

**The Bow Valley Society for the
Prevention of Cruelty to Animals**

Financial Statements

December 31, 2015

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The Bow Valley Society for the Prevention of Cruelty to Animals

123 Bow Meadows Crescent, Canmore, Alberta T1W 2W8

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Management's Responsibility for Financial Statements

The accompanying financial statements of the Bow Valley Society for the Prevention of Cruelty to Animals (the "Society") are the responsibility of management. The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, using management's best estimates and judgments, where appropriate. In the opinion of management, these financial statements reflect fairly the financial position, results of its operations and changes in financial position of the Society within reasonable limits of materiality.

A system of internal accounting and administrative controls is maintained by management to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition and that the financial records are properly maintained to provide accurate and reliable financial statements.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Board carries out this responsibility through regular meetings with management throughout the year to review significant accounting and auditing matters.

These financial statements have been audited, in accordance with Canadian generally accepted auditing standards, by Gangji & Associates, Chartered Professional Accountant, who was appointed by the Board of Directors. Gangji & Associates has full and unrestricted access to management and the Board of Directors to discuss their audit and their related findings as to the integrity of the Society's financial reporting. The Auditor's Report outlining the scope of their examination and their opinion on the financial statements is presented on the following page.



Kathy Fergusson
President
December 18, 2016

Independent Auditor's Report

To the Members 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 (the "Society"), which comprise the statement of financial position as at December 31, 2015, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

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 auditor's 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.

We believe that the audit evidence we have obtained in our audit 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 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 Society. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenues, excess (deficiency) of revenues over expenses, and cash flows from (used in) operations for the year ended December 31, 2015, current assets and net assets as at December 31, 2015.

Independent Auditor's Report (continued)

Qualified Opinion

In our opinion, except for the possible effects of the matter described above in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Calgary, Alberta
December 18, 2016

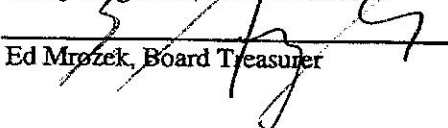
Ali Gangji Professional Corporation
Chartered Professional Accountant

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, 2015

	<u>2015</u>	<u>2014</u>
Assets		
Current		
Cash	\$ 73,669	\$ 211,704
Restricted cash (note 3)	-	17,179
Short-term investments (note 4)	50,000	955
Restricted short-term investments	-	20,000
Marketable securities	21,502	27,092
Accounts receivable	6,518	4,260
GST receivable	5,019	2,456
Prepaid expenses and deposits	4,787	4,387
	161,495	288,033
Capital assets (note 5)	734,600	765,165
Other		
Investments (note 6)	49,922	48,359
Restricted investments (note 6)	128,624	108,624
	\$ 1,074,641	\$ 1,210,181
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 18,271	\$ 20,105
Deferred revenues (note 7)	18,312	36,254
	36,583	56,359
Net Assets		
Invested in capital assets	734,600	765,165
Endowments (note 8)	127,571	127,571
Unrestricted net assets	175,887	261,086
	1,038,058	1,153,822
	\$ 1,074,641	\$ 1,210,181

Approved on behalf of the Board


 Kathy Fergusson, Board President


 Ed Mrozek, Board Treasurer

**The Bow Valley Society for the Prevention of Cruelty to Animals
 Operating as "The Bow Valley SPCA"
 Statement of Changes in Net Assets
 Year ended December 31, 2015**

	<u>2015</u>			
	<u>Invested in capital assets</u>	<u>Endowments</u>	<u>Unrestricted net assets</u>	<u>Total</u>
Balance, beginning of year	\$ 765,165	\$ 127,571	\$ 261,086	\$ 1,153,822
Excess (deficiency) of revenues over expenses	-	-	(115,764)	(115,764)
Acquisition of capital assets	924	-	(924)	-
Amortization	(31,489)	-	31,489	-
Balance, end of year	\$ <u>734,600</u>	\$ <u>127,571</u>	\$ <u>175,887</u>	\$ <u>1,038,058</u>

	<u>2014</u>			
	<u>Invested in capital assets</u>	<u>Endowments</u>	<u>Unrestricted net assets</u>	<u>Total</u>
Balance, beginning of year	\$ 798,047	\$ 127,571	\$ 84,669	\$ 1,010,287
Excess (deficiency) of revenues over expenses	-	-	143,535	143,535
Amortization	(32,882)	-	32,882	-
Balance, end of year	\$ <u>765,165</u>	\$ <u>127,571</u>	\$ <u>261,086</u>	\$ <u>1,153,822</u>

The Bow Valley Society for the Prevention of Cruelty to Animals
Operating as "The Bow Valley SPCA"
Statement of Operations
Year ended December 31, 2015

	<u>2015</u>	<u>2014</u>
Revenues		
Donations	\$ 81,309	\$ 337,240
Fundraising	46,713	56,104
User fees (note 9)	22,650	32,730
Grants	18,263	15,795
	<u>168,935</u>	<u>441,869</u>
Expenses		
Administration	2,013	1,138
Advertising and promotion	8,785	5,497
Amortization	31,489	32,882
Automotive	1,775	723
Contract services	52,754	51,739
Fundraising	6,782	8,496
Insurance	8,074	7,445
Interest and bank charges	269	255
Merchant fees	3,904	5,500
Office supplies	2,407	3,190
Postage	224	1,262
Professional fees	10,380	10,021
Repairs and maintenance	10,570	1,932
Salaries and wages	125,459	129,320
Security	-	184
Staff training	175	739
Supplies	4,444	4,101
Utilities	14,595	15,416
	<u>284,099</u>	<u>279,840</u>
Other items		
Dividend income	520	910
Interest income	4,470	2,618
Unrealized capital losses	(5,590)	(22,022)
	<u>(600)</u>	<u>(18,494)</u>
Excess (deficiency) of revenues over expenses	<u>\$ (115,764)</u>	<u>\$ 143,535</u>

The Bow Valley Society for the Prevention of Cruelty to Animals
Operating as "The Bow Valley SPCA"
Statement of Cash Flows
Year ended December 31, 2015

	<u>2015</u>	<u>2014</u>
Operating activities:		
Excess (deficiency) of revenues over expenses	\$ (115,764)	\$ 143,535
Adjustments to determine cash provided by operating activities:		
Amortization of capital assets	31,489	32,882
Donation-in-kind	-	(49,114)
Unrealized capital losses	5,590	22,022
	<u>(78,685)</u>	<u>149,325</u>
Net changes in non-cash working capital items:		
Accounts receivable	(2,258)	(1,650)
GST receivable	(2,563)	3,368
Prepaid expenses and deposits	(400)	(199)
Accounts payable and accrued liabilities	(1,834)	4,137
Deferred revenues	(17,942)	(14,511)
Cash flows from (used in) operating activities	<u>(103,682)</u>	<u>140,470</u>
Investing activities:		
Purchase of capital assets	(924)	-
Net redemption (purchase) of investments	(50,608)	1,183
Cash flows from (used in) investing activities	<u>(51,532)</u>	<u>1,183</u>
Net increase (decrease) in cash and cash equivalents during the year	(155,214)	141,653
Cash and cash equivalents, beginning of year	228,883	87,230
Cash and cash equivalents, end of year	\$ <u><u>73,669</u></u>	\$ <u><u>228,883</u></u>
Represented by:		
Cash - unrestricted	\$ 73,669	\$ 211,704
Cash - restricted	-	17,179
	<u>\$ 73,669</u>	<u>\$ 228,883</u>

The Bow Valley Society for the Prevention of Cruelty to Animals
Notes to Financial Statements
Year ended December 31, 2015

1. General

The Bow Valley Society for the Prevention of Cruelty to Animals (the “Society”) was incorporated under the Societies Act of the Province of Alberta on April 10, 2000 and is a registered charity under the Income Tax Act. The Society qualifies for tax-exempt status as a registered charity under paragraph 149 (1) (f) of the Income Tax Act and is able to issue tax donation receipts for income tax purposes.

In order to maintain its status as a charitable organization under the Act, the Society must meet certain requirements within the Act. These requirements include annual return filings and the fulfillment of disbursement quotas as per the income tax regulations.

The Society operates 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 and promotes humane attitudes and responsible pet companionship through educational programs and community leadership.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Significant accounting policies are summarized as follows:

(a) Basis of accounting

The basis of accounting followed in the financial statement presentation includes revenues recognized in the period in which the transactions or events occurred that gave rise to the revenues, and expenses recognized in the period the goods or services are acquired and a liability is incurred or transfers are due.

(b) Revenue recognition

Donations

Donations are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted donations for a specific purpose are recorded as deferred revenue and recognized as revenue when restrictions have been lifted. If restricted donations relate to a capital item, the contributions are recognized as revenue as the related capital item is amortized. Donations in-kind of materials and supplies are recorded at their fair values as of the date of the contribution, provided fair values can be reasonably determined.

The Bow Valley Society for the Prevention of Cruelty to Animals
Notes to Financial Statements
Year ended December 31, 2015

2. Summary of significant accounting policies (continued)

(b) Revenue recognition (continued)

Fundraising

Fundraising revenues (excluding casino proceeds) are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Casino funds are recognized as revenue in the year in which the related expenses are incurred. Casino proceeds can only be used for the purposes approved by the Alberta Gaming and Liquor Commission. Casino funds remaining unspent at the end of the year are recognized as deferred revenues.

User fees

User fees are recognized as revenue when the related services are provided and collection is reasonably assured.

Grants

The Society follows the deferral method of accounting for grants. Externally-restricted funding is recognized as revenue in the year in which the related expenses are incurred. Unrestricted funding is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest

Interest is accrued on the book value of investments at a rate equivalent to the effective yield of each investment.

(c) Cash and cash equivalents

Cash and cash equivalents consist of balances held with financial institutions.

(d) Investments

Investments consist of guaranteed investment certificates. They are initially recorded at their fair value, and subsequently measured at amortized cost.

(e) Capital assets

Capital assets are recorded at cost. Amortization on capital assets is calculated at rates designed to charge operations with the cost of capital assets, over their estimated useful economic life, as follows:

The Bow Valley Society for the Prevention of Cruelty to Animals
Notes to Financial Statements
Year ended December 31, 2015

2. Summary of significant accounting policies (continued)

(e) Capital assets (continued)

Building	-	4%
Furniture and fixtures	-	20%
Computer hardware	-	30%
Automotive equipment	-	30%

(f) Financial instruments

The Society initially measures its financial assets and financial liabilities at their fair value. The Society subsequently measures its financial assets and financial liabilities at amortized cost, with the exception of marketable securities, which continue to be measured at their fair value. The financial assets subsequently measured at amortized cost include cash and cash equivalents, short-term investments, accounts receivable and other investments. The financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities.

Credit risk

Credit risk is the possibility that other parties may default on their financial obligations. As the Society's revenues mainly include donations that are collected when pledged, fundraising revenues, grants from large organizations and user fees collected when services are rendered, the Society is not exposed to any significant credit risk.

Currency risk

Currency risk is the risk that arises from the change in price of one currency against another. As all of the Society's transactions involve Canadian currency, the Society is not exposed to any significant currency risk.

Interest rate risk

Interest rate risk is the risk that the value of an investment or loan will change due to a change in the absolute level of interest rates or a change in any interest rate relationship. Based on the nature of the Society's assets and liabilities, the Society is not exposed to significant interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Society will not be able to fund its obligations as they come due. Based on the financial position of the Society, the Society is not exposed to significant liquidity risk.

The Bow Valley Society for the Prevention of Cruelty to Animals
Notes to Financial Statements
Year ended December 31, 2015

2. Summary of significant accounting policies (continued)

(f) Financial instruments (continued)

Market and other price risk

Market and other price risk is the risk that the fair value of financial instruments will fluctuate due to changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. While the majority of the financial instruments held by the Society includes secured investments (fixed-rate deposits), cash and accounts receivable (financial assets) and trade accounts payable / accrued liabilities (other financial liabilities), the Society holds shares in a publicly listed entity that were received by donation during the prior year and that subjects the Society to potential significant market and other price risk.

There have been no other changes in the Society's financial instrument risk exposures from the previous fiscal year.

(g) Deferred revenues

Deferred revenues represent unspent funds, which are externally restricted for specific purposes, and restricted funding received or receivable in the current period that relates to a subsequent period. These revenues will be recognized as revenue when related expenses are incurred.

(h) Management estimates

The preparation of these 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. Actual results could differ from the estimates made by the Society as additional information becomes available in the future.

(i) Contributed services

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

The Bow Valley Society for the Prevention of Cruelty to Animals
Notes to Financial Statements
Year ended December 31, 2015

3. Restricted cash

Restricted cash represents casino funds that are to be utilized as per the funding guidelines of the Alberta Gaming and Liquor Commission.

4. Short-term investments

Short-term investments include guaranteed investment certificates maturing within one year. They carry interest at 0.60% per annum.

5. Capital assets

	<u>2015</u>	<u>2015</u>	<u>Net Book</u>	<u>2014</u>
	<u>Cost</u>	<u>Accumulated</u>	<u>Value</u>	<u>Net Book</u>
		<u>Amortization</u>		<u>Value</u>
Building	\$ 1,029,191	\$ 298,696	\$ 730,495	\$ 760,931
Furniture and fixtures	10,114	7,260	2,854	3,568
Computer hardware	924	139	785	-
Automotive equipment	9,511	9,045	466	666
	<u>\$ 1,049,740</u>	<u>\$ 315,140</u>	<u>\$ 734,600</u>	<u>\$ 765,165</u>

6. Investments

Investments consist of guaranteed investment certificates, with interest rates varying from 0.75% to 2.25%, and maturity dates ranging from March 2017 to July 2020. Certain investments are restricted and form a component of the Society's endowment funds as per note 8.

7. Deferred revenues

	<u>2015</u>	<u>2015</u>	<u>2015</u>	<u>2014</u>
	<u>Beginning</u>	<u>Addition</u>	<u>Utilization</u>	<u>Ending</u>
	<u>Balance</u>			<u>Balance</u>
Casino	17,179	-	(17,179)	-
Donner Canadian Foundation	19,075	-	(763)	18,312
	<u>\$ 36,254</u>	<u>\$ -</u>	<u>\$ (17,942)</u>	<u>\$ 18,312</u>
				<u>\$ 36,254</u>

Casino deferred revenues represent the unspent balance of casino funding received. Expenses must meet the guidelines of the Alberta Gaming and Liquor Commission in order to qualify for funding under this program.

The Bow Valley Society for the Prevention of Cruelty to Animals
Notes to Financial Statements
Year ended December 31, 2015

7. Deferred revenues (continued)

The Society has previously utilized the funding received from the Donner Canadian Foundation for the installation of improved and durable flooring for the building. The installation of this new flooring took place 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.

8. 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 Mimi 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 2015 year of operations, the Society was in full compliance with these restrictions.

Balances for specific endowment funds are as follows:

	<u>2015</u>	<u>2014</u>
Beverly Bendell Endowment Fund	\$ 57,625	\$ 57,625
Tavi Mimi 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
	<u>\$ 127,751</u>	<u>\$ 127,571</u>

All endowment funds have been invested in guaranteed investment certificates throughout the year, with maturity dates in the longer term horizon (2017 to 2020). Interest rates vary from 0.75% to 2.25% per annum.

9. User fees

	<u>2015</u>	<u>2014</u>
Adoption fees	\$ 18,990	\$ 26,340
Re-homing fees	3,660	6,390
	<u>\$ 22,650</u>	<u>\$ 32,730</u>

The Bow Valley Society for the Prevention of Cruelty to Animals
Notes to Financial Statements
Year ended December 31, 2015

10. Comparative figures

Certain comparative figures for the previous year have been changed to conform to the presentation for the current year.