

*Financial Statements of*

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

*December 31, 2007*

## 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

May 14, 2008

## 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, 2007 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, 2007 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*

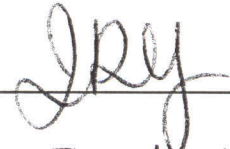
Chartered Accountants

May 14, 2008


**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, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and short term investments	\$ 236,865	\$ 202,093
Cash - restricted (note 5)	-	162,370
Marketable securities	128,360	20,801
Accrued receivables	6,314	21,682
Deposits	11,000	11,000
Prepaid expenses	2,010	5,901
	<u>384,549</u>	<u>423,847</u>
<b>Property and equipment (note 3)</b>	<b>993,101</b>	<b>826,063</b>
	<b>\$ 1,377,650</b>	<b>\$ 1,249,910</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 13,122	\$ 39,804
<b>NET ASSETS</b>		
Invested in property and equipment	993,101	826,063
Endowments (note 4)	127,571	25,152
Externally restricted net assets (note 5)	-	162,370
Internally restricted net assets (note 6)	-	176,326
Unrestricted net assets	243,856	20,195
	<u>1,364,528</u>	<u>1,210,106</u>
	<b>\$ 1,377,650</b>	<b>\$ 1,249,910</b>

Approved on behalf of the Board:

 PRESIDENT.  


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 TREASURER  


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**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, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
<b>Revenues</b>		
Donations	\$ 90,650	\$ 135,453
Fundraising events	26,428	83,788
Grants	84,453	177,000
Membership fees	770	-
Adoption fees	8,620	-
Re-homing fees	4,075	-
Investment income	15,589	6,549
	<hr/> 230,585	<hr/> 402,790
<b>Expenditures</b>		
Administration	11,038	6,533
Advertising	10,689	9,330
Amortization	21,529	-
Automotive	1,319	-
Contract services	15,530	-
Facilities	13,726	3,478
Fundraising events	5,776	7,724
Supplies	19,048	-
Wages and benefits	79,927	-
	<hr/> 178,582	<hr/> 27,066
<b>Excess of revenues over expenditures</b>	<hr/> \$ 52,003	<hr/> \$ 375,724



**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, 2007 and 2006**

	Invested in property and equipment	Endowments	Externally restricted net assets	Internally restricted net assets	Unrestricted net assets	2007	2006
Balance, beginning of year	\$ 826,063	\$ 25,152	\$ 162,370	\$ 176,326	\$ 20,195	\$ 1,210,106	\$ 809,230
Excess of revenues over expenditure	(21,529)	-	-	-	73,532	52,003	375,724
Additions to property and equipment	188,567	-	(162,370)	(26,197)	-	-	-
Endowment contributions	-	102,419	-	-	-	102,419	25,152
Internal restrictions	-	-	-	(150,129)	150,129	-	-
<b>Balance, end of year</b>	<b>\$ 993,101</b>	<b>\$ 127,571</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 243,856</b>	<b>\$ 1,364,528</b>	<b>\$ 1,210,106</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, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
<b>Operating activities</b>		
Excess of revenues over expenditures for the year	\$ 52,003	\$ 375,724
Addback (deduct) non-cash items:		
Amortization of capital assets	21,529	-
Changes in non-cash working capital		
Increase in marketable securities	(107,559)	(20,801)
Decrease (increase) in accrued receivables	15,368	(8,504)
Decrease in deposits	-	-
Decrease (increase) in prepaid expenses	3,891	(5,000)
Decrease in accounts payable and accrued liabilities	(26,682)	(135,297)
Cash provided by (used for) operating activities	<u>(41,450)</u>	206,122
<b>Investing activities</b>		
Additions to property and equipment	(188,567)	(378,507)
Cash used for investing activities	<u>(188,567)</u>	(378,507)
<b>Financing activities</b>		
Endowment contributions	102,419	25,152
Cash provided by financing activities	<u>102,419</u>	25,152
<b>Net change in cash and cash equivalents</b>	<b>(127,598)</b>	<b>(147,233)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>364,463</b>	<b>511,696</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 236,865</b>	<b>\$ 364,463</b>

**Cash and cash equivalents consists of:**

Cash - unrestricted	35,670	41,641
Cash - restricted	-	162,370
Short term investments	201,195	160,452
	<u>\$ 236,865</u>	<u>\$ 364,463</u>

**THE BOW VALLEY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS**  
**(Operating as "The Bow Valley SPCA")**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2007 and 2006**

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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") 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 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. 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. Endowment contributions are recognized as direct increases to net assets.

*(b) Property and equipment*

Property and equipment is recorded at cost. Amortization on property and equipment is calculated at rates designed to charge operations with the cost of property and equipment, over their estimated useful lives, as follows:

Buildings	-	declining balance, 4% per annum
Automotive equipment	-	declining balance, 30% per annum

*(c) Financial instruments*

The carrying value of cash, marketable securities, accrued receivables, deposits, prepaid expenses and 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 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.



**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, 2007 and 2006**

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(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.

**3. PROPERTY AND EQUIPMENT**

	2007			2006
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Building	\$ 1,005,119	\$ 20,102	\$ 985,017	\$ 826,063
Automotive equipment	9,511	1,427	8,084	-
	<b>\$ 1,014,630</b>	<b>\$ 21,529</b>	<b>\$ 993,101</b>	<b>\$ 826,063</b>

**4. ENDOWMENTS**

The Organization has established several endowment funds. Contributions to these funds are to be maintained for at least a 10 year period, unless otherwise specified by the donor, during which time any investment income earned on the funds are to be used for purposes specified by the donor. Balances in specific endowment funds are as follows:

	2007	2006
Tavi-Mimi-Rigby Spay & Neuter Endowment Fund	\$ 25,152	\$ 25,152
Mimi Sojonky Memorial Spay & Neuter Endowment Fund	24,794	-
Somerville Family Endowment Fund	20,000	-
Beverly Bendell Endowment Fund	57,625	-
	<b>\$ 127,571</b>	<b>\$ 25,152</b>

**5. EXTERNALLY RESTRICTED NET ASSETS**

As per the rules and regulations set out by the Alberta Gaming and Liquor Commission, funds raised via casinos and raffles may only be used for the purpose of the construction of the Carla Cumming Sojonky Adoption Centre. At December 31, 2007 there was \$NIL (2006 - \$162,370) externally restricted for such purpose as construction was completed in the year.

**6. INTERNALLY RESTRICTED NET ASSETS**

The Organization has placed internal restrictions on certain net assets in order to finance the construction of the Carla Cumming Sojonky Adoption Centre. During the year \$NIL (2006 - \$218,159) was internally restricted to the building fund, while \$176,326 (2006 - \$378,507) was transferred from the building fund for a year-end building fund total of \$NIL (2006 - \$176,326) as construction was completed in the year.