

AUTISM DOG SERVICES INC. >

financial statements

>YEAR ENDED DECEMBER 31, 2013

McClurkin Ahier & Company LLP
CHARTERED ACCOUNTANTS

AUTISM DOG SERVICES INC. >

financial statements

>YEAR ENDED DECEMBER 31, 2013

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McCLURKIN AHIER
& COMPANY LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of Autism Dog Services Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Autism Dog Services Inc., which comprise the statement of financial position as at December 31, 2013, 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 similar charitable organizations, Autism Dog Services Inc. derives revenue from donations from interested persons, 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 Autism Dog Services Inc. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenues, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2013, and current assets and net assets as at December 31, 2013.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the "Basis of Qualified Opinion" paragraph, the financial statements present fairly, in all material respects, the financial position of Autism Dog Services Inc. as at December 31, 2013, and the results of its operations and its cash flows for the year ended December 31, 2013 in accordance with Canadian accounting standards for not-for-profit organizations.

McClurkin Ahier & Company LLP.

Waterloo, Ontario
June 17, 2014

LICENSED PUBLIC ACCOUNTANTS
CHARTERED ACCOUNTANTS

AUTISM DOG SERVICES INC. >
**statement of
financial position**

>DECEMBER 31, 2013

	2013	2012
<i>assets</i>		
current		
Cash	\$ 40,042	\$ 67,173
Guaranteed investment certificate	29,472	63,742
Accounts receivable	1,678	-
Government remittances recoverable	8,503	9,745
Prepaid expenses	<u>3,116</u>	<u>3,141</u>
	82,811	143,801
capital assets (Note 3)	<u>19,239</u>	<u>27,202</u>
	<u>\$ 102,050</u>	<u>\$ 171,003</u>
<i>liabilities</i>		
current		
Accounts payable and accrued liabilities	\$ 15,147	\$ 9,841
Government remittances payable	1,641	3,640
Due to director (Note 4)	15,469	16,969
Current portion of long term debt	<u>-</u>	<u>4,412</u>
	<u>32,257</u>	<u>34,862</u>
net assets		
Net invested in capital assets	19,239	27,202
Unrestricted net assets	<u>50,554</u>	<u>108,939</u>
	<u>69,793</u>	<u>136,141</u>
	<u>\$ 102,050</u>	<u>\$ 171,003</u>

Approved on behalf of the board:

Director

Director

AUTISM DOG SERVICES INC. >

statement of changes in net assets

>YEAR ENDED DECEMBER 31, 2013

	invested in capital assets	unrestricted	2013 total	2012 total
balance, beginning of year	\$ 27,202	\$ 108,939	\$ 136,141	\$ 123,805
Deficiency of revenue over expenses for year	<u>(7,963)</u>	<u>(58,385)</u>	<u>(66,348)</u>	<u>12,336</u>
balance, end of year	<u>\$ 19,239</u>	<u>\$ 50,554</u>	<u>\$ 69,793</u>	<u>\$ 136,141</u>

statement of operations

>YEAR ENDED DECEMBER 31, 2013

	2013	2012
revenue		
Undesignated donations	\$ 159,455	\$ 194,491
Fundraising	40,588	91,653
Grants	46,500	57,500
Investment income	<u>504</u>	<u>681</u>
	<u>247,047</u>	<u>344,325</u>
expenses		
Administration expenses	2,279	1,275
Advertising and promotion	4,027	6,254
Amortization	7,963	11,345
Bank charges and interest	762	1,846
Fundraising expenses	31,567	28,295
Insurance	3,498	3,170
Membership fees	921	219
Office	2,274	3,582
Professional fees	10,604	7,871
Program expenses	18,023	27,481
Telephone	10,065	7,169
Veterinary fees	30,027	34,663
Vehicle	27,573	28,517
Wages and benefits	<u>163,812</u>	<u>170,302</u>
	<u>313,395</u>	<u>331,989</u>
deficiency of revenue over expenses for year	<u>\$ (66,348)</u>	<u>\$ 12,336</u>

statement of cash flows

>YEAR ENDED DECEMBER 31, 2013

	2013	2012
operating activities		
Deficiency of revenue over expenses for year	\$ (66,348)	\$ 12,336
Adjustments for:		
Amortization	<u>7,963</u>	<u>11,345</u>
	(58,385)	23,681
Changes in non-cash working capital:		
Increase in accounts receivable	(1,678)	-
Decrease in government remittances recoverable	1,242	2,789
Decrease in prepaid expenses	25	(335)
Increase in accounts payable and accrued liabilities	5,306	2,440
Decrease in due to director	(1,500)	(3,500)
Decrease in government remittances payable	<u>(1,999)</u>	<u>375</u>
	(56,989)	25,450
financing activities		
Repayment of long term debt	(4,412)	(8,588)
investing activities		
Decrease in guaranteed investment certificate	<u>34,270</u>	<u>(13,317)</u>
Net change in cash for the year	(27,131)	3,545
Cash balance, beginning of year	<u>67,173</u>	<u>63,628</u>
cash balance, end of year	\$ <u>40,042</u>	\$ <u>67,173</u>

notes to financial statements

>DECEMBER 31, 2013

1. purpose of organization

The mission of Autism Dog Services Inc., the "Charity", is to foster the integration of children with autism by training, placing and supporting dogs that offer companionship and independence. The Charity operates in Lynden, Ontario. It is incorporated under the Ontario Corporations Act without share capital and is a registered charity for Canadian Income Tax purposes.

2. significant accounting policies

Basis of Accounting - These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue Recognition - The Charity follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received. Restricted contributions are recognized as revenue when the expense is incurred.

Grants are recognized when received. Fundraising revenue is recognized when the event takes place.

Financial Instruments

Measurement - The Charity initially measures its financial assets and liabilities at fair value. The Charity subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and guaranteed investment certificates.

Financial liabilities measured at amortized cost include the accounts payable and accrued liabilities and due to director.

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

Impairment - Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized as operating cost. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized as income from operations.

Capital Assets and Amortization - Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided in the accounts using the following methods and annual rates:

Asset	Method	Rate
Computer software	Reducing balance	30%
Fencing	Reducing balance	10%
Vehicle	Reducing balance	30%

Capital assets acquired during the year are amortized at one half the above annual rates.

notes to financial statements

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Contributed Materials and Services - Volunteers contribute their time to assist the Charity in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

The Charity receives contributed materials, the fair value of which may or may not be reasonably determinable. Contributed materials are recognized as donations when fair value can be determined. During the year, \$11,659 (2012 - \$22,200) was recognized as donation in kind.

Disclosure and Use of Estimates - The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount 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 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.

Estimates are used when accounting for certain items such as revenues, useful lives of capital assets and asset impairments.

3. capital assets

	cost	accumulated amortization	net 2013	net 2012
Fencing	\$ 1,424	\$ 537	\$ 887	\$ 985
Computer equipment	364	302	62	89
Vehicles	<u>43,912</u>	<u>25,622</u>	<u>18,290</u>	<u>26,128</u>
	<u>\$ 45,700</u>	<u>\$ 26,461</u>	<u>\$ 19,239</u>	<u>\$ 27,202</u>

4. due to director

Amount due to the director of \$15,469 (2012 - \$16,969) is non-interest bearing with no fixed terms of repayment.

notes to financial statements

>DECEMBER 31, 2013

5. financial instruments

Risk Management - The significant risks to which the Charity is exposed are interest rate risk and liquidity risk.

Interest Rate Risk - The Charity's interest-bearing asset includes guaranteed investment certificate.

The effective interest rate on guaranteed investment certificates during the year varied from 0.80% to 1.45% (2012 - 0.9% to 1.45%). The average interest rate at the end of the year was 1.13% (2012 - 1.13%) with investments maturing from between 4 months to 22 months.

Liquidity Risk - Liquidity risk is the risk that the Charity will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides the majority of the Charity's cash requirements.