

**PRINCE ALBERT SOCIETY FOR  
THE PREVENTION OF CRUELTY  
TO ANIMALS INC.**

**FINANCIAL STATEMENTS**

*December 31, 2015*

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Prince Albert Society for the Prevention of Cruelty to Animals Inc.

We have audited the accompanying financial statements of Prince Albert Society for the Prevention of Cruelty to Animals Inc., which comprise the statement of financial position as at December 31, 2015, and the statements of operations, changes in net assets and cash flows 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.

### **Basis for Qualified Opinion**

In common with many not-for-profit organizations, Prince Albert Society for the Prevention of Cruelty to Animals Inc. derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Prince Albert Society for the Prevention of Cruelty to Animals Inc. and we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, the deficiency of revenue over expenses, and cash flows from operations for the year ended December 31, 2015, current assets as at December 31, 2015, and net assets as at January 1 and December 31, 2015.

We were not able to obtain sufficient audit evidence to satisfy ourselves of the occurrence of golf fundraising revenue and expenses, and we were not able to determine whether any further adjustments might be necessary to golf fundraising revenue and expenses, the deficiency of revenue over expenses, and cash flows from operations for the year ended December 31, 2015, current assets as at December 31, 2015, and net assets as at January 1 and December 31, 2015.

**Qualified Opinion**

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of Prince Albert Society for the Prevention of Cruelty to Animals Inc. as at December 31, 2015, and the results of its operations and its cash flows for the year ended then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**Other Matters**

The accompanying financial statements of Prince Albert Society for the Prevention of Cruelty to Animals Inc. which comprise the statement of financial position as at December 31, 2014, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, were audited by another auditor who expressed a qualified opinion on those financial statements on July 29, 2015. The audit opinion of the predecessor firm for the year ended December 31, 2014 was qualified since they were unable to obtain sufficient audit evidence to satisfy themselves as to the completeness of cash donations and fundraising activities and were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenue over expenses, and cash flows from operations for the year ended December 31, 2014, current assets as at December 31, 2014, and net assets as at January 1 and December 31, 2014.

A handwritten signature in cursive script that reads "Debitte LLP".

Chartered Professional Accountants, Chartered Accountants  
Licensed Professional Accountants

June 23, 2016  
Regina, Saskatchewan

**PRINCE ALBERT SOCIETY FOR THE  
PREVENTION OF CRUELTY TO ANIMALS INC.  
STATEMENT OF OPERATIONS  
year ended December 31, 2015**

	Operating Fund	Capital Fund	2015 Total	2014 Total
<b>REVENUE</b>				
Revenue - schedule 1	\$ 960,436	\$ 42,120	\$ 1,002,556	\$ 1,416,157
Paw Print Inn revenue - schedule 2	<u>273,690</u>	<u>-</u>	<u>273,690</u>	<u>257,273</u>
	<u>1,234,126</u>	<u>42,120</u>	<u>1,276,246</u>	<u>1,673,430</u>
<b>EXPENSES</b>				
Expenses - schedule 1	1,090,247	155,028	1,245,275	1,089,283
Paw Print Inn expenses - schedule 2	<u>257,990</u>	<u>35,855</u>	<u>293,845</u>	<u>271,173</u>
	<u>1,348,237</u>	<u>190,883</u>	<u>1,539,120</u>	<u>1,360,456</u>
<b>(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ (114,111)</u>	<u>\$ (148,763)</u>	<u>\$ (262,874)</u>	<u>\$ 312,974</u>

*See accompanying notes to the financial statements*

**PRINCE ALBERT SOCIETY FOR THE  
PREVENTION OF CRUELTY TO ANIMALS INC.  
STATEMENT OF CHANGES IN NET ASSETS  
year ended December 31, 2015**

	<b>Investment in Capital Assets</b>	<b>Unrestricted Net Assets</b>	<b>2015 Total</b>	<b>2014 Total</b>
Balance, beginning of year	\$ 2,956,910	\$ 173,057	\$ 3,129,967	\$ 2,816,993
(Deficiency) excess of revenue over expenses	(148,763)	(114,111)	(262,874)	312,974
Interfund transfers (Note 7)	<u>94,409</u>	<u>(94,409)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 2,902,556</u>	<u>\$ (35,463)</u>	<u>\$ 2,867,093</u>	<u>\$ 3,129,967</u>

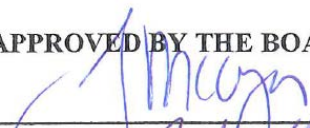
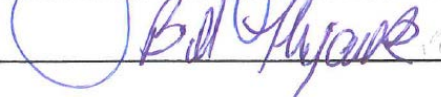
*See accompanying notes to the financial statements*

**PRINCE ALBERT SOCIETY FOR THE  
PREVENTION OF CRUELTY TO ANIMALS INC.  
STATEMENT OF FINANCIAL POSITION  
as at December 31, 2015**

	Operating Fund	Capital Fund	Total 2015	Total 2014
<b>CURRENT ASSETS</b>				
Cash	\$ 34,512	\$ -	\$ 34,512	\$ 230,994
Accounts receivable (Note 4)	19,729	-	19,729	34,175
Inventory	7,618	-	7,618	9,802
Prepaid expenses	2,504	-	2,504	5,520
	<u>64,363</u>	-	<u>64,363</u>	280,491
<b>CAPITAL ASSETS (Note 6)</b>	<u>-</u>	<u>3,524,742</u>	<u>3,524,742</u>	<u>3,600,384</u>
	<u>\$ 64,363</u>	<u>\$ 3,524,742</u>	<u>\$ 3,589,105</u>	<u>\$ 3,880,875</u>
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 85,235	\$ -	\$ 85,235	\$ 25,445
Assurance deposits	14,591	-	14,591	5,463
Current portion of long-term debt (Note 5)	-	32,054	32,054	40,843
	<u>99,826</u>	<u>32,054</u>	<u>131,880</u>	<u>71,751</u>
<b>LONG-TERM DEBT (Note 5)</b>	<u>-</u>	<u>590,132</u>	<u>590,132</u>	<u>679,157</u>
	<u>99,826</u>	<u>622,186</u>	<u>722,012</u>	<u>750,908</u>
<b>NET ASSETS</b>				
Investment in capital assets	-	2,902,556	2,902,556	2,956,910
Unrestricted net assets	<u>(35,463)</u>	<u>-</u>	<u>(35,463)</u>	<u>173,057</u>
	<u>(35,463)</u>	<u>2,902,556</u>	<u>2,867,093</u>	<u>3,129,967</u>
	<u>\$ 64,363</u>	<u>\$ 3,524,742</u>	<u>\$ 3,589,105</u>	<u>\$ 3,880,875</u>

*See accompanying notes to the financial statements*

**APPROVED BY THE BOARD:**

  
 \_\_\_\_\_ Director  
  
 \_\_\_\_\_ Director

**PRINCE ALBERT SOCIETY FOR THE  
PREVENTION OF CRUELTY TO ANIMALS INC.  
STATEMENT OF CASH FLOWS  
year ended December 31, 2015**

	2015	2014
<b>OPERATING ACTIVITIES</b>		
(Deficiency) excess of revenue over expenses	\$ (262,874)	\$ 312,974
Item not affecting cash:		
Amortization of capital assets	190,883	169,796
Loss on disposal of capital assets	-	92,338
Changes in non-cash operating working capital items:		
Accounts receivable	14,446	(1,094)
Inventory	2,184	(9,802)
Prepaid expenses	3,016	(5,042)
Accounts payable and accrued liabilities	59,790	(182,962)
Assurance deposits	9,128	150
	<u>16,573</u>	<u>376,358</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds of long-term debt	-	720,000
Repayment of long-term debt	(97,814)	-
	<u>(97,814)</u>	<u>720,000</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(115,241)	(1,299,829)
Proceeds on sale of capital assets	-	183,606
	<u>(115,241)</u>	<u>(1,116,223)</u>
<b>NET DECREASE IN CASH</b>	<b>(196,482)</b>	<b>(19,865)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b><u>230,994</u></b>	<b><u>250,859</u></b>
<b>CASH, END OF YEAR</b>	<b><u>\$ 34,512</u></b>	<b><u>\$ 230,994</u></b>

*See accompanying notes to the financial statements*

**PRINCE ALBERT SOCIETY FOR THE  
PREVENTION OF CRUELTY TO ANIMALS INC.  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2015**

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**1. PURPOSE OF ORGANIZATION**

Prince Albert Society for the Prevention of Cruelty to Animals Inc. (“the Organization”) was established under the provision of the non-profit Corporations Act (the Act) of the province of Saskatchewan. The Organization is responsible for planning and providing services in the Prince Albert and surrounding area.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

***Fund Accounting***

The accounts of the Organization are maintained in accordance with the principles of fund accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following major funds.

**I) Operating Fund**

The operating fund reflects the primary operations of the Organization, including revenues received for the provision of services from the City of Prince Albert and billings to clients. Revenue consists of fees, memberships, donations, recoveries and programs delivered by the Organization. Expenses include expenditures incurred in the delivery of services and programs.

**II) Capital Fund**

The capital fund is a restricted fund that reflects the equity of the Organization in capital assets after taking into consideration any long-term debt. The capital fund includes any donations restricted for capital purposes by the contributor. Expenses consist primarily of amortization of capital assets.

***Recognition of contributions***

The Organization follows the restricted fund method whereby externally restricted contributions are recognized in the fund corresponding to the purpose for which they were contributed. Unrestricted revenue for which no corresponding restricted fund is presented is recognized in the Operating Fund in accordance with the deferral method. Unrestricted contributions are recognized in revenue in the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

***Inventory***

Inventory includes dog and cat accessories for resale and office supplies and is measured at the lower of cost and net realizable value.



**PRINCE ALBERT SOCIETY FOR THE  
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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*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 reporting date and the reported amounts of revenues and expenses for the reporting period. The key component of the financial statements requiring management to make estimates include useful lives of capital assets. Actual results could differ from these estimates.

*Capital assets*

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are amortized over their estimated lives using the declining balance method at the following rates.

Buildings	4%
Furniture and equipment	20%
Computer equipment	30%
Fence	20%
Automotive equipment	30%
Crematorium	4%
Offleash park	5%

*Impairment of long-lived assets*

When an item of capital assets no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value should be recognized as an expense in the statement of operations. Write-downs are not reversed.

*Financial instruments*

The Organization initially measures its financial assets and financial liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

With respect to financial assets measured as cost or amortized cost, the Organization recognizes in deficiency of revenue over expenses an impairment loss, if any, when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to deficiency of revenue over expenses in the period the reversal occurs.

**PRINCE ALBERT SOCIETY FOR THE  
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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Financial instruments* (continued)

Transaction costs related to other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the effective interest method and recognized in deficiency of revenue over expenses as interest income or expense.

*Contributed materials and services*

Contributions of materials and services which would otherwise be paid for by the Organization are recorded at fair value when received. A substantial number of volunteers have made significant contributions of their time to the Organization's support services. Because of the difficulty of determining the fair value, volunteer services are not recognized in the financial statements.

**3. LINE OF CREDIT**

The Organization has an authorized line of credit with Conexus Credit Union to a maximum amount of \$50,000 (2014 – \$nil) repayable on demand and bearing interest at bank prime plus 3.20%. As at December 31, 2015, there was \$nil (2014 - \$nil) outstanding.

**4. ACCOUNTS RECEIVABLE**

	2015	2014
General	\$ 22,354	\$ 34,175
Allowance for doubtful accounts	(2,625)	-
	\$ 19,729	\$ 34,175

**PRINCE ALBERT SOCIETY FOR THE  
PREVENTION OF CRUELTY TO ANIMALS INC.  
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**5. LONG-TERM DEBT**

	<b>2015</b>		<b>2014</b>
Commercial Mortgage repayable to Conexus in monthly installments of \$4,980 including interest at a rate of 4.56% maturing on December 1, 2019.	\$ <b>622,186</b>	\$	720,000
Less: Current portion due within one year	<b>(32,054)</b>		<b>(40,843)</b>
	<b>\$ 590,132</b>	\$	<b>679,157</b>

Estimated principal amounts due in each of the next four years are as follows:

2016	\$	32,054
2017		33,547
2018		35,109
2019		521,476

**6. CAPITAL ASSETS**

	Cost	Accumulated Amortization	Net Book Value <b>2015</b>	2014
Land	\$ 261,353	\$ -	\$ 261,353	\$ 261,353
Buildings	3,197,941	(312,116)	2,885,825	2,932,340
Furniture and equipment	123,119	(62,069)	61,050	74,225
Computer equipment	10,687	(7,279)	3,408	4,868
Fence	301,285	(120,944)	180,341	225,426
Automotive equipment	47,808	(12,820)	34,988	-
Crematorium	76,011	(7,426)	68,585	71,443
Offleash park	38,176	(8,984)	29,192	30,729
	<b>\$ 4,056,380</b>	<b>\$ (531,638)</b>	<b>\$ 3,524,742</b>	<b>\$ 3,600,384</b>

**7. INTERFUND TRANSFERS**

An amount of \$94,409 was transferred from the operating fund to the capital fund. In 2014, \$195,508 was transferred from the capital fund to the operating fund.

**PRINCE ALBERT SOCIETY FOR THE  
PREVENTION OF CRUELTY TO ANIMALS INC.  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2015**

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**8. FINANCIAL RISKS**

*Credit risk*

The Organization is exposed to credit risk from potential non-payment of accounts receivable. The Organization's receivables are primarily from government agencies whose credit risk is considered to be low.

*Interest rate risk*

The Organization is exposed to interest rate risk on its fixed rate long-term debt. Fixed rate instruments subject the Organization to risk of changes in fair value.

*Liquidity risk*

The Organization's objective is to have sufficient liquidity to meet its liabilities when due. The Organization monitors its cash balance and cash flows generated from operations to meet its requirements. As at December 31, 2015, the most significant financial liabilities are accounts payable and accrued liabilities and long-term debt.

**9. CONTINGENCIES**

During the year, a previous employee instituted proceedings in an amount exceeding \$100,000 for alleged general damages. In addition to special, aggravated and punitive unquantified damages, as well as pre-judgement interest and costs. The outcome of these proceedings is not determinable.

**10. COMPARATIVE FIGURES**

Certain of the comparative figures have been restated to conform to the current year financial statement presentation.

**PRINCE ALBERT SOCIETY FOR THE  
PREVENTION OF CRUELTY TO ANIMALS INC.**

**SCHEDULE 1**

**year ended December 31, 2015**

	Operating Fund	Capital Fund	2015 Total	2014 Total
<b>REVENUE</b>				
Adoption	\$ 46,850	\$ -	\$ 46,850	\$ 45,029
Advertising	19,328	-	19,328	20,928
Animal release fees	20,474	-	20,474	17,810
Bingo	52,306	-	52,306	32,352
Cremation	68,578	-	68,578	6,406
City of Prince Albert fee for service	217,700	-	217,700	213,000
Donation	116,442	42,120	158,562	708,409
Fundraising	195,126	-	195,126	66,662
Golf fundraising	104,424	-	104,424	203,290
Interest	516	-	516	1,260
Land lease	29,385	-	29,385	34,674
Licence fees	29,312	-	29,312	21,770
Lottery	5,315	-	5,315	125
Memberships	9,390	-	9,390	800
Miscellaneous	6,361	-	6,361	11,752
Other fees	3,494	-	3,494	1,516
Retail sales	8,606	-	8,606	3,604
Veterinary fees	26,829	-	26,829	26,770
	<u>960,436</u>	<u>42,120</u>	<u>1,002,556</u>	<u>1,416,157</u>
<b>EXPENSES</b>				
Advertising	\$ 13,329	\$ -	\$ 13,329	\$ 19,248
Amortization	-	155,028	155,028	128,916
Bank charges	6,223	-	6,223	7,500
Cost of retail sales	9,406	-	9,406	2,321
Fundraising	144,604	-	144,604	59,079
Golf fundraising	63,045	-	63,045	151,841
Insurance	8,045	-	8,045	6,183
Interest on long-term debt	30,311	-	30,311	27,040
Loss on disposal of capital assets	-	-	-	92,338
Miscellaneous	4,175	-	4,175	1,358
Office	29,195	-	29,195	19,550
Operation and crematorium supplies	44,431	-	44,431	46,307
Professional fees	46,720	-	46,720	28,323
Property taxes	12,389	-	12,389	19,630
Repairs and maintenance	32,160	-	32,160	32,769
Travel and entertainment	6,744	-	6,744	5,930
Utilities	70,540	-	70,540	48,403
Vehicle	7,855	-	7,855	9,488
Veterinary	89,052	-	89,052	60,244
Wages and benefits	472,023	-	472,023	322,815
	<u>1,090,247</u>	<u>155,028</u>	<u>1,245,275</u>	<u>1,089,283</u>
<b>(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ (129,811)</u>	<u>\$ (112,908)</u>	<u>\$ (242,719)</u>	<u>\$ 326,874</u>

**PRINCE ALBERT SOCIETY FOR THE  
PREVENTION OF CRUELTY TO ANIMALS INC.  
SCHEDULE 2  
year ended December 31, 2015**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>2015 Total</b>	<b>2014 Total</b>
<b>REVENUE</b>				
Boarding	\$ 258,918	\$ -	\$ 258,918	\$ 256,061
Grooming	13,962	-	13,962	1,326
Other	810	-	810	(114)
	<u>273,690</u>	<u>-</u>	<u>273,690</u>	<u>257,273</u>
<b>EXPENSES</b>				
Advertising	\$ 3,902	\$ -	\$ 3,902	\$ 7,208
Amortization	-	35,855	35,855	40,880
Insurance	7,558	-	7,558	11,397
Interest and bank charges	5,206	-	5,206	5,508
Office	1,715	-	1,715	3,598
Professional fees	6,278	-	6,278	1,619
Property taxes	15,171	-	15,171	7,389
Repairs and maintenance	3,648	-	3,648	3,120
Supplies	9,298	-	9,298	9,158
Utilities	23,425	-	23,425	20,414
Vehicle	1,398	-	1,398	227
Wages and benefits	180,391	-	180,391	160,655
	<u>257,990</u>	<u>35,855</u>	<u>293,845</u>	<u>271,173</u>
<b>(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO PAW PRINT INN</b>				
	<u>\$ 15,700</u>	<u>\$ (35,855)</u>	<u>\$ (20,155)</u>	<u>\$ (13,900)</u>