

**THE DONKEY SANCTUARY OF
CANADA**

**NON- CONSOLIDATED FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To: **The Members of The Donkey Sanctuary of Canada**

Qualified Opinion

We have audited the accompanying non-consolidated financial statements of **The Donkey Sanctuary of Canada** (the Organization), which comprise the statement of financial position as at **December 31, 2021**, the statement of operations, the statement of changes in net assets and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Organization at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified 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 the 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.

In common with many non-profit organizations, the Organization derives revenue from various sources, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of donations and event revenue was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenditures for the year and cash flows from operations for the years ended December 31, 2021 and December 31, 2020, current assets as at December 31, 2021 and December 31, 2020, and net assets as at January 1, 2021 and 2020 and December 31, 2021 and 2020.

Other Information

An Independent Practitioner's Review Engagement Report was issued on March 17, 2021 for the year ended December 31, 2020, therefore comparative figures are unaudited.

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 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.

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.

Guelph, Ontario
April 19, 2021


WCO Professional Corporation
Chartered Professional Accountants
Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

THE DONKEY SANCTUARY OF CANADA
NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	GENERAL FUND	CAPITAL FUND	2021	2020
	(unrestricted)	(restricted)		(unaudited)
A S S E T S				
CURRENT				
Cash	\$ 1,584,525	\$ 0	\$ 1,584,525	\$ 712,532
Accounts receivable	0	0	0	960
HST recoverable	6,803	0	6,803	11,021
COVID government assistance receivable	37,449	0	37,449	87,422
Inventory	25,080	0	25,080	22,450
Prepaid expenses	11,700	0	11,700	9,515
	<u>1,665,557</u>	<u>0</u>	<u>1,665,557</u>	<u>843,900</u>
CAPITAL ASSETS (note 2)				
Land	0	1,027,300	1,027,300	1,027,300
Building	0	737,135	737,135	731,460
Barn	0	200,286	200,286	200,286
Farm House	0	1,123,338	1,123,338	1,123,338
Parking lot	0	51,360	51,360	51,360
Office equipment	0	17,316	17,316	15,949
Farm equipment	0	375,501	375,501	372,787
Vehicle	0	38,042	38,042	38,042
Computer equipment	0	47,381	47,381	34,435
Fence	0	37,133	37,133	32,936
Tent	0	3,726	3,726	3,726
Trailer	0	60,485	60,485	60,485
	0	3,719,003	3,719,003	3,692,104
Less - accumulated depreciation	0	(627,517)	(627,517)	(546,839)
	<u>0</u>	<u>3,091,486</u>	<u>3,091,486</u>	<u>3,145,265</u>
OTHER ASSETS				
Due from 2499971 Ontario Limited (note 4)	971,461	0	971,461	932,361
Portfolio investments (Schedule 1)	128,277	0	128,277	67,473
Investment in 2499971 Ontario Limited (note 5)	1	0	1	1
	<u>1,099,739</u>	<u>0</u>	<u>1,099,739</u>	<u>999,835</u>
	<u>\$ 2,765,296</u>	<u>\$ 3,091,486</u>	<u>\$ 5,856,782</u>	<u>\$ 4,989,000</u>

see accompanying notes

THE DONKEY SANCTUARY OF CANADA
NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	GENERAL FUND	CAPITAL FUND	2021	2020
	(unrestricted)	(restricted)		(unaudited)
LIABILITIES				
CURRENT				
Operating line of credit (note 7)	\$ 0	\$ 0	\$ 0	\$ 28,012
Accounts payable and accrued liabilities	43,067	0	43,067	63,928
Current portion of equipment loans (note 8)	<u>0</u>	<u>15,180</u>	<u>15,180</u>	<u>14,772</u>
	<u>43,067</u>	<u>15,180</u>	<u>58,247</u>	<u>106,712</u>
LONG-TERM DEBT				
Deferred contributions (note 3)	0	23,942	23,942	24,939
Equipment loans (note 8)	<u>0</u>	<u>48,981</u>	<u>48,981</u>	<u>63,753</u>
	0	72,923	72,923	88,692
Less - current portion of equipment loans	<u>0</u>	<u>(15,180)</u>	<u>(15,180)</u>	<u>(14,772)</u>
	<u>0</u>	<u>57,743</u>	<u>57,743</u>	<u>73,920</u>
Total Liabilities	<u>43,067</u>	<u>72,923</u>	<u>115,990</u>	<u>180,632</u>
NET ASSETS				
NET ASSETS				
Restricted	0	3,018,563	3,018,563	3,056,573
Unrestricted	<u>2,722,229</u>	<u>0</u>	<u>2,722,229</u>	<u>1,751,795</u>
Total Net Assets	<u>2,722,229</u>	<u>3,018,563</u>	<u>5,740,792</u>	<u>4,808,368</u>
	<u>\$ 2,765,296</u>	<u>\$ 3,091,486</u>	<u>\$ 5,856,782</u>	<u>\$ 4,989,000</u>

see accompanying notes

THE DONKEY SANCTUARY OF CANADA
NON-CONSOLIDATED
STATEMENT OF OPERATIONS AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	GENERAL FUND	CAPITAL FUND	2021	2020
	(unrestricted)	(restricted)		(unaudited)
REVENUE				
Donations	\$ 1,320,802	\$ 0	\$ 1,320,802	\$ 1,264,439
Bequests	528,838	0	528,838	178,094
Sales	95,595	0	95,595	67,625
Event income	28,268	0	28,268	21,151
Rental income	5,192	0	5,192	7,500
Grants	0	998	998	1,139
	<u>1,978,695</u>	<u>998</u>	<u>1,979,693</u>	<u>1,539,948</u>
EXPENSES				
Animal care	387,329	0	387,329	361,445
Support services and administration	262,513	1,659	264,172	212,811
Farm and property operations	208,781	80,678	289,459	259,958
Fund development	141,326	0	141,326	156,034
Boutique expenses	50,449	0	50,449	37,619
Events	34,003	0	34,003	26,751
Foster farms	25,150	0	25,150	15,761
Education and outreach	3,772	0	3,772	2,218
Open days	2,576	0	2,576	2,214
Volunteers	1,411	0	1,411	729
	<u>1,117,310</u>	<u>82,337</u>	<u>1,199,647</u>	<u>1,075,540</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES from operations	<u>861,385</u>	<u>(81,339)</u>	<u>780,046</u>	<u>464,408</u>
OTHER INCOME (EXPENSES)				
COVID government assistance	134,735	0	134,735	203,907
Change in unrealized gain on investments	16,734	0	16,734	3,581
Investment income	3,225	0	3,225	3,211
Gain on sale of capital assets	0	0	0	19,891
Realized gain (loss) on investments	(328)	0	(328)	78
Amortization of loan discount	(1,988)	0	(1,988)	(83)
	<u>152,378</u>	<u>0</u>	<u>152,378</u>	<u>230,585</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES for the year	1,013,763	(81,339)	932,424	694,993
NET ASSETS, beginning of year	1,751,795	3,056,573	4,808,368	4,113,375
Interfund transfers (note 9)	<u>(43,329)</u>	<u>43,329</u>	<u>0</u>	<u>0</u>
NET ASSETS, end of year	<u>\$ 2,722,229</u>	<u>\$ 3,018,563</u>	<u>\$ 5,740,792</u>	<u>\$ 4,808,368</u>

see accompanying notes

THE DONKEY SANCTUARY OF CANADA
NON-CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020 <small>(unaudited)</small>
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Excess of revenue over expenditures for the year	\$ 932,424	\$ 694,993
Depreciation	80,678	74,464
Realized loss on investments	328	(78)
Unrealized (gain) on investments	(16,734)	(3,581)
(Gain) on disposal of capital assets	<u>0</u>	<u>(19,891)</u>
	996,696	745,907
Changes in non-cash working capital items		
Decrease (increase) in COVID government assistance receivable	49,973	(87,422)
Decrease (increase) in HST recoverable	4,218	(3,584)
Decrease in accounts receivable	960	11,528
(Increase) in inventory	(2,630)	(472)
(Increase) decrease in prepaid expenses	(2,185)	2,235
(Decrease) increase in accounts payable and accrued liabilities	<u>(20,862)</u>	<u>13,697</u>
	<u>1,026,170</u>	<u>681,889</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(26,899)	(350,578)
Proceeds on disposal of capital assets	0	33,410
(Increase) in net purchase of portfolio investments	<u>(44,397)</u>	<u>(26,744)</u>
	<u>(71,296)</u>	<u>(343,912)</u>
FINANCING ACTIVITIES		
(Decrease) increase in operating loan	(28,012)	28,012
(Decrease) increase in long-term debt	(15,769)	74,198
Advances to 2499971 Ontario Limited	<u>(39,100)</u>	<u>(39,720)</u>
	<u>(82,881)</u>	<u>62,490</u>
NET INCREASE IN CASH	871,993	400,467
CASH, BEGINNING OF YEAR	<u>712,532</u>	<u>312,065</u>
CASH, END OF YEAR	<u>\$ 1,584,525</u>	<u>\$ 712,532</u>

see accompanying notes

THE DONKEY SANCTUARY OF CANADA
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NATURE OF BUSINESS

The Organization was incorporated on August 24, 1992 under the provisions of the Canada Business Corporations Act. Its primary activity is to provide a lifelong home for donkeys, mules and hinnies who are unwanted, neglected or abused. The Sanctuary operates from a farm located in the Guelph area. The Organization is exempt from income taxes.

1. SUMMARY OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles.

(a) FUND ACCOUNTING

The activities of the Organization are recorded through the following funds:

General Fund

The General Fund reflects the unrestricted transactions associated with the operating and fundraising activities related to the Organization.

Capital Fund

The Capital Fund accounts for cash received and disbursed for the purchase of all capital assets such as real estate and equipment. Also included in this fund is any revenue generated from the ownership of these assets. This fund reports internally restricted resources.

(b) REVENUE RECOGNITION

The Organization follows the deferral method of accounting for revenue. Unrestricted bequest, donation, and other revenue is recognized when received. Unrestricted investment income is recognized as it accrues. Revenues restricted for specific purposes are deferred and recognized as revenue in the year in which the related expenses are incurred.

(c) CONTRIBUTED SERVICES

Volunteers contribute a significant amount of time per year to assist the Organization in carrying out its service delivery activities. Contributed services are not recognized in the financial statements because of the difficulty of determining their fair value.

(d) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists principally of cash in Canadian bank accounts.

THE DONKEY SANCTUARY OF CANADA
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. SUMMARY OF ACCOUNTING POLICIES *(continued)*

(e) PORTFOLIO INVESTMENTS

Portfolio investments are recorded at fair value. Fair value is determined by the closing sale price on the recognized stock exchange on which the investments are listed or principally traded.

(f) INVESTMENT IN SUBSIDIARY COMPANY

These non-consolidated financial statements have been prepared for management purposes only and accordingly, the Organization's investment in its subsidiary company is accounted for in the accompanying non-consolidated financial statements by the equity method. These non-consolidated financial statements have not been prepared for general purposes and accordingly, some users may require further information. In all other respects, these non-consolidated financial statements are in accordance with Canadian accounting standards for not-for-profit organizations.

(g) INVENTORY

Inventory is valued at the lower of cost and net realizable value using the weighted average method.

(h) CAPITAL ASSETS

Capital assets are recorded at cost. Depreciation is calculated using the diminishing balance method at the following annual rates, except in the year of acquisition, when one-half of the annual rate is used:

Building	4%
Barn	4%
Farm House	0%
Parking lot	8%
Office equipment	20%
Farm equipment	20%
Vehicle	30%
Computer equipment	30%
Fence	10%
Tent	20%
Trailer	10%

THE DONKEY SANCTUARY OF CANADA
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. SUMMARY OF ACCOUNTING POLICIES *(continued)*

(i) LEASES

Leases are classified as either capital or operating leases. Leases that transfer substantially all of the benefits and inherent risks of ownership of property to the Organization are accounted for as capital leases. At the time a capital lease is entered into, an asset is recorded together with its related long term obligation to reflect the acquisition and financing. Equipment recorded under capital leases is depreciated on the same basis as described above. Rental payments under operating leases are expensed as incurred.

(j) ALLOCATION OF EXPENSES

The Organization's operations consists of a number of programs. The costs of these programs include personnel, administrative and occupancy costs that are directly related to providing these programs. Shared costs are split between the programs based on management's best estimate of the actual use of these resources.

(k) USE OF ESTIMATES

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the year. Actual results could differ from those estimates. Estimates are reviewed on a regular basis and, as adjustments become necessary, they are reported in income in the periods in which they become known. The assets and liabilities which require management to make significant estimates and assumptions in determining carrying values include accounts receivable, capital assets, and accounts payable and accrued liabilities.

THE DONKEY SANCTUARY OF CANADA
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. SUMMARY OF ACCOUNTING POLICIES *(continued)*

(I) FINANCIAL INSTRUMENTS

Measurement of financial instruments

The Organization initially measures its financial assets and liabilities at fair value.

The Organization subsequently measures its financial assets and liabilities at amortized cost, except for investments in marketable securities that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable, accrued liabilities and operating loan.

Measurement of financial instruments with related parties

The Organization initially and subsequently measures related party transactions that are considered financial instruments at cost. Related party transactions do not have repayment terms and are considered to be in the normal course of operations, therefore cost is the exchange amount of the consideration transferred or received.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

For financial instruments subsequently measured at fair value, the Organization recognizes transaction costs directly attributable to their origination, issuance or assumption in net income in the period incurred. When a financial instrument is measured at amortized cost, transaction costs are included in the initial measurement of the instrument.

THE DONKEY SANCTUARY OF CANADA
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

2. CAPITAL ASSETS

Capital assets as at December 31, 2021 consist of the following:

	COST	ACCUM. DEPRN.	2021 NET BOOK VALUE	2020 NET BOOK VALUE (unaudited)
Land	\$ 1,027,300	\$ 0	\$ 1,027,300	\$ 1,027,300
Building	737,135	194,141	542,994	559,826
Barn	200,286	0	200,286	200,286
Farm House	1,123,338	62,152	1,061,186	1,066,942
Parking lot	51,360	9,634	41,726	45,354
Office equipment	17,316	13,095	4,221	3,738
Farm equipment	375,501	218,854	156,647	192,756
Vehicle	38,042	35,379	2,663	3,804
Computer equipment	47,381	32,135	15,246	6,060
Fence	37,133	20,790	16,343	13,729
Tent	3,726	3,334	392	490
Trailer	60,485	38,003	22,482	24,980
	<u>\$ 3,719,003</u>	<u>\$ 627,517</u>	<u>\$ 3,091,486</u>	<u>\$ 3,145,265</u>

Total depreciation of \$80,678 is included in farm and property costs (2020 - \$74,464).

3. DEFERRED CONTRIBUTIONS

Deferred contributions represent grants received for the purchase of capital assets that will be recognized as revenue as the related asset is depreciated.

4. DUE FROM 2499971 ONTARIO LIMITED

This amount represents a loan to a wholly owned subsidiary company, 2499971 Ontario Limited. The loan is non-interest bearing, unsecured and there are no specific terms of repayment. The loan is not expected to be repaid within the next 12 months and is therefore disclosed as long-term.

THE DONKEY SANCTUARY OF CANADA
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

5. INVESTMENT IN 2499971 ONTARIO LIMITED

The Organization owns 100% of the issued Common shares of 2499971 Ontario Limited. The investment is recorded using the equity method. Financial information for 2499971 Ontario Limited is as follows:

	2021	2020
Total assets	\$1,224,065	\$1,224,399
Total liabilities	1,342,626	1,323,533
Total shareholder's equity	(118,561)	(99,134)
Revenues	\$ 0	\$ 0
Expenses	19,427	21,882
Net income	(19,427)	(21,882)
Cash flows:		
Operating activities	\$ (19,427)	\$ (21,882)
Investing activities	0	0
Financing activities	19,093	22,094

6. OPERATING LOAN

The Organization has access to an operating line of credit in the form of a bank overdraft with the Royal Bank of Canada for general business purposes, with an authorized limit of \$100,000. The overdraft bears interest at a rate of prime plus 1.75% per annum and is due monthly. The Organization has used \$0 of the available overdraft. This overdraft is secured by a general security agreement.

7. OPERATING LINE OF CREDIT

Additional funds were received from the Canadian Emergency Benefit Account program during the year. The loan is interest free until December 31, 2023, after which interest will accrue at a rate of 5% annually. A maximum of \$20,000 (33%) of the loan will be forgiven if the loan is repaid in full by December 31, 2023. The loan was fully repaid in the current year. The additional forgivable portion of the loan is included in COVID government assistance revenue in the current year.

	2021	2020
		(unaudited)
Amount received	\$ 60,000	\$ 40,000
Forgivable portion	(20,000)	(10,000)
Loan discount	0	(1,988)
Amount repaid	<u>(40,000)</u>	<u>0</u>
	<u>\$ 0</u>	<u>\$ 28,012</u>

THE DONKEY SANCTUARY OF CANADA
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

8. EQUIPMENT LOANS

Equipment loans as at December 31, 2021 consists of the following:

	2021	2020
		(unaudited)
Track Loader Loan, blended monthly payments of \$1,091 with interest at 3.5% per annum, matures April 2025. Secured by equipment with a carrying value of \$47,031	\$ 41,175	\$ 52,604
Kubota Equipment Loan, blended monthly payments of \$279 with interest at 0.01% per annum, matures April 2024. Secured by equipment with a carrying value of \$9,921.	<u>7,806</u>	<u>11,149</u>
	48,981	63,753
Less: current portion	<u>(15,180)</u>	<u>(14,772)</u>
	<u>\$ 33,801</u>	<u>\$ 48,981</u>

Principal repayments over the term to maturity are as follows:

2022	\$ 15,180
2023	15,602
2024	13,805
2025	<u>4,394</u>
	<u>\$ 48,981</u>

9. INTERFUND TRANSFERS

During the year, funds were transferred from the General Fund to the Capital Fund to help fund the payment of capital asset purchases and equipment loans.

THE DONKEY SANCTUARY OF CANADA
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

10. COMMITMENTS

The company is committed under long-term leases for the following equipment:

	2021	2020 (unaudited)
Kubota RTV, expires April 2024	7,805	11,149
CNH Skid Steer, expires November 2021	<u>0</u>	<u>7,941</u>
	<u>7,805</u>	<u>19,090</u>

Minimum payments over the terms to maturity are as follows:

2022	\$ 3,345
2023	3,345
2024	<u>1,115</u>
	<u>\$ 7,805</u>

11. BEQUESTS

The Organization is the named beneficiary of several estates. As of December 31, 2021, a number of estates have not been finalized therefore the Organization anticipates further distributions. The amount of these distributions cannot be measured, therefore will be reported when received.

THE DONKEY SANCTUARY OF CANADA
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

12. FINANCIAL INSTRUMENTS

The Organization may be exposed to a variety of financial risks including credit risk, liquidity risk, and market risk (including interest rate risk, currency risk, and other price risk). It is management's opinion that the Organization's risk exposure is unchanged from the prior year.

a) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation that is entered into with the Organization. It is management's opinion that the Organization is not exposed to significant credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Organization will not be able to access cash to meet a demand for cash or fund its obligations as they come due. It is management's opinion that the Organization is not exposed to significant liquidity risk.

c) Market risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value of financial instruments.

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign currencies.

Other price risk is the risk that the value of financial instruments will fluctuate as a result 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 a market.

It is management's opinion that the Organization is exposed to market risk through its portfolio investments and interest rate risk through its financing instruments.

THE DONKEY SANCTUARY OF CANADA
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

13. ALLOCATION OF EXPENSES

Shared costs were allocated to programs based on management's best estimate as follows:

	2021	2020
		(unaudited)
Wages		
Animal care	\$ 246,798	\$ 233,417
Administration	131,279	99,863
Farm and property operations	104,309	87,162
Fund development	87,549	85,572
Events	30,571	22,948
Boutique expenses	<u>20,751</u>	<u>11,750</u>
	<u>\$ 621,257</u>	<u>\$ 540,712</u>
 Common Operating Costs		
Fund development	\$ 4,860	\$ 19,214
Boutique expenses	19,919	13,641
Animal care	4,770	3,268
Administration	924	3,098
Events	485	2,874
Farm and property operations	<u>1,236</u>	<u>1,265</u>
	<u>\$ 32,194</u>	<u>\$ 43,360</u>

14. RELATED PARTY TRANSACTIONS

2499971 Ontario Limited and the Organization are related parties by virtue of ownership and during the year the Organization engaged in transactions in the normal course of operations with these related parties, as follows:

	2021	2020
		(unaudited)
Mortgage payment coverage	\$ 33,600	\$ 33,600
Property taxes coverage	2,500	3,634
Operational expenses coverage	<u>3,000</u>	<u>2,486</u>
	<u>\$ 39,100</u>	<u>\$ 39,720</u>

THE DONKEY SANCTUARY OF CANADA
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

15. UNCERTAINTY DUE TO COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The situation is dynamic with various cities, regions, and countries around the world responding in different ways to address the outbreak.

During the year, COVID-19 restrictions began to relax as vaccination rates increased and governments established rules and regulations to allow businesses to resume normal operations. However, uncertainty due to COVID-19 remains a risk as new variants emerge.

The potential economic effects within the Organization's environment and in the global markets due to possible disruption to supply chains and measures introduced at various levels of government to curtail the spread of the virus continue to impact the operations of the business. The Organization has adapted to local restrictions by transitioning to alternative forms of fundraising and programming where possible. The full extent of the impact of the pandemic and related containment measures on the Organization's operations cannot be reliably estimated at this time.

THE DONKEY SANCTUARY OF CANADA
SCHEDULE OF PORTFOLIO INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021			2020		
	UNITS	COST	FAIR VALUE	UNITS	COST	FAIR VALUE
SHARES AND TRUST UNITS						
ADSB Tier ISA	13,662	\$ 13,662	\$ 13,662	13,628	\$ 13,628	\$ 13,628
American Finl Grp -Ohio	12	2,089	2,086	0	0	0
Apple Inc.	74	10,316	16,635	44	5,256	7,443
Brookfield Asset Mgt-A LV	182	8,884	13,865	112	3,981	5,872
Brookfield Asset-A Exch LVS	1	67	79	0	0	0
Cdn Tire Corp Ltd-A NV	15	2,113	2,712	15	2,113	2,505
Constellation Software	12	21,407	28,107	0	0	0
Dollarama Inc.	100	5,089	6,315	100	5,089	5,175
Lifeworks Inc.	315	10,030	7,957	0	0	0
Morneau Shepell Inc.	0	0	0	315	10,030	9,737
Northland Power Inc.	100	2,755	3,782	100	2,755	4,546
Rogers Communication B NV	174	10,704	10,466	153	9,471	9,041
Royal Bank of Canada	100	11,806	13,410	26	2,529	2,711
Toronto Dominion Bank	95	6,076	9,201	95	6,076	6,813
Pembroke CDN GW	0	0	0	0	1	2
		<u>\$ 104,998</u>	<u>\$ 128,277</u>		<u>\$ 60,929</u>	<u>\$ 67,473</u>