

***AUTISM DOG SERVICES INC.***

***FINANCIAL STATEMENTS***

***DECEMBER 31, 2019***

# ***AUTISM DOG SERVICES INC.***

***DECEMBER 31, 2019***

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## **INDEPENDANT AUDITOR'S REPORT**

To the Board of Directors of **Autism Dog Services Inc.**

### **Qualified Opinion**

I have audited the financial statements of **Autism Dog Services Inc.**, which comprise the statement of financial position as at December 31, 2019 and the statement of operations and net assets, and statement of cash flows for the year then ended and a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the Basis for *Qualified Opinion* paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2019 and the results of its operations and changes in its net assets for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### **Basis for Qualified Opinion**

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 the Organization 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.

In common with many non-profit organizations, the organization derives its revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Also, the company has an inventory of dogs, placed and raised by different families. Accordingly, my verification of these revenues and inventory, was limited to the amounts recorded in the records of the organization. I was not able to determine whether any adjustments might be necessary to donations received, excess of revenue over expenses, assets and net assets as December 31, 2019.

### **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**

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 my 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 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 my 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.*

*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.*

*I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.*

*From the matters communicated with those charged with governance, I determine those matters that are of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.*

*April 28, 2020  
Brantford, Ontario*



*CPA, Chartered Accountant, LPA*

# AUTISM DOG SERVICES INC.

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

	<u>2019</u>	<u>Restated 2018</u>
<b>ASSETS</b>		
<b>Current</b>		
Cash and banks	\$ 374,094	\$ 174,567
Accounts receivable	600	100
HST recoverable	5,454	1,738
Inventory	51,625	35,400
Prepaid insurance	<u>2,953</u>	<u>2,935</u>
<b>Total Assets</b>	<b><u>\$ 434,726</u></b>	<b><u>\$ 214,740</u></b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable	\$ 11,333	\$ 16,328
Source deductions payable	2,582	1,961
Deferred revenue (Note 2)	70,000	60,000
Private loan (Note 3)	<u>-</u>	<u>8,969</u>
<b>Total Liabilities</b>	<b><u>83,915</u></b>	<b><u>87,258</u></b>
<b>NET ASSETS</b>		
Unrestricted Net Assets	<u>350,811</u>	<u>127,482</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 434,726</u></b>	<b><u>\$ 214,740</u></b>

**APPROVED ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

Audited - See Independent Auditor's Report  
D.M. Austin, CPA, CA, Brantford, Ontario

# **AUTISM DOG SERVICES INC.**

## **STATEMENT OF OPERATIONS AND NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>2019</u>	<u>Restated 2018</u>
<b>RECEIPTS</b>		
Donations	\$ 158,927	\$ 30,265
Donations in-kind	5,990	2,970
Fundraising	196,972	167,641
Adoption fees and other receipts	19,780	13,808
Grants	<u>125,868</u>	<u>65,150</u>
	<u>507,537</u>	<u>279,834</u>
<b>EXPENDITURES</b>		
Advertising and promotion	2,753	3,408
Administration and office expenses	5,980	4,171
Fundraising expenses	4,990	3,953
Membership fees	863	3,957
Insurance	4,005	3,995
Professional fees	4,158	4,177
Program costs	62,956	41,745
Service charges and interest	4,941	5,593
Telephone	3,465	3,862
Travel	15,644	12,473
Veterinary fees	18,967	12,320
Wages and benefits	<u>155,486</u>	<u>146,235</u>
	<u>284,208</u>	<u>245,889</u>
<b>Excess of Receipts Over Expenditures</b>	<b>223,329</b>	<b>33,945</b>
<b>Unrestricted Net Assets, Beginning Of Year</b>	<u>127,482</u>	<u>93,537</u>
<b>Unrestricted Net Assets, End Of Year</b>	<u><u>\$ 350,811</u></u>	<u><u>\$ 127,482</u></u>

*Audited - See Independent Auditor's Report  
D.M. Austin, CPA, CA, Brantford, Ontario*

# AUTISM DOG SERVICES INC.

## STATEMENT OF CASH FLOWS

DECEMBER 31, 2019

	<u>2019</u>	<u>Restated 2018</u>
<b>OPERATING ACTIVITIES</b>		
Excess of Receipts over Expenditures for the year	\$ <u>223,329</u>	\$ <u>33,945</u>
<b>Changes in non-cash working capital:</b>		
Accounts receivable	(500)	4,470
HST recoverable	(3,716)	1,062
Inventory	(16,225)	7,375
Prepaid expenses	(18)	(7)
Accounts payable and accrued liabilities	(4,995)	(4,135)
Source deductions payable	621	(740)
Deferred revenue	<u>10,000</u>	<u>40,000</u>
	<u>(14,833)</u>	<u>48,025</u>
<b>Cash Flows Provided By Operating Activities</b>	<u><b>208,496</b></u>	<u><b>81,970</b></u>
<b>FINANCING ACTIVITIES</b>		
Repayment of private loan	<u>(8,969)</u>	<u>(5,500)</u>
<b>Cash Flows used in Financing Activities</b>	<u><b>(8,969)</b></u>	<u><b>(5,500)</b></u>
<b>Net Increase in Cash</b>	<b>199,527</b>	<b>76,470</b>
Net Cash, beginning of year	<u>174,567</u>	<u>98,097</u>
<b>Net Cash, end of year</b>	<b>\$ <u>374,094</u></b>	<b>\$ <u>174,567</u></b>
<b><u>Cash is comprised of:</u></b>		
Petty cash	\$ 204	\$ 134
Bank accounts	<u>373,890</u>	<u>174,433</u>
	<u><b>\$ 374,094</b></u>	<u><b>\$ 174,567</b></u>

Audited - See Independent Auditor's Report  
D.M. Austin, CPA, CA, Brantford, Ontario

# **AUTISM DOG SERVICES INC.**

## **NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

### **Purpose**

*Autism Dog Services Inc. was incorporated under the Ontario Corporations Act without share capital on July 23, 2010. It is a non-profit organization and registered charity.*

*The Organization's mission is to foster the integration of children with autism by training, placing, and supporting dogs that offer companionship and independence.*

### **1. Summary of Significant Accounting Policies**

*These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant that are in addition to that note:*

#### **(a) Measurement Uncertainty**

*The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from management's best estimates as additional information becomes available. Differences are expected to be not material.*

#### **(b) Revenue Recognition**

##### **Contributions**

*The Organization follows the deferral method of accounting for contributions. Contributions related to expenses of future periods are deferred and recognized as revenue in the year in which the related expenses are incurred. All other contributions are reported as revenue in the current period.*

*Contributed materials or dogs are recognized as donations when fair value can be determined. During the year, \$5,990 (2018 - \$2,970) were recognized as donations in-kind.*

##### **Donated/Contributed Services**

*The work of the organization is dependent on the voluntary service of its Board members and volunteers. The value of donated services is not recognized in these statements.*

##### **Fundraising receipts**

*Receipts are recognized when event takes place.*

##### **Adoption fees and other receipts**

*Adoption fees and other receipts are recognized when the service is provided or dog is delivered and collection is reasonably assured.*

#### **(c) Financial Instruments**

*The organization initially recognizes financial instruments at fair value when acquired or issued. Subsequent measurement of financial instruments is at amortized cost.*

*Financial assets measured at amortized cost include cash and bank, accounts receivable, and HST recoverable.*



# AUTISM DOG SERVICES INC.

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

Financial liabilities measured at amortized cost are accounts payable and accrued liabilities, source deductions payable, and deferred revenue.

The organization has not designated any financial asset or liability to be measured at fair value.

### (d) Use of Estimates

The preparation of financial statements required management to make estimates and assumptions that affect the reported amounts of assets and liabilities, receipts and expenses during the reporting period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

### (e) HST Rebate

The organization is a registered charity and therefore is entitled to claim a rebate of 50% of the federal portion and 82% of the provincial portion of the HST paid on purchases.

### (f) Inventory

Inventory consist of dogs being trained and not in service. The inventory is measured at lower cost or net realizable value.

### (g) Income taxes

The Organization is a registered charity and is exempt from income taxes under Section 149(1)(j) of the Income Tax Act.

## 2. Deferred Contributions

Deferred contributions represent unspent grants restricted by the donor. Changes in the deferred contributions are as follows:

Balance, beginning of year	\$	20,000	\$	22,500
Amounts recognized as revenue in the year		(20,000)		(22,500)
Amounts received for next year		<u>60,000</u>		<u>20,000</u>
Balance, end of year	\$	<u>60,000</u>	\$	<u>20,000</u>

## 3. Private Loan

The loan was non-interest bearing, with no fixed terms of repayment. It was due to a previous director.

## 4. Risk Management

The Organization may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Organization's risk management processes is to minimize any adverse effects on financial performance. The principal risks to which the Organization is exposed are described below.

# **AUTISM DOG SERVICES INC.**

## **NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

### **Credit Risk**

Financial instruments potentially exposed to credit risk include cash and bank, and accounts receivable. The Organization holds cash deposits at a major Canadian chartered bank. Accounts receivable are not concentrated and the carrying amount of accounts receivable represents the maximum credit risk exposure. Management has assessed its credit risk as not material and is unchanged from the prior year.

### **Market Risk**

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Organization is exposed to these risks as the ability of the Organization to fund its programs is related to the market price of puppies and dogs. Management has assessed its market risk as not material and is unchanged from the prior year.

### **Liquidity Risk**

Liquidity risk is the risk the Organization will not be able to meet its financial obligations as they come due. The Organization has taken steps to ensure that it will have sufficient working capital available to meet its obligations. They have assessed their liquidity risk as not material and is unchanged from the prior year.

### **5. Restatement of Comparative Figures**

Inventory was not recorded in 2017 or 2018. This error has been corrected by restating each of the affected financial statement line items for the prior period as follows:

	<b>December 31, 2018, Presented</b>	<b>December 31, 2018, Amended</b>
Inventory	-	35,400
Total Assets	179,340	214,746
Program costs	34,370	41,745
Excess of receipts over expenses		
Retained Surplus beginning of year	50,763	98,537
Retained Surplus, end of year	92,083	350,811

### **6. Prior Year**

Certain of the prior year's figures have been reclassified to conform with the current year's presentation.