
CAT ACTION TEAM INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2019



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

CAT ACTION TEAM INC.
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DECEMBER 31, 2019

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Sharon R. O'Halloran, C.P.A., Inc.
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Independent Auditors' Report

**To the Board of
Cat Action Team Inc.**

Qualified Opinion

I have audited the accompanying financial statements of Cat Action Team Inc. (the Organization) which comprise the statement of financial position as at December 31, 2019, and the statement of operations, statement of net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information (together "the financial statements").

In my opinion, except for the possible effects of the matter described in the basis for qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Cat Action Team Inc. as at December 31, 2019, 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

In common with many not-for-profit organizations, the organization derives revenue from fundraising and donation activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, I was not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenues over expenditures, and cash flows from operations for the year ended December 31, 2019. I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of Cat Action Team Inc. in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

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 the financial statements that are free from material misstatement whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Cat Action Team Inc.'s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate Cat Action Team Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Cat Action Team Inc. financial reporting process.



Sharon R. O'Halloran, C.P.A., Inc.

"Empowering Our Clients' Success"

Independent Auditors' Report

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 Cat Action Team Inc.'s ability to continue as a going concern.** If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, **to modify my opinion.** My 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 Entity 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.**

I 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 I identify during my audit.**

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

**CAT ACTION TEAM INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019**

	2019	2018
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and bank	11,204	33,359
Public service rebate receivable	2,416	2,958
Interest receivable	575	-
Inventory	-	112
Investments (Note 4)	146,000	-
	<u>160,195</u>	<u>36,429</u>
CAPITAL ASSETS (Note 5 and 3.d)		
	680	755
	<u>160,875</u>	<u>37,184</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Payables and accruals	2,983	5,704
DEFERRED CAPITAL CONTRIBUTIONS (Note 6 and 3.f)		
	680	755
	<u>3,663</u>	<u>6,459</u>
NET ASSETS		
Unrestricted net assets	157,211	30,724
	<u>160,874</u>	<u>37,183</u>

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 CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Unrestricted	Invested in Capital Assets	2019	2018
	\$	\$	\$	\$
NET ASSETS, BEGINNING OF THE YEAR	30,724	-	30,724	18,537
EXCESS OF REVENUE OVER EXPENSES	126,487	-	126,487	12,187
NET ASSETS, END OF YEAR	157,211	-	157,211	30,724

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

**CAT ACTION TEAM INC.
STATEMENT OF OPERATIONS AND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	2019	2018
	\$	\$
REVENUE		
Donations	152,760	39,689
Fundraising (Note 7)	17,011	29,337
Grant revenue	5,000	9,989
Interest revenue	602	-
Memberships	290	200
Amortization of deferred capital contributions	75	84
	<u>175,738</u>	<u>79,299</u>
OPERATING EXPENSES		
Advertising and promotion	112	-
Amortization of tangible assets	75	84
Directors' insurance	889	927
Fundraising costs and supplies	2,434	14,135
Hand mice supplies	737	2,132
Interest and bank charges	216	236
Health care	3,241	3,522
Neuter day (Note 8)	37,770	41,189
Office	293	742
Professional fees	2,468	1,161
Shelter supplies and food costs	1,016	2,985
	<u>49,251</u>	<u>67,113</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>126,487</u>	<u>12,186</u>

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, 2019**

	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenue over expenditures	126,487	12,187
Amortization expense	75	84
Amortization of deferred capital contributions	(75)	(84)
	126,487	12,187
Changes in non cash working capital		
Receivables	(575)	948
Inventory	112	-
Public Service Rebate receivable	542	(1,245)
Payables and accruals	(2,721)	1,423
	123,845	13,313
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in term deposits	(146,000)	-
INCREASE (DECREASE) IN CASH	(22,155)	13,313
CASH, BEGINNING OF YEAR	33,359	20,045
CASH, END OF YEAR	11,204	33,358
As represented by:		
Cash and cash equivalents	11,204	33,359

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, 2019**

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 **Cat Action Team Inc.** is an organization with the following objects and purposes:

- a) to reduce the at-large cat population;
- b) to stabilize feral cat populations;
- c) to promote responsible pet ownership and compassion for feral cats in the community;
- d) to remove lost or abandoned cats from the street with the purpose of returning them to owners or of adopting them to a suitable home; and
- e) to educate Prince Edward Island residents about the importance of neutering pets and controlling the population of cats.

2. Basis of presentation

The financial statement were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO). Significant accounting policies are included in Note 3.

3. Significant Accounting Policies

a. Fund accounting

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

The **General Fund** accounts for the Organization's program delivery and administrative activities. This fund reports unrestricted resources and 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. There are no externally restricted funds at December 31, 2019.

b. Cash

Cash is comprised of cash on hand and cash in banks.

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.

**CAT ACTION TEAM INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

3. Significant Accounting Policies

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 5.

e. Financial instruments

The non-profit recognizes all transaction costs related to financial assets and liabilities as a reduction to net earnings in the period in which the costs were incurred.

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. To manage this risk, the non-profit maintains a portion of its invested assets in liquid securities

f. 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 6)

g. Revenue recognition

The organization follows the restricted fund 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.

h. 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.

i. Gifts in kind

Donated goods are recorded at their fair market value at their time of donation. During the year, \$3,073 in goods were donated which are included in general donations. (2018 - \$11,277).

CAT ACTION TEAM INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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.

4. Investments

	2019 \$	2018 \$
2.1% Royal Bank of Canada Guaranteed Income Certificate. Interest paid at maturity. Matures April 16, 2020	130,000	-
1% Royal Bank of Canada Guaranteed Income Certificate. Interest paid monthly. Matures October 16, 2020	16,000	-
	<u>146,000</u>	<u>-</u>

5. Capital assets

	Rate %	Cost \$	Accumulated Amortization \$	2019 Net Book Value \$	2018 Net Book Value \$
Signs	10	1,035	355	680	755

6. Deferred Capital Contributions

	Rate %	Cost \$	Accumulated Amortization \$	2019 Net Book Value \$	2018 Net Book Value \$
Signs	10	1,035	355	680	755

**CAT ACTION TEAM INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

7. Fundraising revenue

	2019	2018
	\$	\$
Catnip Mice	13,460	13,193
Auctions and flea markets	1,269	1,044
Yard Sales	1,222	1,532
Special Promotions	1,060	240
Dinner and silent auction	-	13,328
	<u>17,011</u>	<u>29,337</u>

8. Neuter day

	2019	2018
	\$	\$
O'Leary Vet Clinic	21,866	23,546
Montague Vet Clinic	5,988	4,380
Summerside Vet Clinic	5,871	7,121
Kensington Animal Hospital	2,172	3,853
Neuter day medications	1,873	2,288
	<u>37,770</u>	<u>41,188</u>

9. Financial instruments

The organization's financial instruments consist of cash, interest 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 provides information about the organization's risk exposure and concentration as of December 31, 2019.

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 due to the nature of the revenue and disbursement of payables and accruals.