

AUTISM DOG SERVICES INC.
(Incorporated under the laws of Ontario)

FINANCIAL STATEMENTS

Year ended December 31, 2023

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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. (the Organization), which comprise the statement of financial position as at December 31, 2023, and the statements of operations and net assets, and cash flows for the year then ended, and notes to the financial statements, including 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 below, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2023, and its results of operations, its changes in net assets and its cash flows 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 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, my verification of these revenues 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 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 the financial statements in accordance with the 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.



Brantford, Ontario
May 31, 2024

CHARTERED PROFESSIONAL ACCOUNTANT
LICENSED PUBLIC ACCOUNTANT

AUTISM DOG SERVICES INC.

(Incorporated under the laws of Ontario)

STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 2)	\$ 342,992	\$ 401,662
Investments	100,483	-
HST recoverable	6,794	6,273
Inventory	65,200	101,200
Prepaid expenses	<u>3,285</u>	<u>3,938</u>
	<u>\$ 518,754</u>	<u>\$ 513,073</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accruals	\$ 27,829	\$ 15,484
Government remittances payable	8,541	6,224
Deferred revenue (Note 3)	<u>50,000</u>	<u>30,000</u>
	<u>86,370</u>	<u>51,708</u>
NET ASSETS		
Unrestricted net assets	<u>432,384</u>	<u>461,365</u>
	<u>\$ 518,754</u>	<u>\$ 513,073</u>

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

The accompanying notes to the financial statements form an integral part of these statements.

AUTISM DOG SERVICES INC.

(Incorporated under the laws of Ontario)

STATEMENT OF OPERATIONS AND NET ASSETS For the year ended December 31, 2023

	<u>2023</u>	<u>2022</u>
REVENUE		
Donations	\$ 220,503	\$ 190,596
Grants	169,420	150,632
Donations in-kind	16,045	23,950
Fundraising	93,617	66,499
Adoption fees and other receipts	55,285	71,383
Interest income	<u>483</u>	<u>-</u>
TOTAL REVENUE	<u>555,353</u>	<u>503,060</u>
EXPENDITURE		
Administration and office expenses	\$ 7,466	\$ 5,414
Advertising and promotion	4,209	9,816
Fundraising expenses	4,457	31,616
Insurance	5,340	5,344
Membership fees	8,347	9,078
Professional fees	5,925	4,656
Program costs	101,099	56,554
Service charges and interest	3,368	2,438
Telephone	5,457	4,661
Travel	39,471	34,651
Veterinary fees	30,390	30,015
Wages and benefits	<u>368,805</u>	<u>321,000</u>
TOTAL EXPENDITURES	<u>584,334</u>	<u>515,243</u>
(DEFICIT) FOR THE YEAR	<u>(28,981)</u>	<u>(12,183)</u>
Net assets, beginning of year	<u>461,365</u>	<u>473,548</u>
NET ASSETS, END OF YEAR	<u>\$ 432,384</u>	<u>\$ 461,365</u>

The accompanying notes to the financial statements form an integral part of these statements.

AUTISM DOG SERVICES INC.
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STATEMENT OF CASH FLOWS
For the year ended December 31, 2023

	<u>2023</u>	<u>2022</u>
CASH USED IN OPERATING ACTIVITIES		
(Deficit) for the year	\$ <u>(28,981)</u>	\$ <u>(12,183)</u>
CHANGES IN WORKING CAPITAL BALANCES		
HST recoverable	(521)	(2,535)
Inventory	36,000	(29,950)
Prepaid expenses	653	4,463
Accounts payable and accruals	14,662	3,186
Deferred revenue	<u>20,000</u>	<u>(20,000)</u>
	<u>70,794</u>	<u>(44,836)</u>
	<u>41,813</u>	<u>(57,019)</u>
FINANCING ACTIVITIES		
Investments - GIC	<u>(100,483)</u>	<u>-</u>
DECREASE IN CASH	<u>(58,670)</u>	<u>(57,019)</u>
Cash and cash equivalents, beginning of year	<u>401,662</u>	<u>458,681</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 342,992</u>	<u>\$ 401,662</u>

The accompanying notes to the financial statements form an integral part of these statements.

AUTISM DOG SERVICES INC.

(Incorporated under the laws of Ontario)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

1. CORPORATE INFORMATION

Autism Dog Services Inc. (the "Organization") was incorporated under the Ontario Corporations Act without share capital on July 23, 2010. It is a not-for-profit corporation and a 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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The following is a summary of significant accounting policies of the Organization:

Revenue Recognition Policy

(a) 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 collection is reasonably assured.

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

(b) Donated Services: The value of donated services is not normally recognized in these statements. Dog trainer services were not recognized as in-kind donations during the current nor 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 \$16,045 (2022 - \$23,950) were recognized as donations in-kind.

Contributed Services: Directors and other volunteers donate their time to assist in the Organization's activities. These services materially benefit the Organization, however, a reasonable estimate of the time spent and its fair market value cannot be made and accordingly, these contributed services are not recognized in the financial statements.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures 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. Actual results could differ from management's best estimates as additional information becomes available. Differences are not expected to be material.

AUTISM DOG SERVICES INC.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T)

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash and highly liquid financial instruments. Due to the short-term nature of these assets, the fair value of these instruments is not significantly different from their carrying value. Short term investments include investments in guaranteed investment certificates which are freely disposable.

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.

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.

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.

Financial Instruments

Initial and subsequent measurement:

The Organization initially measures its financial assets and liabilities at fair value when acquired or issued. Subsequent measurement of financial assets and financial liabilities is at amortized cost.

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

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

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

Transaction costs:

Transaction costs related to financial instruments subsequently measured at cost or amortized cost are included in the original cost of the financial asset or liability and recognized in net income over the life of the instrument using the straight-line method.

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 in net income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss shall 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 net income.

AUTISM DOG SERVICES INC.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

3. DEFERRED REVENUE

	<u>2023</u>	<u>2022</u>
Deferred revenue, beginning of year	\$ 30,000	\$ 50,000
Amounts recognized as revenue in the year	(30,000)	(50,000)
Amounts received to be recognized next year	<u>50,000</u>	<u>30,000</u>
Deferred revenue, end of year	<u>50,000</u>	<u>30,000</u>

4. CREDIT FACILITY

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

5. 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 21% of total contributions (2022 - 19% one contributor) and one vendor represented 23% of program costs (2022 - 10.1% one vendor).

6. 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.

Liquidity Risk

The Organization does have a Liquidity Risk in the Accounts Payable and Accruals, and Government remittances payable of \$36,370, (2022 - \$21,708). Liquidity risk is the risk that the Organization cannot repay its obligations when they become due to its creditors. The Organization reduces its exposure to Liquidity Risk by ensuring that it documents when authorized payments become due and ensuring that it will have sufficient working capital available to meet its obligations. In the opinion of management the Liquidity Risk exposure to the company is low and is not material. This risk is unchanged from the prior year.

Credit Risk

The Organization does have credit risk in HST Recoverable \$6,794, (2022 - \$6,273). 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. The Organization reduces its exposure to Credit Risk by performing credit valuations on a regular basis and creating an allowance for bad debts when applicable. The Organization maintains strict credit policies and limits in respect to counterparties. In the opinion of management the Credit Risk exposure to the company is low and is not material. This risk is unchanged from the prior year.

The Organization also has credit risk relating to cash and cash equivalents and investments, which it manages by dealing with large chartered banks and investment companies in Canada and investing in highly liquid investments. The Organization's objective is to minimize its exposure to credit risk in order to prevent losses on financial assets by placing its investments in highly liquid investments such as guaranteed investment certificates. The Organization's cash and cash equivalents and investments carrying value is \$443,475 (2022 - \$401,662), representing the maximum exposure to credit risk of these financial assets. All of the Organization's cash and cash equivalents and investments were held by one financial institution.

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2023

6. RISK MANAGEMENT (CON'T)

Interest Rate Risk:

The Organization's interest bearing assets and liabilities include cash in bank and investments. Changes in the bank's prime lending rate and market fluctuations can cause fluctuations in interest income and future cash flows associated with this income. Consequently, there is exposure to fluctuations in future cash flows, with respect to these instruments, as a result of changes in market interest rates.