

Georgian Triangle Humane Society
Financial Statements
For the year ended December 31, 2021

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Independent Auditor's Report

To the Board of Directors of Georgian Triangle Humane Society

Qualified Opinion

We have audited the financial statements of Georgian Triangle Humane Society (the "organization"), which comprise the statement of financial position as at December 31, 2021 and the statements of operations and net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2021, and its results of 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

In common with many charitable organizations, the organization derives revenues from donations and fundraising, 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 organization. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenues, excess of revenues over expenses and cash flows from operations for the years ended December 31, 2021 and 2020, current assets as at December 31, 2021 and 2020 and net assets as at January 1 and December 31 for both the 2021 and 2020 years. Our audit report on the financial statements for the year ended December 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Annual Report prior to the date of this auditor's report and if based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities 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 organization'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 organization'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 our auditor's report. However, future events or conditions may cause the organization 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.

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.

Chartered Professional Accountants, Licensed Public Accountants

Collingwood, Ontario
May 9, 2022

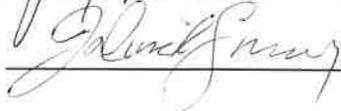
Georgian Triangle Humane Society Statement of Financial Position

December 31	2021	2020
Assets		
Current		
Cash and bank	\$ 1,042,419	\$ 650,421
Short-term investments (Note 2)	-	313,572
Accounts receivable	103,655	102,312
Inventories	21,160	20,045
	1,167,234	1,086,350
Capital assets (Note 3)	2,270,585	1,053,837
	\$ 3,437,819	\$ 2,140,187
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 57,512	\$ 65,863
Deferred revenue	54,500	-
Deferred contributions (Note 4)	585,924	110,716
Current portion of long-term debt (Note 7)	80,500	-
	778,436	176,579
Deferred contributions related to capital assets (Note 5)	882,096	950,631
Long-term debt (Note 7)	727,667	30,000
	2,388,199	1,157,210
Net Assets	1,049,620	982,977
	\$ 3,437,819	\$ 2,140,187

Approved on behalf of the Board:



Executive Director



Director

The accompanying notes are an integral part of these financial statements.

Georgian Triangle Humane Society Statement of Operations and Net Assets

For the year ended December 31	2021	2020
Revenue		
Amortization of deferred contributions - capital assets (Note 5)	\$ 71,135	\$ 71,436
Animal adoption fees	225,377	157,057
Animal programs & services	301,687	128,745
Donations	456,255	490,634
Fundraising - Events	220,599	129,528
Fundraising - Programs	95,151	83,156
Fundraising - Retail Store	96,031	88,691
Fundraising - Treasure Tails	129,256	134,100
Government assistance (Note 8)	32,521	140,452
Grants	93,838	120,777
Interest	9,046	11,709
Legacies and bequests	12,255	60,000
Recognized deferred contributions (Note 4)	89,979	29,205
	1,833,130	1,645,490
Expenses		
Salaries and wages	1,023,090	826,501
Advertising and sales promotion	21,319	15,031
Amortization	78,912	81,527
Animal care and operations	69,887	46,524
Animal programs	54,869	43,739
Bank charges	27,526	20,703
Campaign expenses	79,064	-
Fundraising - Events	34,391	27,423
Fundraising - Programs	21,444	39,243
Fundraising - Retail store	68,083	63,034
Fundraising - Treasure Tails	46,781	46,323
Grant expenses	25,756	37,555
Insurance	14,610	14,263
Loss on disposal of capital assets	-	4,600
Office, telephone and general	65,384	40,729
Professional fees	24,495	23,184
Repairs and maintenance	1,023	1,090
Utilities	19,445	20,718
Veterinary	90,408	62,121
	1,766,487	1,414,308
Excess of revenue over expenses for the year	66,643	231,182
Net assets, beginning of year	982,977	751,795
Net assets, end of year	\$ 1,049,620	\$ 982,977

The accompanying notes are an integral part of these financial statements.

Georgian Triangle Humane Society Statement of Cash Flows

For the year ended December 31 **2021** **2020**

Cash provided by (used in)

Operating activities

Excess of revenues over expenses for the year	\$ 66,643	\$ 231,182
Items not involving cash:		
Amortization of capital assets	78,912	81,527
Amortization of deferred contributions - capital assets	(71,135)	(71,436)
Loss on disposal of capital assets	-	4,600
Forgivable portion of CEBA loan payable (Note 8)	-	(10,000)
	74,420	235,873

Changes in non-cash working capital balances

Accounts receivable	(1,343)	(16,826)
Inventories	(1,115)	(2,593)
Accounts payable and accrued liabilities	(8,351)	(193)
Deferred revenue	54,500	(54,987)
Deferred contributions	475,208	15,445
	593,319	176,719

Investing activities

Capital asset acquisitions	(1,295,660)	(90,462)
Purchase of short-term investments	-	(313,572)
Proceeds on sale of capital assets	-	1,000
Proceeds on sale of short-term investments	313,572	308,243
	(982,088)	(94,791)

Financing activities

Deferred contributions related to capital assets	2,600	90,462
Repayment of long-term debt	(26,833)	-
Proceeds from long-term debt (Note 7)	805,000	40,000
	780,767	130,462

Increase in cash and bank during the year

391,998 **212,390**

Cash and bank, beginning of year

650,421 **438,031**

Cash and bank, end of year

\$ 1,042,419 **\$ 650,421**

The accompanying notes are an integral part of these financial statements.

Georgian Triangle Humane Society

Notes to Financial Statements

December 31, 2021

1. Summary of Significant Accounting Policies

Nature and Purpose	<p>The organization is a non-profit organization incorporated without share capital under the laws of Ontario.</p> <p>The organization was formed to provide shelter and care for lost, stray, unwanted or abandoned animals in the communities of Wasaga Beach, Stayner, Creemore, Collingwood, The Blue Mountains, Thornbury, Clarksburg, Meaford and the surrounding areas.</p> <p>The organization is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.</p>
Basis of Accounting	<p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.</p>
Revenue Recognition	<p>Georgian Triangle Humane Society follows the deferral method of accounting for contributions.</p> <p>Contributions relating to depreciable capital assets are deferred and amortized over the useful life of the depreciable capital asset acquired.</p> <p>Contributions relating to non-depreciable assets are recognized as direct increases to net assets.</p> <p>Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.</p> <p>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.</p> <p>Service revenues are recognized at the time the service is provided and collection is reasonably assured.</p> <p>Retail revenues are recognized at the time the sales are made and collection is reasonably assured.</p>
Inventories	<p>Retail store inventories are stated at the lower of cost and net realizable value. Cost is generally on the first-in, first-out basis.</p>

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Georgian Triangle Humane Society Notes to Financial Statements

December 31, 2021

1. Summary of Significant Accounting Policies (continued)

Capital Assets Capital assets are stated at cost less accumulated amortization. Amortization, based on the estimated useful life of the asset, is calculated as follows:

Buildings	4% declining balance basis
Equipment	20% declining balance basis
Vehicle	30% declining balance basis
Computer hardware	45% declining balance basis
Computer software	100% declining balance basis

Contributed Materials and Services

The organization recognizes contributions of materials and services if the fair value can be reasonably estimated, the materials and services are used in the normal course of its operations and would otherwise have been purchased.

Government Assistance

Government assistance received during the year for current expenses is included in the determination of net income for the year.

Financial Instruments

Financial Instruments are recorded at fair value at initial recognition.

In subsequent periods, financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

Continued...

Georgian Triangle Humane Society Notes to Financial Statements

December 31, 2021

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of 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. The amounts recorded for estimated useful life of capital assets and accrued liabilities are based on management's best estimates. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Short-term investments

Short-term investments as at December 31, 2020 consisted of four guaranteed investment certificates maturing on May 22, 2021, bearing interest at a rate of 1.50%. Accrued interest totaling \$2,848 was included in this balance.

There are no short-term investments for the 2021 financial year.

3. Capital Assets

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 1,239,138	\$ -	\$ -	\$ -
Buildings	1,231,305	401,548	1,228,603	367,034
Building under construction	48,466	-	-	-
Equipment	252,014	131,689	252,014	101,608
Computer hardware	30,189	23,797	24,836	20,840
Computer software	7,919	7,918	7,919	7,919
Vehicle	62,194	35,688	62,194	24,328
	\$ 2,871,225	\$ 600,640	\$ 1,575,566	\$ 521,729
Net book value		\$ 2,270,585		\$ 1,053,837

The building costs relate to a building situated on land owned by the Town of Collingwood. Building under construction relates to costs being incurred for the new build. These costs can not be amortized until the building is complete and in use.

Georgian Triangle Humane Society Notes to Financial Statements

December 31, 2021

4. Deferred Contributions

Deferred contributions represent donations restricted by the funding individual or organization for future purchases of capital assets and expenses of a subsequent period.

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 110,716	\$ 95,271
Deferred contributions received	567,787	135,112
Capital asset purchases	(2,600)	(90,462)
Recognized deferred contributions	<u>(89,979)</u>	<u>(29,205)</u>
Balance, end of year	<u>\$ 585,924</u>	<u>\$ 110,716</u>

5. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represents the unamortized portion of restricted contributions used for capital asset purchases.

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 950,631	\$ 931,605
Deferred contributions for capital asset purchases	2,600	90,462
Amortization of deferred contributions - capital assets	<u>(71,135)</u>	<u>(71,436)</u>
Balance, end of year	<u>\$ 882,096</u>	<u>\$ 950,631</u>

6. Contributed Materials and Services

The organization receives goods and services from its members and the community.

The organization would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Due to the difficulty of compiling these hours, contributed services are not recognized in the financial statements. Additionally, the organization has a land lease from the Town of Collingwood at a nominal value of \$2 per year.

The fair values of these contributions cannot be reasonably estimated and have therefore not been recognized in the financial statements.

Georgian Triangle Humane Society Notes to Financial Statements

December 31, 2021

7. Long-term debt

	2021	2020
Loan payable - Meridian Credit Union, 4.45% (prime + 2.00%), monthly payments of \$6,708 plus interest, due August 2026	\$ 778,167	\$ -
Canada Emergency Business Account (CEBA) loan payable	40,000	40,000
Forgivable portion (Note 8)	(10,000)	(10,000)
	808,167	30,000
Less current portion of long-term debt	80,500	-
	\$ 727,667	\$ 30,000

The CEBA loan is non-interest bearing with no scheduled payments until December 31, 2023. If \$30,000 of the loan has been repaid by that date, the remaining \$10,000 will be forgiven. If the \$30,000 in payments have not been made by December 31, 2023, the full outstanding balance will be converted to a 5% interest bearing loan to be repaid in monthly instalments over a two year period ending December 31, 2025.

The loan payable to Meridian Credit Union is secured by a general security agreement; assignment of funds on deposit in the amount of \$12,000; collateral mortgage for \$1,350,000 and assignment of rents and leases on the property and buildings located at 135 Sandford Fleming Drive, Collingwood, Ontario; and comprehensive general liability insurance for a minimum of \$2,000,000 with Meridian shown as additional insured.

The organization is required by Meridian Credit Union to have a minimum debt service ratio of 1.25. As of December 31, 2021, the organization was in compliance with the covenant.

During the year, the organization paid \$11,825 (2020 - \$Nil) in interest.

The payments over the next 5 years are as follows:

2022	\$	80,500
2023		110,500
2024		80,500
2025		80,500
2026		80,500
Thereafter		375,667
	\$	808,167

Georgian Triangle Humane Society Notes to Financial Statements

December 31, 2021

8. Government Assistance

During the year, the organization received the following financial assistance from various government programs:

	<u>2021</u>	<u>2020</u>
Canada Emergency Wage Subsidy (CEWS)	\$ 22,633	\$ 115,204
Canada Emergency Rent Subsidy (CERS)	1,086	-
Temporary Wage Subsidy (TWS)	-	15,248
Forgivable portion of Canada Emergency Business Account (CEBA) loan payable	-	10,000
Summer student government grant	<u>8,802</u>	<u>-</u>
	<u>\$ 32,521</u>	<u>\$ 140,452</u>

9. Uncertainty due to COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The global pandemic has disrupted economic activities and supply chains and the full impact of the COVID-19 outbreak continues to evolve as of the date of this report.

Management is actively monitoring the impact of the situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. During the year, the organization recorded \$32,521 (2020 - \$140,452) in financial assistance in the form of the Canada Emergency Wage Subsidy, the Canada Emergency Rent Subsidy, the Temporary Wage Subsidy, the forgivable portion of the Canada Emergency Business Account Loan and a summer student government grant as a result of the COVID-19 outbreak. The total amount of this financial assistance is considered to be government assistance (Note 8).

The organization's ability to continue to cover its operating expenses and other obligations as they come due is dependent on the continued ability to generate earnings, donations, and cash flows. Management believes the necessary steps have been taken to protect the continuity of operations and are monitoring the crisis daily.

10. Comparative Information

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

Georgian Triangle Humane Society

Notes to Financial Statements

December 31, 2021

11. Financial Instrument Risk

The organization is exposed to risks that arise from its use of financial instruments. This note describes the organization's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive change in the organization's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to this risk on its high interest savings account, its short-term investments and its long-term debt.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or from financial obligations which have the similar economic characteristics such that they could be similarly affected by changes in economic conditions. The organization's financial instruments that are exposed to concentrations of credit risk are accounts receivable, government remittances receivable and holding all bank accounts with one financial institution. Mitigating the risk relating to the receivable balances is a historic trend of no collection issues as receivable balances are all from municipalities with no history of defaulting on obligations. All of the organization's cash is held at one credit union. The Canadian Deposit Insurance Corporation (CDIC) insures Canadian current bank accounts and investments at a single financial institution to a maximum of \$100,000.

Liquidity risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises primarily from accounts payable and accrued liabilities, and the Canada Emergency Business Account loan payable.