

AUTISM DOG SERVICES INC. >

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# financial statements

>YEAR ENDED DECEMBER 31, 2016

MAC LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

AUTISM DOG SERVICES INC. >

# financial statements

>YEAR ENDED DECEMBER 31, 2016

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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, 2016, 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, 2016 and December 31, 2015, and current assets and net assets as at December 31, 2016 and December 31, 2015.

### **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, 2016 and December 31, 2015, and the results of its operations and its cash flows for the years ended December 31, 2016 and December 31, 2015 in accordance with Canadian accounting standards for not-for-profit organizations.

Waterloo, Ontario  
June 8, 2017

*MAC LLP.*

LICENSED PUBLIC ACCOUNTANTS  
CHARTERED PROFESSIONAL ACCOUNTANTS

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

>DECEMBER 31, 2016

	2016	2015
<b><i>assets</i></b>		
<b>current</b>		
Cash	\$ 63,889	\$ 57,404
Government remittances recoverable	4,924	4,292
Prepaid expenses	<u>2,618</u>	<u>3,609</u>
	71,431	65,305
<b>capital assets (Note 3)</b>	<u>3,434</u>	<u>9,711</u>
	<u>\$ 74,865</u>	<u>\$ 75,016</u>
<b><i>liabilities</i></b>		
<b>current</b>		
Accounts payable and accrued liabilities	\$ 43,166	\$ 16,439
Government remittances payable	4,508	3,496
Due to director (Note 4)	15,469	15,469
Loan payable (Note 5)	2,518	2,518
Deferred revenue (Note 6)	<u>22,500</u>	<u>-</u>
	<u>88,161</u>	<u>37,922</u>
<b><i>net assets</i></b>		
Net invested in capital assets	3,434	9,711
Unrestricted net assets	<u>(16,730)</u>	<u>27,383</u>
	<u>(13,296)</u>	<u>37,094</u>
	<u>\$ 74,865</u>	<u>\$ 75,016</u>

Approved on behalf of the board:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

AUTISM DOG SERVICES INC. >

# statement of changes in net assets

>YEAR ENDED DECEMBER 31, 2016

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	invested in capital assets	unrestricted	2016 total	2015 total
<b>balance, beginning of year</b>	\$ 9,711	\$ 27,383	\$ 37,094	\$ 11,165
Deficiency of revenue over expenses for year	(1,472)	(48,918)	(50,390)	25,929
Investment in capital assets	<u>(4,805)</u>	<u>4,805</u>	<u>-</u>	<u>-</u>
<b>balance, end of year</b>	<u>\$ 3,434</u>	<u>\$ (16,730)</u>	<u>\$ (13,296)</u>	<u>\$ 37,094</u>

# statement of operations

>YEAR ENDED DECEMBER 31, 2016

	2016	2015
<b>revenue</b>		
Undesignated donations	\$ 181,960	\$ 178,153
Fundraising	46,144	38,230
Grants	33,000	52,560
Fees and other	7,120	-
Investment income	-	235
Loss on disposal of assets	<u>(3,105)</u>	<u>-</u>
	<u>265,119</u>	<u>269,178</u>
<b>expenses</b>		
Administration expenses	1,533	5,667
Advertising and promotion	3,387	9,092
Amortization	1,472	3,934
Bank charges and interest	3,203	1,791
Fundraising expenses	4,644	3,943
Insurance	7,724	7,766
Membership fees	400	853
Office	4,644	1,225
Professional fees	15,667	7,045
Program expenses	23,134	3,762
Telephone	5,334	4,525
Veterinary fees	29,441	17,569
Vehicle and travel	20,205	20,206
Wages and benefits	<u>194,721</u>	<u>155,871</u>
	<u>315,509</u>	<u>243,249</u>
<b>deficiency of revenue over expenses for year</b>	<u>\$ (50,390)</u>	<u>\$ 25,929</u>

# statement of cash flows

&gt;YEAR ENDED DECEMBER 31, 2016

	2016	2015
<b>operating activities</b>		
Deficiency of revenue over expenses for year	\$ (50,390)	\$ 25,929
Adjustments for:		
Amortization	1,472	3,934
Loss on sale of assets	<u>3,105</u>	<u>-</u>
	(45,813)	29,863
Changes in non-cash working capital:		
Increase in government remittances recoverable	(632)	2,008
Decrease in prepaid expenses	991	(10)
Increase in deferred revenue	22,500	-
Increase in accounts payable and accrued liabilities	26,727	(10,044)
Increase in government remittances payable	<u>1,012</u>	<u>774</u>
	<u>4,785</u>	<u>22,591</u>
<b>investing activities</b>		
Proceeds on disposal of capital assets	1,700	-
Decrease in guaranteed investment certificate	<u>-</u>	<u>6,531</u>
	<u>1,700</u>	<u>6,531</u>
Net change in cash for the year	6,485	29,122
Cash balance, beginning of year	<u>57,404</u>	<u>28,282</u>
<b>cash balance, end of year</b>	<u><u>\$ 63,889</u></u>	<u><u>\$ 57,404</u></u>

# notes to financial statements

>DECEMBER 31, 2016

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## 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.

Fees and other revenue is recognized when received.

### **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.

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

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.

*Transaction costs* - The Charity recognizes its transaction costs in excess of revenue over expenses in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

# notes to financial statements

&gt;DECEMBER 31, 2016

**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%
Vehicle	Reducing balance	30%

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

**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, \$3,035 (2015 - \$6,946) 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 2016	net 2015
Computer software	\$ 364	\$ 344	\$ 20	\$ 29
Fencing	-	-	-	719
Vehicles	<u>23,892</u>	<u>20,478</u>	<u>3,414</u>	<u>8,963</u>
	<u>\$ 24,256</u>	<u>\$ 20,822</u>	<u>\$ 3,434</u>	<u>\$ 9,711</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 due August 2017.

# notes to financial statements

&gt;DECEMBER 31, 2016

## 6. deferred contributions

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

	2016	2015
Balance, beginning of year	\$ -	\$ -
Amounts received during the year	<u>22,500</u>	<u>-</u>
Balance, end of year	<u>\$ 22,500</u>	<u>\$ -</u>

## 7. financial instruments

**Risk Management** - The significant risk to which the Charity is exposed is liquidity risk.

**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.