

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

Financial Statements

December 31, 2021

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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.



Lisa McDowell

President

September 8, 2022

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

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, 2021, 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, the financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2021, 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 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.

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 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.

Independent Auditor's Report (continued)

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
September 8, 2022

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, 2021

	<u>2021</u>	<u>2020</u>
Assets		
Current		
Cash - unrestricted	\$ 242,949	\$ 125,569
Cash - restricted (note 3)	25,598	43,845
Short-term investments (note 4)	136,083	73,053
Restricted short-term investments (note 5)	64,946	55,015
Marketable securities	26,447	16,602
Accounts receivable	10,906	10,923
GST receivable	2,727	2,117
Prepaid expenses and deposits	6,679	5,784
	<u>516,335</u>	<u>332,908</u>
Capital assets (note 6)	612,247	637,733
Other		
Investments (note 7)	3,424	59,716
Restricted investments (note 7)	70,000	35,000
	<u>73,424</u>	<u>94,716</u>
	<u>\$ 1,202,006</u>	<u>\$ 1,065,357</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 22,827	\$ 24,576
Deferred revenues (note 8)	55,292	78,660
	<u>78,119</u>	<u>103,236</u>
Net Assets		
Invested in capital assets	612,246	637,732
Endowments (note 9)	134,946	84,946
Unrestricted net assets	376,695	239,443
	<u>1,123,887</u>	<u>962,121</u>
	<u>\$ 1,202,006</u>	<u>\$ 1,065,357</u>

Approved on behalf of the Board

 Lisa McDowell, 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, 2021

	<u>2021</u>			
	<u>Invested in capital assets</u>	<u>Endowments</u>	<u>Unrestricted net assets</u>	<u>Total</u>
Balance, beginning of year	\$ 637,732	\$ 84,946	\$ 239,443	\$ 962,121
Excess of revenues over expenses	-	50,000	111,766	161,766
Acquisition of capital assets	9,663	-	(9,663)	-
Amortization	(35,149)	-	35,149	-
Balance, end of year	\$ <u>612,246</u>	\$ <u>134,946</u>	\$ <u>376,695</u>	\$ <u>1,123,887</u>

	<u>2020</u>			
	<u>Invested in capital assets</u>	<u>Endowments</u>	<u>Unrestricted net assets</u>	<u>Total</u>
Balance, beginning of year	\$ 652,587	\$ 84,946	\$ 193,610	\$ 931,143
Excess of revenues over expenses	-	-	30,978	30,978
Acquisition of capital assets	19,740	-	(19,740)	-
Amortization	(34,595)	-	34,595	-
Balance, end of year	\$ <u>637,732</u>	\$ <u>84,946</u>	\$ <u>239,443</u>	\$ <u>962,121</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, 2021

	<u>2021</u>	<u>2020</u>
Revenues		
Donations	\$ 398,699	\$ 281,130
Fundraising	42,663	25,207
Grants	22,621	23,082
User fees (note 10)	67,003	47,302
	<u>530,986</u>	<u>376,721</u>
Expenses		
Administration	2,411	2,987
Advertising and promotion	7,070	5,362
Amortization	35,149	34,595
Automotive	4,265	3,199
Contract services	98,505	81,761
Fundraising	3,417	7,091
Insurance	10,782	10,181
Interest and bank charges	4,593	3,448
Merchant fees	1,294	1,518
Office supplies	6,247	3,471
Postage	43	1,606
Professional fees	10,014	9,356
Repairs and maintenance	4,238	3,865
Salaries and wages	156,948	136,026
Security	246	519
Staff training	568	35
Supplies	5,116	4,374
Utilities	29,091	23,706
	<u>379,997</u>	<u>333,100</u>
Other items		
Increase (decrease) in value of marketable securities	7,819	(15,264)
Interest and other investment income	2,958	2,621
	<u>10,777</u>	<u>(12,643)</u>
Excess of revenues over expenses	<u>\$ 161,766</u>	<u>\$ 30,978</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, 2021

	<u>2021</u>	<u>2020</u>
Operating activities:		
Excess (deficiency) of revenues over expenses	\$ 161,766	\$ 30,978
Adjustments to determine cash provided by operating activities:		
Amortization of capital assets	35,149	34,595
Decrease (increase) in value of marketable securities	<u>(7,819)</u>	<u>15,264</u>
	189,096	80,837
Net changes in non-cash working capital items:		
Accounts receivable	17	2,640
GST receivable	(610)	(363)
Prepaid expenses and deposits	(895)	(499)
Accounts payable and accrued liabilities	(1,749)	3,539
Deferred revenues	<u>(23,368)</u>	<u>(5,582)</u>
Cash flows from operating activities	162,491	80,572
Investing activities:		
Purchase of capital assets	(9,663)	(19,740)
Net redemption (purchase) of investments	<u>(53,695)</u>	<u>(2,745)</u>
Cash flows from (used in) investing activities	(63,358)	(22,485)
Net increase in cash and cash equivalents during the year	99,133	58,087
Cash and cash equivalents, beginning of year	169,414	111,327
Cash and cash equivalents, end of year	\$ <u><u>268,547</u></u>	\$ <u><u>169,414</u></u>
Represented by:		
Cash - unrestricted	\$ 242,949	\$ 125,569
Cash - restricted (note 3)	<u>25,598</u>	<u>43,845</u>
	\$ <u><u>268,547</u></u>	\$ <u><u>169,414</u></u>

The Bow Valley Society for the Prevention of Cruelty to Animals
Notes to Financial Statements
Year ended December 31, 2021

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, 2021

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 proceeds 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.

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.

User fees

User fees are recognized as revenue when the related services are provided 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, 2021

2. Summary of significant accounting policies (continued)

(e) Capital assets (continued)

Building	-	4%
Fixtures and equipment	-	20%
Automotive equipment	-	30%
Computer hardware	-	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, 2021

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 publicly listed entities that were received by donation 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 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 capital items, where they are recognized as revenue as the related capital items are 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, 2021

3. Restricted cash

These amounts include restricted funds to be used as per the funding guidelines of the Alberta Gaming and Liquor Commission (2021 - \$25,598; 2020 - \$43,845).

4. Short-term investments

Short-term investments include guaranteed investment certificates maturing within one year. As of December 31, 2021, they earn interest at rates between 0.50% and 1.15% per annum.

5. 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, 2021, they earn interest at a rate of 0.50% per annum.

6. Capital assets

	<u>2021</u>	<u>2020</u>		
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Building	\$ 1,029,191	\$ 457,391	\$ 571,800	\$ 595,625
Fixtures and equipment	55,071	28,175	26,896	22,749
Automotive equipment	28,986	17,343	11,643	16,632
Computer hardware	5,608	3,700	1,908	2,727
	<u>\$ 1,118,856</u>	<u>\$ 506,609</u>	<u>\$ 612,247</u>	<u>\$ 637,733</u>

7. Long-term investments

Long-term investments include guaranteed investment certificates maturing beyond one year. As at December 31, 2021, they earn interest at a rate of 1.20% per annum.

Long-term investments also include investments held by a fund managed by an Alberta-based not-for-profit foundation, which invests and administers the fund in accordance with its investment policies and provisions.

8. 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 Bow Valley Society for the Prevention of Cruelty to Animals
Notes to Financial Statements
Year ended December 31, 2021

8. Deferred revenues (continued)

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 contributions are being deferred and amortized on a diminishing value basis at 20% every year to match the amortization of the related fixtures.

A final component of deferred revenues include casino funding remaining unspent at the end of the fiscal year.

	Beginning Balance	2021		Ending Balance	2020 Ending Balance
		Addition	Utilization		
Donner Canadian Foundation	\$ 14,931	\$ -	\$ (597)	\$ 14,334	\$ 14,931
Donner Canadian Foundation	17,004	-	(3,948)	13,056	17,004
The Maja Foundation at the Calgary Foundation	2,880	-	(576)	2,304	2,880
Casino	43,845	-	(18,247)	25,598	43,845
	<u>\$ 78,660</u>	<u>\$ -</u>	<u>\$ (23,368)</u>	<u>\$ 55,292</u>	<u>\$ 84,242</u>

9. Endowments

The Society has in past years 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 Sojony 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.

The endowment funds have been invested in guaranteed investment certificates earning interest at rates varying from 0.50% to 1.20% per annum.

The Society has also established an endowment fund with an Alberta-based not-for-profit foundation, which invests and administers the fund in accordance with its investment policies and provisions. Investment income earned on the fund is to be used for operations.

The Bow Valley Society for the Prevention of Cruelty to Animals
Notes to Financial Statements
Year ended December 31, 2021

10. User fees

	<u>2021</u>		<u>2020</u>
Adoption fees	\$ 52,182	\$	39,012
Re-homing fees	5,963		4,615
Program fees	8,858		3,675
	<u>\$ 67,003</u>	<u>\$</u>	<u>47,302</u>
