

**SASKATOON SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS INC.**

Auditor's Report

Financial Statements

December 31, 2006



CHARTERED ACCOUNTANTS

Bill Jensen, C.A., Prof. Corp.
Jeff Stromberg, C.A., Prof. Corp.

AUDITOR'S REPORT

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

We have audited the balance sheet of **Saskatoon Society for the Prevention of Cruelty to Animals Inc.** as at **December 31, 2006** and the statements of revenues, expenditures and fund balances and cash flows for the year then ended. These financial statements are the responsibility of the society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many not-for-profit organizations, the society derives revenue from donations (including those pertaining to gaming receipts), 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 the society.

In our opinion, except for the effect of adjustments, if any, which might have been determined to be necessary had we been able to satisfy ourselves concerning the completeness of donations and gaming activities referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the society as at December 31, 2006 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Saskatoon, Saskatchewan
April 25, 2007

528 2nd Avenue North, Saskatoon SK S7K 2C5 T: (306) 665-8191 F: (306) 665-1415

Chartered Accountants

SASKATOON SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS INC.

BALANCE SHEET

December 31, 2006
with comparative figures for 2005

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Restricted Funds</u>	<u>Total 2006</u>	<u>Total 2005</u>
<u>ASSETS</u>					
Current assets:					
Cash and short-term investments	\$ 129,428	-	132,166	261,594	183,688
Accounts receivable	9,174	-	-	9,174	7,664
Inventory	35,521	-	-	35,521	34,359
Prepaid expenses	1,525	-	-	1,525	1,418
Total current assets	175,648	-	132,166	307,814	227,129
Long-term investments	-	-	386,877	386,877	56,406
Capital assets (Note 2)	-	35,395	-	35,395	41,153
	<u>\$ 175,648</u>	<u>35,395</u>	<u>519,043</u>	<u>730,086</u>	<u>324,688</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 31,010	-	-	31,010	33,393
Accrued vacation payable	1,718	-	-	1,718	1,998
Spay and neuter deposit liability	9,598	-	-	9,598	10,324
Total current liabilities	42,326	-	-	42,326	45,715
Fund Balances:					
Invested in capital assets	-	35,395	-	35,395	41,152
Externally restricted (Note 3)	-	-	519,043	519,043	347,564
Unrestricted	133,322	-	-	133,322	(109,743)
Total fund balances	133,322	35,395	519,043	687,760	278,973
	<u>\$ 175,648</u>	<u>35,395</u>	<u>519,043</u>	<u>730,086</u>	<u>324,688</u>

APPROVED ON BEHALF OF THE BOARD:

Lorene Turner Director
M. Brown Director

See accompanying notes to the financial statements.

SASKATOON SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS INC.

STATEMENT OF REVENUES AND EXPENDITURES

Year ended December 31, 2006
with comparative figures for 2005

	Operating <u>Fund</u>	Capital <u>Fund</u>	Restricted <u>Funds</u>	Total <u>2006</u>	Total <u>2005</u>
Revenues:					
Shelter operations (Schedule 1)					
Programs and services	\$ 189,664	-	-	189,664	85,841
Store	27,583	-	-	27,583	18,566
GST rebate	3,281	-	-	3,281	1,723
Miscellaneous	5,727	-	-	5,727	4,158
Funded services (Schedule 2)					
City of Saskatoon:					
Pound services	320,124	-	-	320,124	316,015
Grant	121,848	-	-	121,848	120,000
Fundraising operations (Schedule 3)					
Donor contributions	375,292	-	-	375,292	205,229
Fundraisers	69,285	-	-	69,285	51,082
Gaming	-	-	95,198	95,198	87,928
In trust (Schedule 4)					
In trust - city	23,360	-	-	23,360	33,264
In trust - shelter	3,080	-	-	3,080	95,561
Ray Duerr fund investment revenue	-	-	4,562	4,562	2,674
	<u>1,139,244</u>	<u>-</u>	<u>99,760</u>	<u>1,239,004</u>	<u>1,022,041</u>
Expenditures:					
Shelter operations (Schedule 1)					
Programs and services	63,895	-	-	63,895	11,554
Store	24,853	-	-	24,853	22,570
Facility	49,637	-	-	49,637	44,110
Health wing	21,402	-	-	21,402	30,772
Administration	64,125	-	-	64,125	86,747
Payroll	205,479	-	-	205,479	220,092
Funded services (Schedule 2)					
Pound	189,451	-	-	189,451	186,905
Investigative services	105,524	-	-	105,524	119,307
Fundraising (Schedule 3)					
Fundraising and planned giving	1,353	-	-	1,353	2,685
Fundraisers	16,626	-	-	16,626	9,128
Gaming	-	-	40,885	40,885	44,827
In trust (Schedule 4)					
In trust - city	23,620	-	-	23,620	33,370
In trust - shelter	12,525	-	-	12,525	53,205
Ray Duerr fund bank charges	-	-	85	85	-
Capital fund					
Amortization	-	10,757	-	10,757	9,592
Loss on disposal of capital assets	-	-	-	-	411,975
	<u>778,490</u>	<u>10,757</u>	<u>40,970</u>	<u>830,217</u>	<u>1,286,839</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 360,754</u>	<u>(10,757)</u>	<u>58,790</u>	<u>408,787</u>	<u>(264,798)</u>

See accompanying notes to the financial statements.

SASKATOON SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS INC.

STATEMENT OF FUND BALANCES

Year ended December 31, 2006
with comparative figures for 2005

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Restricted Fund</u>	<u>2006</u>	<u>2005</u>
Fund balances, beginning of year	\$ (109,743)	41,152	347,564	278,973	543,771
Excess (deficiency) of revenues over expenditures	360,754	(10,757)	58,790	408,787	(264,798)
Interfund transfers (Note 3)	<u>(117,689)</u>	<u>5,000</u>	<u>112,689</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	\$ <u>133,322</u>	<u>35,395</u>	<u>519,043</u>	<u>687,760</u>	<u>278,973</u>

See accompanying notes to the financial statements.

SASKATOON SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS INC.

STATEMENT OF CASH FLOWS

Year ended December 31, 2006
with comparative figures for 2005

		<u>Restricted Funds</u>				
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Ray Duerr Memorial Fund</u>	<u>Raffle and Lottery Fund</u>	<u>Total 2006</u>	<u>Total 2005</u>
Cash provided by (used in):						
Operating activities:						
Excess (deficiency) of revenues over expenditures	\$ 360,754	(10,757)	4,477	54,313	408,787	(264,798)
Items not involving an outlay of cash:						
Amortization	-	10,757	-	-	10,757	9,592
Loss on disposal of capital assets	-	-	-	-	-	411,975
	360,754	-	4,477	54,313	419,544	156,769
Changes in non-cash working capital:						
Accounts receivable	(1,863)	-	354	-	(1,509)	2,685
Inventories	(1,162)	-	-	-	(1,162)	10,973
Prepaid expenses	(107)	-	-	-	(107)	(1,308)
Accounts payable and accrued liabilities	(2,382)	-	-	-	(2,382)	(56,397)
Accrued vacation payable	(280)	-	-	-	(280)	(16,327)
Spay and neuter deposit liability	(726)	-	-	-	(726)	(12,386)
Interfund transfers	(117,688)	5,000	151,603	(38,915)	-	-
Interfund balances	(134,804)	-	134,804	-	-	-
	101,742	5,000	291,238	15,398	413,378	84,009
Investing activities:						
Additions to capital assets	-	(5,000)	-	-	(5,000)	(17,905)
Proceeds on disposal of capital assets	-	-	-	-	-	114,000
Long-term investments	-	-	(330,472)	-	(330,472)	(2,222)
	-	(5,000)	(330,472)	-	(335,472)	93,873
Financing activities:						
Net change in cash during the year	101,742	-	(39,234)	15,398	77,906	177,882
Cash position, beginning of year	27,686	-	125,309	30,693	183,688	5,806
Cash position, end of year	\$ 129,428	-	86,075	46,091	261,594	183,688
Cash position consists of cash in bank, less outstanding cheques, plus short-term investments.						

See accompanying notes to the financial statements.

SASKATOON SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

(a) Fund Accounting

The accounts of the Society 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 accounts for the Society's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

(ii) Capital Fund

The capital fund reports the assets, liabilities, revenues and expenses related to the Society's capital assets. Expenses consist primarily of amortization or loss on disposition of capital assets.

(iii) Restricted Funds

The restricted funds consist of two funds: the Ray Duerr Memorial Fund and the Raffle and Lottery Fund.

The Ray Duerr Fund accumulates capital from legacies, bequests, memorials and special donations. Any appropriations from the original contributions to this fund must be authorized by the Society's membership according to Society Bylaw 20.2. Any appropriation of interest earned on the original contributions to the Ray Duerr Fund must be authorized by the Society's Board of Directors.

The Raffle and Lottery Fund accumulates and disperses the revenue from raffle and lottery activities as dictated by the applications for lottery licensing filed with the Saskatchewan Liquor and Gaming Commission.

(b) Revenue

Unrestricted contributions are recognized as 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. Pledges are not recorded in the records of the society until received.

Restricted contributions related to general operations are recognized as revenue of the operating fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Donations of materials and services are recorded at fair market value when received if the amount can be reasonably estimated. These donations are disclosed in the financial statements as "Donations-in-kind".

SASKATOON SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) **Short-term Investments**

Short-term investments are valued at the lower of cost and market value.

(d) **Inventory**

Inventory is carried at the lesser of cost and net realizable value. Cost is determined using the first in, first out method.

(e) **Long-term Investments**

Long-term investments are recorded at cost and are only written down to market value if there has been a decline in value which is felt to be other than temporary.

(f) **Capital Assets**

Capital assets are recorded at cost. Amortization is calculated using the following annual rates and methods and is designed to amortize the assets over their useful lives:

Buildings	5% - straight line
Furniture and fixtures	20% - declining balance
Automotive equipment	30% - declining balance
Computer hardware	25% - declining balance
Computer software	100% - declining balance

In the year of acquisition, amortization is taken at one-half of the above rates.

(g) **Measurement Uncertainty**

The preparation of the financial statements in accordance with Canadian generally accepted accounting principles 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

2. CAPITAL ASSETS

		<u>2006</u>		<u>2005</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and fixtures	\$ 227,513	211,006	16,507	20,634
Automotive equipment	85,331	70,567	14,764	15,020
Computer hardware	21,585	17,461	4,124	5,499
Computer software	<u>7,975</u>	<u>7,975</u>	<u>-</u>	<u>-</u>
	<u>\$ 342,404</u>	<u>307,009</u>	<u>35,395</u>	<u>41,153</u>

SASKATOON SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

3. INTERFUND TRANSFERS AND EXTERNALLY RESTRICTED FUNDS

During 2006, \$5,000 from the Operating Fund was transferred to the Capital Fund to fund the cash outlays of capital asset acquisitions. \$38,915 was transferred from the Raffle and Lottery Fund to the Operating Fund to fund eligible expenditures under Saskatchewan Liquor and Gaming lottery applications and as designated by the auxiliary (emergency vet fund and the Second Chance club). \$151,603 was transferred from the Operating Fund to the Ray Duerr fund representing 50% of bequest and legacy donations received during 2006, and interest on the receivable from the operating fund. The \$134,804 receivable from the operating fund at the end of 2005 has also been repaid in full.

The externally restricted fund balances are as follows:

	Ray Duerr Memorial <u>Fund</u>	Raffle and Lottery <u>Fund</u>	<u>2006</u>	<u>2005</u>
Fund balances, beginning of year	\$ 316,871	30,693	347,564	279,805
Revenues	4,562	95,198	99,760	90,602
Expenditures	(85)	(40,885)	(40,970)	(44,826)
Interfund transfers	<u>151,603</u>	<u>(38,915)</u>	<u>112,688</u>	<u>21,983</u>
Fund balances, end of year	\$ <u>472,951</u>	<u>46,091</u>	<u>519,042</u>	<u>347,564</u>

4. LEASE COMMITMENTS

The Society has operating lease commitments for building rental, vehicles, and office equipment. Minimum annual rentals are as follows:

2007	\$ 7,375
2008	6,900
2009	6,375

SASKATOON SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

5. FINANCIAL INSTRUMENTS

a) Significant terms and conditions

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that may affect the amount, timing, or certainty of future cash flows. Significant terms and conditions for the other financial instruments are disclosed separately in these financial statements.

b) Credit risk

The Society is exposed to credit risk from the potential non-payment of accounts receivable.

c) Fair Value

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

- The carrying amounts of these financial instruments approximate fair value due to their immediate or short-term nature:

Cash and short-term investments
Accounts receivable
Prepaid expenses
Accounts payable and accrued liabilities
Accrued salaries and vacation payable

- The fair value of long-term investments is \$390,997 (2005 - \$56,406).

SASKATOON SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS INC.

SCHEDULE OF SHELTER OPERATIONS

Year ended December 31, 2006
with comparative figures for 2005

	<u>2006</u>	<u>2005</u>
Revenues:		
Programs and services		
Adoptions	\$ 28,365	31,210
Shelter services	73,099	54,631
Spay and neuter	<u>88,200</u>	<u>-</u>
Total programs and services	189,664	85,841
Store	27,583	18,566
GST rebate	3,281	1,723
Miscellaneous		
Donation in kind	3,868	3,851
Miscellaneous	<u>1,859</u>	<u>307</u>
Total miscellaneous	<u>5,727</u>	<u>4,158</u>
	226,255	110,288
Expenditures:		
Programs and Services		
Adoptions	427	1,555
Humane education	290	155
Marketing and promotions	605	-
Shelter services	9,031	8,947
Spay and neuter	51,026	-
Volunteer and foster care program	<u>2,516</u>	<u>897</u>
Total programs and services	63,895	11,554
Store	24,853	22,570
Facility		
Contracts	12,041	5,816
Repair and maintenance	7,918	4,510
Utilities	19,568	16,895
Vehicles	<u>10,110</u>	<u>16,889</u>
Total facility	49,637	44,110
Health wing		
Animal supplies	888	13,381
Office supplies	208	176
Veterinary	<u>20,306</u>	<u>17,215</u>
Total health wing	21,402	30,772

(continued on next page)

See accompanying notes to the financial statements.

SASKATOON SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS INC.

SCHEDULE OF SHELTER OPERATIONS

Year ended December 31, 2006
with comparative figures for 2005

	<u>2006</u>	<u>2005</u>
(continued)		
Administration		
Accounting and audit	11,250	8,794
Bad debt	-	163
Bank charges	6,616	8,577
Business plan	-	22,400
Equipment maintenance, lease and purchase	13,414	14,380
Insurance	3,585	11,943
Meetings	1,552	2,663
Miscellaneous	7,490	2,728
Office supplies	6,546	2,356
Postage and courier	2,137	2,568
Staff clothing	3,038	-
Telephone	<u>8,497</u>	<u>10,175</u>
Total administration	64,125	86,747
Payroll	<u>205,479</u>	<u>220,092</u>
	<u>429,391</u>	<u>415,845</u>
Deficiency of revenues over expenditures	\$ <u>(203,136)</u>	<u>(305,557)</u>

See accompanying notes to the financial statements.

SASKATOON SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS INC.

SCHEDULE OF FUNDED SERVICES

Year ended December 31, 2006
with comparative figures for 2005

	<u>2006</u>	<u>2005</u>
Revenues:		
City of Saskatoon		
Pound services	\$ 320,124	316,015
Grant	<u>121,848</u>	<u>120,000</u>
	441,972	436,015
Expenditures:		
Pound		
Answering service	1,103	878
Repair and maintenance	6,467	7,291
Animal supplies	3,377	3,603
Bad debt	-	448
Contracts	2,005	3,492
Office	19,612	17,908
Payroll	130,936	128,527
Utilities	16,380	14,001
Vehicles	1,334	2,974
Veterinary	<u>8,237</u>	<u>7,783</u>
Total Pound	189,451	186,905
Investigative services		
Animal care	2,667	9,882
Equipment	12	93
Bad debt	571	6,709
Litigation	536	4,158
Meetings and travel	1,450	-
Office supplies	81	148
Allocated costs (utilities, maintenance and office)	9,271	8,844
Payroll	69,456	74,970
Telephone	4,969	4,502
Vehicles	<u>16,511</u>	<u>10,001</u>
Total investigative services	<u>105,524</u>	<u>119,307</u>
	<u>294,975</u>	<u>306,212</u>
Excess of revenue over expenditures	<u>\$ 146,997</u>	<u>129,803</u>

See accompanying notes to the financial statements.

SASKATOON SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS INC.

SCHEDULE OF FUNDRAISING OPERATIONS

Year ended December 31, 2006
with comparative figures for 2005

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u> <u>2006</u>	<u>Total</u> <u>2005</u>
Revenues:				
Donor contributions				
General	\$ 82,977	-	82,977	83,655
Legacies and bequests	276,718	-	276,718	101,000
Memorial	7,797	-	7,797	6,771
Second chance	3,000	-	3,000	9,193
Memberships	<u>4,800</u>	<u>-</u>	<u>4,800</u>	<u>4,610</u>
Total donor contributions	375,292	-	375,292	205,229
Fundraisers				
Campaign fundraising	42,487	-	42,487	26,289
Events and activities	25,275	-	25,275	21,492
Auxilliary	<u>1,523</u>	<u>-</u>	<u>1,523</u>	<u>3,301</u>
Total fundraisers	69,285	-	69,285	51,082
Gaming				
Signature Lottery	-	-	-	38,389
Countdown to Christmas	-	29,274	29,274	24,670
Spring lottery	-	24,115	24,115	23,410
50 - 50 lottery	-	1,184	1,184	1,459
Fall lottery	-	26,020	26,020	-
Winter lottery	-	7,375	7,375	-
Lotteries Grant	<u>-</u>	<u>7,230</u>	<u>7,230</u>	<u>-</u>
Total gaming	-	95,198	95,198	87,928
	444,577	95,198	539,775	344,239
Expenditures:				
Fundraising and planned giving				
Computers	378	-	378	1,615
Office supplies	<u>975</u>	<u>-</u>	<u>975</u>	<u>1,070</u>
Total fundraising and planned giving	1,353	-	1,353	2,685
Fundraisers				
Campaigns	7,877	-	7,877	7,725
Events and activities	<u>8,749</u>	<u>-</u>	<u>8,749</u>	<u>1,403</u>
Total fundraisers	16,626	-	16,626	9,128
Gaming				
Countdown to Christmas	-	11,435	11,435	7,830
50 - 50 lottery	-	592	592	820
Fun n Sun lottery	-	-	-	4,730
Signature lottery	-	-	-	19,158
Fall lottery	-	13,040	13,040	-
Winter lottery	-	5,137	5,137	20
Spring lottery	<u>-</u>	<u>10,681</u>	<u>10,681</u>	<u>12,269</u>
Total gaming	-	40,885	40,885	44,827
	17,979	40,885	58,864	56,640
Excess of revenues over expenses	\$ <u>426,598</u>	<u>54,313</u>	<u>480,911</u>	<u>287,599</u>

See accompanying notes to the financial statements.

SASKATOON SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS INC.

SCHEDULE OF IN-TRUST RECEIPTS

Year ended December 31, 2006
with comparative figures for 2005

	<u>2006</u>	<u>2005</u>
Revenues:		
In trust - city		
Licenses	\$ 18,085	17,370
Pound fees	<u>5,275</u>	<u>15,895</u>
Total in trust - city	23,360	33,265
In trust - shelter		
Spay and neuter	<u>3,080</u>	<u>95,561</u>
	<u>26,440</u>	<u>128,826</u>
Expenditures:		
In trust - city		
Licenses	18,470	17,770
Pound fees	<u>5,150</u>	<u>15,600</u>
Total in trust - city	23,620	33,370
In trust - shelter		
Spay and neuter	<u>12,525</u>	<u>53,205</u>
	<u>36,145</u>	<u>86,575</u>
Excess (deficiency) of revenues over expenditures	\$ <u>(9,705)</u>	<u>42,251</u>

See accompanying notes to the financial statements.