

CAT ACTION TEAM INC.
Financial Statements
December 31, 2015

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December 31, 2015

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INDEPENDENT AUDITOR'S REPORT

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, 2015 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.

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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 (deficiency) of revenues over expenditures and cash flows from operations for the years ended December 31, 2015 and 2014, current assets as at December 31, 2015 and 2014, and net assets as at January 1 and December 31 for both the 2015 and 2014 years. Our audit opinion on the financial statements for the year ended December 31, 2014 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, 2015 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 20, 2016

CAT ACTION TEAM INC.
Statement of Financial Position
December 31, 2015

	2015	2014
ASSETS		
Current		
Cash	\$ 16,148	\$ 49,341
Accounts receivable	3,386	2,872
Inventory	248	-
Prepaid expense	1,796	-
	\$ 21,578	\$ 52,213
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 1,600	\$ 2,018
Deferred income	3,178	19,615
	4,778	21,633
NET ASSETS		
Unrestricted net assets (Statement 4)	16,800	30,580
	\$ 21,578	\$ 52,213

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, 2015

	2015	2014
Unrestricted net assets - beginning of year	\$ 30,580	\$ 20,965
Excess (deficiency) of revenues over expenditures (Statement 5)	<u>(13,780)</u>	<u>9,615</u>
Unrestricted net assets - end of year	<u>\$ 16,800</u>	<u>\$ 30,580</u>

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

CAT ACTION TEAM INC.
Statement of Operations
Year Ended December 31, 2015

	2015	2014
Revenues		
Fundraising (Note 4)	\$ 19,763	\$ 26,518
Grants	19,605	15,483
General donations	15,719	26,627
Memberships	240	290
	55,327	68,918
Expenditures		
Fundraising costs and supplies	2,812	3,692
Hand mice supplies	996	1,095
Health care	3,308	1,617
Interest and bank charges	113	135
Neuter day (Note 5)	54,683	45,103
Office	1,158	952
Professional fees	2,139	1,929
Shelter supplies	3,898	4,780
	69,107	59,303
Excess (deficiency) of revenues over expenditures	\$ (13,780)	\$ 9,615

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

CAT ACTION TEAM INC.
Statement of Cash Flow
Year Ended December 31, 2015

	2015	2014
Cash flows from operating activities		
Excess (deficiency) of revenues over expenditures	\$ (13,780)	\$ 9,615
Changes in non-cash working capital:		
Accounts receivable	(514)	(177)
Inventory	(248)	-
Prepaid expense	(1,796)	-
Accounts payable and accrued liabilities	(418)	418
Deferred income	(16,437)	12,390
	<u>(19,413)</u>	<u>12,631</u>
Increase (decrease) in cash	(33,193)	22,246
Cash - beginning of year	49,341	27,095
Cash - end of year	\$ 16,148	\$ 49,341

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

CAT ACTION TEAM INC.
Notes to Financial Statements
Year Ended December 31, 2015

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 (ASNFPO).

3. SIGNIFICANT ACCOUNTING POLICIES

Cash

Cash is comprised of cash in banks.

Accounts receivable

Accounts receivable arise from Harmonized Sales Tax receivable and fundraising 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.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

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.

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CAT ACTION TEAM INC.
Notes to Financial Statements
Year Ended December 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated goods

Donated goods are recorded at their fair market value at the time of the donation. During the year, \$3,787 in goods were donated which are included in general donations and \$352 in office expense, \$1,088 fundraising expenses and \$2,347 in cat food costs (2014 - \$5,801).

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, 2015

4. FUNDRAISING REVENUE

	<u>2015</u>	<u>2014</u>
Catnip mice	\$ 11,835	\$ 10,275
Christmas cheer basket	2,546	10,596
Special promotions	1,891	-
Yard sales	1,178	50
50/50 draws	1,156	1,100
Liquor store jars	593	815
Raffles	564	-
Fundraiser Dinner	-	2,747
Cookbooks	-	924
Miscellaneous	-	11
	<u>\$ 19,763</u>	<u>\$ 26,518</u>

5. NEUTER DAY

	<u>2015</u>	<u>2014</u>
O'Leary Vet Clinic	\$ 32,376	\$ 23,258
Montague Vet Clinic	9,656	10,717
Summerside Animal Hospital	9,143	5,860
Kensington Vet Clinic	3,341	5,052
Abegweit Animal Hospital	167	-
Neuter day medications	-	216
	<u>\$ 54,683</u>	<u>\$ 45,103</u>

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, 2015.

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.