
CAT ACTION TEAM INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2016



Sharon R. O'Halloran, C.P.A. Inc.
"Empowering Our Clients' Success"



Independent Auditors' Report

To the Board of Cat Action Team Inc.

We have audited the accompanying financial statements of **Cat Action Team Inc.**, which comprise the statement of financial position as at December 31, 2016 and the statements of changes in net assets, operations, net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Managements' 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.

Auditors' 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 auditors' 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 audit opinion.

Bases 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 the CAT Action Teams 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 periods as at January 1 and December 31, 2016 and 2015.



Independent Auditors' Report

Bases for Qualified Opinion (continued)

During the year it was discovered that a misappropriation of funds had occurred. The amount has subsequently been returned to the organization. (Note 10) As the organization derives revenue from cash donations and fundraising activities and pays a small amount of expenses with cash, there is no way to determine if the full amount misappropriated has been reported and repaid. The alleged individual is no longer involved with the Organization.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Bases 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, 2016 and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

Comparative figures were audited and reported on by another Chartered Professional Accountant.


Sharon R. O'Halloran, C.P.A., Inc.
Chartered Professional Accountants

April 17, 2017
Summerside, PE

**CAT ACTION TEAM INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016**

	2016 \$	2015 \$
Assets		
Current Assets		
Cash	19,826	16,148
Accounts receivable	812	113
Inventory	112	248
Prepaid expenses	-	1,796
HST receivable	2,502	3,273
TOTAL CURRENT ASSETS	23,252	21,578
CAPITAL ASSETS (Note 4.)	932	-
TOTAL ASSETS	24,184	21,578
LIABILITIES AND NET ASSETS		
Current Liabilities		
Payables and accruals	2,567	1,600
Deferred income	-	3,178
TOTAL CURRENT LIABILITIES	2,567	4,778
DEFERRED CAPITAL CONTRIBUTIONS (Note 5.)	932	-
TOTAL LIABILITIES	3,499	4,778
NET ASSETS		
Externally restricted net assets	10	-
Unrestricted net assets	20,675	16,800
TOTAL NET ASSETS	20,685	16,800
TOTAL LIABILITIES AND NET ASSETS	24,184	21,578

Approved on Behalf of the Board:

_____, Director
_____, Director

The accompanying notes are an integral part of these financial statements.

**CAT ACTION TEAM INC.
STATEMENT OF OPERATIONS
DECEMBER 31, 2016**

	2016 \$	2015 \$
Revenues		
Fundraising (Note 6.)	23,672	19,763
Donations	20,707	15,719
Grant revenue	11,718	19,605
Memberships	285	240
	56,382	55,327
Expenditures		
Advertising and promotion	2,061	-
Fundraising costs and supplies	1,910	2,812
Hand mice supplies	2,570	996
Interest and bank charges	112	113
Health care	1,128	3,308
Neuter day (Note 7.)	36,590	54,683
Office	919	1,158
Professional fees	2,589	2,139
Shelter supplies and food costs	4,618	3,898
	52,497	69,107
Excess (deficiency) of revenues over expenditures	3,885	(13,780)
Unrestricted net assets - beginning of year	16,789	30,580
Externally restricted net assets	10	-
	20,684	16,800
Net Assets		
Unrestricted net assets - end of year	20,674	16,800
Externally restricted net assets	10	-
	20,684	16,800

The accompanying notes are an integral part of these financial statements.

**CAT ACTION TEAM INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess (deficiency) of revenue over expenditures	3,885	(13,780)
Changes in non cash working capital		
Increase (decrease) in receivables	(699)	2,759
Increase (decrease) in inventory	136	(248)
Increase (decrease) in HST receivable	771	(3,273)
Increase (decrease) in prepaid expenses	1,796	(1,796)
Increase (decrease) in payables and accruals	966	(418)
Increase (decrease) in deferred revenue	(3,178)	(16,437)
	<u>3,677</u>	<u>(33,193)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of capital assets	(1,035)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from deferred capital contributions	1,035	-
Increase (decrease) in cash	3,677	(33,193)
CASH - BEGINNING OF YEAR	16,149	49,341
CASH - END OF YEAR	<u>19,826</u>	<u>16,148</u>
As represented by:		
Cash and cash equivalents	<u>19,826</u>	<u>16,148</u>

The accompanying notes are an integral part of these financial statements.

**CAT ACTION TEAM INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

1. Purpose of the organization

CAT Action Team Inc. is a not-for-profit organization which 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 statement were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

Fund Accounting

Cat Action Team Inc., follows the restricted fund method of account for contributions.

The **General Fund** accounts for the Organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The **Capital Asset Fund** reports the assets, liabilities, revenues, and expenditures related to the Organization's capital assets.

The **Externally Restricted Fund**, reports the revenues and corresponding expenditures as set up by the donor of a donation received for a specific purpose.

3. Significant Accounting Policies

a. Cash

Cash is comprised of cash in banks.

b. Accounts receivable

Accounts receivable arise from fundraising receivable and recovery of funds. All funds have been deemed collectable and were recovered subsequent to the year end.

c. Inventory

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

d. Capital assets

Capital assets are recorded at cost and are amortized using the declining balance method at the annual rates as shown in Note 4.

**CAT ACTION TEAM INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

3. Significant Accounting Policies

e. Revenue recognition

The organization follows the deferral methods 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.

f. 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.

g. Gifts in kind

Donated goods are recorded at their fair market value at their time of donation. During the year, \$4,766 in goods were donated which are included in general donations. (2015 - \$7,574) These items consisted of \$1,911 in cat food costs, \$52 in shelter expenses, \$1,112 in catnip and supplies, \$100 for traps and carriers, \$82 for office expenses and \$1,509 for fundraising supplies.

h. Deferred capital contributions

Grants and donations received for the acquisition of capital assets are recorded as deferred capital contributions and are amortized at the same rate as the related capital asset. (Note 5)

i. Financial instruments

The organization initially measures its financial assets and financial liabilities at fair market 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 quotes 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 straight-line basis include cash and accounts receivable.

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

Transaction costs on the question, 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.

CAT ACTION TEAM INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

3. Significant Accounting Policies

j. Measurement uncertainty

When preparing financial statements according to Canadian ASNPO, 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.

4. Capital assets

	Rate %	Cost \$	Accumulated Amortization \$	2016 Net Book Value \$	2015 Net Book Value \$
Signs	10	1,035	103	932	-

5. Deferred Capital Contributions

	Rate %	Cost \$	Accumulated Amortization \$	2016 Net Book Value \$	2015 Net Book Value \$
Signs	10	1,035	103	932	-

6. Fundraising revenue

	2016 \$	2015 \$
Catnip mice	12,721	11,835
Christmas cheer basket	2,572	2,546
Special promotions	2,432	1,891
Yard sales	2,246	1,178
Raffles	1,880	564
Auctions and flea markets	1,820	-
50/50 Draws	-	1,156
Liquor store jars	-	593
	23,671	19,763

CAT ACTION TEAM INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

7. Neuter day

	2016 \$	2015 \$
O'Leary Vet Clinic	19,128	32,376
Summerside Vet Clinic	7,036	9,143
Montague Vet Clinic	5,506	9,656
Kensington Animal Hospital	2,747	3,341
Neuter day medications	2,172	-
Abegweit Animal Hospital	-	167
	<u>36,589</u>	<u>54,683</u>

8. Financial instruments

The organization's financial instruments consist of cash, accounts receivable and payables and accruals.

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, 2016.

Liquidity risk

Liquidity risk is 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 disbursement of accounts payable.

9. Comparative figures

Comparative figures have been audited and reported on by another chartered professional accountant. Prior year figures have been reclassified to conform with the financial statement presentation adopted for 2016.

**CAT ACTION TEAM INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

10. Subsequent event

Subsequent to the year end the Board became aware of a misappropriation of funds from a volunteer board member. The amount of funds reported as misappropriated was \$777.50. The \$777.50 has been included in accounts receivable and the full amount was repaid in January 2017. It has also been currently alleged, that misappropriation of funds had incurred in previous years by the same person. This individual is no longer involved with Cat Action Team Inc. As noted in the Independent Auditor's Report, there is no way of ensuring all missing funds have been disclosed or repaid as the Organization receives a substantial amount of it's revenue in cash from donations and fundraising which is not subject to audit verification.