

**CAT ACTION TEAM INC.**

**Financial Statements**

**December 31, 2014**

**CAT ACTION TEAM INC.**  
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**December 31, 2014**

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## INDEPENDENT AUDITOR'S REPORT

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### To the Board of CAT Action Team Inc.

#### Report on the Financial Statements

We have audited the accompanying financial statements of CAT Action Team Inc., which comprise the statement of financial position as at December 31, 2014 and the statements of changes in net assets, operations, and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility 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.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

*(continues)*

### Basis for Qualified Opinion

In common with many not-for-profit organizations, CAT Action Team Inc. derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of CAT Action Team Inc. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenditures and cash flows from operations for the years ended December 31, 2014 and 2013, current assets as at December 31, 2014 and 2013, and net assets as at January 1 and December 31 for both the 2014 and 2013 years. Our audit opinion on the financial statements for the year ended December 31, 2013 was modified accordingly because of the possible effects of this limitation in scope.

### Qualified Opinion

In our opinion, except for the possible 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 CAT Action Team Inc. as at December 31, 2014 and the results of its operations and its cash flow for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

*MRSB Chartered Accountants*

MRSB CHARTERED ACCOUNTANTS

Charlottetown, PE

March 29, 2015

**CAT ACTION TEAM INC.**  
**Statement of Financial Position**  
**December 31, 2014**

	2014	2013
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 49,341	\$ 27,095
Accounts receivable	<u>2,872</u>	<u>2,695</u>
	<u>\$ 52,213</u>	<u>\$ 29,790</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 2,018	\$ 1,600
Deferred income	<u>19,615</u>	<u>7,225</u>
	21,633	8,825
<b>NET ASSETS</b>		
<b>Unrestricted net assets (Statement 4)</b>	<u>30,580</u>	<u>20,965</u>
	<u>\$ 52,213</u>	<u>\$ 29,790</u>

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ *Director*

\_\_\_\_\_ *Director*

Notes 1 - 6 are an integral part of these financial statements



**CAT ACTION TEAM INC.**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2014**

	2014	2013
<b>Unrestricted net assets - beginning of year</b>	<b>\$ 20,965</b>	<b>\$ 18,642</b>
Excess of revenues over expenditures (Statement 5)	<u>9,615</u>	<u>2,323</u>
<b>Unrestricted net assets - end of year</b>	<b><u>\$ 30,580</u></b>	<b><u>\$ 20,965</u></b>

Notes 1 - 6 are an integral part of these financial statements

**CAT ACTION TEAM INC.**  
**Statement of Operations**  
**Year Ended December 31, 2014**

	2014	2013
<b>Revenues</b>		
General donations	\$ 26,627	\$ 19,642
Fundraising (Note 4)	26,518	25,078
Grants	15,483	23,504
Memberships	290	210
	<b>68,918</b>	<b>68,434</b>
<b>Expenditures</b>		
Advertising	-	400
Fundraising costs and supplies	3,692	1,872
Hand mice supplies	1,095	1,413
Health care	1,617	3,718
Interest and bank charges	135	212
Neuter day (Note 5)	45,103	53,286
Office	952	279
Professional fees	1,929	1,989
Shelter supplies	4,780	2,942
	<b>59,303</b>	<b>66,111</b>
<b>Excess of revenues over expenditures</b>	<b>\$ 9,615</b>	<b>\$ 2,323</b>

Notes 1 - 6 are an integral part of these financial statements

**CAT ACTION TEAM INC.**  
**Statement of Cash Flow**  
**Year Ended December 31, 2014**

	2014	2013
<b>Cash flows from operating activities</b>		
Excess of revenues over expenditures	\$ 9,615	\$ 2,323
Changes in non-cash working capital:		
Accounts receivable	(177)	(146)
Inventory	-	716
Accounts payable and accrued liabilities	418	-
Deferred income	12,390	4,637
	<u>12,631</u>	<u>5,207</u>
<b>Increase in cash</b>	<b>22,246</b>	<b>7,530</b>
<b>Cash - beginning of year</b>	<u>27,095</u>	<u>19,565</u>
<b>Cash - end of year</b>	<u>\$ 49,341</u>	<u>\$ 27,095</u>

Notes 1 - 6 are an integral part of these financial statements



**CAT ACTION TEAM INC.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2014**

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**1. PURPOSE OF THE ORGANIZATION**

CAT Action Team Inc. is a not-for-profit organization which was incorporated under Part II of the Companies Act of Prince Edward Island. The organization is a registered charity and is exempt from the payment of income taxes under the Income Tax Act.

The organization operates to provide spay/neuter activities and medical attention to homeless cats on Prince Edward Island.

**2. BASIS OF PRESENTATION**

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPPO).

**3. SIGNIFICANT ACCOUNTING POLICIES**

Cash

Cash is comprised of cash in banks.

Accounts receivable

Accounts receivable arise from Harmonized Sales Tax receivable. An allowance for bad debts has been calculated through discussions with management, assessment of the other circumstances influencing the collectibility of amounts, and using historical loss experience. Amounts deemed uncollectible are written off and deducted from the carrying value of the receivable. Amounts subsequently recovered from accounts previously written off are credited to the allowance account in the period of recovery.

Revenue recognition

The organization follows the deferral method of accounting for revenues. Restricted contributions are recognized as revenue in the year in which the related expenditures 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.

Contributed services

Volunteers contribute significant hours each year to assist the organization in carrying out its service delivery activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Donated goods

Donated goods are recorded at their fair market value at the time of the donation. During the year, \$5,801 in goods were donated which are included in general donations and \$507 in office expense, \$3,189 fundraising expenses and \$2,105 in cat food costs (2013 - \$1,646).

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**CAT ACTION TEAM INC.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2014**

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Financial instruments

The organization initially measures its financial assets and financial liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The organization subsequently measures all of its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value of these financial instruments are recognized in net income.

Financial assets measured at amortized cost on a straight-line basis include cash and accounts receivable.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities.

Transaction costs on the acquisition, sale, or issue of financial instruments that are subsequently measured at amortized cost are shown as an adjustment to the carrying value of the related financial instrument.

Measurement uncertainty

When preparing financial statements according to Canadian ASNFPO, management makes estimates and assumptions relating to:

- reported amounts of revenues and expenditures
- reported amounts of assets and liabilities
- disclosure of contingent assets and liabilities.

Estimates are based on a number of factors including historical experience, current events and actions that the organization may undertake in the future, and other assumptions that management believes are reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results could differ. In particular, estimates are used in accounting for certain items such as revenues and legal contingencies.

**CAT ACTION TEAM INC.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2014**

**4. FUNDRAISING REVENUE**

	2014	2013
Christmas cheer basket	\$ 10,596	\$ 11,184
Catnip mice	10,275	8,956
Fundraiser Dinner	2,747	-
50/50 draws	1,100	-
Cookbooks	924	1,600
Liquor store jars	815	1,010
Yard sales	50	730
Miscellaneous	11	28
Special promotions	-	959
Raffles	-	611
	<b>\$ 26,518</b>	<b>\$ 25,078</b>

**5. NEUTER DAY**

	2014	2013
O'Leary Vet Clinic	\$ 23,258	\$ 24,446
Montague Vet Clinic	10,717	10,319
Summerside Animal Hospital	5,860	10,808
Kensington Vet Clinic	5,052	6,664
Neuter day medications	216	883
Abegweit Animal Hospital	-	166
	<b>\$ 45,103</b>	<b>\$ 53,286</b>

**6. FINANCIAL INSTRUMENTS**

The organization's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities.

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2014.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of revenues and accounts payable.