



INDEPENDENT AUDITOR'S REPORT

To the Members of Alberta Animal Rescue Crew Society

Qualified Opinion

We have audited the financial statements of Alberta Animal Rescue Crew Society (the organization), 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 organization 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 organization 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 organization. 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 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.

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Independent Auditor's Report to the Members of Alberta Animal Rescue Crew Society (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.

Calgary, Alberta
June 3, 2024

Sunstone Chartered Professional Accountants

ALBERTA ANIMAL RESCUE CREW SOCIETY
Statement of Financial Position
December 31, 2023

	2023	2022
ASSETS		
Current		
Cash	\$ 1,618,036	\$ 1,552,259
Restricted cash (Note 5)	1,925,865	1,186,132
Term deposits (Note 6)	50,000	50,000
Marketable securities	28,208	-
Accounts receivable (Note 7)	239,039	67,852
Prepaid expenses	74,245	57,920
	3,935,393	2,914,163
Capital assets (Note 8)	432,696	554,080
	\$ 4,368,089	\$ 3,468,243
LIABILITIES		
Current		
Accounts payable	\$ 61,364	\$ 53,401
Employee deductions payable	25,187	20,657
Deferred contributions related to operations (Note 9)	141,199	427,132
Deferred contributions related to capital assets (Note 9)	45,559	92,941
	273,309	594,131
NET ASSETS		
Unrestricted	1,883,084	1,561,032
Invested in capital assets	432,696	554,080
Restricted (note 6)	1,779,000	759,000
	4,094,780	2,874,112
	\$ 4,368,089	\$ 3,468,243



See notes to financial statements

ALBERTA ANIMAL RESCUE CREW SOCIETY
Statement of Revenues and Expenditures
Year Ended December 31, 2023

	2023	2022
Revenue		
Donations and Fundraising (Schedule 3)	\$ 4,586,863	\$ 3,478,200
Program revenue	1,087,686	890,113
Grant revenue	826,225	623,160
Interest and other revenue	69,194	21,658
	6,569,968	5,013,131
Expenses		
Shelter and Program Delivery (Schedule 1)	3,821,436	3,145,310
General and Administrative (Schedule 2)	595,471	467,769
Donations and Fundraising (Schedule 3)	659,139	492,430
Amortization	273,254	295,412
	5,349,300	4,400,921
Excess of revenue over expenses	\$ 1,220,668	\$ 612,210



See notes to financial statements

ALBERTA ANIMAL RESCUE CREW SOCIETY
Statement of Changes in Net Assets
Year Ended December 31, 2023

	Unrestricted	Invested in capital assets	Restricted (Note 5)	2023	2022
Net assets - beginning of year	\$ 1,561,032	\$ 554,080	\$ 759,000	\$ 2,874,112	\$ 2,261,902
Excess of revenue over expenses	1,220,668	-	-	1,220,668	612,210
Amortization reallocation	273,254	(273,254)	-	-	-
Net purchase of capital assets	(151,870)	151,870	-	-	-
Transfer to restricted fund	(1,020,000)	-	1,020,000	-	-
Net assets - end of year	\$ 1,883,084	\$ 432,696	\$ 1,779,000	\$ 4,094,780	\$ 2,874,112



See notes to financial statements

ALBERTA ANIMAL RESCUE CREW SOCIETY
Statement of Cash Flows
Year Ended December 31, 2023

	2023	2022
Operating activities		
Excess of revenue over expenses	\$ 1,220,668	\$ 612,210
Items not affecting cash:		
Amortization of capital assets	273,254	295,412
Loss on disposal of assets	2,303	495
	<u>1,496,225</u>	<u>908,117</u>
Changes in non-cash working capital:		
Accounts payable	7,963	(8,580)
Employee deductions payable	4,530	(11,999)
Prepaid expenses	(16,324)	(24,895)
Marketable securities	(28,208)	-
Deferred contributions related to capital assets	(47,382)	(55,626)
Accounts receivable	(171,187)	(18,780)
Deferred contributions related to operations	(285,933)	(239,422)
Restricted cash	(739,733)	184,422
	<u>(1,276,274)</u>	<u>(174,880)</u>
Cash flow from operating activities	<u>219,951</u>	<u>733,237</u>
Investing activity		
Purchase of capital assets	(154,174)	(82,441)
Financing activity		
Repayment of obligations under capital lease	-	(4,896)
Increase in cash flow	65,777	645,900
Cash - beginning of year	1,552,259	906,359
Cash - end of year	<u>\$ 1,618,036</u>	<u>\$ 1,552,259</u>



See notes to financial statements

ALBERTA ANIMAL RESCUE CREW SOCIETY
Notes to Financial Statements
Year Ended December 31, 2023

1. PURPOSE OF THE ORGANIZATION

Alberta Animal Rescue Crew Society (the "Society") is a not-for-profit organization incorporated provincially under the Societies Act of Alberta. As a registered charity the society is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Society has a mission to improve the lives of animals by rescuing and providing sanctuary to abandoned, surrendered, or abused animals, assisting communities to achieve healthy and respectful relationships with animals, and promoting responsible and compassionate guardianship, and advocating on behalf of all animals.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) consistently applied. The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. While actual results could differ from such estimates, these financial statements have, in management's opinion, been properly prepared using careful judgment within reasonable limits of materiality and within the framework of the significant accounting policies summarized as follows:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash includes cash and cash equivalents. Where applicable, cash equivalents are investments in treasury bills and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

Capital assets

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:

Leasehold improvements	5 years	straight-line method
Other machinery and equipment	5 years	straight-line method
Equipment	3 years	straight-line method
Furniture and fixtures	3 years	straight-line method
Motor vehicles	2 -3 years	straight-line method

Revenue recognition

Alberta Animal Rescue Crew Society follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Service fees are recognized when the services are rendered, the amount of the revenue can be reasonably estimated, and collection is reasonably assured.

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ALBERTA ANIMAL RESCUE CREW SOCIETY
Notes to Financial Statements
Year Ended December 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed services

The operations of the Society depend on both the contribution of time by volunteers and donated materials from various sources.

Contributed materials are recorded at their fair market value at the time of donation. The fair value of donated services cannot be reasonably determined and are therefore not reflected in these financial statements.

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. In addition, GST is collected and remitted net of Input Tax Credits on sales of merchandise as part of fundraising activities.

Foreign currency translation

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenues and expenses have been translated at the average rates of exchange during the year, except for amortization, which has been translated at the same rate as the related assets.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, where applicable, 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.

4. 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, 2023.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The society is not materially exposed to credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The society is exposed to this risk mainly in respect of its receipt of funds from its donors.

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ALBERTA ANIMAL RESCUE CREW SOCIETY
Notes to Financial Statements
Year Ended December 31, 2023

4. FINANCIAL INSTRUMENTS (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk.

a) Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Society is not materially exposed to foreign currency exchange risk as there are no material foreign currency transactions.

b) 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. The Society is not materially exposed to interest rate risk.

c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society is not exposed to other price risk.

Fair value risk

The Society's carrying value of cash and cash equivalents, accounts receivable, and accounts payable approximate their fair value due to the immediate or short term maturity of these instruments. The Society is not materially exposed to fair value risk



ALBERTA ANIMAL RESCUE CREW SOCIETY
Notes to Financial Statements
Year Ended December 31, 2023

5. RESTRICTED CASH

Cash includes internally and externally restricted cash for specific purposes as follows:

	2023	2022
<u>Internally restricted cash</u>		
Purchase and/or replace capital asset	\$ 364,000	\$ 349,000
Operating costs in the event of a shortage of funds	415,000	410,000
Capital project	1,000,000	-
	1,779,000	759,000

Cash is internally restricted by the Board of Directors for the above initiatives and is reviewed regularly to ensure adequate cash flow needs of the Society are met.

	2023	2022
<u>Externally restricted cash</u>		
AGLC lottery and casino	58,842	374,659
Other restricted accounts	88,023	52,436
Other	-	37
	146,865	427,132
	\$ 1,925,865	\$ 1,186,132

Externally restricted cash is received from various fundraising efforts and is recorded as deferred contributions (Note 9) until the restricted expense is incurred.

AGLC (Alberta Gaming and Liquor Commission) cash is received from lotteries and casinos hosted by the Society and is restricted to certain operating expenses setout by AGLC.

Other restricted cash is received as grants for specific purposes and initiatives.

6. TERM DEPOSIT

The term deposit is a 24 month, non redeemable guaranteed investment certificate bearing interest at 4.07% per annum, maturing August 26, 2024.

7. ACCOUNTS RECEIVABLE

Included in accounts receivable is a grant from the Canadian Red Cross to fund AARCS for the costs associated with their 2023 Alberta wildfire response. The grant was awarded on January 15, 2024 for \$173,486 and has not been received by the Society at the financial statement date.

ALBERTA ANIMAL RESCUE CREW SOCIETY
Notes to Financial Statements
Year Ended December 31, 2023

8. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Leasehold improvements	\$ 965,043	\$ 679,789	\$ 285,254	\$ 326,865
Other machinery and equipment	316,604	257,088	59,516	65,243
Equipment	586,350	540,016	46,334	113,219
Furniture and fixtures	97,495	61,326	36,169	17,944
Motor vehicles	173,494	168,071	5,423	30,809
	<u>\$ 2,138,986</u>	<u>\$ 1,706,290</u>	<u>\$ 432,696</u>	<u>\$ 554,080</u>

9. DEFERRED CONTRIBUTIONS

Deferred contributions consist of the following

	2023	2022
<u>Deferred contributions related to operations</u>		
Balance - beginning of the year	\$ 427,132	\$ 666,554
Additions	1,089,477	1,732,284
Utilizations	(1,375,410)	(1,971,706)
	<u>141,199</u>	<u>427,132</u>
<u>Deferred contributions related to capital assets</u>		
Balance - beginning of the year	92,941	148,567
Additions	-	-
Utilizations	(47,382)	(55,626)
	<u>45,559</u>	<u>92,941</u>
	<u>\$ 186,758</u>	<u>\$ 520,073</u>

10. COMMITMENTS

The Society renewed an occupancy lease agreement with a base lease amount of \$10,490 per month, expiring February, 2027.

The Society has entered an occupancy lease agreement for its Edmonton location with a base lease amount of \$7,265 per month, expiring April, 2025.

11. GIFTS IN KIND

During the year, the Society recognized \$35,785 (2022: \$10,100) of donated materials that were recorded at fair market value as donation revenue and consumed in the shelter and program delivery expense.

ALBERTA ANIMAL RESCUE CREW SOCIETY
Shelter and Program Delivery
Year Ended December 31, 2023

(Schedule 1)

	2023	2022
Expenses		
Direct animal and rescue outreach	\$ 2,043,990	\$ 1,567,741
Wages, salaries, and benefits	1,181,176	1,041,197
Shelter operations	592,576	533,460
Memberships	3,694	2,912
	<u>\$ 3,821,436</u>	<u>\$ 3,145,310</u>



ALBERTA ANIMAL RESCUE CREW SOCIETY
General and Administrative (Schedule 2)
Year Ended December 31, 2023

	2023	2022
Expenses		
Wages, salaries, and benefits	\$ 384,929	\$ 319,304
Office and other administrative	62,174	50,541
Goods and service tax	51,667	39,994
Staff and volunteer development	52,555	29,247
Professional fees	35,173	23,805
Interest and bank charges	8,973	4,878
	\$ 595,471	\$ 467,769



See notes to financial statements

ALBERTA ANIMAL RESCUE CREW SOCIETY
Donations and Fundraising (Schedule 3)
Year Ended December 31, 2023

	2023	2022
Revenues		
Donations	\$ 3,456,955	\$ 2,391,693
AGLC and other fundraising	852,667	830,830
Merchandise	236,753	224,102
Events	40,488	31,575
	4,586,863	3,478,200
Expenses (recovery)		
Fundraising	471,618	341,313
Merchandise	161,771	131,965
Events	25,750	19,152
	659,139	492,430
Net donations and fundraising income	\$ 3,927,724	\$ 2,985,770



See notes to financial statements