

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

**Financial Statements**

**December 31, 2018**

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

123 Bow Meadows Crescent, Canmore, Alberta T1W 2W8

T 403-609-2022 F 403-609-2110

## **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.

A handwritten signature in black ink, appearing to read 'LH', is written over a solid horizontal line.

Lauren Hudspith

President

June 27, 2019

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**Independent Auditor's Report****To the Members of The Bow Valley Society for the Prevention of Cruelty to Animals**

Report on the Audit of the Financial Statements

**Qualified Opinion**

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, 2018, 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.

In our opinion, except for the possible effects of the matter described below 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, 2018, 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.

**Basis for Qualified Opinion**

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 Society in accordance with the ethical requirements that are relevant to our audit of the financial statements, 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 opinion.

In common with many not-for-profit organizations, the Society derives revenue from donation 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 operations for the year ended December 31, 2018, current assets and net assets as at December 31, 2018

**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 Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern



## **Independent Auditor's Report (continued)**

and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

### **Auditor's Responsibility 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 Society'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 Society'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 the auditor's report. However, future events or conditions may cause the Society 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.

**Independent Auditor's Report (continued)**

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.

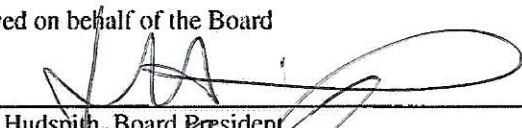
Calgary, Alberta  
June 27, 2019

*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, 2018**

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 81,434	\$ 103,026
Short-term investments (note 3)	69,473	150,750
Restricted short-term investments (note 4)	22,573	50,999
Marketable securities	27,759	33,597
Accounts receivable	6,747	8,780
GST receivable	1,783	1,736
Prepaid expenses and deposits	5,240	5,172
	215,009	354,060
<b>Capital assets (note 5)</b>	661,297	680,713
<b>Other</b>		
Investments (note 6)	92,457	55,012
Restricted investments (note 6)	62,373	35,000
	\$ 1,031,136	\$ 1,124,785
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 17,112	\$ 11,933
Deferred revenues (note 7)	44,724	57,485
	61,836	69,418
<b>Net Assets</b>		
Invested in capital assets	661,297	680,713
Endowments (note 8)	84,946	84,946
Unrestricted net assets	223,057	289,708
	969,300	1,055,367
	\$ 1,031,136	\$ 1,124,785

Approved on behalf of the Board

  
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 Lauren Hudspeth, Board President

  
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 Ed Mroczek, 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, 2018**

	<u>2018</u>			
	<u>Invested in capital assets</u>	<u>Endowments</u>	<u>Unrestricted net assets</u>	<u>Total</u>
Balance, beginning of year	\$ 680,713	\$ 84,946	\$ 289,708	\$ 1,055,367
Excess (deficiency) of revenues over expenses	-	-	(86,067)	(86,067)
Acquisition of capital assets	10,124	-	(10,124)	-
Amortization	(29,540)	-	29,540	-
Redemption of endowment investment	-	-	-	-
Balance, end of year	<u>\$ 661,297</u>	<u>\$ 84,946</u>	<u>\$ 223,057</u>	<u>\$ 969,300</u>

	<u>2017</u>			
	<u>Invested in capital assets</u>	<u>Endowments</u>	<u>Unrestricted net assets</u>	<u>Total</u>
Balance, beginning of year	\$ 709,997	\$ 127,571	\$ 331,103	\$ 1,168,671
Excess (deficiency) of revenues over expenses	-	-	(113,304)	(113,304)
Acquisition of capital assets	697	-	(697)	-
Amortization	(29,981)	-	29,981	-
Redemption of endowment investment	-	(42,625)	42,625	-
Balance, end of year	<u>\$ 680,713</u>	<u>\$ 84,946</u>	<u>\$ 289,708</u>	<u>\$ 1,055,367</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, 2018**

	<u>2018</u>	<u>2017</u>
<b>Revenues</b>		
Donations	\$ 184,420	\$ 148,837
User fees (note 9)	35,858	42,913
Grants	22,762	24,094
Fundraising	22,477	14,454
	265,517	230,298
<b>Expenses</b>		
Administration	2,918	1,787
Advertising and promotion	6,982	6,443
Amortization	29,540	29,981
Automotive	1,831	1,883
Contract services	57,835	70,445
Fundraising	7,839	9,517
Insurance	9,569	9,263
Interest and bank charges	2,246	1,574
Merchant fees	1,124	2,091
Office supplies	21,098	11,092
Postage	322	318
Professional fees	9,731	9,621
Repairs and maintenance	6,044	3,290
Salaries and wages	164,333	172,264
Security	-	519
Staff training	2,162	25
Supplies	4,840	5,461
Utilities	21,797	17,261
	350,211	352,835
<b>Other items</b>		
Interest income	3,348	6,752
Dividend income	1,048	932
Gain (loss) on disposition of marketable securities	70	(89)
Increase (decrease) in value of marketable securities	(5,839)	1,638
	(1,373)	9,233
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ (86,067)</b>	<b>\$ (113,304)</b>

**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, 2018**

	<u>2018</u>	<u>2017</u>
<b>Operating activities:</b>		
Excess (deficiency) of revenues over expenses	\$ (86,067)	\$ (113,304)
Adjustments to determine cash provided by operating activities:		
Amortization of capital assets	29,540	29,981
Decrease (increase) in value of marketable securities	5,839	(1,630)
	<u>(50,688)</u>	<u>(84,953)</u>
Net changes in non-cash working capital items:		
Accounts receivable	2,033	911
GST receivable	(47)	135
Prepaid expenses and deposits	(67)	(162)
Accounts payable and accrued liabilities	5,179	(14,532)
Deferred revenues	(12,761)	39,906
Cash flows from (used in) operating activities	<u>(56,351)</u>	<u>(58,695)</u>
<b>Investing activities:</b>		
Purchase of capital assets	(10,124)	(697)
Net redemption of investments	44,883	64,362
Cash flows from investing activities	<u>34,759</u>	<u>63,665</u>
<b>Financing activities:</b>		
Redemption of endowment investment	-	42,625
Cash flows from financing activities	<u>-</u>	<u>42,625</u>
<b>Net increase (decrease) in cash and cash equivalents during the year</b>	(21,592)	47,595
<b>Cash and cash equivalents, beginning of year</b>	103,026	55,431
<b>Cash and cash equivalents, end of year</b>	\$ <u><u>81,434</u></u>	\$ <u><u>103,026</u></u>
<b>Represented by:</b>		
Cash - unrestricted	\$ <u><u>81,434</u></u>	\$ <u><u>103,026</u></u>
	\$ <u><u>81,434</u></u>	\$ <u><u>103,026</u></u>

**The Bow Valley Society for the Prevention of Cruelty to Animals**  
**Notes to Financial Statements**  
**Year ended December 31, 2018**

**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, 2018**

**2. Summary of significant accounting policies (continued)**

**(b) Revenue recognition (continued)**

**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.

**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 revenue.

**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, 2018**

**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, 2018**

**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 a prior year and that subjects the Society to potential significant market and other price risk.

There have been no 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. Deferred revenues are also comprised of restricted donations that relate to a capital item, in which case they are recognized as revenue as the related capital item is amortized.

**(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, 2018**

**3. Short-term investments**

Short-term investments include guaranteed investment certificates maturing within one year. As of December 31, 2018, they earn interest at a rate of 2.15% per annum.

**4. Restricted short-term investments**

Restricted short-term investments include guaranteed investment certificates maturing within one year that may only be spent for a specified purpose or program. As of December 31, 2018, they earn interest at a rate of 2.15% per annum.

**5. Capital assets**

	<u>2018</u>	<u>2017</u>		
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Building	\$ 1,029,191	\$ 382,896	\$ 646,295	\$ 673,223
Furniture and fixtures	26,451	12,315	14,136	6,683
Computer hardware	1,607	900	707	579
Automotive equipment	9,511	9,352	159	228
	<u>\$ 1,066,760</u>	<u>\$ 405,463</u>	<u>\$ 661,297</u>	<u>\$ 680,713</u>

**6. Investments**

Investments consist of guaranteed investment certificates, with interest rates varying from 1.10% to 1.43% per annum, and maturity dates ranging from July 2020 to August 2022. Certain investments are restricted and form a component of the Society's endowment funds as per note 8.

**7. Deferred revenues**

The Society has previously utilized 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.

The Society also received in 2017 grants from the Donner Canadian Foundation and The Maja Foundation at the Calgary Foundation to be used to construct an outdoor cat space and two outdoor dog runs. These projects were completed in 2018, and the contributions are being deferred and amortized on a diminishing value basis at 20% every year to match the amortization of the related fixtures.

**The Bow Valley Society for the Prevention of Cruelty to Animals**  
**Notes to Financial Statements**  
**Year ended December 31, 2018**

**7. Deferred revenues (continued)**

	Beginning Balance	2018		Ending Balance	2017
		Addition	Utilization		Ending Balance
Donner Canadian Foundation	\$ 16,876	\$ -	\$ (675)	\$ 16,201	\$ 16,876
Donner Canadian Foundation	24,500	-	(477)	24,023	24,500
The Maja Foundation at the Calgary Foundation	5,000	-	(500)	4,500	5,000
Calgary Foundation	11,109	-	(11,109)	-	11,109
	<u>\$ 57,485</u>	<u>\$ -</u>	<u>\$ (12,761)</u>	<u>\$ 44,724</u>	<u>\$ 57,485</u>

**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.

Balances for specific endowment funds are as follows:

	2018	2017
Beverly Bendell Endowment Fund	\$ 15,000	\$ 15,000
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>\$ 84,946</u>	<u>\$ 84,946</u>

The endowment funds have been invested in guaranteed investment certificates during the year, with maturity dates in both the short-term and long-term horizon (2019 to 2022). Interest rates vary from 1.43% to 2.15% per annum.



**The Bow Valley Society for the Prevention of Cruelty to Animals**  
**Notes to Financial Statements**  
**Year ended December 31, 2018**

**9. User fees**

	<u>2018</u>		<u>2017</u>
Adoption fees	\$ 25,582	\$	31,740
Re-homing fees	5,971		8,477
Program fees	4,305		2,696
	<u>\$ 35,858</u>	<u>\$</u>	<u>42,913</u>

**10. Comparative figures**

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