

**NATIONAL SERVICE DOG TRAINING  
CENTRE INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**



**RACOLTA JENSEN LLP**  
CHARTERED PROFESSIONAL ACCOUNTANTS

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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, 2021, 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, 2021, 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, 2021 and December 31, 2020, current assets and net assets as at December 31, 2020. Our opinion on the financial statements for the year ended December 31, 2020 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.

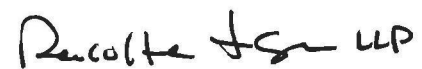
## Auditors' Responsibilities for the Audit of the Financial Statements

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, 2022



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, 2021**  
**(With comparative figures as at 2020)**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Bank (note 2)	\$ 588,858	\$ 411,897
Subsidy receivable	-	11,237
Temporary investments	162	62
Government remittances recoverable	<u>15,385</u>	<u>10,928</u>
	604,405	434,124
<b>PROPERTY AND EQUIPMENT (note 3)</b>	<u>459,009</u>	<u>461,740</u>
	<b><u>\$ 1,063,414</u></b>	<b><u>\$ 895,864</u></b>

**LIABILITIES**

<b>CURRENT</b>		
Accounts, payable and accrued	\$ 44,190	\$ 32,454
Deferred revenue (note 4)	71,000	120,000
Scheduled repayments of long-term debt due within one year (note 5)	<u>-</u>	<u>10,204</u>
	115,190	162,658
<b>DEFERRED REVENUE (note 4)</b>	162,500	192,500
<b>LONG-TERM DEBT (note 5)</b>	<u>-</u>	<u>121,962</u>
	<u>277,690</u>	<u>477,120</u>
<b>CONTINGENT LIABILITIES (note 6)</b>		

**ORGANIZATION'S NET ASSETS**

<b>NET ASSETS</b>	<u>785,724</u>	<u>418,744</u>
	<b><u>\$ 1,063,414</u></b>	<b><u>\$ 895,864</u></b>

**APPROVED ON BEHALF OF THE BOARD:**

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Director

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Director

(See accompanying notes to financial statements)

**NATIONAL SERVICE DOG TRAINING CENTRE INC.**

**STATEMENT OF OPERATIONS AND NET ASSETS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

**(With comparative figures for 2020)**

	<b>2021</b>	<b>2020</b>
<b>REVENUE</b>		
General donations (note 4)	\$ 611,622	\$ 293,367
Contributions from other registered charities	482,197	414,401
Events	67,107	31,305
Gifts-in-kind	44,571	92,998
Fees	<u>29,132</u>	<u>15,523</u>
	<b><u>1,234,629</u></b>	<b><u>847,594</u></b>
 <b>EXPENDITURE</b>		
Wages and benefits	606,192	506,022
Animal care	99,409	114,879
Supplies, gifts-in-kind	44,571	92,998
Occupancy costs	44,553	46,707
Client services	35,378	22,703
General	29,924	47,851
Consulting	24,946	24,894
Marketing and fundraising material	22,587	14,297
Amortization	16,896	15,052
Interest on long-term debt (note 5)	<u>3,804</u>	<u>4,313</u>
	<b><u>928,260</u></b>	<b><u>889,716</u></b>
 <b>EARNINGS (LOSS) BEFORE THE FOLLOWING</b>	 306,369	 (42,122)
<b>GAIN ON DISPOSAL OF PROPERTY AND EQUIPMENT</b>	-	1,259
<b>CANADA EMERGENCY WAGE SUBSIDY</b>	50,611	98,377
<b>FORGIVENESS OF LONG-TERM DEBT</b>	<u>10,000</u>	<u>-</u>
 <b>EXCESS OF REVENUE OVER EXPENDITURE</b>	 <b>366,980</b>	 <b>57,514</b>
<b>NET ASSETS, beginning</b>	<u>418,744</u>	<u>361,230</u>
<b>NET ASSETS, ending</b>	<b><u>\$ 785,724</u></b>	<b><u>\$ 418,744</u></b>

(See accompanying notes to financial statements)

**NATIONAL SERVICE DOG TRAINING CENTRE INC.**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

**(With comparative figures for 2020)**

	<b>2021</b>	<b>2020</b>
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditure for the year	\$ 366,980	\$ 57,514
Charges not requiring cash:		
Amortization	16,896	15,052
Gain on disposal of property and equipment	-	(1,259)
Forgiveness of long-term debt	<u>10,000</u>	<u>-</u>
	393,876	71,307
<b>CHANGES IN NON-CASH WORKING CAPITAL</b>		
Decrease (increase) in subsidy receivable	11,237	(11,237)
(Increase) decrease in temporary investments	(100)	29
Increase in government remittances recoverable	(4,457)	(1,838)
Increase (decrease) in accounts, payable and accrued	11,735	(5,297)
(Decrease) increase in deferred revenue	<u>(79,000)</u>	<u>103,000</u>
Cash from (used in) operating activities	<u>333,291</u>	<u>155,964</u>
<b>FINANCING ACTIVITIES</b>		
(Repayments of) proceeds from long-term debt	<u>(142,166)</u>	<u>30,202</u>
Cash (used in) from financing activities	<u>(142,166)</u>	<u>30,202</u>
<b>INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(14,164)	(32,989)
Proceeds on disposal of property and equipment	<u>-</u>	<u>1,500</u>
Cash used in investing activities	<u>(14,164)</u>	<u>(31,489)</u>
<b>INCREASE IN CASH</b>	176,961	154,677
<b>BANK, beginning</b>	<u>411,897</u>	<u>257,220</u>
<b>BANK, ending</b>	<u>\$ 588,858</u>	<u>\$ 411,897</u>

(See accompanying notes to financial statements)

# NATIONAL SERVICE DOG TRAINING CENTRE INC.

## NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2021

### 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
Computer software	- 3 years on a straight line basis
Fencing	- 20% declining balance basis
Kennel equipment	- 20% declining balance basis
Maintenance equipment	- 20% declining balance basis
Office equipment	- 20% declining balance basis
Vehicle	- 30% declining balance basis
	- 20% 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, 2021**

**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. 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, 2021, 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, 2021 the organization was in compliance with the lending covenants.

**NATIONAL SERVICE DOG TRAINING CENTRE INC.**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2021**

**3. PROPERTY AND EQUIPMENT**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2021 Net Book Value</b>	<b>2020 Net Book Value</b>
Building, 1286 Cedar Creek Road	\$ 428,184	\$ 194,776	\$ 233,408	\$ 235,733
Computer equipment	13,874	11,062	2,812	2,211
Computer software	7,450	7,450	-	-
Fencing	12,028	3,876	8,152	10,190
Kennel equipment	10,251	4,388	5,863	1,223
Land, 1286 Cedar Creek Road	200,000	-	200,000	200,000
Maintenance equipment	3,090	2,316	774	1,105
Office equipment	12,753	11,913	840	1,050
Vehicle	<u>33,211</u>	<u>26,051</u>	<u>7,160</u>	<u>10,228</u>
	<u>\$ 720,841</u>	<u>\$ 261,832</u>	<u>\$ 459,009</u>	<u>\$ 461,740</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, and Canine Assisted Intervention.

	<b>2021</b>	<b>2020</b>
Deferred revenue, beginning	\$ 209,500	\$ 291,500
Add: funds received in advance	144,000	35,000
Less: funds recognized in revenue during the year	<u>120,000</u>	<u>117,000</u>
Deferred revenue, ending	<u>\$ 233,500</u>	<u>\$ 209,500</u>

Contributions in the amount of \$162,500 are not expected to be spent until beyond January 1, 2022 and are therefore presented as long-term.

**5. LONG-TERM DEBT**

	<b>2021</b>	<b>2020</b>
TD Commercial loan was repaid during the year.	\$ -	\$ 92,166
Canada Emergency Business Account loan was repaid during the year.	<u>-</u>	<u>40,000</u>
	-	132,166
Less scheduled repayments due within one year	<u>-</u>	<u>10,204</u>
	<u>\$ -</u>	<u>\$ 121,962</u>

**NATIONAL SERVICE DOG TRAINING CENTRE INC.**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2021**

**6. CONTINGENT LIABILITIES**

The organization has a claim against it for an employment matter. The matter will be settled after year-end for an unknown cost.

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

2022	\$25,221
2023	\$38,383
2024	\$39,210
2025	\$40,038
2026	\$40,865

**7. 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.

**8. 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 2021.

(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 decreased in 2021.