

*Financial Statements of*

**THE BOW VALLEY SOCIETY FOR THE  
PREVENTION OF CRUELTY TO ANIMALS  
(Operating as "The Bow Valley SPCA")**

*December 31, 2005*

## Management's Report

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 "Organization"). These statements have been prepared in accordance with Canadian generally accepted accounting principles for non-profit organizations and necessarily include some amounts based on estimates and judgements.

The Organization 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 Organization has also instituted policies and guidelines, which require employees to maintain the highest ethical standards.

The external auditors of the Organization, Chengkalath Van Eyck Chartered Accountants, have been appointed by the board to express an opinion as to whether the financial statements present fairly the Organization's financial position and operating results in accordance with Canadian generally accepted accounting principles for non-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.



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

April 7, 2006



## Auditors' Report

### To the Members of The Bow Valley Society For The Prevention Of Cruelty To Animals:

We have audited the statement of financial position of The Bow Valley Society For The Prevention Of Cruelty To Animals (Operating as "The Bow Valley SPCA") (the "Organization") as at December 31, 2005 and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many non-profit organizations, the Organization derives revenue from fund raising activities, donations and memberships, 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 Organization and we were not able to determine whether any adjustments might be necessary to the statement of operations and the statement of financial position.

In our opinion, except for the effect of the adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects the financial position of the Organization as at December 31, 2005 and the results of its financial activities and the changes in its cash position for the year then ended in accordance with Canadian generally accepted accounting principles.

*Chengkalath Van Eyck*

Chartered Accountants

April 7, 2006

**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, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and short term investments	\$ 511,696	\$ 380,853
Accrued receivable	13,178	4,779
Deposits	11,000	1,000
Prepaid expense	901	899
	<u>536,775</u>	<u>387,531</u>
Property and equipment (note 3)	447,556	88,391
	<u>\$ 984,331</u>	<u>\$ 475,922</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 175,101	\$ 4,302
<b>NET ASSETS</b>		
Equity in property and equipment	447,556	88,391
Restricted net assets (note 4)	336,674	378,137
Unrestricted net assets	25,000	5,092
	<u>809,230</u>	<u>471,620</u>
	<u>\$ 984,331</u>	<u>\$ 475,922</u>

Approved on behalf of the Board:



David Smith, CA - Volunteer Treasurer



**THE BOW VALLEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS  
(Operating as "The Bow Valley SPCA")**

**Statement of Operations**

**For the Years Ended December 31, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
<b>Revenues</b>		
Donations	\$ 182,942	\$ 67,488
Fundraising events	53,412	14,920
Grants	116,900	146,074
Investment income	8,470	1,932
	<u>361,724</u>	<u>230,414</u>
<b>Expenses</b>		
Administration	5,295	2,290
Advertising	7,271	2,145
Audit fees	2,451	2,000
Conference fees	-	708
Consulting fees	-	-
Fundraising events	9,097	4,610
	<u>24,114</u>	<u>11,753</u>
<b>Excess of revenues over expenditures</b>	<b>\$ 337,610</b>	<b>\$ 218,661</b>

**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 Years Ended December 31, 2005 and 2004**

	Equity in property and equipment	Restricted net assets	Unrestricted net assets	2005	2004
Balance, beginning of year	\$ 88,391	\$ 378,137	\$ 5,092	\$ 471,620	\$ 252,959
Excess of revenues over expenditures	-	-	337,610	337,610	218,661
Additions to property and equipment	359,165	(359,165)	-	-	-
Interfund transfers	-	317,702	(317,702)	-	-
<b>Balance, end of year</b>	<b>\$ 447,556</b>	<b>\$ 336,674</b>	<b>\$ 25,000</b>	<b>\$ 809,230</b>	<b>\$ 471,620</b>

**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, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
<b>Operating activities</b>		
Excess of revenues over expenditures for the year	\$ 337,610	\$ 218,661
Changes in non-cash working capital		
Increase in accrued receivable	(8,399)	(1,718)
Increase in deposits	(10,000)	(1,000)
Decrease (increase) in prepaid expenses	(2)	266
Increase in accounts payable and accrued liabilities	170,799	4,302
Cash provided by operating activities	490,008	220,511
<b>Investing activities</b>		
Additions to property and equipment	(359,165)	(11,044)
Cash used for investing activities	(359,165)	(11,044)
<b>Net change in cash and cash equivalents</b>	<b>130,843</b>	<b>209,467</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>380,853</b>	<b>171,386</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 511,696</b>	<b>\$ 380,853</b>

Cash and cash equivalents consists of:

Cash	205,660	80,089
Short term investments	306,036	300,764
	<b>\$ 511,696</b>	<b>\$ 380,853</b>



**THE BOW VALLEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS  
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Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004**

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**1. INCORPORATION AND PURPOSE OF THE ORGANIZATION**

The Bow Valley Society For The Prevention Of Cruelty To Animals (Operating as "The Bow Valley SPCA") (the "Organization") is committed to creating a NO-KILL, NO-CAGE ADOPTION CENTRE for abandoned dogs and cats in the Bow Valley region of Alberta in the heart of the Canadian Rocky Mountains.

The Organization has entered into a long-term land lease with the Government of Alberta for a nominal amount, and is in the process of constructing the aforementioned adoption centre on that site.

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

**2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with accounting principles generally accepted in Canada for non-profit organizations and include the following significant accounting policies:

**(a) Revenue recognition**

The Organization 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. Endowments and 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.

**(b) Property and equipment**

Property and equipment are recorded at cost and are not amortized.

**(c) Financial instruments**

The carrying value of cash, accrued receivables, prepaid expenses and accounts payable and accrued liabilities approximate their fair values.

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

**(d) Use of estimates**

The preparation of financial statements in accordance with generally accepted 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 Organization as additional information becomes available in the future.

**(e) Contributed services**

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



**THE BOW VALLEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS**  
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**Notes to the Financial Statements**  
**For the Years Ended December 31, 2005 and 2004**

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**3. PROPERTY AND EQUIPMENT**

	<u>2005</u>	<u>2004</u>
Building under construction	\$ 447,556	\$ 88,391

**4. RESTRICTED NET ASSETS**

The Organization has placed internal restrictions on certain net assets in order to finance the construction of a building. During the year \$317,702 (2004 - \$216,284) was internally restricted to the building fund, while \$359,165 was transferred from the building fund for a year-end building fund total of \$336,674 (2004 - \$378,137). The remaining unrestricted net assets are intended to fund operations for the upcoming year.

**5. COMMITMENTS**

The Organization has entered into a Construction Agreement dated July 29, 2005 with Robert Mitchell Enterprises Ltd. (the "Builder") in order to facilitate the construction of the NO-KILL, NO-CAGE ADOPTION CENTRE. The terms of the agreement provide that the Organization pay for all costs associated with the construction and incurred by the Builder, however the Builder has waived their standard commission of 15% of the total construction cost as a charitable donation to the Organization. The Builder has provided an estimate of the total cost of construction, however only the actual costs incurred to December 31, 2005 totalling \$447,556 have been recognized in these financial statements (see note 3).

**6. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified in order to conform with the current year's classification.