

Georgian Triangle Humane Society
Financial Statements
For the year ended December 31, 2022

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For the year ended December 31, 2022

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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, 2022 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, 2022, 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, 2022 and 2021, current assets as at December 31, 2022 and 2021 and net assets as at January 1 and December 31 for both the 2022 and 2021 years. Our audit report on the financial statements for the year ended December 31, 2021 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 11, 2023

**Georgian Triangle Humane Society
Statement of Financial Position**

December 31	2022	2021
Assets		
Current		
Cash and bank	\$ 1,651,286	\$ 1,042,419
Accounts receivable	126,423	103,655
Inventories	22,732	21,160
	1,800,441	1,167,234
Capital assets (Note 2)	2,429,716	2,270,585
	\$ 4,230,157	\$ 3,437,819
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 81,239	\$ 57,512
Deferred revenue	148,000	54,500
Deferred contributions (Note 3)	1,098,100	537,458
Current portion of long-term debt (Note 6)	110,500	80,500
	1,437,839	729,970
Deferred contributions related to capital assets (Note 4)	1,089,283	930,562
Long-term debt (Note 6)	617,167	727,667
	3,144,289	2,388,199
Net Assets	1,085,868	1,049,620
	\$ 4,230,157	\$ 3,437,819

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	2022	2021
Revenue		
Amortization of deferred contributions - capital assets (Note 4) \$	60,812	\$ 71,135
Animal adoption fees	213,043	225,377
Donations	480,058	456,255
Fundraising - Events	258,715	220,599
Fundraising - Programs	137,194	95,151
Government assistance (Note 7)	-	32,521
Grants	24,177	93,838
Hospital, programs and outreach	316,148	301,687
Interest	16,875	9,046
Legacies and bequests	-	12,255
Recognized deferred contributions (Note 3)	303,615	89,979
Retail Store	93,807	96,031
Treasure Tails	224,562	129,256
	<u>2,129,006</u>	<u>1,833,130</u>
Expenses		
Personnel costs	1,016,850	836,082
Administrative	88,954	87,206
Advertising and sales promotion	26,696	21,319
Amortization	70,544	78,912
Animal care	355,869	356,168
Campaign expenses	289,074	79,064
Fundraising - Events	52,091	34,391
Fundraising - Programs	25,022	21,444
General operations	51,813	36,733
Grant expenses	-	25,756
Hospital, programs and outreach	69,275	54,869
Office, telephone and general	34,927	19,679
Retail store	67,873	68,083
Treasure Tails	51,103	46,781
	<u>2,200,091</u>	<u>1,766,487</u>
Excess (deficit) of revenue over expenses for the year	(71,085)	66,643
Net assets, beginning of year	1,049,620	982,977
Addition to net assets from deferred contributions (Note 3)	<u>107,333</u>	<u>-</u>
Net assets, end of year	<u>\$ 1,085,868</u>	<u>\$ 1,049,620</u>

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	2022	2021
Cash provided by (used in)		
Operating activities		
Excess (deficit) of revenue over expenses for the year	\$ (71,085)	\$ 66,643
Items not involving cash:		
Amortization of capital assets	70,544	78,912
Amortization of deferred contributions - capital assets	(60,812)	(71,135)
	(61,353)	74,420
Changes in non-cash working capital balances		
Accounts receivable	(22,768)	(1,343)
Inventories	(1,572)	(1,115)
Accounts payable and accrued liabilities	23,727	(8,351)
Deferred revenue	93,500	54,500
Deferred contributions	560,642	475,208
	592,176	593,319
Investing activities		
Capital asset acquisitions	(229,675)	(1,295,660)
Proceeds on sale of short-term investments	-	313,572
	(229,675)	(982,088)
Financing activities		
Deferred contributions related to capital assets	219,533	2,600
Deferred contributions related to principal repayments	107,333	-
Repayment of long-term debt	(80,500)	(26,833)
Proceeds from long-term debt (Note 6)	-	805,000
	246,366	780,767
Increase in cash and bank during the year	608,867	391,998
Cash and bank, beginning of year	1,042,419	650,421
Cash and bank, end of year	\$ 1,651,286	\$ 1,042,419

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

Georgian Triangle Humane Society Notes to Financial Statements

December 31, 2022

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, 2022

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: <table><tr><td>Building</td><td>4% declining balance basis</td></tr><tr><td>Equipment</td><td>20% declining balance basis</td></tr><tr><td>Vehicles</td><td>30% declining balance basis</td></tr><tr><td>Computer hardware</td><td>45% declining balance basis</td></tr><tr><td>Computer software</td><td>100% declining balance basis</td></tr></table>	Building	4% declining balance basis	Equipment	20% declining balance basis	Vehicles	30% declining balance basis	Computer hardware	45% declining balance basis	Computer software	100% declining balance basis
Building	4% declining balance basis										
Equipment	20% declining balance basis										
Vehicles	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	<p>Financial Instruments are recorded at fair value at initial recognition.</p> <p>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.</p> <p>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.</p>										

Continued...

Georgian Triangle Humane Society Notes to Financial Statements

December 31, 2022

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. Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 1,239,138	\$ -	\$ 1,239,138	\$ -
Building	1,231,305	434,738	1,231,305	401,548
Building under construction	266,130	-	48,466	-
Equipment	252,014	155,754	252,014	131,689
Computer hardware	40,258	28,853	30,189	23,797
Computer software	7,919	7,919	7,919	7,918
Vehicles	64,136	43,920	62,194	35,688
	\$ 3,100,900	\$ 671,184	\$ 2,871,225	\$ 600,640
Net book value		\$ 2,429,716		\$ 2,270,585

The land and building under construction relate to the new property purchase and the new build. These costs cannot be amortized until the building is completed and in use. The building relates to the existing building that is situated on land owned by the Town of Collingwood.

Georgian Triangle Humane Society
Notes to Financial Statements

December 31, 2022

3. 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.

	2022	2021
Balance, beginning of year	\$ 537,458	\$ 110,716
Deferred contributions received	1,191,123	567,787
Capital asset purchases	(219,533)	(51,066)
Recognized principal portion of loan repayments	(107,333)	-
Recognized deferred contributions	(303,615)	(89,979)
Balance, end of year	<u>\$ 1,098,100</u>	<u>\$ 537,458</u>

4. Deferred Contributions Related to Capital Assets

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

	2022	2021
Balance, beginning of year	\$ 930,562	\$ 950,631
Deferred contributions for capital asset purchases	219,533	51,066
Amortization of deferred contributions - capital assets	(60,812)	(71,135)
Balance, end of year	<u>\$ 1,089,283</u>	<u>\$ 930,562</u>

5. 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, 2022

6. Long-term debt

	2022	2021
Loan payable - Meridian Credit Union, 6.45% (prime + 2.00%), monthly payments of \$6,708 plus interest, due August 2026	\$ 697,667	\$ 778,167
Canada Emergency Business Account (CEBA) loan payable	40,000	40,000
Forgivable portion (Note 8)	(10,000)	(10,000)
	727,667	808,167
Less current portion of long-term debt	110,500	80,500
	\$ 617,167	\$ 727,667

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. Subsequent to the December 31, 2022 year end, the interest rate was locked in at 7.36%. In May 2023 the loan was repaid in full.

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.

During the year, the organization paid \$44,076 (2021 - 11,825) in interest.

The payments over the next 5 years are as follows:

2023	\$	110,500
2024		80,500
2025		80,500
2026		80,500
2027		80,500
Thereafter		295,167
	\$	727,667

Georgian Triangle Humane Society
Notes to Financial Statements

December 31, 2022

7. Government Assistance

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

	2022	2021
Canada Emergency Wage Subsidy (CEWS)	\$ -	\$ 22,633
Canada Emergency Rent Subsidy (CERS)	-	1,086
Summer student government grant	-	8,802
	<u>\$ -</u>	<u>\$ 32,521</u>

8. 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, 2022

9. 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, long-term debt and the Canada Emergency Business Account loan payable.