

**Medicine Hat SPCA  
Financial Statements  
Year Ended December 31, 2019**

**MEDICINE HAT SPCA**  
**Index to Financial Statements**  
**Year Ended December 31, 2019**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Medicine Hat SPCA

### *Opinion*

We have audited the financial statements of Medicine Hat SPCA (the Organization), which comprise the statement of financial position as at December 31, 2019, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2019, 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 Opinion*

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 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.

(continues)

Independent Auditor's Report to the Members of Medicine Hat SPCA (continued)

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

*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.

Medicine Hat, Alberta  
November 18, 2020

The logo for Mactavish Professional Corporation, featuring a stylized circular emblem to the left of the name 'Mactavish' written in a cursive, handwritten-style font.

Terry-Lynne Mactavish Professional Corporation  
Chartered Professional Accountant

**MEDICINE HAT SPCA**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2019**

	2019	2018
<b>RECEIPTS</b>		
City of Medicine Hat Service Fees	\$ 105,583	\$ 111,293
Donations, Received	76,081	140,949
Adoption Fees	58,245	99,042
Bequests	57,782	900
Fundraising, Received	48,557	49,717
Fundraising, Non-Received	43,384	31,328
Donations, Non-Received	25,460	56,064
Pet Food Sales	23,804	22,387
Spay/Neuter Program	22,295	31,139
Bingo Receipts	21,257	32,636
Casino Receipts	16,859	-
Memorial	13,419	21,069
Micro-Chip Sales	10,910	10,626
Pet Supply Sales	9,949	11,654
Contributed income	7,700	6,972
Relinquishing Fees	5,044	6,765
Gifts in Kind	3,826	8,396
Other Grants	3,308	7,806
Coin Banks	2,069	2,697
Boarding Fees	200	185
	<u>555,732</u>	<u>651,625</u>
<b>COST OF SALES</b>		
Opening Inventory	3,170	3,115
Purchases	19,519	20,877
Freight In and Duty	218	1,596
	<u>22,907</u>	<u>25,588</u>
Closing Inventory	<u>(2,488)</u>	<u>(3,170)</u>
	<u>20,419</u>	<u>22,418</u>
<b>GROSS PROFIT</b> (96.33%; 2018 - 96.56%)	<b>535,313</b>	<b>629,207</b>
<b>EXPENSES</b> (Schedule 1)	<b>690,786</b>	<b>821,812</b>
<b>DEFICIENCY OF RECEIPTS OVER EXPENSES FROM OPERATIONS</b>	<b>(155,473)</b>	<b>(192,605)</b>
<b>OTHER INCOME</b>		
Interest Receipts	1,035	2,232
Patronage Equity	74	98
	<u>1,109</u>	<u>2,330</u>
<b>DEFICIENCY OF RECEIPTS OVER EXPENSES</b>	<b>\$ (154,364)</b>	<b>\$ (190,275)</b>

See Notes to Financial Statements

**MEDICINE HAT SPCA**  
**Expenses**  
**Year Ended December 31, 2019**

**(Schedule 1)**

	2019	2018
Salaries and Wages	\$ 366,114	\$ 422,382
Veterinary Fees	153,406	221,859
Amortization	30,695	29,313
Consulting Fees	26,956	-
Utilities	21,170	20,398
Animal Shelter Supplies	16,229	35,484
Office	14,173	19,761
Professional Fees	9,809	10,000
Insurance	8,941	8,404
Business Taxes, Licenses and Memberships	7,259	5,679
Repairs and Maintenance	7,016	7,450
GST Expenditures	6,719	12,658
Advertising and Promotion	4,612	8,155
Fundraising Expenditures	4,493	4,876
Sub-contracts	3,650	-
Amortization of Intangible Assets	1,948	1,948
Casino Expenditures	1,766	-
Telephone	1,601	2,958
Vehicle	1,520	1,927
Interest and Bank Charges	1,424	1,794
Bingo Expenditures	1,180	1,278
Employee Training and Recognition	105	3,910
Education Expenses	-	1,578
	<b>\$ 690,786</b>	<b>\$ 821,812</b>

See Notes to Financial Statements

**MEDICINE HAT SPCA**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2019**

	General Fund	Restricted Fund	Invested in Tangible Capital Assets Fund	<b>2019</b>	2018
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 238,356	\$ 30,914	\$ 452,374	<b>\$ 721,644</b>	\$ 911,919
DEFICIENCY OF RECEIPTS OVER EXPENDITURES	(166,412)	35,043	(22,995)	<b>(154,364)</b>	(190,275)
Investment in Tangible Capital Assets Fund	-	-	-	-	-
Deferred Contributions	3,094	-	(3,094)	-	-
Transfer from Restricted (Bingo Funds) to General	27,568	(27,568)	-	-	-
Transfer from General to Restricted (Bingo Funds)	(100)	100	-	-	-
Accounts Payable (Bingo Funds Prior Year Reversal)	-	-	-	-	-
Accounts Receivable (Bingo Funds Prior Year)	-	-	-	-	-
Transfer from Restricted (Casino Funds) to General	12,214	(12,214)	-	-	-
Transfer from Restricted (Building Funds) to General	-	-	-	-	-
Transfer from General to Restricted (Building Funds)	-	-	-	-	-
Transfer from Restricted (GIC Funds) to General	-	-	-	-	-
Transfer from General (GIC Funds) to Restricted	-	-	-	-	-
Accrued Interest Restricted Funds	(52)	52	-	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 114,668</b>	<b>\$ 26,327</b>	<b>\$ 426,285</b>	<b>\$ 567,280</b>	<b>\$ 721,644</b>

*(continues)*

**MEDICINE HAT SPCA**  
**Statement of Changes in Net Assets (continued)**  
**Year Ended December 31, 2019**

General Fund	Restricted Fund	Invested in Tangible Capital Assets Fund	<b>2019</b>	2018
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Invested in Tangible Capital Assets excess (deficit) receipts over expenditures consists of amortization of deferred contributions, which are being amortized over the useful lives of the building renovations that the contributions funded, less the amortization of the related tangible assets. During the year \$0 (2018 - \$164,998) was transferred from the General Fund to the Tangible Capital Asset Fund in order to fund the cash outlays for capital asset acquisitions and shelter renovations. There were Gifts in Kind of shelter supplies received in the current year of \$3,826 (2018 - \$8,396). Restricted assets consist of externally restricted Bingo and Casino Funds \$12,929 (2018 - \$17,571) held in current accounts as well as internally restricted funds \$13,397 (2018 - \$13,344) held in current accounts and Guaranteed Investment Certificates. In the current year, \$100 (2018 - \$11,100) was internally restricted by the Board and transferred from the General Fund to the Restricted Fund. It is the intention of the Board to utilize Restricted Funds, other than Bingo and Casino Funds, as necessary for future shelter expenditures. \$39,782 of Restricted Funds (2018 - \$47,447) were transferred to the General Fund in order to fund operational expenditures. In 2018, \$261,468 was transferred from Restricted Funds to the General Fund to fund shelter renovations. Deferred Contributions of \$3,094 (2018 - \$32,533) were transferred to the Invested in Tangible Capital Assets Fund.

**MEDICINE HAT SPCA**  
**Statement of Financial Position**  
**December 31, 2019**

	2019	2018
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 90,634	\$ 199,697
Accounts Receivable	18,289	27,259
Interest Receivable	95	44
Goods and Services Tax Recoverable	6,719	12,634
Novelty Items	2,488	3,170
Prepaid Expenses	7,522	7,877
	125,747	250,681
TANGIBLE CAPITAL ASSETS <i>(Note 4)</i>	612,635	643,331
INTANGIBLE ASSETS <i>(Note 5)</i>	-	1,947
LONG TERM INVESTMENTS <i>(Note 6)</i>	26,325	30,915
PATRONAGE EQUITY ACCOUNT	174	99
	\$ 764,881	\$ 926,973
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts Payable	\$ 10,056	\$ 12,960
Employee Deductions Payable	1,194	1,412
	11,250	14,372
DEFERRED CONTRIBUTIONS	186,351	190,957
	197,601	205,329
<b>NET ASSETS</b>		
Invested in Tangible Capital Assets Fund	426,285	452,374
General Fund	114,668	238,356
Restricted Fund	26,327	30,914
	567,280	721,644
	\$ 764,881	\$ 926,973

**ON BEHALF OF THE BOARD**

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

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

See Notes to Financial Statements

**MEDICINE HAT SPCA**  
**Statement of Cash Flows**  
**Year Ended December 31, 2019**

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Cash receipts from customers	\$ 560,096	\$ 668,494
Cash paid to suppliers and employees	(679,223)	(931,798)
Interest received	983	2,272
Interest paid	(1,423)	(1,795)
Goods and services tax	5,915	(1,604)
	<u>(113,652)</u>	<u>(264,431)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	-	(164,998)
Purchase of intangible assets	-	(3,895)
Proceeds on disposal of long term investments	4,589	430,720
Purchases of long term investments	-	-
	<u>4,589</u>	<u>261,827</u>
	<b>(109,063)</b>	<b>(2,604)</b>
Cash - beginning of year	<u>199,697</u>	<u>202,301</u>
<b>CASH - END OF YEAR</b>	<b>\$ 90,634</b>	<b>\$ 199,697</b>
<b>CASH CONSISTS OF:</b>		
Cash	<b>\$ 90,634</b>	<b>\$ 199,697</b>

Cash consists of a Petty Cash account \$300 (2018 - \$300), a Business High Yield Savings Account held with the Servus Credit Union \$70,579 (2018 - \$149,655), a current account (General Fund) held with the Servus Credit Union \$15,479 (2018 - \$48,056), a Paypal Account \$379, and a current account (Canada Helps) held with the Servus Credit Union \$3,897 (2018 - \$1,687).

**MEDICINE HAT SPCA**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2019**

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1. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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2.

The Medicine Hat SPCA operates an "Adopt-A-Pet" facility to house and care for all unwanted, ill, homeless, and abused animals in Medicine Hat and surrounding area. Other important activities include providing public education through the media to promote responsible pet ownership and humane treatment of animals in general. Financial aide is provided to pet owners for spaying and neutering.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash includes cash and cash equivalents. Cash consists of a nominal petty cash account, savings accounts and current accounts all held at Servus Credit Union. Cash equivalents are investments in guaranteed investment certificates and are valued at cost. The carrying amounts approximate fair value because they have maturities at the date of purchase of no more than twelve months.

Novelty Items

Inventory is valued at the lower of cost and current replacement cost. Inventory consists of novelty and retail items held for distribution for a nominal fee. The future economic benefit or service potential of these items are not directly related to their ability to generate net cash flows.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Land	N/A non-depreciable
Buildings	4% declining balance method
Motor Vehicles	30% declining balance method
Computer Equipment	55% declining balance method
Furniture and Fixtures	20% declining balance method

The organization regularly reviews its tangible capital assets to eliminate obsolete items. Government grants are treated as a reduction of tangible capital assets cost. There were no Government Grants received in the current or prior year that were designated for tangible capital asset purchases.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

During the prior year, building renovations in the amount of (2018 - \$152,679) were completed and furniture and fixtures of (2018 - \$12,319) were purchased. There were no tangible capital asset purchases or disposals in the current year.

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**MEDICINE HAT SPCA**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2019**

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

Other Investments

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

When the organization issues financial instruments that include both a debt and equity component, the entire proceeds are allocated to the debt component, and the equity component is assigned a measurement amount of \$nil.

When financial instruments that include both a debt and an equity component are issued, the proceeds are allocated firstly to the component for which the fair value is more readily determinable, and the residual is allocated to the other component.

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. Specifically, the valuation of inventory, determination of tangible capital asset useful lives and the provision for amortization involves making estimates and assumptions.

Restricted fund method

The Medicine Hat SPCA recognizes restricted contributions in accordance with the Restricted Fund Method of accounting. The General Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources. The Bingo and Casino Funds report only externally restricted resources which must have prior approval from the Alberta Liquor and Gaming Commission in order to be utilized. Investment income earned on resources of the Bingo and Casino Funds is reported in the Restricted Fund unless otherwise restricted by the Alberta Liquor and Gaming Commission or the Board of Directors. The Building Fund reports only investment income earned on funds internally restricted by the Board for shelter renovations and expansion less any related banking costs. The Capital Asset Fund reports the assets, liabilities, receipts and expenditures related to the organization's tangible capital assets. This fund reports deferred contributions less amortization, based on the useful lives of the tangible capital assets.

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**MEDICINE HAT SPCA**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2019**

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

Receipt recognition

Both restricted and unrestricted contributions are recognized in the bingo and casino accounts as well as the general account, in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted investment income earned on unrestricted resources is recognized as receipts of the General Fund. Other investment income earned on restricted Bingo, Casino, and Building Fund resources is recognized as receipts of the Restricted Fund when earned, unless otherwise restricted by the Alberta Gaming Commission or the Board of Directors.

Income taxes

The Medicine Hat SPCA is registered as a charitable organization under the Income Tax Act and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Medicine Hat SPCA must meet certain requirements within the Act. In the opinion of management, these requirements have been met. While the society is exempt from paying income tax, an annual Registered Charity Return and a T2 Corporate Tax Return is filed with Canada Revenue Agency.

Contributed services

Volunteers contribute an undetermined number of hours per year to assist the organization in the delivery of programs and services. Because of the difficulty of recording and determining their fair value, contributed services are not recognized in the financial statements.

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	<b>2019 Net book value</b>	2018 Net book value
Buildings	\$ 736,153	\$ 199,878	\$ <b>536,275</b>	\$ 558,620
Furniture and Fixtures	175,322	143,478	<b>31,844</b>	39,805
Land	44,087	-	<b>44,087</b>	44,087
Computer Equipment	7,642	7,384	<b>258</b>	574
Motor Vehicles	3,500	3,329	<b>171</b>	245
	<b>\$ 966,704</b>	<b>\$ 354,069</b>	<b>\$ 612,635</b>	<b>\$ 643,331</b>

During the prior year, the Medicine Hat SPCA purchased furniture and equipment additions for (2018 - \$12,319), and building additions for (2018 - \$152,238). Phase one and two of the building renovations were completed during the prior year, with no additional renovations being completed in the current year.

**MEDICINE HAT SPCA**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2019**

5. INTANGIBLE ASSETS

	2019	2018
Website	\$ 3,895	\$ 3,895
Accumulated Amortization	(3,895)	(1,948)
	<u>\$ -</u>	<u>\$ 1,947</u>

6. LONG TERM INVESTMENTS

	2019	2018
Servus Credit Union Ltd. Community Plan Savings account externally restricted for Casino activities. Approval from the Alberta Gaming and Liquor Commission must be obtained prior to expenditure. Instrument bears interest at 0.02%, if balance under \$9,999.99, with no maturity date.	\$ 6,973	\$ 4,092
Servus Credit Union Ltd. Non-Redeemable GIC Account. Eighteen month term, maturing January 2020. Instrument bears interest at 1.45%. It is anticipated that upon maturity, the funds will be reinvested. Funds are internally restricted for emergency repairs to the animal shelter.	6,906	6,857
Servus Credit Union Ltd. Business Savings account externally restricted for Bingo activities. Approval from the Alberta Gaming and Liquor Commission must be obtained prior to expenditure. Instrument bears interest at 0.02%, if balance under \$9,999.99, with no maturity date.	5,955	13,478
Servus Credit Union Ltd. Business Savings account internally restricted for future use as designated by Board of Directors. Instrument bears interest at 0.02%, if balance under \$9,999.99, with no maturity date.	5,676	5,673
Servus Credit Union Ltd. Business Savings account internally restricted for future use as designated by Board of Directors. Instrument bears interest at 0.02% if balance under \$9,999.99, with no maturity date.	817	812
	<u>\$ 26,327</u>	<u>\$ 30,912</u>
Fair Market Value	<u>\$ 26,327</u>	<u>\$ 30,912</u>

Non-Redeemable Guaranteed Investment Certificate Account for \$6,906 (2018 - \$6,857) is presented as a long term as it is a restricted fund for future expenditures. It is anticipated that the Guaranteed Investment Certificate will be reinvested upon maturity. As such, a current portion of investments has not been reflected in the financial statements. Cost approximates fair market value due to the nature of the investments. Externally restricted funds are the Casino and Bingo funds which are \$12,929 in the current year (2018 - \$17,570). Internally restricted funds are the building and savings funds which are \$6,491 in the current year (2018 - \$6,487). These are restricted funds therefore they are classified as non-current assets. All accounts are held at the Servus Credit Union, Strachan Road Branch in Medicine Hat.

**MEDICINE HAT SPCA**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2019**

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7. 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 December 31, 2019.

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 organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its savings and guaranteed investment certificate facilities.

Additional risk

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

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8. DEFERRED CONTRIBUTIONS

Funding contributions were received in the amount of \$3,094 (2018 - \$47,274) designated for the shelter renovations. The balances have been allocated to deferred contributions and are being allocated over the life of the tangible capital assets that were purchased with the funding contributions. (2019 - \$7,700) (2018 - \$6,972).

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9. RELATED PARTY TRANSACTIONS

During the course of the year, members of the Board purchased supplies and/or incurred travel expenditures for the Society and were subsequently reimbursed. The values of these transactions were \$12,797 (2018 - \$5,903). These transactions have been measured at the exchange amount as they were incurred in the normal course of operations.

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10. GIFTS IN KIND

Gifts in Kind in 2019 - \$3,826 (2018 - \$8,396) in the form of shelter and animal care supplies were received during the year. Note that Gifts in Kind of \$2,360 in the prior year of the \$8,396 total were shelter furniture and equipment. Gifts in Kind are measured at the fair market value at the time of purchase.

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11. ECONOMIC DEPENDENCE

The Medicine Hat SPCA's largest source of receipts in the current and prior year are derived from operating grants from the City of Medicine Hat. Its ability to continue viable operations has dependent upon the continuation of grants from the City of Medicine Hat. Payment of property taxes for the organization's building is waived by the City of Medicine Hat. A \$nil property tax assessment notice is generated by the City of Medicine Hat. Due to the difficulty in determining the assessed value of the organization's facility, an amount for property taxes has not been recognized in the financial statements. The new contract entered into with the City of Medicine Hat is expected to reduce the economic dependence significantly as the contract has been subject to cut backs as well as the basis of the contract is that of fee for service.

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**MEDICINE HAT SPCA**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2019**

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12. COMMITMENTS

The Medicine Hat SPCA has entered into a new contract with the City of Medicine Hat for the fiscal years 2020-2022 to continue (a). the provision and administration of a low-cost spay and neuter assistance and microchipping program as well as (b). the administration provision of an educational program aimed at raising public awareness related to animal welfare, responsible pet ownership, and the low-cost spay and neuter assistance and mircochipping program..

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13. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

As at November 04, 2020, the organization is aware of changes in its operations as a result of the COVID-19 crisis, including the closure of its offices until allowed by provincial decree. The shelter is now open for adoptions and relinquishments on an appointment only basis. Staff have been retained but on a reduced work schedule. Quarantine practices have been put into place as well as alternating work weeks for staff to minimize cross-contamination. Additional preventative measures have been put into place including extra cleaning, sanitizing and making personal protective equipment available.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the organization's operations as at the date of these financial statements.

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14. COMPARATIVE FIGURES

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

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**MEDICINE HAT SPCA  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2019**

*(Schedule 2)*

	2019	2018
<b>RECEIPTS</b>		
City of Medicine Hat Service Fees	\$ 105,583	\$ 111,293
Donations, Received	76,081	140,949
Adoption Fees	58,245	99,042
Bequests	57,782	900
Fundraising, Received	48,557	49,717
Fundraising, Non-Received	43,384	31,328
Donations, Non-Received	25,460	56,064
Pet Food Sales	23,804	22,387
Spay/Neuter Program	22,295	31,139
Memorial	13,419	21,069
Micro-Chip Sales	10,910	10,626
Pet Supply Sales	9,949	11,654
Relinquishing Fees	5,044	6,765
Gifts in Kind	3,826	8,396
Other Grants	3,308	7,806
Coin Banks	2,069	2,697
Boarding Fees	200	185
	<u>509,916</u>	<u>612,017</u>
<b>DIRECT EXPENDITURES</b>		
Opening Inventory	3,170	3,115
Purchases	19,519	20,877
Freight In and Duty	218	1,596
	<u>22,907</u>	<u>25,588</u>
Closing inventory	<u>(2,488)</u>	<u>(3,170)</u>
	<u>20,419</u>	<u>22,418</u>
<b>GROSS PROFIT (96%; 2018 - 96%)</b>	<u><b>489,497</b></u>	<u><b>589,599</b></u>
<b>EXPENDITURES</b>		
Salaries and Wages	366,114	422,382
Veterinary Fees	153,406	221,859
Consulting Fees	26,956	-
Utilities	21,170	20,398
Animal Shelter Supplies	16,229	35,484
Office	14,173	19,761
Professional Fees	9,809	10,000
Insurance	8,941	8,404
Business Taxes, Licenses and Memberships	7,259	5,679
Repairs and Maintenance	7,016	7,450
GST Expenditures	6,719	12,658
Advertising and Promotion	4,612	8,155
Fundraising Expenditures	4,493	4,876
Sub-contracts	3,650	-
Amortization of Intangible Assets	1,948	1,948
Telephone	1,601	2,958

*(continues)*

**MEDICINE HAT SPCA**  
**GENERAL FUND** *(continued)*  
**YEAR ENDED DECEMBER 31, 2019**

**(Schedule 2)**

	2019	2018
Vehicle	1,520	1,927
Bank Charges & Interest	962	1,215
Non-Deductible Interest & Penalties	333	569
Employee Training and Recognition	105	3,910
Education Expenses	-	1,578
	<b>657,016</b>	791,211
	<b>(167,519)</b>	(201,612)
<b>OTHER RECEIPTS (EXPENDITURES)</b>		
Interest Receipts	712	672
Patronage Equity	74	98
	<b>786</b>	770
<b>DEFICIENCY OF EXPENDITURES OVER RECEIPTS</b>	<b>\$ (166,733)</b>	<b>\$ (200,842)</b>

Other Grants consist of \$2,363 from Canada-Alberta Job Grant and \$945 from Community Foundation of Southeastern Alberta. (2018 - \$3,882 from Community Foundation of Medicine Hat, \$2,924 from Government of Canada and \$1,000 from Walmart).

**MEDICINE HAT SPCA  
BINGO FUND (RESTRICTED)  
YEAR ENDED DECEMBER 31, 2019**

*(Schedule 3)*

	2019	2018
<b>RECEIPTS</b>		
Bingo Receipts	\$ 21,257	\$ 32,636
Interest Receipts	4	6
	<b>21,261</b>	<b>32,642</b>
<b>EXPENDITURES</b>		
Bingo Expenditures	1,180	1,278
Bank Charges & Interest Bingo Fund	128	-
	<b>1,308</b>	<b>1,278</b>
<b>EXCESS OF RECEIPTS OVER EXPENDITURES</b>	<b>\$ 19,953</b>	<b>\$ 31,364</b>

Fundraising for the Bingo Fund is administered locally by the Cypress Bingo Society. All funding received via bingo proceeds require prior approval from the Alberta Liquor and Gaming Commission prior to expenditure.

**MEDICINE HAT SPCA  
CASINO FUND (RESTRICTED)  
YEAR ENDED DECEMBER 31, 2019**

*(Schedule 4)*

	2019	2018
<b>RECEIPTS</b>		
Casino Receipts	\$ 16,859	\$ -
Interest Receipts	1	4
	<b>16,860</b>	4
<b>EXPENDITURES</b>		
Casino Expenditures	1,766	-
<b>EXCESS OF RECEIPTS OVER EXPENDITURES</b>	<b>\$ 15,094</b>	<b>\$ 4</b>

Fundraising for the Casino Fund is held locally at Casino By Vanshaw and administered via Alberta Gaming and Liquor Commission. All funding received via casino proceeds must have approval from the Alberta Gaming and Liquor Commission prior to expenditure. Due to the number of not-for-profit organizations utilizing casino proceeds for fundraising purposes, a casino is typically only available approximately every 18 months. In order to be eligible for casino proceeds the not-for-profit organization scheduled to receive casino proceeds, must provide volunteers from the organization to assist with running the casino at their designated event.

**MEDICINE HAT SPCA  
TANGIBLE CAPITAL ASSET FUND  
YEAR ENDED DECEMBER 31, 2019**

*(Schedule 5)*

	<u>2019</u>	<u>2018</u>
<b>RECEIPTS</b>		
Fundraising, Building	\$ 7,700	\$ 6,972
<b>EXPENDITURES</b>		
Amortization	<u>30,695</u>	<u>29,313</u>
<b>DEFICIENCY OF EXPENDITURES OVER RECEIPTS</b>	<u>\$ (22,995)</u>	<u>\$ (22,341)</u>

See Notes to Financial Statements

**MEDICINE HAT SPCA  
BUILDING FUND (RESTRICTED)  
YEAR ENDED DECEMBER 31, 2019**

*(Schedule 6)*

	2019	2018
<b>RECEIPTS</b>		
Interest Receipts	\$ 317	\$ 1,550
<b>EXPENDITURES</b>		
Bank Charges and Interest	-	10
<b>EXCESS OF RECEIPTS OVER EXPENDITURES</b>	<b>\$ 317</b>	<b>\$ 1,540</b>

Starting in the 2016 fiscal year, grant funding as well as fundraising activities generated receipts that were specifically designated by the Board to renovate the existing animal shelter facility. \$13,397 (2018 - \$13,344) remains in internally restricted accounts that wasn't utilized in the renovations. As such, the Board has designated these funds for future shelter repairs and maintenance.