

NORTH EAST SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS INC.

Financial Statements

Year Ended December 31, 2023

NORTH EAST SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS INC.

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INDEPENDENT AUDITOR'S REPORT

To the Members of North East Society for the Prevention of Cruelty to Animals Inc.

Qualified Opinion

We have audited the financial statements of North East Society for the Prevention of Cruelty to Animals Inc. (the "society"), which comprise the statement of financial position as at December 31, 2023, and the statements of revenues and expenditures, changes in 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 society as at December 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the society derives revenue from fundraising activities 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 society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2023, current assets and net assets as at December 31, 2023. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation of 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 society in accordance with 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 audit opinion.

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

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

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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 society'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 society'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 society 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.



Melfort, Saskatchewan
March 19, 2024

Ingram & Yeadon Accountants

NORTH EAST SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS INC.**Statement of Financial Position****December 31, 2023**

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 33,588	\$ 46,075
Accounts receivable	488	2,264
Goods and services tax recoverable	571	8,685
Prepaid expenses	130	130
	<u>34,777</u>	57,154
PROPERTY, PLANT AND EQUIPMENT <i>(Note 4)</i>	775,985	817,666
LONG TERM INVESTMENT	202	202
	<u>\$ 810,964</u>	<u>\$ 875,022</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 6,260	\$ 15,890
Employee deductions payable	1,707	1,169
Wages payable	4,034	2,690
Current portion of long term debt <i>(Note 5)</i>	20,124	20,124
	<u>32,125</u>	39,873
LONG TERM DEBT <i>(Note 5)</i>	351,057	371,181
	<u>383,182</u>	411,054
NET ASSETS	<u>427,782</u>	463,968
	<u>\$ 810,964</u>	<u>\$ 875,022</u>

ON BEHALF OF THE BOARD_____
*Director*_____
Director

NORTH EAST SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS INC.**Statement of Revenues and Expenditures****Year Ended December 31, 2023**

	Total 2023	Total 2022
REVENUES		
Adoption fees	\$ 25,135	\$ 25,080
Community contracts	36,911	26,507
Donations	139,452	141,158
Fundraising income	25,236	43,290
Memberships	745	665
Pound fees	2,735	2,755
Product sales	1,195	111
Surrender fees	1,485	1,262
	<u>232,894</u>	<u>240,828</u>
EXPENSES		
Advertising and promotion	25	28
Amortization	41,680	46,531
Business taxes, licenses and memberships	379	1,190
Fundraising costs	19,989	15,922
Insurance	8,406	8,568
Interest and bank charges	3,224	5,667
Interest on long term debt	26,368	16,383
Miscellaneous expenses	-	260
Office	966	1,153
Professional fees	10,526	8,598
Property taxes	777	-
Repairs and maintenance	2,380	3,871
Supplies	7,883	5,471
Telephone	1,797	4,145
Utilities	14,283	14,312
Veterinary care	31,299	39,534
Wages and employee benefits	99,098	86,840
	<u>269,080</u>	<u>258,473</u>
DEFICIENCY OF REVENUES OVER EXPENSES	\$ (36,186)	\$ (17,645)

The accompanying notes are an integral part of these financial statements

NORTH EAST SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS INC.

Statement of Changes in Net Assets

Year Ended December 31, 2023

	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 463,968	\$ 481,613
Deficiency of revenues over expenses	<u>(36,186)</u>	<u>(17,645)</u>
NET ASSETS - END OF YEAR	\$ 427,782	\$ 463,968

The accompanying notes are an integral part of these financial statements

NORTH EAST SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS INC.**Statement of Cash Flows****Year Ended December 31, 2023**

	2023	2022
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (36,186)	\$ (17,645)
Item not affecting cash:		
Amortization of property, plant and equipment	<u>41,680</u>	46,531
	<u>5,494</u>	<u>28,886</u>
Changes in non-cash working capital:		
Accounts receivable	1,774	(557)
Accounts payable	(9,627)	(14,383)
Prepaid expenses	-	1,380
Goods and services tax payable	8,114	(1,631)
Wages payable	1,344	1,816
Employee deductions payable	<u>538</u>	<u>(16,358)</u>
	<u>2,143</u>	<u>(29,733)</u>
Cash flow from (used by) operating activities	<u>7,637</u>	<u>(847)</u>
FINANCING ACTIVITY		
Repayment of long term debt	<u>(20,124)</u>	<u>(20,124)</u>
DECREASE IN CASH FLOW	(12,487)	(20,971)
Cash - beginning of year	<u>46,075</u>	67,046
CASH - END OF YEAR	\$ 33,588	\$ 46,075

The accompanying notes are an integral part of these financial statements

NORTH EAST SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS INC.

Notes to Financial Statements

Year Ended December 31, 2023

1. PURPOSE OF THE SOCIETY

North East Society for the Prevention of Cruelty to Animals Inc. (the "society") is a not-for-profit organization incorporated provincially under the Not-for-Profit Corporations Act of Saskatchewan.

The society operates to provide animal rescue and adoption services within northeast Saskatchewan.

2. BASIS OF PRESENTATION

The financial statements are prepared using Canadian accounting standards for not-for-profit organizations (ASNPO).

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with a maturity of one year or less.

Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Buildings	4%	declining balance method
Computer equipment	3 years	straight-line method
Furniture and Fixtures	20%	declining balance method

Goods and services tax

Contributed materials and services are recoverable at 50% as a rebate. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable.

Revenue recognition

North East Society for the Prevention of Cruelty to Animals Inc. follows the deferral method of accounting for contributions.

Fundraising revenue is recognized when received.

Revenue from fees are recorded upon signed agreement.

Donated goods

Donated goods are recorded at their fair market value at the time of the donation. During the year donation in kind receipts were issued for \$16,698 (2022 = \$12,644).

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

NORTH EAST SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS INC.

Notes to Financial Statements

Year Ended December 31, 2023

4. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	\$ 25,000	\$ -	\$ 25,000	\$ 25,000
Buildings	841,919	140,803	701,116	730,329
Furniture and fixtures	112,829	62,960	49,869	62,337
Computer equipment and electronics	4,109	4,109	-	-
	\$ 983,857	\$ 207,872	\$ 775,985	\$ 817,666

5. LONG TERM DEBT

	2023	2022
Mortgage bearing interest at 7.2% compounded monthly, repayable in monthly principal payments of \$1,677, plus interest. The loan matures in 2045 and is secured by building and City of Melfort guarantee.	\$ 371,181	\$ 391,305
Amounts payable within one year	(20,124)	(20,124)
	\$ 351,057	\$ 371,181

Principal repayment terms are approximately:

2024	\$ 20,124
2025	20,124
2026	20,124
2027	20,124
2028	20,124
Thereafter	270,561
	\$ 371,181

6. FINANCIAL INSTRUMENTS

The society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the society's risk exposure and concentration as of December 31, 2023.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the society manages exposure through its normal operating and financing activities. The society is exposed to interest rate risk primarily through its floating interest rate mortgage.