AUTISM DOG SERVICES INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2022

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MATTINA Austin & HUNTER

Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Directors of:
Autism Dog Services Inc.

Qualified Opinion

We have audited the accompanying financial statements of **Autism Dog Services Inc.**, which comprise the statement of financial position as at **December 31, 2022** 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 and other explanatory information.

In our 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 **Autism Dog Services Inc.** as at **December 31, 2022** and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization. We were not able to determine whether any adjustments might be necessary to donations received, excess of receipts over expenses, assets and net assets.

Responsibilities of Management and Those Charged with Governance 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 the 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 Responsibility for the Audit of the Financial Statements

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the 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.

We 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 we identify during our audit.

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

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Brantford, Ontario

Mattina, Austin and Hunter CPA Professional Corporation

June 13, 2023

Authorized to practice Public Accounting by the Chartered Professional Accountants of Ontario

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AUTISM DOG SERVICES INC.

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	$ 401,662	$ 458,681
HST recoverable	6,273	3,738
Inventory	101,200	71,250
Prepaid expenses	3,938	8,401
Total assets	**$ 513,073**	**$ 542,070**
LIABILITIES		
CURRENT		
Accounts payable	$ 15,485	$ 13,846
Government remittances payable	6,224	4,676
Deferred revenue (Note 2)	30,000	50,000
Total liabilities	**51,709**	**68,522**
NET ASSETS		
Unrestricted net assets	461,364	473,548
Total liabilities and net assets	**$ 513,073**	**$ 542,070**

Approved on Behalf of the Board

______________________________ Director

______________________________ Director

AUTISM DOG SERVICES INC.

STATEMENT OF OPERATIONS AND GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
RECEIPTS		
Donations	$ 198,571	$ 95,071
Grants	150,632	196,864
Donations in-kind	23,950	15,520
Fundraising	58,523	75,079
Adoption fees and other receipts	71,383	48,540
CEBA loan forgiven	-	10,000
	503,059	**441,074**
EXPENSES		
Administration and office expenses	5,414	4,923
Advertising and promotion	9,816	2,466
Fundraising expenses	31,616	7,045
Insurance	5,344	4,678
Membership fees	9,078	3,898
Professional fees	4,656	4,158
Program costs	56,554	51,314
Service charges and interest	2,438	1,428
Telephone	4,661	4,296
Travel	34,651	24,036
Veterinary fees	30,015	38,739
Wages and benefits	321,000	220,606
Total expenses	**515,243**	**367,587**
(Deficit) excess of receipts over expenses	**(12,184)**	**73,487**
Net assets, beginning of year	473,548	400,061
Net assets, end of year	**$ 461,364**	**$ 473,548**

AUTISM DOG SERVICES INC.

STATEMENT OF CASH FLOWS

DECEMBER 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess of revenue over expenses	$ (12,184)	$ 73,487
	(12,184)	**73,487**
Changes in working capital		
Donations receivable	-	4,099
HST recoverable	(2,535)	2,442
Government assistance	-	9,937
Inventory	(29,950)	(31,425)
Prepaid expenses	4,463	(3,234)
Accounts payable	1,639	1,501
Source deductions payable	1,548	2,305
Deferred revenue	(20,000)	(14,158)
	(44,835)	**(28,533)**
Net cash (used in) provided by operating activities	**(57,019)**	**44,954**
FINANCING ACTIVITIES		
Repayment of CEBA loan	-	(30,000)
INVESTING ACTIVITIES		
Net decrease in cash	**(57,019)**	**14,954**
Net cash, beginning of year	458,681	443,727
Net cash, end of year	**$ 401,662**	**$ 458,681**

See accompanying notes to the financial statements
Mattina, Austin and Hunter CPA Professional Corporation, Brantford, Ontario

PURPOSE OF THE ORGANIZATION

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) Revenue Recognition

Contributions

The Organization follows the deferral method of accounting for contributions. Restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred. All other contributions are recognized as revenue when received. 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 the 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. Dog trainer services were not recognized as in-kind donation during the current or in the prior year.

Other in-kind donations (contributed materials, fees or dogs) are recognized as donations when fair value can be determined. During the year, $23,950 (2021 - $15,520) were recognized as donations in-kind.

(b) 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 not expected to be material.

(c) 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.

(d) Capital Assets

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.

(e) Inventory

Inventory consists 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 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 revenue.

(f) HST Rebate

The Organization is a registered charity and, as such, is entitled to claim a rebate of 50% of the federal portion and 82% of the provincial portion of the HST paid on purchases.

(g) Financial Instruments

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 an 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 flow, a write-down is recognized in revenue. 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 in revenue.

Financial assets measured at amortized cost include cash and HST rebate recoverable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Charity has not designated any financial assets or liabilities to be measured at fair value.

(h) Income tax

The Organization is a not-for-profit organization and is exempt from income taxes under Section 149(1)(f) of the Income Tax Act.

2. DEFERRED REVENUE

	2022	2021
Deferred revenue, beginning of year	50,000	64,158
Amounts recognized as revenue in the year	(50,000)	(64,158)
Amounts received for next year	30,000	50,000
Deferred revenue, end of year	**30,000**	**50,000**

3. CREDIT FACILITY

The Organization has a credit card with a limit of $19,000.

4. ECONOMIC DEPENDENCY

Economic dependency exists for a company when a customer, 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 donations from one contributor that was 19% of total contributions (2021 - none) and one vendor represented 10.1% (**2021** - none) of total receipts.

5. 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 and accounts receivable. Management considers its exposure to credit risk over cash and cash equivalents to be low as the Organization holds cash deposits at a major Canadian Chartered bank. The maximum credit risk exposure is in the amount of $407,935 (**2021** - $462,419). 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 certain minerals. Management has assessed it's 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. The exposure to liquidity risk is limited to accounts payables and payroll taxes payable. The maximum liquidity risk exposure is in the amount of $21,708 (**2021** - $18,521).