

PAWS FOR HOPE ANIMAL FOUNDATION
Financial Statements
Year Ended March 31, 2023



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Paws for Hope Animal Foundation

Report on the Financial Statements

Qualified Opinion

We have audited the financial statements of Paws for Hope Animal Foundation (the Foundation), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, 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 Foundation as at March 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 charitable organizations, the Foundation derives revenue from donations, 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 Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donations and excess of revenue over expenses reported in the statements of operations and changes in net assets and statement of cash flows for the year ended March 31, 2023. Our opinion on the financial statements for the year ended March 31, 2023 was qualified accordingly because of the possible effects of this limitation in 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 Foundation 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.

Other Matter

The financial statements for the year ended March 31, 2022 are unaudited.

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.

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Independent Auditor's Report to the Members of Paws for Hope Animal Foundation (*continued*)

In preparing the financial statements, management is responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 Foundation'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 Foundation'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 Foundation 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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.





Surrey, BC
July 17, 2023

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

PAWS FOR HOPE ANIMAL FOUNDATION
Statement of Financial Position
March 31, 2023

	2023	2022 <i>(Unaudited)</i>
ASSETS		
CURRENT		
Cash (Note 3)	\$ 174,377	\$ 137,514
Term deposits (Note 4)	1,422	10,146
Goods and services tax recoverable	<u>8,164</u>	<u>9,381</u>
	183,963	157,041
EQUIPMENT (Note 5)	<u>6,882</u>	<u>3,450</u>
	\$ 190,845	\$ 160,491
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 18,583	\$ 12,844
Deferred contributions (Note 6)	<u>120,833</u>	<u>127,857</u>
	139,416	140,701
NET ASSETS		
Unrestricted funds	<u>51,429</u>	<u>19,790</u>
	\$ 190,845	\$ 160,491

ON BEHALF OF THE BOARD


 _____ Director

 _____ Director

See notes to financial statements

PAWS FOR HOPE ANIMAL FOUNDATION
Statement of Operations
Year Ended March 31, 2023

	2023	2022 <i>(Unaudited)</i>
REVENUE		
Donations	\$ 303,529	\$ 244,589
Restricted grants <i>(Note 7)</i>	250,784	317,380
Unrestricted grants	75,121	25,385
Events	5,151	-
Memberships	649	186
Interest	605	1,077
Merchandise	11	88
	<u>635,850</u>	<u>588,705</u>
EXPENSES <i>(Note 9)</i>		
Advertising and promotion	43,213	56,168
Amortization	2,296	4,146
Conferences and events	25,909	9,466
Fund development	39,100	48,737
Information technology	11,671	7,136
Insurance	10,800	7,500
Interest and bank charges	2,264	3,526
Licenses and dues	754	534
Meals and entertainment	1,058	1,534
Office	5,251	5,919
Pet supplies	13,973	16,611
Professional fees	35,863	31,286
Rent	1,750	1,725
Strategic planning	-	5,280
Telephone	4,397	4,925
Training	3,999	6,360
Travel	7,520	14,025
Veterinary care	180,038	295,452
Wages and salaries	214,355	183,237
	<u>604,211</u>	<u>703,567</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 31,639</u>	<u>\$ (114,862)</u>

See notes to financial statements

PAWS FOR HOPE ANIMAL FOUNDATION
Statement of Changes in Net Assets
Year Ended March 31, 2023

	2023	2022 <i>(Unaudited)</i>
NET ASSETS - BEGINNING OF YEAR	\$ 19,790	\$ 134,652
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	31,639	<u>(114,862)</u>
NET ASSETS - END OF YEAR	\$ 51,429	<u>\$ 19,790</u>

See notes to financial statements

PAWS FOR HOPE ANIMAL FOUNDATION
Statement of Cash Flows
Year Ended March 31, 2023

	2023	2022 <i>(Unaudited)</i>
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 31,639	\$ (114,862)
Item not affecting cash:		
Amortization of equipment	<u>2,296</u>	<u>4,146</u>
	<u>33,935</u>	<u>(110,716)</u>
Changes in non-cash working capital:		
Goods and services tax recoverable	1,217	(850)
Accounts payable and accrued liabilities	5,739	4,768
Deferred contributions	<u>(7,024)</u>	<u>13,834</u>
	<u>(68)</u>	<u>17,752</u>
Cash flow from (used by) operating activities	<u>33,867</u>	<u>(92,964)</u>
INVESTING ACTIVITIES		
Purchase of equipment	(5,728)	-
Purchase of term deposits	(1,422)	(146)
Proceeds from term deposits	<u>10,146</u>	<u>-</u>
Cash flow from (used by) investing activities	<u>2,996</u>	<u>(146)</u>
INCREASE (DECREASE) IN CASH FLOW	36,863	(93,110)
Cash - beginning of year	<u>137,514</u>	<u>230,624</u>
CASH - END OF YEAR <i>(Note 3)</i>	<u>\$ 174,377</u>	<u>\$ 137,514</u>

See notes to financial statements

PAWS FOR HOPE ANIMAL FOUNDATION

Notes to Financial Statements

Year Ended March 31, 2023

1. NATURE OF OPERATIONS

Paws for Hope Animal Foundation (the "Foundation") is a not-for-profit organization of British Columbia that was incorporated on June 16, 2011. The Foundation is dedicated towards responding to the immediate and urgent needs of animals in crisis through education programs, awareness campaigns, and community support.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Cash

Cash represents unrestricted cash on hand, restricted cash on hand and deposits with banks.

Term deposits

Term deposits consist of guaranteed investment certificates ("GICs"). GICs with a maturity within a year from the date of the statement of financial position are presented as current assets. GICs with a term in excess of one year from the date of the statement of financial position have been classified as long term assets. The GICs are valued at cost plus accrued interest.

Revenue recognition

Paws for Hope Animal Foundation 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.

Unrestricted investment income is recognized as revenue when earned.

Contributed services

Volunteers contribute a significant amount of their time to the Foundation each year. Due to the difficulty in determining the fair value of the contributed services, they are not recognized in the financial statements.

Equipment

Equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a declining balance basis at the following rates:

Computer equipment	55%
Office equipment	20%

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PAWS FOR HOPE ANIMAL FOUNDATION

Notes to Financial Statements

Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Financial instruments

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.

3. CASH

	2023	2022
CASH RESTRICTED FOR PROGRAMS BELOW:		
BC Gaming Account	\$ 26,520	\$ 27,857
Better Together	25,863	-
Contingency Fund	1,260	-
Nobody's Pets	7,841	-
No Pet Left Behind	7,744	-
Remote/Rural AVC	51,605	-
Vancouver Foundation Grant	-	100,000
RESTRICTED CASH	120,833	127,857
UNRESTRICTED CASH	53,544	9,657
	\$ 174,377	\$ 137,514

4. TERM DEPOSIT

Term deposit is made up of funds invested in a high interest savings account.

PAWS FOR HOPE ANIMAL FOUNDATION

Notes to Financial Statements

Year Ended March 31, 2023

5. EQUIPMENT

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Computer equipment	\$ 16,450	\$ 9,626	\$ 6,824	\$ 3,378
Office equipment	306	248	58	72
	\$ 16,756	\$ 9,874	\$ 6,882	\$ 3,450

6. DEFERRED CONTRIBUTIONS

	2023	2022
BC Gaming Grant - Animal Transport Van	\$ 26,520	\$ 27,857
BC Gaming Grant - Better Together Reserve	25,863	-
BC Gaming Grant - No Pet Left Behind Reserve	7,744	-
BC Gaming Grant - Nobody's Pets Reserve	7,841	-
Contingency Fund Reserve	1,260	-
PetSmart Charities - Remote/Rural AVC	51,605	-
Vancouver Foundation - Animal Welfare Advisory Network of BC	-	100,000
	\$ 120,833	\$ 127,857

Deferred contributions represent the unspent portion of funding programs. The deferred amounts will be held by the Foundation for future initiatives and will be recognized in revenue in the year which the expenses are incurred. Funding is recorded in restricted cash by the Foundation as it is subject to terms directing how these funds are to be spent. The Foundation is required to prepare reports for the grantors showing how the funds were actually spent, and if the terms are not met this could result in the grantor requesting the funds be returned.

7. RESTRICTED GRANT REVENUE

	2023	2022
BC Gaming	\$ 1,337	\$ 61,447
Better Together Grants	44,637	7,500
Civil Forfeiture Fund	-	30,000
Compassion in Action Fund	-	5,000
Lakes Animal Friendship Society	-	2,220
No Pet Left Behind	41,256	-
Nobody's Pets	5,159	11,212
PetSmart Charities	58,395	70,001
R. Howard Webster Foundation	-	30,000
Vancouver Foundation	100,000	100,000
	\$ 250,784	\$ 317,380

PAWS FOR HOPE ANIMAL FOUNDATION

Notes to Financial Statements

Year Ended March 31, 2023

8. CREDIT FACILITY

The Foundation has a line of credit available in the amount of \$10,000 from Vancouver City Savings Credit Union. The line of credit bears interest at the bank's prime rate plus 2.4%. At March 31, 2023, the Foundation has no amount outstanding under this facility.

9. EXPENSES BY PROGRAM

	<u>2023</u>	<u>2022</u>
AWANBC general	\$ -	\$ 17,136
Better together	192,997	230,589
Clinic	-	16,086
Community Cats	38,339	-
Fund relief	-	2,762
Gaming (lottery and raffle)	17,036	7,653
Guardian angel	28,413	27,060
Network partners	25,863	-
No pet left behind	150,772	181,028
Nobody's pets	-	44,122
Remote underserved communities	8,009	16,086
Rescue standards association	23,688	18,029
SpayAid BC	-	9,435
General	120,244	133,581
	<u>\$ 605,361</u>	<u>\$ 703,567</u>

10. EMPLOYEE REMUNERATION

During the year, the Foundation remunerated one employee for the management and operations of the Foundation in excess of \$75,000. The total amount paid to this employee for the year was \$98,810 (2022 - \$96,100).

PAWS FOR HOPE ANIMAL FOUNDATION

Notes to Financial Statements

Year Ended March 31, 2023

11. FINANCIAL INSTRUMENTS

The Foundation 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 Foundation's risk exposure and concentration as of March 31, 2023.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The foundation is exposed to this risk mainly in respect to cash and term deposits. The Foundation mitigates the risk in relation to its cash and term deposit holdings by placing it with major Canadian financial institutions.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its receipt of funds from its donors and other related sources, accounts payable and accrued liabilities.

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. The Foundation is mainly exposed to interest rate risk.

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 Foundation manages exposure through its normal operating and financing activities. The Foundation is exposed to interest rate risk primarily through its credit facilities.
