

AUTISM DOG SERVICES INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020

AUTISM DOG SERVICES INC.

DECEMBER 31, 2020

CONTENTS

	<u><i>Page</i></u>
<i>INDEPENDENT AUDITOR'S REPORT</i>	<i>1 - 2</i>
<i>FINANCIAL STATEMENTS</i>	
<i>Statement of Financial Position</i>	<i>3</i>
<i>Statement of Operations and Net Assets</i>	<i>4</i>
<i>Statement of Cash Flows</i>	<i>5</i>
<i>Notes to Financial Statements</i>	<i>6 - 9</i>

INDEPENDENT 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, 2020 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, 2020 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 organization 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, 2020.

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.

*February 25, 2021
Brantford, Ontario*



D.M. Austin, CPA, Professional Corporation
*Authorized to practice public accounting by the
Chartered Professional Accountants of Ontario*

AUTISM DOG SERVICES INC.

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
ASSETS		
Current		
Cash	\$ 443,727	\$ 374,094
Donations receivable	4,099	600
Government assistance receivable	9,937	-
HST recoverable	6,180	5,454
Inventory	39,825	51,625
Prepaid expenses	<u>5,167</u>	<u>2,953</u>
Total Assets	<u>\$ 508,935</u>	<u>\$ 434,726</u>
LIABILITIES		
Current		
Accounts payable	\$ 12,345	\$ 11,333
Source deductions payable	2,371	2,582
Deferred revenue (Note 2)	<u>64,158</u>	<u>70,000</u>
	<u>78,874</u>	<u>83,915</u>
Long Term		
CEBA loan (Note 3)	<u>30,000</u>	<u>-</u>
Total Liabilities	<u>108,874</u>	<u>83,915</u>
NET ASSETS		
Unrestricted Net Assets	<u>400,061</u>	<u>350,811</u>
Total Liabilities and Net Assets	<u>\$ 508,935</u>	<u>\$ 434,726</u>

APPROVED ON BEHALF OF THE BOARD

_____ Director

_____ Director

See accompanying notes to the financial statements
D.M. Austin, CPA, CA, Brantford, Ontario

AUTISM DOG SERVICES INC.

STATEMENT OF OPERATIONS AND NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
RECEIPTS		
Donations	\$ 193,738	\$ 213,027
Donations in-kind	3,800	5,990
Fundraising	31,143	196,972
Adoption fees and other receipts	34,223	19,780
Grants	60,094	71,768
CEBA loan forgiven	<u>10,000</u>	<u>-</u>
	<u>332,998</u>	<u>507,537</u>
EXPENDITURES		
Advertising and promotion	3,128	2,753
Administration and office expenses	6,049	5,980
Fundraising expenses	-	4,990
Membership fees	1,189	863
Insurance	4,141	4,005
Professional fees	4,258	4,158
Program costs	102,642	62,956
Service charges and interest	1,825	4,941
Telephone	4,139	3,465
Travel	19,324	15,644
Veterinary fees	29,095	18,967
Wages and benefits	<u>107,958</u>	<u>155,486</u>
	<u>283,748</u>	<u>284,208</u>
Excess of Receipts Over Expenditures	49,250	223,329
Unrestricted Net Assets, beginning of year	<u>350,811</u>	<u>127,482</u>
Unrestricted Net Assets, end of year	<u>\$ 400,061</u>	<u>\$ 350,811</u>

See accompanying notes to the financial statements
D.M. Austin, CPA, CA, Brantford, Ontario

AUTISM DOG SERVICES INC.

STATEMENT OF CASH FLOWS

DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES		
Excess of Receipts over Expenditures for the year	\$ <u>49,250</u>	\$ <u>223,329</u>
Items not requiring an outlay of cash:		
CEBA loan forgiven	<u>(10,000)</u>	<u>-</u>
	39,250	223,329
Changes in non-cash working capital:		
Accounts receivable	(3,499)	(500)
HST recoverable	(726)	(3,716)
Government assistance receivable	(9,937)	-
Inventory	11,800	(16,225)
Prepaid expenses	(2,214)	(18)
Accounts payable	1,012	(4,995)
Source deductions payable	(211)	621
Deferred revenue	<u>(5,842)</u>	<u>10,000</u>
	<u>(9,617)</u>	<u>(14,833)</u>
Cash Flows Provided By Operating Activities	<u>29,633</u>	<u>208,496</u>
FINANCING ACTIVITIES		
Repayment of private loan	-	(8,969)
Proceeds from CEBA loan	<u>40,000</u>	<u>-</u>
Cash Flows Provided by (Used in) Financing Activities	<u>40,000</u>	<u>(8,969)</u>
Net Increase in Cash	69,633	199,527
Net Cash, beginning of year	<u>374,094</u>	<u>174,567</u>
Net Cash, end of year	<u>\$ 443,727</u>	<u>\$ 374,094</u>

See accompanying notes to the financial statements
D.M. Austin, CPA, CA, Brantford, Ontario

AUTISM DOG SERVICES INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

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 to those children.

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. Unrestricted contributions are recognized as revenue when received.

Adoption fees and other receipts are recognized in revenue when dogs are delivered or service is provided, the amount can be measured reliably, and collections is reasonably assured.

Fundraising revenues are recognized when event takes place, the amount can be measured reliably, and collections is reasonably assured.

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 normally recognized in these statements.

During the year, dog trainer service was recognized as in-kind donation during the current year for \$2,400 (2019 - Nil).

Other in-kind donations (contributed materials or dogs) are recognized as donations when fair value can be determined. During the year, \$1,400 (2019 - \$5,990) were recognized as donations in-kind.

Total gifts in-kind recorded in the year was \$3,800 (2019 - \$5,990).

(c) Financial Instruments

AUTISM DOG SERVICES INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

The organization initially recognizes financial instruments at fair value when acquired or issued. Subsequent measurement of financial instruments is at amortized cost. Transaction costs related to financial instruments that will be subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in income over the life of the instrument.

Impairment - for financial assets measured at cost or amortized cost the organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized as income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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.

Financial assets measured at amortized cost include cash, donations receivable, HST recoverable and government assistance receivable.

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

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

Property, plant, and equipment

Purchased property, plant, and equipment is recorded at cost. Contributed assets are recorded at fair value at the date of contribution, if reasonably determinable. Capital expenditures less than \$2,000 are expensed in the statement of operations.

(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 biological assets - dogs being trained and not in service. The inventory is measured at net realizable value. This is the estimated average selling price in the ordinary course of business, less the costs of completion and costs necessary to make the sale. When the reversal of previously written down inventories is recognized, this reversal is recognized in income.

(g) Income taxes

The Organization is a registered charity and is exempt from income taxes under Section 149(1)(f)

AUTISM DOG SERVICES INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

of the Income Tax Act.

2. Deferred Revenue

Deferred revenue represent unspent amounts restricted by the contributor for specific use, such as the purchase of dogs, training instructor wages, etc.

	<u>2020</u>	<u>2019</u>
Deferred revenue, beginning of year	\$ 70,000	\$ 60,000
Amounts recognized as revenue in the year	(65,842)	(60,000)
Amounts received for next year	<u>60,000</u>	<u>70,000</u>
Deferred revenue, end of year	<u>\$ 64,158</u>	<u>\$ 70,000</u>

3. CEBA Loan

Canada Emergency Business Account (CEBA) is provided by the Government of Canada through TD Bank. Interest is NIL until December 31, 2022 and 5% interest per annum afterwards until December 31, 2025, no principal repayments required before December 31, 2022 (net of forgivable portion).

Repayment of \$30,000 of the total received \$40,000 CEBA loan on or before December 31, 2022 will result in loan forgiveness of 25% (\$10,000). The \$10,000 forgivable portion of the loan has been recognized in the statement of operations in the current year.

Other Credit Available

There is unused credit facility in the form of a credit card with available limit of \$19,000.

4. Property, plant, and equipment

During the year, a computer for \$1,357 (2019 - Nil) was purchased and expensed in the statement of operations.

5. Economic Dependence

Economic dependence exists for an organization when a customer, contributor, supplier or other group with which it conducts business is more than 10% of the balance of that related account. During the year, the organization received from two contributors 38% (2019 - two contributors at 36%) of total receipts and paid one vendor representing 11% (2019 - one vendor at 11%) of total expenses.

6. COVID-19

The organization has been negatively impacted by the effects of the world-wide corona virus pandemic. The organization is closely monitoring its' operations, liquidity, resources and is actively working to minimize the current and future impact of the unprecedented situation. Since the beginning of the pandemic in March 2020, the organization has cancelled most of its fundraising activities. As of the the date of these financial statements, the full impact to the organization's financial position is not known.

AUTISM DOG SERVICES INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

Government Assistance

During the year, the organization received \$73,569 through Canada Emergency Wage Subsidy and \$4,431 TEWS (ten percent wage subsidy) provided by the government to help businesses to pay employees during COVID-19 pandemic and avoid layoffs. Wages for the year have been reduced by the above amounts. A drop in revenue was a requirement to obtain the subsidy.

The organization was approved for the CEBA (Canada Emergency Business Account) loan for \$40,000. In order to receive the CEWS funding, the organization had to meet certain terms and conditions.

7. 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.

Credit Risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments potentially exposed to credit risk include cash, donations receivable, and government assistance receivable. The organization holds cash deposits at a major Canadian chartered bank. Donations receivable are concentrated with one contributor representing 61% of all receivable. The carrying amount of the maximum credit risk exposure is \$463,944. 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. There is concentration risk in accounts payables, where four vendors represent 93% (2019 - two vendors - 84%) of total payables. The carrying value of the maximum liquidity risk exposure is \$14,716.

8. Prior Year

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