

TORONTO CAT RESCUE

Financial Statements

Year Ended September 30, 2021

TORONTO CAT RESCUE

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INDEPENDENT AUDITOR'S REPORT

To the Members and Board of Directors 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, 2021, 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, 2021, 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 revenue from adoption fees, donations, foundation grants, merchandise sales, and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these amounts was limited to the amounts recorded in the organization's accounting records and we were not able to determine whether any adjustments might be necessary to the adoption fees, donations, foundation grants, merchandise sales, and fundraising revenue. Our audit opinion on the financial statements for the year ended September 30, 2021, 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 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 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 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 relating 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.

Independent Auditor's Report to the Members and Board of Directors 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 practice public accounting by the
Chartered Professional Accountants of Ontario

Markham, Ontario
March 16, 2022

TORONTO CAT RESCUE**Statement of Financial Position**

September 30, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 663,630	\$ 531,647
Term deposits (Note 3)	-	60,213
Accounts receivable	11,285	20,451
Prepaid expense	1,039	1,039
HST recoverable	71,416	30,367
	<u>747,370</u>	<u>643,717</u>
CAPITAL ASSETS(Net) (Note 4)	-	1,337
	<u>\$ 747,370</u>	<u>\$ 645,054</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	\$ 117,696	\$ 95,093
Deferred grants and contributions (Note 6)	113,011	31,621
	<u>230,707</u>	<u>126,714</u>
Canada Emergency Business Account (CEBA) Loan (Note 7)	40,000	30,000
	<u>270,707</u>	<u>156,714</u>
NET ASSETS	<u>476,663</u>	<u>488,340</u>
	<u>\$ 747,370</u>	<u>\$ 645,054</u>

ON BEHALF OF THE BOARD


DirectorSee notes to financial statements
NVS Professional Corporation

TORONTO CAT RESCUE**Statement of Revenues and Expenditures**

Year Ended September 30, 2021

	2021	2020
REVENUES		
Adoption fees	\$ 422,625	\$ 401,290
Donations - receipted	164,090	174,224
Donations in kind (Note 8)	118,559	102,863
Donations - non receipted	452,593	470,022
Corporate contribution	65,114	77,620
Sales	12,796	8,296
Fundraising	4,848	29,495
Corporate and charitable grants	46,048	57,163
Canada Emergency Wage Subsidy (CEWS) (Note 14)	-	40,271
Interest income	943	7,442
Forgivable portion of the CEBA loan (Note 13)	10,000	10,000
	<u>1,297,616</u>	<u>1,378,686</u>
EXPENSES		
Veterinary care	694,738	643,876
Cat expenses	71,251	27,708
Volunteer centre expenses	37,485	32,154
Volunteer program expenses	17,484	15,202
Fundraising expenses	24,791	25,633
Salaries and benefits	270,776	221,516
Licenses, memberships and dues	23,922	18,885
Office and general	7,216	30,148
Professional fees	11,030	9,477
Telecommunications	3,491	2,655
Travel expenses	27,189	10,095
Amortization	1,337	2,245
Advertising and promotion	-	49
Interest and bank charges	24	129
Donation in-kind (Note 8)	118,559	102,863
	<u>1,309,293</u>	<u>1,142,635</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ (11,677)</u>	<u>\$ 236,051</u>

TORONTO CAT RESCUE

Statement of Changes in Net Assets**Year Ended September 30, 2021**

	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 488,340	\$ 252,289
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(11,677)	236,051
NET ASSETS - END OF YEAR	\$ 476,663	\$ 488,340

TORONTO CAT RESCUE**Statement of Cash Flows
Year Ended September 30, 2021**

	2021	2020
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (11,677)	\$ 236,051
Items not affecting cash:		
Amortization	1,337	2,245
Forgivable portion of CEBA loan (Note 7)	(10,000)	(10,000)
	<u>(20,340)</u>	<u>228,296</u>
Changes in non-cash working capital:		
Accounts receivable	9,166	(6,169)
Prepaid expense	-	361
HST recoverable	(41,049)	4,524
Accounts payable and accrued liabilities	22,603	53,443
Harmonized sales tax recoverable	81,390	(19,347)
	<u>72,110</u>	<u>32,812</u>
Cash flow from operating activities	<u>51,770</u>	<u>261,108</u>
FINANCING ACTIVITY		
Canada Emergency Business Account (CEBA) loan (Note 7)	<u>20,000</u>	<u>40,000</u>
INCREASE IN CASH FLOW	71,770	301,108
Cash - beginning of year	<u>591,860</u>	<u>290,752</u>
CASH - END OF YEAR	\$ 663,630	\$ 591,860

1. PURPOSE OF THE ORGANIZATION

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESBasis of presentation

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

Revenue recognition

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.

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.

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.

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2. 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 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 leasehold improvements, and year-end accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

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 initially records all financial instruments at fair market value, and subsequently records them at amortized cost.

The Organization's financial instruments consist of cash, short term investments, accounts receivable, accounts payable and accrued liabilities.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets (net of residual value) 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 or leasehold improvement 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.

3. TERM DEPOSIT

The term deposit represents a guaranteed investment certificate bearing interest at 0.2% and matured in June 2021.

TORONTO CAT RESCUE**Notes to Financial Statements****Year Ended September 30, 2021**

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Furniture and Fixtures	\$ 11,224	\$ 11,224	\$ -	\$ 1,337
Leasehold Improvements	37,217	37,217	-	-
	<u>\$ 48,441</u>	<u>\$ 48,441</u>	<u>\$ -</u>	<u>\$ 1,337</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities contains the following:

	2021	2020
Accounts payables	\$ 107,419	\$ 34,136
Accrued charges	8,000	51,389
TD Visa card	2,277	9,568
	<u>\$ 117,696</u>	<u>\$ 95,093</u>

6. DEFERRED GRANTS AND CONTRIBUTIONS

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

	2021	2020
Hackworks Inc. - Capital One Gift the Code	\$ 13,011	\$ 13,011
Pet Smart Charities of Canada	100,000	18,610
	<u>113,011</u>	<u>31,621</u>

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

Deferred Grant and Contributions, Beginning of the Year	31,621	50,968
Add - Grants and Contributions Received/Receivable during the year	100,000	18,610
Less - Grants and Contributions Recognized during the year	<u>(18,610)</u>	<u>(37,957)</u>
	<u>113,011</u>	<u>31,621</u>

7. CANADA EMERGENCY BUSINESS ACCOUNT (CEBA) LOAN

During the 2021 fiscal year, the Organization applied for and received the Canada Emergency Business Account (CEBA) loan expansion of \$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 \$10,000 (2020: \$10,000) as grant income during the 2021 fiscal year.

8. DONATIONS IN KIND

During the fiscal year, the Organization was in receipt of donations in kind for goods and services in the amount of \$118,559 (2020 - \$102,863) which represents foster care and cat expenses.

9. LEASE COMMITMENT

The Organization entered into a lease renewal commencing on August 1, 2020 and ending on July 31, 2022 with respect to the premise at 4229C Dundas Street West, Etobicoke, Ontario. The required minimum annual rental payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2022	\$25,425

10. 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, 2021.

Credit risk

Credit risk is the potential for financial loss should a counter-party in a transaction fail to meet its obligations

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, short-term deposits, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, credit or liquidity 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 2021.

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10. FINANCIAL INSTRUMENTS (continued)***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.

11. 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.

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 \$402,609 (2020 - \$439,617) 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 7) in the amount of \$20,000. As at September 30, 2021 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 has been recognized as income in the year of receipt.

14. CANADA EMERGENCY WAGE SUBSIDY (CEWS)

During the 2020 fiscal year, the Organization applied for and received the Canada Emergency Wage Subsidy (CEWS) made available by the Federal government in response to COVID-19. The CEWS was made available to eligible employers who experienced a significant decline in revenues as a result of the COVID-19 impact on operations and served as an incentive to retain employees. During the 2021 fiscal year, the Organization received \$Nil (2020: \$40,27) from the CEWS program and is recognized as revenue in the Statement of Operations. The organization has met all the terms and conditions to be eligible for CEWS.
