

AUTISM DOG SERVICES INC. >

financial statements

>YEAR ENDED DECEMBER 31, 2014

MAC LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

financial statements

>YEAR ENDED DECEMBER 31, 2014

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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, 2014, 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, 2014 and December 31, 2013, and current assets and net assets as at December 31, 2014 and 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, 2014 and December 31, 2013, and the results of its operations and its cash flows for the years ended December 31, 2014 and December 31, 2013 in accordance with Canadian accounting standards for not-for-profit organizations.

Waterloo, Ontario
September 17, 2015

MAC LLP.

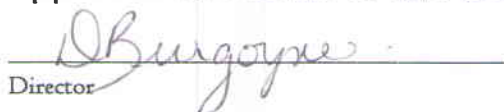
LICENSED PUBLIC ACCOUNTANTS
CHARTERED PROFESSIONAL ACCOUNTANTS

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

>DECEMBER 31, 2014

	2014	2013
<i>assets</i>		
current		
Cash	\$ 28,282	\$ 40,042
Guaranteed investment certificate	6,531	29,472
Accounts receivable	-	1,678
Government remittances recoverable	6,300	8,503
Prepaid expenses	<u>3,599</u>	<u>3,116</u>
	44,712	82,811
capital assets (Note 3)	<u>13,645</u>	<u>19,239</u>
	<u>\$ 58,357</u>	<u>\$ 102,050</u>
<i>liabilities</i>		
current		
Accounts payable and accrued liabilities	\$ 26,481	\$ 15,147
Government remittances payable	2,722	1,641
Due to director (Note 4)	15,469	15,469
Loan payable (Note 5)	<u>2,518</u>	<u>-</u>
	<u>47,190</u>	<u>32,257</u>
net assets		
Net invested in capital assets	13,645	19,239
Unrestricted net assets	<u>(2,478)</u>	<u>50,554</u>
	<u>11,167</u>	<u>69,793</u>
	<u>\$ 58,357</u>	<u>\$ 102,050</u>

Approved on behalf of the board:


 Director


 Director

AUTISM DOG SERVICES INC. >

statement of changes in net assets

>YEAR ENDED DECEMBER 31, 2014

		invested in capital assets	unrestricted	2014 total	2013 total
balance, beginning of year	\$	19,239	\$ 50,554	\$ 69,793	\$ 136,141
Deficiency of revenue over expenses for year		<u>(5,594)</u>	<u>(53,032)</u>	<u>(58,626)</u>	<u>(66,348)</u>
balance, end of year	\$	<u>13,645</u>	\$ <u>(2,478)</u>	\$ <u>11,167</u>	\$ <u>69,793</u>

statement of operations

>YEAR ENDED DECEMBER 31, 2014

	2014	2013
revenue		
Undesignated donations	\$ 153,038	\$ 159,455
Fundraising	53,083	40,588
Grants	28,000	46,500
Other	1,000	-
Investment income	<u>237</u>	<u>504</u>
	<u>235,358</u>	<u>247,047</u>
expenses		
Administration expenses	2,314	2,279
Advertising and promotion	5,285	4,027
Amortization	5,594	7,963
Bank charges and interest	1,545	762
Fundraising expenses	16,806	31,567
Insurance	3,793	3,498
Membership fees	339	921
Office	305	2,274
Professional fees	3,827	10,604
Program expenses	30,574	18,023
Telephone	5,527	10,065
Veterinary fees	15,289	30,027
Vehicle and travel	26,200	27,573
Wages and benefits	<u>176,586</u>	<u>163,812</u>
	<u>293,984</u>	<u>313,395</u>
deficiency of revenue over expenses for year	<u>\$ (58,626)</u>	<u>\$ (66,348)</u>

statement of cash flows

>YEAR ENDED DECEMBER 31, 2014

	2014	2013
operating activities		
Deficiency of revenue over expenses for year	\$ (58,626)	\$ (66,348)
Adjustments for:		
Amortization	<u>5,594</u>	<u>7,963</u>
	(53,032)	(58,385)
Changes in non-cash working capital:		
Decrease in accounts receivable	1,678	(1,678)
Decrease in government remittances recoverable	2,203	1,242
Increase in prepaid expenses	(483)	25
Increase in accounts payable and accrued liabilities	11,334	5,306
Increase in loan payable	2,518	-
Increase in due to director	-	(1,500)
Increase in government remittances payable	<u>1,081</u>	<u>(1,999)</u>
	(34,701)	(56,989)
financing activities		
Repayment of long term debt	-	(4,412)
investing activities		
Decrease in guaranteed investment certificate	<u>22,941</u>	<u>34,270</u>
Net change in cash for the year	(11,760)	(27,131)
Cash balance, beginning of year	<u>40,042</u>	<u>67,173</u>
cash balance, end of year	<u>\$ 28,282</u>	<u>\$ 40,042</u>

notes to financial statements

>DECEMBER 31, 2014

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 and grants. Unrestricted contributions are recognized as revenue when received. Restricted contributions are recognized as revenue when the expense is incurred.

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

>DECEMBER 31, 2014

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, \$23,433 (2013 - \$11,659) 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 2014	net 2013
Fencing	\$ 1,424	\$ 626	\$ 798	\$ 887
Computer equipment	364	321	43	62
Vehicles	<u>43,912</u>	<u>31,108</u>	<u>12,804</u>	<u>18,290</u>
	<u>\$ 45,700</u>	<u>\$ 32,055</u>	<u>\$ 13,645</u>	<u>\$ 19,239</u>

4. due to director

Amount due to the director is non-interest bearing with no fixed terms of repayment.

5. loan payable

Loan is payable in monthly instalments of \$315 including interest at 5.39%, due August 2015.

notes to financial statements

>DECEMBER 31, 2014

6. 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 certificate during the year was 0.80% (2013 - 0.80% to 1.45%). The average interest rate at the end of the year was 0.80% (2013 - 1.13%) with investment maturing in 9 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.