

TORONTO CAT RESCUE
FINANCIAL STATEMENTS
SEPTEMBER 30, 2020



TORONTO CAT RESCUE

INDEX

INDEPENDENT AUDITOR'S REPORT	Pages 1 - 2
STATEMENT OF FINANCIAL POSITION	Page 3
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS.....	Page 4
STATEMENT OF CASH FLOWS	Page 5
NOTES TO THE FINANCIAL STATEMENTS	Pages 6 - 10





INDEPENDENT AUDITOR'S REPORT

To the Members of
Toronto Cat Rescue
Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Toronto Cat Rescue ("the Organization"), which comprise the statement of financial position as at September 30, 2020, the statement of operations and changes in net assets, and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of Toronto Cat Rescue as at September 30, 2020, and the results of its 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, my verification of these amounts was limited to the amounts recorded in the organization's accounting records and I was not able to determine whether any adjustments might be necessary to the adoption fees, donations, foundation grants, merchandise sales and fundraising revenue.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 these 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

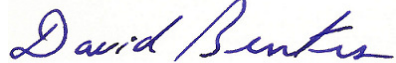
Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgement and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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 than achieves fair presentation.

I communicated 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 I identify during my audit.

Richmond Hill, Ontario
March 16, 2021


Chartered Professional Accountant
Licensed Public Accountant

TORONTO CAT RESCUE

STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2020

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
<u>CURRENT</u>		
Cash	\$ 531,647	\$ 237,536
Term Deposits (Note 2)	60,213	53,216
Accounts Receivable	20,451	14,282
Prepaid Expense	1,039	1,400
HST Recoverable	30,367	34,891
	<u>643,717</u>	<u>341,325</u>
<u>CAPITAL ASSETS (Note 3)</u>	<u>1,337</u>	<u>3,582</u>
	<u>\$ 645,054</u>	<u>\$ 344,907</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT</u>		
Accounts Payable and Accrued Charges	\$ 95,093	\$ 41,650
Deferred Grants and Contributions (Note 4)	31,621	50,968
	<u>126,714</u>	<u>92,618</u>
<u>LOAN PAYABLE (Note 5)</u>	30,000	-
<u>NET ASSETS</u>	<u>488,340</u>	<u>252,289</u>
	<u>488,340</u>	<u>252,289</u>
	<u>\$ 645,054</u>	<u>\$ 344,907</u>

APPROVED BY THE BOARD:

_____ Director

_____ Director

(See Accompanying Notes)

TORONTO CAT RESCUE

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>2020</u>	<u>2019</u>
<u>REVENUE</u>		
Adoption Fees	\$ 401,290	\$ 423,394
Donations - Received	174,224	46,372
Donations In Kind (Note 6)	102,863	112,237
Donations - Non Received (Note 11)	470,022	365,315
Corporate Contributions	77,620	62,245
Sales	8,296	17,214
Fundraising	29,495	69,861
Corporate and Charitable Grants	57,163	25,708
Other Income (Note 12)	50,271	-
Interest Income	7,442	828
	<u>1,378,686</u>	<u>1,123,174</u>
<u>EXPENSES</u>		
Veterinary Care	643,876	570,929
Cat Expenses	27,708	10,946
Volunteer Centre Expenses	32,154	35,901
Volunteer Program Expenses	15,202	6,183
Fundraising Expenses	25,633	25,441
Salaries and Benefits	221,516	206,722
Licenses, Memberships and Dues	18,885	9,300
Office and General	30,148	11,704
Professional Fees	9,477	8,539
Telecommunications	2,655	3,992
Travel	10,095	7,748
Amortization	2,245	12,179
Advertising and Promotion	49	-
Interest and Bank Charges	129	89
Donations In Kind (Note 6)	102,863	112,237
	<u>1,142,635</u>	<u>1,021,910</u>
<u>EXCESS OF REVENUE OVER EXPENSES</u>	236,051	101,264
<u>NET ASSETS, Beginning of the Year</u>	<u>252,289</u>	<u>151,025</u>
<u>NET ASSETS, End of the Year</u>	<u>\$ 488,340</u>	<u>\$ 252,289</u>

(See Accompanying Notes)

TORONTO CAT RESCUE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>2020</u>	<u>2019</u>
<u>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>		
Excess of Revenue over Expenses	\$ 236,051	\$ 101,264
Amortization	2,245	12,179
	<u>238,296</u>	<u>113,443</u>
<u>CHANGES IN NON-CASH WORKING CAPITAL</u>		
Accounts Receivable	(6,169)	(482)
Prepaid Expense	361	(1,400)
HST Recoverable	4,524	30,187
Accounts Payable and Accrued Charges	53,443	(32,532)
Deferred Revenue	(19,347)	50,968
	<u>32,812</u>	<u>46,741</u>
<u>FINANCING ACTIVITIES</u>		
Loan Payable (Note 5)	<u>30,000</u>	<u>-</u>
<u>INCREASE IN CASH</u>	301,108	160,184
<u>CASH, Beginning of the Year</u>	<u>290,752</u>	<u>130,568</u>
<u>CASH, End of the Year</u>	<u>\$ 591,860</u>	<u>\$ 290,752</u>
<u>CASH BALANCE COMPOSED OF:</u>		
Cash	\$ 531,647	\$ 237,536
Term Deposits	<u>60,213</u>	<u>53,216</u>
	<u>\$ 591,860</u>	<u>\$ 290,752</u>

(See Accompanying Notes)

TORONTO CAT RESCUE

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

PURPOSE OF THE ORGANIZATION:

Toronto Cat Rescue (TCR) is a no-kill, not-for-profit charitable organization working with the public to promote individual responsibility for animal welfare. Its objectives are stated in its Constitution are: 1) To rescue cats at risk from shelters and the community, to spay/neuter, vaccinate, foster and adopt to good homes; 2) To rescue feral cats, spay/neuter, vaccinate, foster and adopt to good homes; and 3) To educate to the public regarding the correct care of animals and the importance of sterilizing the animals in their care.

TCR 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.

1. SIGNIFICANT ACCOUNTING POLICIES:

These financial statements have been prepared in accordance with the Canadian accounting standards for not-for-profit organizations. The organization's significant accounting policies are as follows:

a) Revenue Recognition

TCR 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.

b) Capital Assets

Capital Assets are recorded at cost and amortized as follows:

Furniture and Fixtures	- 5 Years straight-line
Leasehold Improvements	- 3 Years straight-line

TORONTO CAT RESCUE

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

1. SIGNIFICANT ACCOUNTING POLICIES: (Continued)

b) Capital Assets (Continued)

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.

c) 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.

d) Income Taxes

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

e) Financial Instruments

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

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

2. TERM DEPOSITS:

The term deposit represents a guaranteed investment certificate bearing interest at 0.20% and maturing in June 2021.

TORONTO CAT RESCUE

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

3. CAPITAL ASSETS:

	<u>2020</u>			<u>2019</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and Fixtures	\$ 11,224	\$ 9,887	\$ 1,337	\$ 3,582
Leasehold Improvements	37,217	37,217	-	-
	<u>\$ 48,441</u>	<u>\$ 47,104</u>	<u>\$ 1,337</u>	<u>\$ 3,582</u>

4. DEFERRED GRANTS AND CONTRIBUTIONS:

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

	<u>2020</u>	<u>2019</u>
Hackworks Inc. - Capital One Gift the Code	\$ 13,011	\$ 37,264
Pet Smart Charities of Canada	18,610	13,704
	<u>\$ 31,621</u>	<u>\$ 50,968</u>

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

Deferred Grant and Contributions, Beginning of the Year	\$ 50,968	\$ -
Add - Grants and Contributions		
Received/Receivable during the year	18,610	76,676
Less - Grants and Contributions Recognized during the year	(37,957)	(25,708)
Deferred Grant and Contributions, End of the Year	<u>\$ 31,621</u>	<u>\$ 50,968</u>

5. LOAN PAYABLE:

During the 2020 fiscal year, TCR applied for and received the Canada Emergency Business Account (CEBA) loan made available by the Federal government in response to COVID-19. The purpose of the loan is to assist TCR in financing its non-deferrable expenses with a forgiveness option available if 75% of the outstanding balance is repaid by December 31, 2022 with an annual interest rate of 0% and no terms of repayment. Subsequent to December 31, 2022, 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%.

6. DONATIONS IN KIND:

During the fiscal year, TCR was in receipt of donations in kind for goods and services in the amount of \$102,863 (2019 - \$112,237) which represents foster care and cat expenses.

8.

TORONTO CAT RESCUE

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

7. LEASE COMMITMENT:

TCR entered into a lease renewal commencing on August 1, 2019 and ending on July 31, 2021 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>
2021	22,500

8. FINANCIAL INSTRUMENTS - RISK MANAGEMENT:

a) 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. TCR is exposed to this risk through its interest bearing investments. TCR manages this risk through investing in fixed-rate securities of short to medium term maturity and plans to hold the securities to maturity.

b) Credit Risk

Credit risk is the potential for financial loss should a counter-party in a transaction fail to meet its obligations. TCR believes its credit risk exposure is not significant.

c) 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.

TCR'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 TCR's exposure to the above risks did not change during 2020.

9. 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.

9.



TORONTO CAT RESCUE

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

9. CAPITAL MANAGEMENT AND ECONOMIC DEPENDENCE: (Continued)

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.

10. CONTRIBUTED SERVICES:

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

11. 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 \$439,617 (2019 - \$315,109) of non-receipted donations from Canada Helps.

12. OTHER INCOME:

During the 2020 fiscal year, TCR 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 period of March 15, 2020 to September 30, 2020, TCR received \$40,271 from the CEWS program and is recognized as revenue in the Statement of Operations. TCR has met all the term and conditions to be eligible for CEWS.

During the fiscal year, TCR received the Canada Emergency Business Assistance ("CEBA") forgivable loan (Note 5) in the amount of \$40,000. As at September 30, 2020 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 (25% of the loan balance) has been recognized as income in the year of receipt.

13. RECLASSIFICATION OF COMPARATIVE FIGURES:

Certain 2019 comparative figures have been reclassified to conform with the current year's presentation.