

ANIMAL RESCUE FOUNDATION (ARF) OF ALBERTA

FINANCIAL STATEMENTS (Audited)

December 31, 2017



a member of the

FEDERATION OF
CALGARY COMMUNITIES

ANIMAL RESCUE FOUNDATION (ARF) OF ALBERTA

December 31, 2017

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Independent Auditors' Report

To the Members of the
Animal Rescue Foundation (ARF) of Alberta

I have audited the financial statements of the Animal Rescue Foundation (ARF) of Alberta as at December 31, 2017 which include the Statement of Financial Position and the statements of Operations, Changes in Net Assets, Cash Flows, and a summary of significant accounting policies and other explanatory notes for the years ended December 31, 2017.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Animal Rescue Foundation (ARF) of Alberta derives revenue from certain fundraising activities, the completeness of which is not subject to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Animal Rescue Foundation (ARF) of Alberta and I was not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets and net assets.

Qualified Opinion

In my opinion, except for the effects of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself of the completeness of fundraising activities, these financial statements present fairly, in all material respects, the financial position of the Animal Rescue Foundation (ARF) of Alberta as at December 31, 2017 and the results of its operations and cash flows for the year ended December 31, 2017 in accordance with Canadian accounting standards for not-for-profit organizations.

Calgary, Alberta
June 17, 2018



Nancy Murdoch, CPA, CA

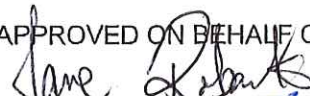
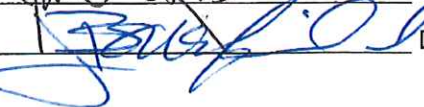
ANIMAL RESCUE FOUNDATION (ARF) OF ALBERTA
STATEMENT OF FINANCIAL POSITION
(Audited)

As at December 31, 2017

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets		
Cash and cash equivalents, unrestricted	\$ 287,389	\$ 311,268
Internally restricted assets, short term (Note 3)	620,335	514,935
Externally restricted assets (Note 4)	152,679	70,544
Short term investments, unrestricted (Note 5)	-	101,067
Accounts receivable, unrestricted	25,735	2,610
Goods and Services Tax receivable	5,552	19,429
Inventory	7,381	7,516
Prepaid expenses, unrestricted	890	-
	<u>1,099,961</u>	<u>1,027,369</u>
Capital assets (Note 6)	<u>30,563</u>	<u>21,652</u>
	<u>\$ 1,130,524</u>	<u>\$ 1,049,021</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 40,723	\$ 41,755
Deferred revenue	1,000	1,000
Deferred cash contributions (Note 4)	152,679	70,544
	<u>194,402</u>	<u>113,299</u>
Deferred capital contributions (Note 7)	<u>13,537</u>	<u>-</u>
	<u>207,939</u>	<u>113,299</u>
Net assets		
Unrestricted	285,224	399,135
Internally restricted (Note 3)	620,335	514,935
Invested in capital assets	17,026	21,652
	<u>922,585</u>	<u>935,722</u>
	<u>\$ 1,130,524</u>	<u>\$ 1,049,021</u>

COMMITMENT (Note 8)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

 Director
 Director

See Notes to the Financial Statements

ANIMAL RESCUE FOUNDATION (ARF) OF ALBERTA
STATEMENT OF CHANGES IN NET ASSETS
(Audited)

For the Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Internally restricted</u>	<u>Invested in capital assets</u>	<u>2017 Totals</u>	<u>2016 Totals</u>
Balances, beginning of year	\$ 399,135	514,935	21,652	935,722	851,618
Purchase of capital assets	-	(1,102)	1,102	-	-
Transfer	(100,000)	100,000	-	-	-
Excess of revenue (expenses)	<u>(13,911)</u>	<u>6,502</u>	<u>(5,728)</u>	<u>(13,137)</u>	<u>84,104</u>
Balances, end of year	<u>\$ 285,224</u>	<u>620,335</u>	<u>17,026</u>	<u>922,585</u>	<u>935,722</u>

See Notes to the Financial Statements

ANIMAL RESCUE FOUNDATION (ARF) OF ALBERTA
STATEMENT OF OPERATIONS
(Audited)

For the Year Ended December 31, 2017

	2017	2016
Revenue		
Bev Symanczyk Scholarship Fund	\$ -	\$ 1,000
Contributions from casino (Note 9)	67,395	38,269
Donations and grants (Note 10)	187,035	236,842
Fundraising (Schedule 1)	53,666	112,548
Investment revenue	6,658	3,419
Memberships	778	820
Programs (Schedule 2)	76,487	89,801
Sales (Schedule 3)	2,279	3,693
	394,298	486,392
Operational expenses		
Fundraising (Schedule 1)	4,265	13,623
Program (Schedule 2)	266,144	250,897
Sales (Schedule 3)	1,486	2,056
	271,895	266,576
Excess of revenue from operations	122,403	219,816
Administrative expenses		
Administration and newsletters	7,125	7,086
Automobile	15,741	18,735
Bev Symanczyk Scholarship Fund	-	1,000
Building rent	19,382	23,446
Contract services	53,985	54,596
Credit card fees	2,824	5,318
Insurance	3,526	3,265
Professional fees	15,966	7,814
Repairs & maintenance	2,752	-
Telephone	4,231	3,722
Utilities	2,527	2,339
Volunteer appreciation	1,779	1,136
	129,838	128,457
Excess of revenue (expenses) before amortization	(7,435)	91,359
Less: Amortization expense	(10,214)	(7,255)
Plus: Amortized deferred capital contributions (Note 7)	4,512	-
	4,512	-
Excess of revenue (expenses)	\$ (13,137)	\$ 84,104

See Notes to the Financial Statements

ANIMAL RESCUE FOUNDATION (ARF) OF ALBERTA
STATEMENT OF CASH FLOWS
(Audited)

For the Year Ended December 31, 2017

	2017	2016
Cash generated from/(used in):		
Operating activities		
Excess of revenue (expenses)	\$ (13,137)	\$ 84,104
Charges not affecting cash:		
Amortization expense	10,214	7,255
Amortization of deferred capital contributions	(4,512)	-
Changes in non-cash operating working capital:		
Accounts receivable	(114,828)	(62,262)
Goods and Services Tax	13,876	(9,315)
Prepaid expenses and deposits	(890)	-
Inventory	134	1,836
Accounts payable and accrued liabilities	(1,032)	2,809
Deferred revenue	-	(1,000)
Cash from operating activities	(110,175)	23,427
Financing activities		
Net transfer to deferred cash contributions	33,178	28,694
Investing activities		
Purchase of vehicle	(19,554)	(1,416)
Net redemption (purchase) of investments	(374,435)	401,504
Reinvestment of interest and dividends	(6,060)	589
	(400,049)	400,677
Increase (decrease) in cash and cash equivalents	(477,046)	452,798
Cash and cash equivalents, beginning of the year	829,735	376,936
Cash and cash equivalents, end of the year	\$ 352,689	\$ 829,734
 Cash and cash equivalents consist of:		
Unrestricted cash and cash equivalents	\$ 287,389	\$ 311,268
Internally restricted cash - Pad for Paws	54,822	514,935
Restricted cash and cash equivalents	10,478	3,531
	\$ 352,689	\$ 829,734

See Notes to the Financial Statements

ANIMAL RESCUE FOUNDATION (ARF) OF ALBERTA
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

December 31, 2017

1. PURPOSE OF THE ORGANIZATION

The Animal Rescue Foundation (ARF) of Alberta (the "Foundation") is a registered not-for-profit charity pursuant to the Societies Act of Alberta. The Foundation's mission is to rescue stray and abandoned dogs and cats from First Nations and rural areas, and place them in loving, permanent homes while providing programs to reduce pet over-population.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared according to Canadian accounting standards for not-for-profit organizations, of which the most significant policies are:

(a) Basis of Accounting

Management has concluded that the going concern basis of accounting is appropriate for the Foundation.

(b) Revenue Recognition

The Foundation follows the deferral method of accounting for revenue recognition. Externally restricted revenue is recognized as revenue in the year in which the related expenses are incurred. Unrestricted revenue is recognized when received or reasonable assurance is given that it is receivable.

(c) Internally Restricted Assets

The Board of Directors has the authority to restrict funds internally for specified purposes. Internally restricted funds are considered to be a restriction of resources and not of contributions. As such, internal restrictions impact only the presentation of resources in the Foundation's statement of financial position and not the recognition of contributions in the Foundation's statement of operations.

(d) Capital Assets

Capital assets are recorded at cost and contributed capital assets are recorded at the fair value at the date of contribution. Amortization is recorded using rates and methods designed to amortize the cost of the capital assets over their estimated useful lives as follows:

Automotive	25 %	declining balance
Computer equipment	30 %	declining balance
Other equipment	15 %	declining balance

(e) Contributed Materials and Services

Contributed materials and services are recognized in the financial statements when the fair value can be reasonably estimated, when the materials or services are used in the normal course of the Foundation's operations and when they would have otherwise been purchased.

Volunteers contribute considerable time to assist the Foundation in carrying out its programs. The value of this contributed time is not reflected in these financial statements.

ANIMAL RESCUE FOUNDATION (ARF) OF ALBERTA
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

December 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES continued...

(f) Measurement Uncertainty

The preparation of financial statements in conformity 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. By their nature, these estimates of the collectibility of receivables, the portion of expenses that are prepaid, the estimated life of capital assets and the accrual of liabilities are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods may be significant.

3. INTERNALLY RESTRICTED ASSETS - PAD FOR PAWS

Through a formal resolution by the Board of Directors in 2010, the Foundation internally restricted certain funds, which have been raised in respect of a capital campaign. The objective of the campaign is to raise funds for a permanent facility for the Foundation, which will be known as the "Pad for Paws". In addition to an initial appropriation of general funds, all amounts designated by the Board on an ongoing basis will be restricted.

The Board has the discretion to terminate the campaign at any time.

	<u>2017</u>	<u>2016</u>
Cash - Pad for Paws bank account	\$ 54,822	\$ 514,935
Investor's Group - Mutual Fund - 3250	101,133	-
Investor's Group - Mutual Fund - 3185	380,430	-
Rental deposits receivable - Pad for Paws	16,517	-
Prepaid rent and security deposit - Pad for Paws	67,433	-
	<u>\$ 620,335</u>	<u>\$ 514,935</u>

4. EXTERNALLY RESTRICTED ASSETS / DEFERRED CASH CONTRIBUTIONS

Deferred cash contributions represent contributions externally restricted for expenditures according to the individual funder. Casino proceeds are restricted by Alberta Gaming and Liquor Commission to be spent on previously approved items. Grants fund are by the funders to be spent as indicated on the grant approval.

	<u>2017</u>	<u>2016</u>
Casino bank account	\$ 2,961	\$ 3,513
Grant funds held in general bank	7,500	-
Casino funds held in general bank	18	18
	<u>10,479</u>	<u>3,531</u>
Casino proceeds receivable	-	67,013
Comm. Facility Enhancement grant receivable	125,000	-
Petsmart grant receivable	17,200	-
	<u>\$ 152,679</u>	<u>\$ 70,544</u>

ANIMAL RESCUE FOUNDATION (ARF) OF ALBERTA
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

December 31, 2017

5. SHORT TERM INVESTMENT

The Foundation held an unrestricted short term investment with Investor's Group with the following terms:

	2017	2016
GIC - 0.7%, non-redeemable, matured 3 Feb, 2017	-	101,067

6. CAPITAL ASSETS

	Cost	Accumulated Amortization	2017 Net	2016 Net
Automotive	\$ 55,911	30,213	25,698	16,214
Computer equipment	7,720	7,444	276	395
Other equipment	21,056	16,467	4,589	5,043
	\$ 84,687	54,124	30,563	21,652

7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions consists of externally restricted cash spent on capital assets. These amounts are amortized and recognized as income on the same basis as the related capital assets are amortized and expensed.

	2017	2016
Opening balance	\$ -	\$ -
Purchase of vehicle with grant funds	18,050	-
Amortization of deferred capital contributions	(4,513)	-
Carried forward	\$ 13,537	\$ -

8. COMMITMENT

On November 1, 2017 the Foundation entered into a lease agreement with Omega Developments Inc. at Bay 1, 3526 27th Street NE, Calgary for a term of ten years for the basic annual lease plus GST. The minimum annual lease commitment for the next ten years is as follows:

Years 1 through 4	\$ 38,987 plus GST
Years 5 through 7	\$ 44,997 plus GST
Years 8 through 10	\$ 51,006 plus GST

ANIMAL RESCUE FOUNDATION (ARF) OF ALBERTA
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

December 31, 2017

9. CONTRIBUTIONS FROM CASINO

	<u>2017</u>	<u>2016</u>
Opening balance	\$ 70,527	\$ 41,849
Add: Proceeds from casino	-	67,013
Less: Bank charges and other charges	(171)	(66)
Carried forward	<u>(2,961)</u>	<u>(70,527)</u>
Spent on operations	<u>\$ 67,395</u>	<u>\$ 38,269</u>

10. DONATIONS AND GRANTS

	<u>2017</u>	<u>2016</u>
Cash donations	\$ 132,565	\$ 161,293
The Calgary Foundation grants spent on operations	54,020	60,549
Miscellaneous grants	450	15,000
	<u>\$ 187,035</u>	<u>\$ 236,842</u>

11. FUNDRAISING EXPENSES

As required under section 7(2) of the Charitable Fundraising Regulation of Alberta, the following amounts are disclosed:

Direct costs incurred for the purpose of soliciting contributions \$13,623 (2016 - \$23,742)

Amounts paid as remuneration to employees whose principal duties involve fundraising \$Nil (2016 - \$Nil).

12. FINANCIAL INSTRUMENTS

Measurement of financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value. The Foundation subsequently measures all its financial assets and financial liabilities at cost or amortized cost. Changes in fair value of these financial instruments are recognized in net income.

Financial instruments measured at amortized cost include cash and cash equivalents, accounts receivable, investments and accounts payable.

Risk

It is management's opinion that the Foundation is not exposed to significant interest, currency, price, market or credit risks arising from these financial instruments.

ANIMAL RESCUE FOUNDATION (ARF) OF ALBERTA
SCHEDULE 1 - FUNDRAISING

For the Year Ended December 31, 2017

	2017	2016
Revenue		
Calendars	\$ 8,917	\$ 9,536
Other general fundraising	43,749	93,012
Pad for Paws campaign	1,000	10,000
	53,666	112,548
Expenses		
Calendars	4,265	4,359
Pad for Paws campaign	-	9,264
	4,265	13,623
Excess of revenue over expenses	\$ 49,401	\$ 98,925

ANIMAL RESCUE FOUNDATION (ARF) OF ALBERTA
SCHEDULE 2 - PROGRAMS

For the Year Ended December 31, 2017

	2017	2016
Revenue		
Adoptions - Dogs	\$ 56,242	\$ 70,650
Adoptions - Cats	<u>20,245</u>	<u>19,151</u>
	<u>76,487</u>	<u>89,801</u>
 Expenses		
Boarding	12,699	5,781
Cat food	10,089	9,691
Dog food	1,218	465
Doggy day care	11,532	7,900
Dog training	11,836	10,322
Education	-	1,640
Events	-	169
Foster home supplies	4,831	5,803
Program contract services	59,110	58,223
Veterinary and medical supplies	133,661	122,804
Spay / neuter program	<u>21,168</u>	<u>28,099</u>
	<u>266,144</u>	<u>250,897</u>
 Excess of expenses over revenue	 <u>\$ (189,657)</u>	 <u>\$ (161,096)</u>

ANIMAL RESCUE FOUNDATION (ARF) OF ALBERTA
SCHEDULE 3 - SALES

For the Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u>
Revenue		
Promotional products	\$ 2,279	\$ 3,693
Expenses		
Promotional products	<u>1,486</u>	<u>2,056</u>
Excess of expenses over revenue	<u>\$ 793</u>	<u>\$ 1,637</u>