
Redemption of guaranteed investment certificates	14,945	64,603
Additions to capital assets	(26,075)	-
Cash used for investing activities	(11,130)	64,603
Net change in cash and cash equivalents	53,683	18,636
Cash and cash equivalents, beginning of year	193,121	174,485
Cash and cash equivalents, end of year	\$ 246,804	\$ 193,121
Cash and cash equivalents consists of:		
Cash - unrestricted	68,383	29,483
Short-term investments - unrestricted	113,529	152,718
Short-term investments - restricted	64,892	10,920
	\$ 246,804	\$ 193,121

**THE BOW VALLEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
(OPERATING AS “THE BOW VALLEY SPCA”)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

1. INCORPORATION AND PURPOSE OF THE SOCIETY

The Bow Valley Society for the Prevention of Cruelty to Animals (Operating as “The Bow Valley SPCA”) (the “Society”) has created the Carla Cumming Sojonky Adoption Centre for abandoned dogs and cats in the Bow Valley region of Alberta in the heart of the Canadian Rocky Mountains, which is a NO-KILL, NO-CAGE facility.

The Society was incorporated under the Alberta Societies Act as a registered charity on April 10, 2000. The Society is a not-for-profit organization and, under present legislation, is not subject to income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting principles in Canada for not-for-profit organizations. Significant accounting policies are summarized as follows:

(a) Revenue recognition

The Society follows the deferral method of accounting for contributions.

Externally-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.

Where a donor has specified that a contribution is intended for a specific use in operations or on a future date, the donation is recorded as a deferred contribution and recorded as revenue when such specified terms have been satisfied. Endowment contributions are recognized as direct increases to net assets.

(b) Cash and cash equivalents

Cash and cash equivalents consist of balances with financial institutions and short-term investments comprised of investments in GICs and marketable securities. These investments can be redeemed at any time at the discretion of the Society’s management.

(c) Financial instruments

The carrying value of cash, marketable securities, accrued receivables, deposits, accounts payable and accrued liabilities approximate their fair values due to their short-term nature.

Unless otherwise noted, it is the Board’s opinion that the Society is not exposed to significant interest rate, currency or credit risks arising from its financial instruments.

**THE BOW VALLEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
(OPERATING AS “THE BOW VALLEY SPCA”)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

(d) Investments

Investments are recorded at amortized cost. Interest income is recognized on an accrual basis.

(e) Capital disclosures

The Society adopted CICA Handbook Section 155 – Capital Disclosures. This section requires discussion of the nature of any externally-imposed restrictions on the Society’s capital, the Society’s compliance with these restrictions and the consequences of any non-compliance with restrictions.

The Society defines its capital as the amounts included in its net asset balances. The Society’s objective when managing its capital is to safeguard its ability to continue to provide the appropriate level of service to the community.

The Society sets the amount of net asset balances in proportion to risk, manages the asset structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

(f) Property Plant & Equipment

Property, plant and equipment are recorded at cost and are amortized over their estimated useful economic life using the declining balance method at the following annual rates:

Buildings	-	4%
Automotive equipment	-	30%
Furniture and fixtures	-	20%

(g) Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles 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 amount of revenues and expenses during the reporting period. Actual results could differ from the estimates made by the Society as additional information becomes available in the future.

(h) Contributed services

The work of the Society is dependent on the voluntary services of many individuals and entities in the community. Because of the difficulty in determining the fair value for such services, contributed services are not recognized in these financial statements.

**THE BOW VALLEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
(OPERATING AS "THE BOW VALLEY SPCA")
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

(i) Canadian accounting standards for not-for-profit organizations

The Accounting Standards Board has issued new accounting standards for not-for-profit organizations effective for fiscal years beginning on or after January 1, 2012, with earlier adoption permitted. The Society is reviewing the impact of the new standards on its financial statements.

3. CASH AND SHORT-TERM INVESTMENTS

	<u>2011</u>	<u>2010</u>
Cash	\$ 68,383	\$ 29,483
Short-term investments	113,529	102,718
	\$ 181,912	\$ 132,201

4. PROPERTY, PLANT & EQUIPMENT

	<u>2011</u>		<u>2010</u>	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Building	\$ 1,029,191	\$ 169,124	\$ 860,067	\$ 872,884
Furniture & Fixtures	10,114	3,147	6,967	4,743
Automotive Equipment	9,511	7,570	1,941	2,773
	\$ 1,048,816	\$ 179,841	\$ 868,975	\$ 880,400

5. INVESTMENTS

These investments consist of guaranteed investment certificates, with interest rates varying from 2.1% to 4.0%, and maturity dates ranging from April 2013 to February 2014. These investments are restricted and form a component of the Society's endowment funds as per note 7.

6. DEFERRED CONTRIBUTIONS

Deferred contributions represent resources that have been externally-restricted and received in the current period to fund future expenses. These contributions will be recognized as revenue when the related expenses are incurred. Changes in the deferred contribution balances are as follows:

	<u>2011</u>	<u>2010</u>
Beginning Balance	\$ 10,920	\$ 10,168
Add: Contributions received	101,963	13,355
Less: Amounts recognized as revenue in current year	(44,672)	(12,603)
	\$ 68,211	\$ 10,920

**THE BOW VALLEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Of the total deferred contributions as at December 31, 2011, a balance of \$21,560 relates to funding received from the Donner Canadian Foundation. This funding is for the installation of an improved and durable flooring for the building which was constructed in 2011. This contribution is being deferred and amortized on a diminishing value basis at 4% every year to match the amortization of the improved building.

Another significant deferred revenues balance received in 2011 is the Alberta Gaming and Liquor Commission's Casino Funding, which composes \$24,360 of the total deferred contributions balance as at December 31, 2011. Expenses must meet the guidelines of the Alberta Gaming and Liquor Commission in order to qualify for funding from this program.

7. ENDOWMENTS

The Society has established several endowment funds. Contributions to these funds are to be maintained for at least a ten year period, unless otherwise specified by the donor, during which time any investment income earned on these funds are to be used for purposes specified by the donor.

Interest earned on the Tavi Mini Rigby Spay & Neuter Endowment Fund and the Mimi Sojonky Memorial S&N Endowment Fund are to be used for the spay and neuter of the Society's dogs and cats. Interest earned on the Sommerville Family Endowment Fund and the Beverly Bendell Endowment Fund are to be used for operations. For the 2011 year of operations, the Society was in full compliance of these restrictions.

Balances in specific endowment funds are as follows:

	2011	2010
Tavi Mini Rigby Spay & Neuter Endowment Fund	\$ 25,152	\$ 25,152
Mimi Sojonky Memorial S&N Endowment Fund	24,794	24,794
Sommerville Family Endowment Fund	20,000	20,000
Beverly Bendell Endowment Fund	57,625	57,625
	\$ 127,571	\$ 127,571

All endowment funds have been invested in guaranteed investment certificates throughout the year, with maturity dates in both the short-term (2012) and longer-term (2013 & 2014) horizon. Interest rates vary from 1.7% to 4.0% per annum.