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**TORONTO CAT RESCUE**

**Financial Statements**

**Year Ended September 30, 2022**

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**TORONTO CAT RESCUE**  
**Index to Financial Statements**  
**Year Ended September 30, 2022**

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	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Toronto Cat Rescue

### *Qualified Opinion*

We have audited the financial statements of Toronto Cat Rescue (the "Organization"), which comprise the statement of financial position as at September 30, 2022, 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 Organization as at September 30, 2022, 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 charitable organizations, the Organization derives revenue from adoption fees, donations, foundation grants, merchandise sales, and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets. Our audit opinion on the financial statements for the year ended September 30, 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 Organization 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 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.

(continues)

Independent Auditor's Report To the Members of Toronto Cat Rescue (*continued*)

*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.

*NVS Professional Corporation*

NVS Professional Corporation  
Chartered Professional Accountants  
Authorized to practise public accounting by  
the Chartered Professional Accountants of Ontario

Markham, Ontario  
February 15, 2023

**TORONTO CAT RESCUE**  
**Statement of Financial Position**  
**September 30, 2022**

	2022	2021
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 237,482	\$ 663,630
Term deposit <i>(Note 3)</i>	705,361	-
Accounts receivable	45,337	11,285
Prepaid expenses	1,441	1,039
HST receivable	36,768	71,416
	<b>\$ 1,026,389</b>	<b>\$ 747,370</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities <i>(Note 4)</i>	\$ 74,065	\$ 117,695
Deferred revenue <i>(Note 5)</i>	90,152	113,011
	<b>164,217</b>	<b>230,706</b>
CANADA EMERGENCY BUSINESS ACCOUNT <i>(Note 6)</i>	40,000	40,000
	<b>204,217</b>	<b>270,706</b>
<b>NET ASSETS</b>		
General fund	422,172	476,663
Restricted fund <i>(Note 11)</i>	400,000	-
	<b>822,172</b>	<b>476,663</b>
	<b>\$ 1,026,389</b>	<b>\$ 747,370</b>

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ *Director*

\_\_\_\_\_ *Director*

**TORONTO CAT RESCUE**  
**Statement of Revenues and Expenditures**  
**Year Ended September 30, 2022**

	2022	2021
<b>REVENUES</b>		
Adoption fees	\$ 425,323	\$ 422,625
Donations - receipted	340,911	164,090
Donations in-kind <i>(Note 7)</i>	95,475	118,559
Donations - Non Receipted <i>(Note 12)</i>	512,764	452,593
Corporate contributions	118,825	65,114
Sales	5,969	12,796
Fundraising	41,506	4,848
Corporate and charitable grants	34,027	46,048
Interest Income	5,568	943
Forgivable portion of the CEBA loan	-	10,000
	<u>1,580,368</u>	<u>1,297,616</u>
<b>EXPENSES</b>		
Veterinary Care	685,082	694,738
Cat expenses	108,215	122,362
Volunteer centre expenses	30,895	37,485
Volunteer Program Expenses	15,706	17,484
Fundraising expense	13,949	24,791
Salaries and benefits	247,565	270,776
Licenses, memberships and dues	350	-
Office and general	18,119	7,216
Professional Fees	12,806	11,030
Telephone	4,019	3,491
Amortization	-	1,337
Interest and bank charges	336	23
Legal fees	2,342	-
Donations In-Kind <i>(Note 7)</i>	95,475	118,559
	<u>1,234,859</u>	<u>1,309,292</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>\$ 345,509</b>	<b>\$ (11,676)</b>

**TORONTO CAT RESCUE**  
**Statement of Changes in Net Assets**  
**Year Ended September 30, 2022**

	General Fund	Restricted Fund	2022	2021
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 476,663	\$ -	<b>\$ 476,663</b>	\$ 488,339
	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	345,509	-	<b>345,509</b>	(11,676)
TRANSFER OF FUNDS <i>(Note 11)</i>	(400,000)	400,000	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 422,172</b>	<b>\$ 400,000</b>	<b>\$ 822,172</b>	<b>\$ 476,663</b>

**TORONTO CAT RESCUE**  
**Statement of Cash Flows**  
**Year Ended September 30, 2022**

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	\$ 345,509	\$ (11,676)
Items not affecting cash:		
Amortization	-	1,337
Forgivable portion of CEBA loan	-	(10,000)
	<u>345,509</u>	<u>(20,339)</u>
Changes in non-cash working capital:		
Accounts receivable	(34,052)	9,165
Prepaid expenses	(401)	-
HST receivable	34,648	(41,049)
Accounts payable and accrued liabilities	(43,632)	22,603
Deferred revenue	(22,859)	81,390
	<u>(66,296)</u>	<u>72,109</u>
Cash flow from operating activities	<u>279,213</u>	<u>51,770</u>
<b>FINANCING ACTIVITY</b>		
Canada Emergency Business Account (CEBA)	-	20,000
<b>INCREASE IN CASH FLOW</b>	<u>279,213</u>	<u>71,770</u>
Cash - beginning of year	<u>663,630</u>	<u>591,860</u>
<b>CASH - END OF YEAR</b>	<u>\$ 942,843</u>	<u>\$ 663,630</u>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 237,482	\$ 663,630
Term deposit	<u>705,361</u>	<u>-</u>
	<u>\$ 942,843</u>	<u>\$ 663,630</u>



**TORONTO CAT RESCUE**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

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**1. DESCRIPTION OF BUSINESS**

Toronto Cat Rescue (the "Organization") is a no-kill, not-for-profit charitable organization working with the public to promote individual responsibility for animal welfare. Its objective as stated in its Mission Statement is to rescue and find homes for abandoned, sick or injured cats from situations of abuse, neglect or imminent euthanasia.

The Organization is registered as a charitable organization and, as such, is exempt from income tax in Canada under subsection 248 (10) of the Income Tax Act (Canada). TCR's charity number is 720884691RR0001.

The uncertainties around the outbreak of the COVID-19 pandemic required the use of significant judgment and estimates. As at year end, the Organization has not noted any significant impairment as a result of COVID-19. The uncertain future impact of COVID-19 could generate, in future reporting periods, a significant risk of material adjustments to the carrying amount of accounts receivable, and payables and other loans. As an emerging risk, the duration and full financial effect of the COVID-19 pandemic is unknown at this time, and accordingly estimates of the extent to which the COVID-19 may materially and adversely affect the Organization's financial condition, operations and financial results are subject to significant uncertainty.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) applied on a basis consistent with that of the preceding year. Outlined below are those policies considered particularly significant.

Revenue recognition

Adoption fees and sales are recognized as revenue when services are rendered and merchandise are delivered to customers. Fundraising, corporate and individual donations are recognized as revenue when received. Interest is recognized as revenue when earned. Toronto Cat Rescue follows the deferral method of accounting for contributions. Under this method, restricted contributions for expenditures of the current year are recognized in the current year. Restricted contributions for expenditures of one or more future periods are deferred and recognized as revenue in the same period the related expenditures are recognized. Unrestricted contributions are recorded as revenue when received.

Contributed Services

Volunteers have contributed time and services to assist the Organization in delivery of its services and other activities. Because of the difficulty of determining their fair market value, contributed services provided to the society are not recognized in the financial statements.

Income taxes

The Organization is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

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 and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reported period. Significant items subject to such estimates and assumptions include the useful lives of capital assets, and year-end accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

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**TORONTO CAT RESCUE**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in term deposits and are valued at cost plus accrued interest. The carrying amounts approximate fair value.

Financial instruments

The Organization's financial instruments consist of cash, short term investments, accounts receivable, accounts payable and accrued liabilities. The Organization initially records all financial instruments at fair market value, and subsequently records them at amortized cost.

Capital assets

Capital assets are stated at cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Furniture and fixtures	5 years	straight-line method
Leasehold improvements	3 years	straight-line method

A capital asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the capital assets exceeds its fair value.

Donated materials and services

Any donated goods and services, to the extent that they would normally be purchased if not donated, are recorded at fair value. Volunteer services are not recognized in these financial statements because of the difficulty associated with determining the fair value.

**3. TERM DEPOSIT**

The term deposit represents a guaranteed investment certificate bearing interest at different rate and maturing October 13, 2022. The organization also has an investment savings account with Royal Bank of Canada. Funds can be withdrawn from these GICs on demand; as such, these investments are considered to be cash equivalents and have been classified as such.

	<u>2022</u>	<u>2021</u>
One Year Cashable GIC - earning interest at 0.980 % matures on October 13, 2022	\$ 100,000	\$ -
One Year Cashable GIC - earning interest at 0.970 % matures on October 13, 2022	100,000	-
One Year Cashable GIC - earning interest at 0.990 % matures on October 13, 2022	100,000	-
One Year Cashable GIC - earning interest at 0.850 % matures on October 13, 2022	100,000	-
RBC Investment Savings Account	300,000	-
Interest receivable	5,361	-
	<u>\$ 705,361</u>	<u>\$ -</u>

**TORONTO CAT RESCUE**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

**4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2022</u>	<u>2021</u>
Account payable and accrued liabilities	\$ 65,331	\$ 107,419
Accrued charges	6,060	8,000
TD visa card	-	2,277
New visa card	2,292	-
Gift card	382	-
	<u>\$ 74,065</u>	<u>\$ 117,696</u>

**5. DEFERRED GRANTS AND CONTRIBUTIONS**

Deferred grants and contributions consist of the following corporate grants which are designated for future years' activities:

	<u>2022</u>	<u>2021</u>
Hackworks Inc. - Capital One Gift the Code	\$ 10,152	\$ 13,011
Pet Smart Charities of Canada	50,000	100,000
Pet Smart Charities of Canada Transportation Grant	30,000	-
	<u>90,152</u>	<u>113,011</u>

The changes in the deferred grants and contributions balance for the year are as follows

Deferred Grant and Contributions, Beginning of the Year	113,011	31,621
Add - Grants and Contributions Received/Receivable during the year	30,000	100,000
Less - Grants and Contributions Recognized during the year	<u>(52,859)</u>	<u>(18,610)</u>
	<u>90,152</u>	<u>113,011</u>

**6. CANADA EMERGENCY BUSINESS ACCOUNT (CEBA) LOAN**

During the 2021 fiscal year, the Organization obtained \$60,000 interest free loan from the Canadian Emergency Business Account (CEBA) (2021: \$20,000, 2020: \$40,000) made available by the Federal government in response to COVID-19. The purpose of the loan is to assist the Organization in financing its non-deferrable expenses with a forgiveness option available if 67% of the outstanding balance is repaid by December 31, 2023 with an annual interest rate of 0% and no terms of repayment. Subsequent to December 31, 2023, any unpaid balance will be converted into a term-loan with a maturity date of December 31, 2025 and a fixed annual interest rate of 5%. The Organization recognized \$20,000 as grant income during the 2021 and 2020 fiscal year.

**7. DONATIONS IN KIND**

During the fiscal year, the Organization was in receipt of donations in kind for goods and services in the amount of \$95,475 (2021 - \$118,559) which represents foster care and cat expenses.

**TORONTO CAT RESCUE**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

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**8. LEASE COMMITMENT**

The Organization entered into a lease renewal commencing on August 1, 2022 and ending on July 31, 2023 with respect to the premises at 4229C Dundas Street West, Etobicoke, Ontario. The required minimum annual rental payments are as follows:

Contractual obligation repayment schedule:

2023	\$	26,188
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**9. FINANCIAL INSTRUMENTS**

The Organization 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 Organization's risk exposure and concentration as of September 30, 2022.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. Due to the nature of the contributions and general operations, the Organization does not face any significant concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization manages this risk by preparing and monitoring detailed forecasts of cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

The Organization's financial instruments consist of cash, receivables, accounts payable and accrued charges, and deferred contributions. Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant interest, credit or currency risks. The fair value of these financial instruments approximates their carrying values.

The extent of the Organization's exposure to the above risks did not change during 2022.

Interest rate risk

Interest rate risk is the risk of potential financial loss caused by fluctuations in fair value of future cash flow of financial instruments due to changes in market interest rates. The Organization is exposed to this risk through its interest bearing investments. The Organization manages this risk through investing in fixed-rate securities of short to medium term maturity and plans to hold the securities to maturity.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant other price risks arising from these financial instruments.

**10. CAPITAL MANAGEMENT AND ECONOMIC DEPENDENCE**

The Organization includes cash, term deposits, accounts payable and accrued charges in its capital management consideration. The organization's objectives when managing capital are to safeguard its ability to continue as a going concern and continue to execute its mandate.

The organization monitors these items to assess its ability to fulfill its ongoing financial obligations. The organization monitors its cash flows and ongoing revenue sources to fund its operations and makes adjustments to its budgeted expenditures in light of changes. The organization is not subject to externally imposed capital requirements.

**TORONTO CAT RESCUE**  
**Notes to Financial Statements**  
**Year Ended September 30, 2022**

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**11. INTERNALLY RESTRICTED FUND**

During the 2022 fiscal year, the Board of Directors approved the creation of a contingent reserve fund of \$400,000 for future operations. The forgoing reserve of \$400,000 was designated in the event of an emergency, in the event of damage to the facility, relocation, rent increases, loss of funding, theft, or other unforeseen expenditures. The reserve is expected to serve 4 months of operating expense for the organization.

**12. DONATIONS - NON RECEIPTED**

Non-receipted donations represent contributions administered and collected by various third party organization's on behalf of Toronto Cat Rescue for which no official tax receipt is issued by Toronto Cat Rescue. During the year, Toronto Cat Rescue was in receipt of \$442,053 (2021 - \$402,609) of non-receipted donations from Canada Helps.

**13. FORGIVABLE PORTION OF CEBA LOAN**

During the fiscal year, the Organization received the Canada Emergency Business Assistance Expansion forgivable loan (Note 6) in the amount of \$20,000. As at September 30, 2022 management made the determination that the terms and conditions to exercise the forgiveness option would be met by the repayment date. Accordingly, the forgivable portion in the amount of \$10,000 was recognized as income in both the 2021 and 2020 fiscal year.

**14. CONTINGENT LIABILITY**

Legal proceedings were brought against the organization. TCR intends to defend this claim and, in management's opinion, the lawsuit is unwarranted. The legal proceedings are being handled by the organization's insurance company and the maximum deductible is \$1,000. At this time, the future outcome nor the amount of possible settlement cannot be foreseen, therefore, no provision has been made in the financial statements. Any future settlement would be reflected in the fiscal period to which it relates.

**15. COMPARATIVE FIGURES**

Certain of 2021 comparative figures have been reclassified to conform to the current year's presentation.