

PEOPLE FOR ANIMALS OF SASKATCHEWAN INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of **People for Animals of Saskatchewan Inc.** have been prepared by the Organization's management in accordance with Canadian accounting standards for not-for-profit organizations and necessarily include some amounts based on informed judgement and management estimates.

To assist management in fulfilling its responsibilities, a system of internal controls has been established to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded.

The Board of Directors have reviewed and approved these financial statements.

These financial statements have been examined by the independent auditors, **Virtus Group LLP**, and their report is presented separately.

Brianna Lobb
Chair, Board of Directors

Amanda Kostur
Treasurer, Board of Directors

INDEPENDENT AUDITORS' REPORT

**To the Board of Directors,
People for Animals of Saskatchewan Inc.**

Qualified Opinion

We have audited the financial statements of **People for Animals of Saskatchewan Inc.**, which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2021, and its financial performance and 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 non-profit organizations, the Organization derives revenues from donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenue was limited to accounting for amounts recorded in the records of the Organization. As a result, we were not able to determine whether any adjustments might be necessary in respect of revenues, assets, liabilities or net assets.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Saskatchewan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of People for Animals of Saskatchewan Inc. for the year ended December 31, 2020, were audited by another auditor who expressed a modified opinion on those statements on March 9, 2021.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

INDEPENDENT AUDITORS' REPORT continued

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our 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 Organization 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.
- We communicate with those charged with governance regarding, among other matters, the planned scope and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

April 26, 2022
Regina, Saskatchewan

VIRTUS GROUP LLP
Chartered Professional Accountants



PEOPLE FOR ANIMALS OF SASKATCHEWAN INC.
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021
(with comparative figures for 2020)

	ASSETS		2021		2020
Current assets					
Cash		\$	178,025	\$	181,156
Accounts receivable			18,701		14,760
Prepaid expenses			255		870
Investments (Note 3)			57,500		5,000
			<u>254,481</u>		<u>201,786</u>
		\$	<u>254,481</u>	\$	<u>201,786</u>
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities		\$	48,043	\$	24,382
			<u>48,043</u>		<u>24,382</u>
		\$	<u>48,043</u>	\$	<u>24,382</u>
NET ASSETS					
Net assets			<u>206,438</u>		<u>177,404</u>
		\$	<u>206,438</u>	\$	<u>177,404</u>
		\$	<u>254,481</u>	\$	<u>201,786</u>

See accompanying notes to the financial statements.

APPROVED BY:

_____ Director

_____ Director

PEOPLE FOR ANIMALS OF SASKATCHEWAN INC.
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
(with comparative figures for the year ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
Revenue		
Adoption, surrender fees	\$ 58,260	\$ 76,756
Bingo	5,114	14,988
Donations	108,218	114,230
Fundraising	143,809	205,332
Gifts in kind	47,357	50,467
Grants	10,575	7,360
Interest	106	39
Membership revenue	1,620	1,710
Mosaic stadium game revenue	18,506	350
	<u>393,565</u>	<u>471,232</u>
Expenses		
Advertising and promotion	759	1,010
Animal supplies	27,848	20,944
Bank charges	983	1,131
Boarding	3,429	5,718
Dues and memberships	250	250
Fundraising	71,682	87,472
Gifts in kind	47,357	50,467
Insurance	2,600	2,363
Medication	26,173	34,610
Office and general	4,733	1,772
Professional fees	19,384	3,255
Spay & neuter, tattoo, microchip	71,784	72,550
Vaccines	10,100	15,192
Veterinary services	77,449	72,011
	<u>364,531</u>	<u>368,745</u>
Excess of revenue over expenses	29,034	102,487
Net assets - beginning of year	<u>177,404</u>	<u>74,917</u>
Net assets - end of year	<u>\$ 206,438</u>	<u>\$ 177,404</u>

See accompanying notes to the financial statements.

PEOPLE FOR ANIMALS OF SASKATCHEWAN INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(with comparative figures for the year ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
Cash provided by (used in) operating activities:		
Excess of revenue over expenses	\$ 29,034	\$ 102,487
Non-cash operating working capital (Note 4)	20,335	(1,542)
	49,369	100,945
Cash provided by (used in) investing activities:		
Additions to investments	(52,500)	(5,000)
Increase (decrease) in cash	(3,131)	95,945
Cash position - beginning of year	181,156	85,211
Cash position - end of year	\$ 178,025	\$ 181,156

See accompanying notes to the financial statements.

PEOPLE FOR ANIMALS OF SASKATCHEWAN INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(with comparative figures for the year ended December 31, 2020)

1. Nature of entity

People for Animals of Saskatchewan Inc. (the "Organization") was incorporated under *The Non-Profit Corporations Act, 1982* in the province of Saskatchewan and operates as the Regina Cat Rescue. The Organization was formed to provide sustenance, shelter, sterilization and veterinary care for Regina's abandoned and community cats, and facilitate adoption when appropriate. People for Animals of Saskatchewan Inc. is a registered charity under the *Income Tax Act* and is exempt from income tax.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations which required management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. The financial statements reflect the following policies:

Financial instruments

Financial assets and financial liabilities are recorded on the statement of financial position when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are required to be recognized at fair value upon initial recognition, except for certain related party transactions. Measurement in subsequent periods of equity instruments is at fair value. All other financial assets and financial liabilities are subsequently measured at amortized cost adjusted by transaction costs, which are amortized over the expected life of the instrument.

Fair value is the amount at which a financial instrument could be exchanged at arm's length between willing, unrelated parties in an open market. Changes in fair values of financial assets and financial liabilities measured at fair value are recognized in excess of revenue over expenditures.

When there is an indication of impairment and such impairment is determined to have occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted cashflows expected or the proceeds that could be realized from sale of the financial asset. Such impairments can be subsequently reversed if the value improves.

Tangible capital assets

The Organization expenses the cost of tangible capital assets in the year of purchase as its average annual revenues for the current and preceding year is less than \$500,000. To date, the Organization has not purchased any tangible capital assets.

PEOPLE FOR ANIMALS OF SASKATCHEWAN INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(with comparative figures for the year ended December 31, 2020)

2. Summary of significant accounting policies continued

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses 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.

Adoption and surrender fees, memberships and grant revenues are recognized in the year to which they relate. Donations, fundraising, bingo, Mosaic stadium game revenue and gift in kind revenues are recognized as they are received. Interest revenue is recognized as it is earned.

Donated labour of volunteers is not reflected in the financial statements as a fair value cannot be reasonably obtained. Small donated goods are not recorded in the financial statements, though contributors may receive an income tax receipt for the item's fair value. Donations in-kind are recorded at fair value where fair value can be reasonably determined.

3. Investments

Investments consist of three guaranteed investment certificates with interest ranging from 0.40% and 0.70% and mature between August 2022 and August 2023.

4. Non-cash operating working capital

Details of net change in each element of working capital relating to operations excluding cash are as follows:

	<u>2021</u>	<u>2020</u>
(Increase) decrease in current assets:		
Accounts receivable	\$ (3,941)	\$ (4,105)
Prepaid expenses	615	(870)
	(3,326)	(4,975)
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	23,661	3,433
	\$ 20,335	\$ (1,542)

PEOPLE FOR ANIMALS OF SASKATCHEWAN INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(with comparative figures for the year ended December 31, 2020)

5. Financial risk management

The Organization has a risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The significant financial risks to which the Organization is exposed are:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk on the accounts receivable, however, does not have a significant exposure to any individual customer or counterpart. In order to reduce its credit risk, the Organization conducts regular reviews of its receivable balances. The Organization incurred insignificant bad debt expense during the past three years.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization's exposure to interest rate risk is limited to investments. These investments have fixed interest rates and therefore, do not expose the Organization to additional risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization's exposure to liquidity risk is dependent on the receipt of funds from its operations, external borrowings and other related sources. Funds from these sources are primarily used to finance working capital and capital expenditure requirements, and are considered adequate to meet the Organization's financial obligations.

6. Comparative figures

Certain comparative figures have been reclassified to conform with the presentation in the current year.

The comparative year's financial statements were audited by other accountants, who issued a modified report dated March 9, 2021.
