

Humane Society Yukon

Financial Statements
(Unaudited)

MARCH 31, 2016

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REVIEW ENGAGEMENT REPORT

To: The Members of Humane Society Yukon

I have reviewed the statement of financial position of Humane Society Yukon as at March 31, 2016, and the statements of operation, changes in net assets and cash flows for the year then ended. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not for profit organizations. My review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to me by the organization.

A review does not constitute an audit and consequently I do not express an audit opinion on these financial statements.

In common with many not-for-profit organizations, the Society derives funds from memberships and donations, collection boxes, bingo and fundraising, the completeness of which are not susceptible to satisfactory review. Accordingly, my review of these revenues was limited to amounts recorded in the records of the Society and I was not able to determine whether any adjustments might be necessary to revenues, deferred revenues and asset balances.

Except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to complete my review of memberships and donations, collection boxes, bingo and fundraising revenues, as described in the preceding paragraph, based on my review, nothing has come to my attention that causes me to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Accountant

Whitehorse, Yukon
Date

Humane Society Yukon

Statement of Financial Position
(Unaudited)

March 31,	2016	2015
Assets		
Current		
Cash	\$ 26,828	\$ 15,654
Prepaid expenses	6,454	5,769
Accounts receivable	10,615	-
GST receivable	3,853	9,840
	<u>47,750</u>	<u>31,263</u>
Capital assets (note 3)	<u>338,886</u>	<u>351,173</u>
	<u>\$ 386,636</u>	<u>\$ 382,436</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 9,173	\$ 15,210
Wages and vacation payable	8,794	3,039
Government remittances payable	6,748	-
Deferred revenue (note 4)	11,892	1,782
	<u>36,607</u>	<u>20,031</u>
Net Assets		
Accumulated surplus	11,143	13,866
Invested in capital assets	<u>338,886</u>	<u>348,539</u>
	<u>350,029</u>	<u>362,405</u>
	<u>\$ 386,636</u>	<u>\$ 382,436</u>

APPROVED BY:

Director

Director

Humane Society Yukon

**Statement of Operations
(Unaudited)**

For the year ended March 31,

	2016	2015
Revenue		
Donations	\$ 95,652	\$ 72,494
Yukon Government - core funding	79,500	79,500
Bingo	77,629	76,286
Adoption	72,725	59,060
Fundraising	34,556	54,978
Yukon Government - spay and neuter program	9,450	30,000
Membership and other	7,170	2,275
Yukon Foundation	4,000	6,421
Yukon Energy grant	-	5,000
	<u>380,682</u>	<u>386,014</u>
Expenses		
Advertising and promotion	1,542	1,894
Amortization	17,920	19,016
Automotive	1,822	1,037
Bingo	29,469	28,605
Bookkeeping	10,512	13,712
Licenses, fees and dues	786	1,555
Fundraising	1,334	8,125
Insurance	10,733	11,044
Interest and bank charges	3,019	2,795
Land lease	103	113
Office	1,833	5,478
Professional fees	3,588	4,283
Property tax	7,698	7,698
Program expenses	3,791	-
Repairs and maintenance	5,126	16,085
Salaries and benefits	206,205	210,994
Supplies	10,857	10,437
Telephone and utilities	21,327	23,358
Veterinary services	55,393	76,414
	<u>393,058</u>	<u>442,643</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (12,376)</u>	<u>\$ (56,629)</u>

Humane Society Yukon

Statement of Changes in Net Assets
(Unaudited)

For the year ended March 31,

	General	Invested in capital assets	Total 2016	Total 2015
Balance at beginning of year	\$ 13,866	\$ 348,539	\$ 362,405	\$ 419,034
Excess (deficiency) of revenues over expenditures	(12,376)	-	(12,376)	(56,629)
Transfer of net assets	(8,267)	8,267	-	-
Purchase of capital assets	(5,633)	5,633	-	-
Amortization	17,920	(17,920)	-	-
Balance at end of year	\$ 11,143	\$ 338,886	\$ 350,029	\$ 362,405

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Humane Society Yukon

Statement of Cash Flows
(Unaudited)

For the year ended March 31,

	2016	2015
Cash flows from operations		
Deficiency of revenues over expenditures	\$ (12,376)	\$ (56,629)
Items not affecting cash		
Amortization	<u>17,920</u>	<u>19,016</u>
	5,544	(37,613)
 Change in non-cash working capital items		
Prepaid expense	(685)	596
Accounts receivable	(10,615)	15,900
GST receivable	5,987	4,217
Accounts payable and accrued liabilities	(6,037)	5,217
Wages and vacation payable	5,755	2,252
Government remittances payable	6,748	(25)
Deferred revenue	<u>10,110</u>	<u>1,188</u>
	<u>16,807</u>	<u>(8,268)</u>
 Cash flows from investing		
Purchase of property and equipment	<u>(5,633)</u>	<u>(19,595)</u>
 Net increase (decrease) of cash in year	11,174	(27,863)
 Cash at beginning of year	<u>15,654</u>	<u>43,517</u>
 Cash at end of year	<u><u>\$ 26,828</u></u>	<u><u>\$ 15,654</u></u>

Humane Society Yukon

Notes to the Financial Statements (Unaudited)

For the year ended March 31, 2016

1. Nature of operations

Humane Society Yukon was incorporated pursuant to the Yukon Societies Act on April 6, 1989. The Society is engaged in the operation of an animal shelter serving the Yukon Territory. The Society has registered charity status for federal and territorial income tax purposes. The shelter operates at 126 Tlingit Street, Whitehorse, Yukon.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles using accounting standards for not-for-profit organizations. The following is a summary of the significant accounting policies used by management in the preparation of these financial statements:

- a) Revenue recognition
The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured.
- Fundraising, adoption, bingo, collection box, and donation revenues are recognized when received.
- b) Capital assets
Capital assets are recorded at cost. Amortization is provided at rates sufficient to amortize the cost of capital assets over their estimated useful lives. Capital assets are amortized using the declining balance method at the rates set out in note 3.
- c) Use of estimates
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 and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. The Society estimates the useful life of various capital assets and amortizes them based on that estimate. The actual useful life of a capital asset could vary from the estimates. Consequently, amortization expense, net income, retained earnings and the net book value of capital assets could vary if the actual useful life of the capital asset differs from the estimated useful life.

Humane Society Yukon

Notes to the Financial Statements
(Unaudited)

For the year ended March 31, 2016

2. Significant accounting policies, continued

d) Financial instruments

i) *Measurement of financial instruments*

The Society initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The Society subsequently measures its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, GST and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, wages, vacation and government remittances payable.

ii) *Impairment*

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets; or
- the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

e) Donated material and services

The activities of the Society are assisted by the donation of materials and services of many members of the community. Since these items are not normally purchased by the Society and because of the difficulty of determining the fair value, donated services and supplies are not recognized in these financial statements with the exception of property taxes totaling \$7,698 (2015 - \$7,698).

Humane Society Yukon

Notes to the Financial Statements (Unaudited)

For the year ended March 31, 2016

3. Capital assets

				2016	2015
	Rate	Cost	Accumulated amortization	Net	Net
Buildings and improvements	4%	\$ 596,834	\$ 293,609	\$ 303,225	\$ 311,461
Fences	10%	24,647	6,960	17,687	19,652
Sheds	10%	21,409	8,781	12,628	14,031
Furniture and fixtures	20%	16,512	14,417	2,095	1,385
Computer equipment	20%	5,634	5,475	159	227
Vehicle	30%	9,015	5,923	3,092	4,417
		\$ 674,051	\$ 335,165	\$ 338,886	\$ 351,173

In the year, \$22,000 was received from the Yukon Government to replace the flooring and furnace at the shelter. The funding was recorded as a decrease in the cost of the improvement, and the net cost will be amortized over the life of the asset.

4. Deferred revenue

Deferred revenue in the amount of \$1,892 (2015 - \$1,782) represents membership fees collected in advance. An additional \$10,000 in donations was received for a dog play area to be constructed after year end.

5. Lease commitments

Commencing September 1996, the Society entered into a 30 year lease with the Government of Yukon to rent the land the building sits on for \$100 per year.

Commencing November 2013, the Society entered into a 10 year lease with the City of Whitehorse for further lands for the shelter. The lease fee is \$10 per year.

6. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

Humane Society Yukon

Notes to the Financial Statements (Unaudited)

For the year ended March 31, 2016

7. Capital management

The Society's capital consists of the accumulated surplus of revenues over expenses. Management manages the capital to ensure adequate funds are on hand to meet current and future commitments of the Society.

8. Financial instruments

Financial instruments consist of recorded amounts of accounts receivable which will result in future cash receipts, and accounts payable and accruals, which will result in future cash outlays.

The Society is exposed to the following risks in respect of certain of the financial instruments held:

- (a) Fair value
The carrying values of the financial instruments noted above approximate their fair values due to their short term maturities.
- (b) Credit risk
Credit risk arises from the potential that a counter party will fail to perform its obligations. To mitigate this risk, the Society signs contribution agreements for significant funding.
- (c) Liquidity risk
Liquidity risk is the risk that the Society will encounter difficulty meeting obligations associated with its financial liabilities. The Society closely monitors its payables to ensure that there is significant cash on hand to meet obligations as they come due.