

Second Chance animal rescue society

2021 Annual Report



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Message from the board

SCARS exists to reduce animal suffering, make communities safer for pets and people, and complete families through adoption.

We started 2021 in an excellent financial position which set us on a course for massive growth. With the help of Lotus Group, we updated our policies and procedures; enhanced our financial controls and reporting; and created standing committees for strategic planning, operations, communications, fundraising, and finance and audit.

Accountability to our supporters is important to us. This year, we appointed St. Arnaud Pinsent Steman Chartered Professional Accountants to audit our organization as well as prepare our financial statements.

The audit results were discussed and made available at our annual general meeting on April 24, 2022. John Pinsent attended our AGM on behalf of the audit firm and told attendees our audit had an excellent outcome. Overall, he indicated we had a fantastic year with good oversight.

We also passed an AGLC compliance audit, approved a new occupational health and safety manual, and began a review of our mission and vision.





We look forward to 2022 as a year of further growth where we will realize a dream to open a new rescue facility close to Edmonton that will complement our private foster homes and our facility north of Athabasca.

Sylvia Christiansen
Acting Executive Director/
Operations Manager
on behalf of the Board of Directors



Program highlights

Spay-Neuter-Return

We provided spay or neuter to 199 owned pets. Animals receive a full health check and any necessary medical care, including vaccines, parasite treatments, and spaying or neutering. Then we return them to their home, but in some cases we are asked to home the animals.

Walls for Winter

In 2021, 62 pet shelters were built by SCARS volunteers and eight were donated. This is the lowest number since 2014. The program was severely impacted by COVID-19.

Sanctuary

We currently have 17 sanctuary animals. Each animal has a sponsor and over half of the sponsors have been in place for more than five years. We are grateful for their support.





Fostering

SCARS had 10 foster home supervisors and an average of 125 active foster homes during 2021. Availability of foster homes is a limiting factor to our ability to intake animals. The amount of love our foster homes provide is amazing. When Dezzy and her crew of babies (shown right) came into care, the puppies needed to be treated for dehydration and diarrhea at the Westlock Veterinary Centre. The foster family ensured this worried mom was well cared for until the puppies could return home to her.

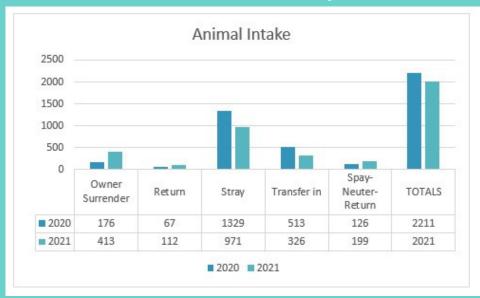


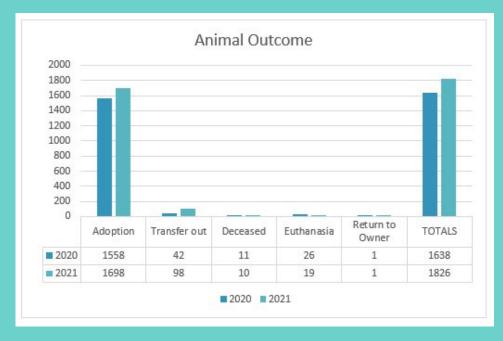


Animal intake and outcome

SCARS helped 2,021 pets during 2021. This included intake of 1,111 cats and 910 dogs. Our goal for 2022 is to continue to increase intakes and outcomes by increasing the number of active foster homes and securing a new facility.

2020 to 2021 comparsion







Operational successes

Fundraising

Due to COVID-19, fundraising continued to be mostly virtual with some in-person events beginning in spring 2021. Some examples of in-person events included three adoption events, the Pars for SCARS golf tournament and the Christmas Gift Market. Tails on the Trails was virtual; however, a small group gathered at Lions Park on the event day.

Virtual fundraisers included our Spring Craft Fair, 50-50 raffles, online auctions, puppy yoga, paint nites, sales of Purdy's chocolate, annual wreath fundraiser, and our Critters & Cocktails gala and silent auction.

Despite the continued struggles associated with the pandemic, we did well financially during 2021. We are amazed by the kindness and generosity of our supporters.







Digital and social media

- Instagram 22,719 followers
- Twitter 10,000 followers
- Facebook 71,711 people like SCARS
- TikTok 1,301 followers

Our new Alumni Facebook group where we welcome updates, stories, photos/videos of adopted pets grew to over 1,000 members during 2021.

We also sent 11 e-newsletters to over 1,500 subscribers during the year.

TownandCountryTODAY.com generously provided us with a free community page on their website.



Rescue stories

Meet Coven

This sweet puppy came to us needing surgery to remove both of his eyes. He was diagnosed with anterior segment dysgenesis, which means the front part of his eyes did not form properly and it caused glaucoma. He received the happiest possible outcome when he was adopted by a home where he bonded with another blind dog.

Meet Pilot

We rushed out when a community member alerted us about a dog that was badly injured. Pilot had been severely mauled and his wounds were infected. His recovery was tough and one of his legs had to be amputated. However, his will to live was strong. He is an against the odds success story.













Meet Olaf

It was a miracle that Olaf survived. He was found alone in the bitter cold, mostly frozen, clinging to life. He lost his ears, toes, tail and one leg to frostbite, but he fought to survive and is now a healthy cat.









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ST. ARNAUD PINSENT STEMAN

CHARTERED PROFESSIONAL ACCOUNTANTS

Daniel J. St. Arnaud, CPA, CA**
John H.C. Pinsent, FCPA, FCA, ICD.D**
Benardus C. Steman, CPA, CA, CFA**

INDEPENDENT AUDITOR'S REPORT

To the Members of Second Chance Animal Rescue Society

Qualified Opinion

We have audited the financial statements of Second Chance Animal Rescue Society (the Society), which comprise the statement of financial position as at December 31, 2021, and the statements of changes in net assets, revenue and expenditures 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 Society as at December 31, 2021, 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 Society derives revenue from donations and 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 Society. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2021, current assets and net assets as at December 31, 2021.

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 Society 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 December 31, 2020 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.

(continues)

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* An Association to Practise Chartered Accountancy ** Operates as a Professional Corporation



Independent Auditor's Report to the Members of Second Chance Animal Rescue Society (continued)

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

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

John H.C. Pinsent Professional Corporation

Edmonton, Alberta April 19, 2022 John H.C. Pinsent Professional Corporation Chartered Professional Accountant







SECOND CHANCE ANIMAL RESCUE SOCIETY STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2021

	2021	2020 Restated - Note 3
	\$	Restated - Note 3
ASSETS		
CURRENT Cash	1,303,205	1,098,112
Short term investments	12,107	8,057
Accounts receivable	13,120	99,694
Goods and services tax recoverable	16,545	295
Prepaid expenses	5,987	1,950
	1,350,964	1,208,108
PROPERTY AND EQUIPMENT (Note 4)	122,746	133,488
	1,473,710	1,341,596
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	113,796	127,038
Employee deductions payable	26,602	
Deferred revenue (Note 6)	111,852	146,358
	252,250	273,396
NET ASSETS		
Unrestricted	279,147	934,712
Internally restricted (Note 5)	819,567	-
Invested in capital assets	122,746	133,488
	1,221,460	1,068,200
	1,473,710	1,341,596

CONTINGENCIES (Note 8)

COMMITMENTS (Note 9)

ON BEHALF OF THE BOARD





SECOND CHANCE ANIMAL RESCUE SOCIETY STATEMENT OF CHANGES IN NET ASSETS YEAR ENDED DECEMBER 31, 2021

	Unrestricted \$	Internally Restricted \$	Invested in Capital Assets \$	2021 \$	2020 Restated - Note 3 \$
BALANCE - BEGINNING OF YEAR (NOTE 3)	934,712	-	133,488	1,068,200	231,213
Excess of revenues over expenses	153,260	-	-	153,260	836,987
Transfer to internally restricted fund	(819,567)	819,567	-	_	-
Amortization of capital assets	22,558	-	(22,558)	-	-
Investment in capital assets	(11,816)	-	11,816	-	
BALANCE - END OF YEAR	279,147	819,567	122,746	1,221,460	1,068,200







SECOND CHANCE ANIMAL RESCUE SOCIETY STATEMENT OF REVENUE AND EXPENDITURES YEAR ENDED DECEMBER 31, 2021

	2021	2020 Restated - Note 3
	\$	\$
REVENUES		
Adoption fees and merchandise	453,865	498,698
Donations and sponsorships	1,212,381	1,521,699
Fundraising events	120,220	166,258
Gaming proceeds	284,338	49,241
Gifts in kind	50,066	75,635
	4,975	1,675
Memberships	4,975	1,675
	2,125,845	2,313,206
EXPENSES		
Advertising and promotion	60,670	68,605
Amortization	22,558	20,175
Contract work	75,169	24,457
Donations	-	3,741
Gaming expenses	154,057	21,174
Gifts in kind	50,066	75,660
Insurance	8,556	6,563
Interest and bank charges	4,923	4,777
Office	16,003	9,091
Professional fees	219,758	123,111
Property taxes	-	1,010
Rental	54,356	43,054
Repairs and maintenance	7,402	6,105
Salaries and wages	242,243	178,344
Telephone and utilities	16,208	16,389
Vehicle	45,200	39,301
Veterinary fees and animal supplies	992,515	851,375
	1,969,684	1,492,932
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	156,161	820,274
OTHER INCOME		
Dividend income	279	279
Government wage subsidies	-	12,376
Interest income	3,522	-
Loss on disposal of assets	(44,538)	-
Other grants	36,308	5,000
Unrealized gain (loss) on investments	1,528	(942)
	(2,901)	16,713
EXCESS OF REVENUES OVER EXPENSES	153,260	836,987









SECOND CHANCE ANIMAL RESCUE SOCIETY STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2021

	2021	2020 Restated - Note 3
	\$	\$
ODERATING ACTIVITIES		
OPERATING ACTIVITIES Excess of revenues over expenses Items not affecting cash:	153,260	836,987
Amortization of property and equipment	22,558	20,175
Loss on disposal of property and equipment	44,538	-
Unrealized gain (loss) on investments	(1,528)	942
	218,828	858,104
Changes in non-cash working capital:		
Accounts receivable	86,574	(84,265)
Accounts payable and accrued liabilities	(13,242)	41,520
Deferred revenue	(34,506)	146,358
Prepaid expenses	(4,037)	(005)
Goods and services tax recoverable Employee deductions payable	(16,250) 26,602	(295)
	45,141	103,318
Cash flow from operating activities	263,969	961,422
INVESTING ACTIVITIES		
Purchase of capital assets	(57,327)	(11,793)
Proceeds on disposal of capital assets	973	- /
Change in short term investments	(2,522)	(278)
Cash flow used by investing activities	(58,876)	(12,071)
INCREASE IN CASH FLOW	205,093	949,351
Cash - beginning of year	1,098,112	148,761
CASH - END OF YEAR	1,303,205	1,098,112









1. PURPOSE OF THE SOCIETY

Second Chance Animal Rescue Society (the "Society") is a not-for-profit organization incorporated under the Societies Act of the Province of Alberta. The Society is a registered charity under the Income Tax Act and is exempt from income taxes.

The purpose of the Society is to raise funds and save animals as well as promote humane care and protection of all animals.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

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.

Gifts in kind are recorded at their fair market value at the time of the donation. During the year, \$50,066 in goods were donated (2020 - \$75,635).

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets and liabilities are measured at amortized cost, except financial assets that are quoted in an active market, which 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 when there are indicators of impairment. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets measured at amortized cost include cash, term deposits, and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Government assistance

Government assistance for current expenses is recorded as other income.

Government grants

Government grants are recorded when there is a reasonable assurance that the Society had complied with and will continue to comply with, all the necessary conditions to obtain the grants.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Short term investments

Short term investments are recorded at fair value with gains and losses recorded in the statement of operations and changes in net assets in the period in which they arise.

Net assets

- a) Net assets invested in property and equipment represents the Society's net investment in capital assets which is comprised of the unamortized amount of capital assets purchased with restricted funds.
- b) Internally restricted funds include amounts not available for use without the prior approval of the Board of Directors.
- c) Unrestricted net assets comprise the excess of revenue over expenses accumulated by the organization each year, net of transfers, and are available for general purposes.

Property and equipment

Property and 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 and methods:

Building 4% declining balance method Equipment 20% declining balance method Automotive equipment 30% declining balance method

The Society regularly reviews its property and equipment to eliminate obsolete items.

Revenue recognition

Second Chance Animal Rescue 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.

Unrestricted investment income is recognized as revenue when earned.

Revenue from sales of merchandise is recognized when title passes to the customer, which generally coincides with the delivery and acceptance of goods.

Revenue from all other sources is included in revenue in the year in which it is received or becomes receivable.





3. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

During the year the Society adopted Canadian accounting standards for not-for-profit organizations (ASNPO). These financial statements are the first prepared in accordance with these standards. The changes have been applied retrospectively, resulting in changes to beginning net assets and restatement of certain assets and liabilities as described below.

a) The statement of financial position for the year ended December 31, 2020 has been restated as follows:

	December 31 2020 \$	Restated \$	
Deferred revenue	-	146,358	146,358

b) As a result of the recognition of deferred revenue, the statement of revenue and expenditures for the year ended December 31, 2020 has been restated as follows:

	 December 31 2020 \$	Ad	ljustment \$	Restated \$
Revenue Expenses	\$ 2,459,564 (1,492,932)	\$	(146,358) \$	2,313,206 (1,492,932)
Other income	966,632 16,713		(146,358) -	820,274 16,713
Excess of revenues over expenses	983,345		(146,358)	836,987

c) The statement of changes in net assets at December 31, 2020 has been restated as follows:

	December 31		
	2020	Adjustment	Restated
	\$	\$	\$
Unrestricted net assets	1,081,070	(146,358)	934,712

4. PROPERTY AND EQUIPMENT

	Cost \$	Accumulated amortization \$	2021 Net book value \$	2020 Net book value \$
Building	36,995	4,265	32,730	75,330
Equipment	51,409	18,770	32,639	35,915
Automotive equipment	94,578	37,201	57,377	22,243
	182,982	60,236	122,746	133,488



5. INTERNALLY RESTRICTED NET ASSETS

The internally restricted net assets consist of:

- Amounts restricted by the Board of Directors to provide financial resources in case of a significant revenue disruption in the amount of \$200,000. This fund is intended to equal three months of the Society's operating expenses, adjusted for the time required to cease operations.
- Amounts restricted by the Board of Directors for future capital development.

	2021 \$	2020 \$
Reserve fund Future capital development	200,000 619,567	-
	819,567	_

6. DEFERRED REVENUE

Deferred revenue includes unspent casino and raffle gaming revenues which are externally restricted by the Alberta Gaming, Liquor and Cannabis Commission to be spent on specific operational expenses.

An equivalent amount of the Society's cash balances are externally restricted according to the agreements entered into with third parties.

	2021 \$	2020 \$
Balance, beginning of year Received during the year	146,358 266,498	- 195,599
Recognized as revenue during the year	(301,004)	(49,241)
	111,852	146,358

7. SHORT TERM INVESTMENTS

	2021	2020
	\$	\$
RBC CAD investment account	12,107	8.057
	,	

Investments are recorded at cost and subsequently measured at fair market value.

8. CONTINGENCIES

In the normal course of business, the Society may be subject to various legal undertakings. The outcomes of any legal proceedings cannot be predicted with certainty. Management is of the opinion that, apart from those cases where a provision has already been recognized, there are no such matters pending which would be likely to have any material adverse effect in relation to its business, financial position, or results of operations. There are no provisions recognized in the current or prior year.





9. COMMITMENTS

The Society has rent agreements with respect to its office and storage unit. The office rent agreement is with a related party of the Society. These agreements have no end dates specified in their terms. Future minimum payments for the next three fiscal years are approximated as follows:

	Office \$	Storage \$	Total \$
2022	36,000	3,856	39,856
2023	36,000	3,856	39,856
2024	36,000	3,856	39,856
	108,000	11,568	119,568

10. COVID-19 PANDEMIC

The government of Alberta declared a public health emergency in response to the COVID-19 global pandemic, as of March 17, 2020. Federal and provincial programs, support, and regulations are continuously developing. The financial impact of this public health emergency has been rapidly evolving and precludes a reasonable estimate of the overall financial or operational impact on the Society.

11. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation. The financial statements for the year ended December 31, 2020 are unaudited.





We thank you for your ongoing support

Second Chance Animal Rescue Society (SCARS) is a non-profit, registered charitable organization that is dedicated to reducing the number of abandoned animals in Alberta. Since 2002, SCARS has rescued, rehabilitated and rehomed thousands of

communities become safer and healthier.

Preventing pet overpopulation is a big part of what we do. SCARS operates within northern Alberta, partnering with communities that lack access to pet services. Our Spay-Neuter-Return program provides spaying or neutering, vaccination and micro-chipping for owned pets, and our Walls for Winter program provides

CONTACT US

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