

PET ACCESS LEAGUE SOCIETY

Financial Statements

For the Year Ended December 31, 2015

2015 INDEPENDENT REVIEW REPORT

To: **Board**
Pet Access League Society

Purpose of Engagement

Pet Access League Society (PALS) had opted to have an independent board member review and evaluate the financial data and internal controls for the 2015 fiscal year. The member selected would have an accounting and/or audit background and could do a review of both the key internal controls and the financial data being presented to the board and its members. The results of the review would be provided to the board in a formal report.

Procedures & Evaluation

The board member conducted an independent examination of the financial information prepared by management as well as the key internal controls. The examination was conducted in person and consisted of inquiry, observation and inspection of data and this was used to determine if:

- (1) The key controls were designed to adequately prevent the identified risks – such as fraud, segregation of duties, etc;
- (2) The key controls were operating effectively based on the reviewers examination;
- (3) The financial information being presented is being presented in a fair and consistent manner; and
- (4) The financial information being presented follows the key accounting policies in place

The board member had full access to both management and the board with respect to the records.

The reviewer evaluated the Statement of Financial Position, The Statements of Operations, Changes in Net Assets and Cash Flows for the year ended December 31, 2015. In addition, the reviewer evaluated the internal controls associated with the creation of the financial information at source (within the accounting system and physical paper records) as well as a determination if management followed the key accounting policies noted by the reviewer.

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 controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The reviewer was able to obtain adequate evidence (through inquiry, observation and inspection) to determine that there was reasonable assurance that the financial information was being prepared according to appropriate standards and that internal controls were adequately designed and operating effectively and therefore the financial information was free from material misstatements.

Based on the above, the reviewer was able to form an opinion regarding the four key areas being reviewed.

Findings & Recommendations

Findings

The examination included procedures to obtain reasonable assurance about whether (1) the key controls were adequately designed and if so, operating effectively; (2) the financial statements and related information were presented in a fair and consistent manner and followed key accounting policies in place and (3) recommendations for improvement have been communicated back to management

In the opinion of the reviewer, management's design and operating effectiveness of internal controls relating to the financial information were suitably designed and appeared to be operating effectively, which would provide reasonable, but not absolute assurance that the specified control objectives would be achieved if the controls were complied with satisfactorily

In the opinion of the reviewer, management's presentation of financial information is fair and being presented in a consistent manner and the information follows the key accounting policies in place, without material misstatement or errors.

Recommendations

The reviewer noted several areas of improvement:

- (1) PALS had a number of policies which were not really applicable to them due to size, staffing compliment, etc – a review of key policies should be made and policies should be updated, removed if not applicable or consolidated as required
- (2) PALS had been relying on the external audit firms to determine the depreciation and amortization values, but had not received the detail backup from the audit firm, for ongoing continuity it makes it difficult for management to self-manage this area

Prepared by independent board member, Lydija Dahl, on March 28, 2016 for the PALS board.

This report is intended solely for the use of management at PALS and is not intended to be, and should not be, used by anyone other than the specified parties.

PET ACCESS LEAGUE SOCIETY
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For the Year Ended December 31, 2015

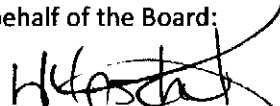
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PET ACCESS LEAGUE SOCIETY
Statement of Financial Position
For the Year Ended December 31, 2015

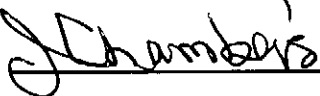
	2015	2014
Assets		
Current Assets		
Cash	\$ 20,082	\$ 96,649
Raffle	3,115	
Casino	(\$816)	
Accounts Receivable	-	-
GST Receivable	2,119	2,153
Prepaid Expenses	679	679
	<u>25,179</u>	<u>99,481</u>
PP&E (Note 3)	1,996	2,963
	<u>\$ 27,175</u>	<u>\$ 102,444</u>
Liabilities		
Current Liabilities		
Accounts Payable & Accrued Liabilities	\$ 14,620	\$ 11,682
Wages Payable	2,324	2,324
	<u>16,943</u>	<u>14,006</u>
Deferred Contributions (Note 4)		
Related Operations	53,794	53,696
Related to PP&E	100	300
	<u>70,837</u>	<u>68,002</u>
Net Assets		
Invested in PP&E	1,791	2,664
Unrestricted	(45,453)	31,778
	<u>(43,662)</u>	<u>34,442</u>
	<u>\$ 27,175</u>	<u>\$ 102,444</u>

Approved on behalf of the Board:

Director:



Director:



PET ACCESS LEAGUE SOCIETY
Statement of Financial Position
For the Year End December 31, 2015

	2015	2014
Revenue		
Fundraising	\$ 51,901	\$ 61,621
Donations	25,190	33,972
Casino	2,185	22,771
Grants	25,139	21,671
Memberships	7,268	8,105
	<u>111,683</u>	<u>148,140</u>
Expenses		
Salaries & Wages	115,734	113,004
Rent	16,350	15,750
Fundraising	24,211	12,953
Office	8,424	7,297
Volunteer	6,629	6,575
Professional Fees	4,335	5,180
Telephone	2,247	2,145
Insurance	3,388	2,086
Interest & Bank Charges	1,416	1,307
Amortization	967	1,005
Travel	815	979
Repairs & Maintenance	3,879	-
Training	1,389	-
	<u>189,784</u>	<u>168,281</u>
Excess (deficiency) of revenue over expenses	<u>\$ (78,102)</u>	<u>\$ (20,141)</u>

PET ACCESS LEAGUE SOCIETY
Statement of Changes in Net Assets
For the Year Ended December 31, 2015

	Invested in PPE	Unrestricted	2015	2014
Net assets - beginning of year	\$ 2,664	\$ 31,778	\$ 34,442	\$ 54,583
Purchase of equipment	0	0	0	0
Excess (deficiency) of revenue over expenses	(873)	(77,231)	(78,104)	(20,141)
Net assets - end of year	\$ 1,791	(\$45,453)	(\$43,662)	\$ 34,442

	Invested in PPE	Unrestricted	2014	2013
Net assets - beginning of year	\$ 1,229	\$ 53,354	\$ 54,583	\$ 54,583
Purchase of equipment	2,240	(2,240)	0	0
Excess (deficiency) of revenue over expenses	(805)	(19,336)	(20,141)	(20,141)
Net assets - end of year	\$ 2,664	\$ 31,778	\$ 34,442	\$ 34,442

	Invested in PPE	Unrestricted	2013	2012
Net assets - beginning of year	\$ 3,000	\$ 43,242	\$ 46,242	\$ 55,376
Purchase of equipment	0	0	0	0
Excess (deficiency) of revenue over expenses	(1,771)	10,112	8,341	(9,134)
Net assets - end of year	\$ 1,229	\$53,354	\$54,583	\$ 46,242

PET ACCESS LEAGUE SOCIETY
Statement of Cash Flows
For the Year Ended December 31, 2015

	2015	2014
Operating Activities		
Cash receipts from customers	\$113,217	\$ 202,421
Cash paid to suppliers and employees	(189,784)	(162,992)
Cash flow from operating activities	<u>(76,567)</u>	<u>39,429</u>
Investing Activity		
Purchase of PPE	\$0	(\$2,240)
Cash flow from (used by) investing activity	\$0	(\$2,240)
Increase (decrease) in cash flow	(76,567)	37,189
Cash - beginning of year	96,649	59,460
Cash - end of year	<u>\$ 20,082</u>	<u>\$ 96,649</u>

Statement of Cash Flows is only for the General Account and does not include the deferred or restricted cash accounts

Note 3 (PPE)

2015	Cost	Accum Amortization	Amortization	NBV
Computer Equipment	41,173	39,177	873.40	1,996
Computer Software	2,258	2,258	-	-
Furniture & Fixtures	22,055	22,055	94.00	-
	65,486	63,490	967	1,996
Additions / Disposals	-			

2014	Cost	Accum Amortization	Amortization	NBV
Computer Equipment	41,173	38,304	915	2,869
Computer Software	2,258	2,258	44	-
Furniture & Fixtures	22,055	21,961	47	94
	65,486	62,523	1,005	2,963
Additions / Disposals	2,240			

2013	Cost	Accum Amortization	Amortization	NBV
Computer Equipment	38,933	37,389	1,085	1,544
Computer Software	2,258	2,214	48	44
Furniture & Fixtures	22,055	21,914	838	141
	63,246	61,517	1,971	1,729
Additions / Disposals	-			

2012	Cost	Accum Amortization	Amort Exp	NBV
Computer Equipment	38,933	36,304	-	2,629
Computer Software	2,258	2,166	-	92
Furniture & Fixtures	22,055	21,076	-	979
	63,246	59,546	1,731	3,700

Asset Type / Year	Cost	Accum Amort	NBV	Check	nort Exp
Computer Equipment					
2011	37,431				
2012	38,933	36,304	2,629	-	1,731
2013	38,933	37,389	1,544	-	1,085
2014	41,173	38,304	2,869	-	915
2015	41,173	39,177	1,996	-	873

Switched to straight line depreciation / amortization for simplicity

Year	Asset Cost	% Dep	Amort Exp	Accum Dep	NBV
2012	37431	25%	1,431	36,004	1,427
2013	37431	25%	785	36,789	642
2014	37431	25%	166	36,955	476
2015	37431	25%	125	37,080	351
2016	37431	25%	125	37,205	226
2017	37431	25%	125	37,330	101
2018	37431	25%	101	37,431	0

Year	Asset Cost	% Dep	Amort Exp	Accum Dep	NBV
2012	1502	20%	300	300	1,202
2013	1502	20%	300	601	901
2014	1502	20%	300	901	601
2015	1502	20%	300	1,202	300
2016	1502	20%	300	1,502	-

Year	Asset Cost	% Dep	Amort Exp	Accum Dep	NBV
2014	2240	20%	448	448	1,792
2015	2240	20%	448	896	1,344
2016	2240	20%	448	1,344	896
2017	2240	20%	448	1,792	448
2018	2240	20%	448	2,240	-

Note 4

Deferred Contributions	2015			
	Beginning	Additions	Utilizations	Ending
Related to Operations	53,695	98	0	53,793
Related to PPE	300	-	200	100
	53,995	98	200	53,893

Deferred Contributions	2014			
	Beginning	Additions	Utilizations	Ending
Related to Operations	-	78,557	24,862	53,695
Related to PPE	500	-	200	300
	500	78,557	25,062	53,995

Deferred Contributions	2013			
	Beginning	Additions	Utilizations	Ending
Related to Operations	59,400	-	59,400	-
Related to PPE	700	-	200	500
	60,100	-	59,600	500

#	Date	Details	Acct	Debit	Credit
1	12/31/15	Accum. Amort - Furn & Equip	1825		94.00
1	12/31/15	Accum. Amort - Computer Equipment	1856		873.40
1	12/31/15	Amortization	5636	967.40	
2	12/31/15	Deferred - Related to PPE	2900	200	
2	12/31/15	2000 Deferred Grants	4050		200
3	12/31/15	Deferred Contributions	2880		98
3	12/31/15	2000 Deferred Grants	4050	98	

PET ACCESS LEAGUE SOCIETY
Notes to Financial Statements
For the Year Ended December 31, 2015

1. Purpose of the Organization

Pet Access League Society (the "Society") is incorporated under the Societies Act of Alberta. The purpose of the Society is to enhance, through pet visitation therapy, the quality of life of individuals in need who can benefit from the known value of the human companion animal bond. It is a registered charity and is therefore exempt from the payment of income tax under Section 149(1) of the Income Tax Act of Canada.

2. Summary of significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") in Part III of the CPA Handbook, and in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

Revenue recognition

The Society 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.

Contributions received related to property and equipment are deferred and amortized over the useful life of the asset.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

Property and equipment

Property and equipment are recorded at cost less accumulated amortization. Amortization is provided for on a straight line basis over five years, commencing in the year following the year of acquisition.

Goods and services tax

Goods and services tax is recoverable at 50% as a rebate to the Society. The unrecoverable portion is recorded as an expenditure with the rebate treated as a receivable.

Contributed services

Volunteers contribute a significant number of hours each year to assist the Society in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Contributed Materials

Contributed materials are recognized in the financial statements when their fair value can be reasonably estimated and when the Society would have otherwise purchased them.

Financial instruments

The Society initially measures its financial assets and financial liabilities at fair value. It subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which would be measured at fair value if held. Changes in fair value are recognized as unrealized gains or losses in the statement of operations. The financial assets measured at amortized cost include cash and accounts receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities. The Society holds no financial assets measured at fair value.

PET ACCESS LEAGUE SOCIETY
Notes to Financial Statements
For the Year Ended December 31, 2015

3. Property and equipment

	Cost	Accum Amortization	2015 NBV	2014 NBV
Computer Equipment	41,173	39,177	1,996	2,869
Computer Software	2,258	2,258		44
Furniture & Fixtures	22,055	22,055		94
	65,486	63,490	1,996	2,963

4. Deferred Contributions

Deferred contributions related to operations is funding received in the current year for future period operations.

Deferred Contributions	Beginning	Additions	Utilizations	Ending
Related to Operations	53,695	98	0	53,793
Related to PPE	300	-	200	100
	53,995	98	200	53,893

5. Commitment

The Society has entered into a three years lease agreement for its premises until June 30, 2018. The minimum annual lease payments, excluding operating costs, for the next year under the lease agreement is \$16,800.

6. Endowment fund

The Society established a memorial fund in November 2006 with funds received from an individual for that purpose. The fund is being held and managed by The Calgary Foundation. The Society receives interest on the fund each year to be used to cover expenses of pets in need of humanitarian treatment. The Society surrendered ownership of the funds to The Calgary Foundation, therefore, the amount is not reported as assets or as net assets in these financial statements.

	2015	2014
Held by The Calgary Foundation	\$ 15,531	\$ 14,382

PET ACCESS LEAGUE SOCIETY
Notes to Financial Statements
For the Year Ended December 31, 2015

7. Financial Instruments

The Society's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value approximates their carrying value, unless otherwise noted.

8. Fundraising

The total amount paid as remuneration to employees of the organization whose duties involves fundraising (Regulation, Section 7(2)(e)). The table below denotes the values paid to employees as part of the fundraising efforts as well as the directly associated fundraising expenses.

	Spring Baskets	Poinsettias	Raffle	Vineyard	Pups	Art unleashed	Gala	Casino	Totals
Fundraising expense	3,030	1,353	1,375	1,679	799	3,439	10,144	2,393	24,212
Amount paid as remuneration to employee to fundraise as part of their regular job	864	864	864	432	648	1,620	3,240	1,620	10,152