

**NATIONAL SERVICE DOG TRAINING  
CENTRE INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

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## INDEPENDENT AUDITORS' REPORT

To the Directors of National Service Dog Training Centre Inc.:

### Qualified Opinion

We have audited the financial statements of National Service Dog Training Centre Inc. (the organization), which comprise the statement of financial position as at December 31, 2022, 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 our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

### Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives a portion of its revenue from the community in the form of cash which are not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the accounting for the amounts recorded in the records of the organization. Therefore, we were unable to determine whether any adjustments might be necessary to events revenue, excess of revenues over expenditure, and cash flows from operations for the years ended December 31, 2022 and December 31, 2021, current assets and net assets as at December 31, 2021. Our opinion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' 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 that we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### 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 ASNPO, 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 for 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.

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## Auditors' Responsibilities 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 auditors' 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 our auditors' 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 our auditors' 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.

Cambridge, Ontario  
May 25, 2023



Racolta Jensen LLP  
Chartered Professional Accountants  
Licensed Public Accountants

**NATIONAL SERVICE DOG TRAINING CENTRE INC.**  
**(Incorporated under the laws of Canada)**

**STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2022**  
**(With comparative figures as at 2021)**

	2022	2021
<b>ASSETS</b>		
<b>CURRENT</b>		
Bank (note 2)	\$ 699,970	\$ 588,858
Bequests receivable	41,500	-
Investments	-	162
Prepaid expenses	11,039	-
Government remittances recoverable	<u>27,098</u>	<u>15,385</u>
	779,607	604,405
<b>PROPERTY AND EQUIPMENT (note 3)</b>	<u>457,889</u>	<u>459,009</u>
	<b><u>\$ 1,237,496</u></b>	<b><u>\$ 1,063,414</u></b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts, payable and accrued	\$ 60,501	\$ 44,190
Deferred revenue (note 4)	<u>141,000</u>	<u>71,000</u>
	201,501	115,190
<b>DEFERRED REVENUE (note 4)</b>	<u>132,500</u>	<u>162,500</u>
	<u>334,001</u>	<u>277,690</u>
<b>CONTINGENT LIABILITIES (note 5)</b>		
<b>ORGANIZATION'S NET ASSETS</b>		
<b>NET ASSETS</b>	<u>903,495</u>	<u>785,724</u>
	<b><u>\$ 1,237,496</u></b>	<b><u>\$ 1,063,414</u></b>

**APPROVED ON BEHALF OF THE BOARD:**

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 Alison Archambault Director  
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 Adam Saperia Director  
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(See accompanying notes to financial statements)

**NATIONAL SERVICE DOG TRAINING CENTRE INC.**

**STATEMENT OF OPERATIONS AND NET ASSETS**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

**(With comparative figures for 2021)**

	<b>2022</b>	<b>2021</b>
<b>REVENUE</b>		
General donations (note 4)	\$ 632,408	\$ 611,622
Contributions from other registered charities	587,601	482,197
Events	45,588	67,107
Gifts-in-kind	41,145	44,571
Fees	<u>16,042</u>	<u>29,132</u>
	<b><u>1,322,784</u></b>	<b><u>1,234,629</u></b>
<b>EXPENDITURE</b>		
Wages and benefits	755,353	606,192
Animal care	120,312	99,409
Supplies, gifts-in-kind	41,145	44,571
Occupancy and operating costs	119,365	55,172
Client services	33,144	22,052
General	63,024	32,631
Consulting	22,867	24,946
Marketing and fundraising material	32,469	22,587
Amortization of tangible assets	17,334	16,896
Interest on long-term debt	<u>-</u>	<u>3,804</u>
	<b><u>1,205,013</u></b>	<b><u>928,260</u></b>
<b>EARNINGS (LOSS) BEFORE THE FOLLOWING</b>	117,771	306,369
<b>CANADA EMERGENCY WAGE SUBSIDY</b>	-	50,611
<b>FORGIVENESS OF LONG-TERM DEBT</b>	<u>-</u>	<u>10,000</u>
<b>EXCESS OF REVENUE OVER EXPENDITURE</b>	117,771	366,980
<b>NET ASSETS, beginning</b>	<u>785,724</u>	<u>418,744</u>
<b>NET ASSETS, ending</b>	<b><u>\$ 903,495</u></b>	<b><u>\$ 785,724</u></b>

(See accompanying notes to financial statements)

**NATIONAL SERVICE DOG TRAINING CENTRE INC.**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2022  
(With comparative figures for 2021)**

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditure for the year	\$ 117,771	\$ 366,980
Charges not requiring cash:		
Amortization	17,334	16,896
Forgiveness of long-term debt	<u>-</u>	<u>10,000</u>
	135,105	393,876
<b>CHANGES IN NON-CASH WORKING CAPITAL</b>		
(Increase) decrease in bequests receivable	(41,500)	11,237
Decrease (increase) in investments	162	(100)
Increase in prepaid expenses	(11,039)	-
Increase in government remittances recoverable	(11,713)	(4,457)
Increase in accounts, payable and accrued	16,311	11,735
Increase (decrease) in deferred revenue	<u>40,000</u>	<u>(79,000)</u>
Cash from operating activities	<u>127,326</u>	<u>333,291</u>
<b>FINANCING ACTIVITIES</b>		
Repayments of long-term debt	<u>-</u>	<u>(142,166)</u>
Cash used in financing activities.	<u>-</u>	<u>(142,166)</u>
<b>INVESTING ACTIVITIES</b>		
Purchases of property and equipment	<u>(16,214)</u>	<u>(14,164)</u>
Cash used in investing activities	<u>(16,214)</u>	<u>(14,164)</u>
<b>INCREASE IN CASH</b>	111,112	176,961
<b>BANK, beginning</b>	<u>588,858</u>	<u>411,897</u>
<b>BANK, ending</b>	<u>\$ 699,970</u>	<u>\$ 588,858</u>

(See accompanying notes to financial statements)

**NATIONAL SERVICE DOG TRAINING CENTRE INC.**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2022**

**PURPOSE OF THE ORGANIZATION**

The organization is incorporated without share capital under the laws of Canada as a not-for-profit organization to operate a facility providing training of service dogs for individuals with disabilities.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian generally accepted accounting standards for not-for-profit organizations and reflect the following policies:

(a) Temporary investments

Temporary investments consist of gifts-in-kind of financial securities. The securities are recognized initially at fair value on the date they are received. They are subsequently measured at fair value.

(b) Property and equipment

Property and equipment are recorded at cost. Amortization is provided at the following annual rates:

Building, 1286 Cedar Creek Road	- 4% declining balance basis
Computer equipment	- 30% declining balance basis
Fencing	- 20% declining balance basis
Kennel equipment	- 20% declining balance basis
Land, 1286 Cedar Creek Road	- 0% declining balance basis
Leasehold improvements	- 5 years on a straight line basis
Maintenance equipment	- 20% declining balance basis
Office equipment	- 20% declining balance basis
Office furniture	- 20% declining balance basis
Vehicle	- 30% declining balance basis

Amortization is calculated at one-half of the normal rate in the year of acquisition.

(c) Impairment of long-lived assets

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the asset no longer has long-term service potential to the organization. No impairment has been recognized on long-lived assets.

(d) Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value. Financial assets measured at amortized cost include bank and temporary investments. Financial liabilities measured at amortized cost include accounts payable.

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**NATIONAL SERVICE DOG TRAINING CENTRE INC.**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

(e) Revenue recognition

The organization's activities are supported through donations, grants and fundraising activities.

The organization follows the deferral method of accounting for contributions.

The organization recognizes revenue when the amount of revenue can be measured reliably and collection is reasonably assured. Revenue is measured at the fair value of consideration received or receivable.

General donations are recognized in the period in which they are received, if the revenue is receivable and the amount is known, a receivable is recorded and revenue is accrued. Restricted donations are recognized as deferred revenue in the period in which the donation is received and then are recognized as revenue as the expenses are incurred.

Gifts-in-kind are recognized at their estimated fair value when the goods are received. As there is often no readily available fair market for these goods, management uses its expertise and knowledge to estimate the fair value. The offsetting expense is always equal to the fair value. Gifts-in-kind received as donations in the form of temporary investments are presented with general donations. Gifts-in-kind used in the course of programming are presented as Gifts-in-Kind.

Event revenue is recognized when the event revenue is earned, the amount collectible is known, and any performance of services have been completed.

(f) Income taxes

The organization is a registered charity under the Income Tax Act and is exempt from income tax.

(g) Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes to the financial statements. Actual results may differ from these estimates. Items material to the financial statements that require the use of estimates include the useful lives of property and equipment and the fair value of revenues and expenses recognized as gifts-in-kind.

**2. BANK INDEBTEDNESS**

The organization has an available operating loan facility from the TD Commercial Banking in the amount of \$140,000. Interest is charged on outstanding balances at TD Bank prime plus 3%. The balance is due on demand and is secured by a general security agreement, limited first charge on 1286 Cedar Creek Road, Cambridge, Ontario in the amount of \$390,000 and assignment of fire insurance in the amount of \$390,000. As at December 31, 2022, there was no balance outstanding. The carrying value of security is \$433,408.

The operating loan facility requires that a covenant be maintained. As at December 31, 2022 the organization was in compliance with the lending covenants.

**NATIONAL SERVICE DOG TRAINING CENTRE INC.**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2022**

**3. PROPERTY AND EQUIPMENT**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2022 Net Book Value</b>	<b>2021 Net Book Value</b>
Building, 1286 Cedar Creek Road	\$ 428,184	\$ 204,112	\$ 224,072	\$ 233,408
Computer equipment	17,502	12,450	5,052	2,812
Fencing	12,028	5,507	6,521	8,152
Kennel equipment	11,458	5,682	5,776	5,863
Land, 1286 Cedar Creek Road	200,000	-	200,000	200,000
Leasehold improvements	7,144	714	6,430	-
Maintenance equipment	3,090	2,548	542	774
Office equipment	12,753	12,081	672	840
Office furniture	4,235	423	3,812	-
Vehicle	<u>33,211</u>	<u>28,199</u>	<u>5,012</u>	<u>7,160</u>
	<u>\$ 729,605</u>	<u>\$ 271,716</u>	<u>\$ 457,889</u>	<u>\$ 459,009</u>

**4. DEFERRED REVENUE**

Deferred revenue represents designated contributions for which the organization has not yet spent the money on the specific expenditure. This revenue is deferred and recognized as revenue in the year in which related expenses are incurred. Examples include funds for service dogs trained but not placed throughout the year with amounts restricted to specific programs such as Post Traumatic Stress Disorder, Autism Spectrum Disorder, Canine Assisted Intervention and Skilled Companion Dogs.

	<b>2022</b>	<b>2021</b>
Deferred revenue, beginning	\$ 233,500	\$ 209,500
Add: funds received in advance	111,000	144,000
Less: funds recognized in revenue during the year	<u>71,000</u>	<u>120,000</u>
Deferred revenue, ending	<u>\$ 273,500</u>	<u>\$ 233,500</u>

Contributions in the amount of \$132,500 are not expected to be spent until beyond January 1, 2024 and are therefore presented as long-term.

**NATIONAL SERVICE DOG TRAINING CENTRE INC.**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2022**

**5. CONTINGENT LIABILITIES**

The organization entered into a lease of a unit in a building. The term of the lease commenced on May 1, 2022 and is to be terminated on April 30, 2027. The base rent shall be payable in monthly installments, as per below:

2022	\$41,600
2023	\$42,510
2024	\$43,420
2025	\$44,330
2026	\$45,240

**6. DONATED GOODS AND SERVICES**

The work of the organization is dependent on volunteer services of the Board of Directors, various committees and other volunteers. The nature of other volunteer services provided is not verifiable and therefore is not recognized in these financial statements.

**7. FINANCIAL INSTRUMENT RISKS**

(a) Credit risk

Credit risk refers to the risk that other parties may default on their financial obligations.

The organization is exposed to credit risk on its bank balance.

Credit risk associated with bank is minimized substantially by ensuring that these assets are invested in a major financial institution.

The extent of the organization's exposure to credit risk increased in 2022.

(b) Liquidity risk

Liquidity risk refers to the risk that the company will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the company not being able to liquidate assets in a timely manner at a reasonable price.

The company meets its liquidity requirements by monitoring cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash. The company has a credit facility in place should it be required to meet temporary fluctuations in cash requirements (see Note 2).

The extent of the company's exposure to liquidity risk increased in 2022.

**8. COMPARATIVE FIGURES**

Certain comparative figures have been restated to conform with the presentation in the current year.