

**DOGS WITH WINGS ASSISTANCE DOG SOCIETY**  
**Financial Statements**  
**Year Ended December 31, 2019**

**DOGS WITH WINGS ASSISTANCE DOG SOCIETY**  
**Index to Financial Statements**  
**Year Ended December 31, 2019**

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**MAHON + ASSOCIATES**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Dogs With Wings Assistance Dog Society

### *Qualified Opinion*

We have audited the financial statements of Dogs With Wings Assistance Dog Society (the Society), which comprise the statement of financial position as at December 31, 2019, and the statements of revenues and expenditures, changes in net assets and cash flow 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 Society as at December 31, 2019 and the results of its operations and cash flow 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 Society derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenditures, and cash flows from operations for the years ended December 31, 2019 and 2018, current assets as at December 31, 2019 and 2018, and net assets as at January 1, 2018 and January 1, 2017, and December 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this limitation of scope.

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 Society in accordance with 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 audit 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

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### Independent Auditor's Report to the Members of Dogs With Wings Assistance Dog Society (continued)

#### *Auditor's 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 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 Society'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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 our auditor's report. However, future events or conditions may cause the Society 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.

Edmonton, Alberta  
April 21, 2020

Bruce MS Mahon Professional Corporation  
Chartered Professional Accountants

**DOGS WITH WINGS ASSISTANCE DOG SOCIETY**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2019**

	2019	2018
<b>REVENUES</b>		
Donations, Sponsorships & Fundraising	\$ 696,936	\$ 640,945
Grants	82,254	10,924
Annual fundraising gala	89,850	41,947
Donations in kind	66,321	107,944
Bingo income	25,840	35,280
Other income	24,919	32,205
Casino income	11,000	107,271
Bequests	-	60,571
	<b>997,120</b>	<b>1,037,087</b>
<b>EXPENSES</b>		
Salaries and wages	689,917	612,416
Donated goods and services	66,321	107,944
Graduation and gala costs	52,348	34,455
Veterinary	46,616	50,797
Travel	40,277	44,430
Amortization	36,048	36,083
Fundraising costs	32,804	21,659
Professional fees	27,914	37,813
Advertising and promotion	22,726	17,993
Dog supplies and food	22,572	13,181
Telephone and utilities	17,870	16,707
Office	15,933	13,941
Interest on long term debt	12,708	12,916
Condo fees and rent	11,240	10,017
Licenses and memberships	11,126	8,245
Computer expenses	10,580	16,292
Insurance	9,238	8,650
Interest and bank charges	7,087	3,956
Training costs	5,829	4,122
Repairs and maintenance	3,929	3,908
Meals and entertainment	2,571	3,197
Professional development	1,376	10,095
Amortization of deferred capital contributions	(10,033)	(10,451)
	<b>1,136,997</b>	<b>1,078,366</b>
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	<b>\$ (139,877)</b>	<b>\$ (41,279)</b>

**DOGS WITH WINGS ASSISTANCE DOG SOCIETY**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2019**

	2018 Balance	Excess (deficiency) of revenues over expenses	Transfers (Note 12)	2019 Balance
Operating Fund	\$ 219,253	\$ (150,111)	\$ 58,565	\$ 127,707
Bingo Fund	8,754	25,840	(33,359)	1,235
Casino Fund	39,896	11,000	(48,785)	2,111
Property & Equipment Fund	315,950	(26,015)	23,579	313,514
Endowment Fund	17,546	(591)	-	16,955
	<b>\$ 601,399</b>	<b>\$ (139,877)</b>	<b>\$ -</b>	<b>\$ 461,522</b>

	2017 Balance	Excess (deficiency) of revenues over expenses	Transfers	2018 Balance
Operating Fund	\$ 398,800	\$ (159,383)	\$ (20,164)	\$ 219,253
Bingo Fund	10,891	35,280	(37,417)	8,754
Casino Fund	6,726	107,271	(74,101)	39,896
Property & Equipment Fund	209,900	(25,632)	131,682	315,950
Endowment Fund	16,361	1,185	-	17,546
	<b>\$ 642,678</b>	<b>\$ (41,279)</b>	<b>\$ -</b>	<b>\$ 601,399</b>



**DOGS WITH WINGS ASSISTANCE DOG SOCIETY**

**Statement of Financial Position**

**December 31, 2019**

	2019	2018
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 3)	\$ 98,609	\$ 302,830
Guaranteed Investment Certificates (Note 4)	76,428	-
Accounts receivable	1,750	14,886
GST receivable	3,945	3,049
Prepaid expenses	2,439	236
	<b>183,171</b>	<b>321,001</b>
PROPERTY AND EQUIPMENT (Note 5)	798,971	835,019
LONG TERM INVESTMENT (Note 6)	16,955	17,546
	<b>\$ 999,097</b>	<b>\$ 1,173,566</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 18,268	\$ 23,110
Wages payable	16,350	29,987
Deferred income (Note 7)	17,500	-
	<b>52,118</b>	<b>53,097</b>
Callable debt due thereafter (Note 8)	244,670	268,250
	<b>296,788</b>	<b>321,347</b>
DEFERRED CAPITAL CONTRIBUTIONS (Note 9)	240,787	250,820
	<b>537,575</b>	<b>572,167</b>
<b>NET ASSETS</b>		
Operating fund	127,707	219,253
Bingo fund	1,235	8,754
Casino fund	2,111	39,896
Property & Equipment fund	313,514	315,950
Endowment fund	16,955	17,546
	<b>461,522</b>	<b>601,399</b>
	<b>\$ 999,097</b>	<b>\$ 1,173,566</b>

**ON BEHALF OF THE BOARD**

  
 \_\_\_\_\_ Executive Director  
  
 \_\_\_\_\_ Treasurer

**DOGS WITH WINGS ASSISTANCE DOG SOCIETY**

**Statement of Cash Flow**

**Year Ended December 31, 2019**

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenues over expenses	\$ (139,877)	\$ (41,279)
Items not affecting cash:		
Amortization of property and equipment	36,048	36,083
Amortization of deferred capital contributions	(10,033)	(10,451)
Change in fair market value of investments	591	(1,185)
	<b>(113,271)</b>	<b>(16,832)</b>
Changes in non-cash working capital:		
Accounts receivable	13,136	(13,386)
Accounts payable	(4,842)	(2,809)
Deferred income	17,500	-
Prepaid expenses	(2,203)	2,232
Goods and services tax payable	(896)	1,201
Wages payable	(13,637)	2,109
	<b>9,058</b>	<b>(10,653)</b>
Cash flow used by operating activities	<b>(104,213)</b>	<b>(27,485)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	-	(112,017)
Purchase of guaranteed investment certificates	(76,428)	-
Proceeds on disposal of guaranteed investment certificate	-	200,955
Cash flow from (used by) investing activities	<b>(76,428)</b>	<b>88,938</b>
<b>FINANCING ACTIVITY</b>		
Repayment of callable debt	(23,580)	(23,371)
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(204,221)</b>	<b>38,082</b>
Cash - beginning of year	302,830	264,748
<b>CASH - END OF YEAR</b>	<b>\$ 98,609</b>	<b>\$ 302,830</b>



# DOGS WITH WINGS ASSISTANCE DOG SOCIETY

## Notes to Financial Statements

Year Ended December 31, 2019

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### 1. DESCRIPTION OF BUSINESS

Dogs With Wings Assistance Dog Society (the "Society") was incorporated under the Societies Act of Alberta on May 10, 1996, and is a registered charity for tax purposes and therefore is exempt from income tax pursuant to the Income Tax Act.

The mission of the Society is to be the leading organization that fosters integration and independence for people by providing them with highly trained dogs and aftercare, in a timely manner.

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO). The financial statements have, in management's opinion, been properly prepared with consideration of materiality and within the framework of the following accounting policies:

#### Fund accounting

The Operating Fund is unrestricted and accounts for the Society's administrative activities.

The Bingo and Casino Funds are internally restricted funds that follow the regulations of the Alberta Gaming Commission provided that the use of the net proceeds from bingo and casino are limited to certain approved expenses of the Society.

The Property and Equipment fund represents the net book value of all capital assets, less any related debt and deferred capital contributions.

The Endowment Fund is externally restricted by the Edmonton Community Foundation.

#### Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Deferred capital contributions are recognized as revenue of the Property and Equipment fund in relation to the amortization of the property and equipment purchased.

#### Donated goods and services

The value of donated goods and services is recorded as revenue and an expense in the financial statements when the fair value can be reasonably estimated and when the goods and services are normally purchased and would be paid for if not donated.

The Society's programs benefit substantially from services in the form of volunteer time. The value of volunteer services is not recorded in these financial statements as their fair value cannot be reasonably estimated.

#### Bequests

Bequests will not be recognized as a contribution receivable until a definite valuation is received from the executor of the estate after the will is probated.

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# DOGS WITH WINGS ASSISTANCE DOG SOCIETY

## Notes to Financial Statements

Year Ended December 31, 2019

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Cash and cash equivalents

The Society's policy is to present bank deposit balances and bank overdraft positions in cash and cash equivalents.

#### Measurement uncertainty

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates include the carrying amount of capital assets. These estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

#### Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

#### Income Tax

The Society is a registered charity under the Income Tax Act, and therefore is not subject to either Federal or Provincial income tax.

#### Property and equipment

Property and equipment are recorded at cost less accumulated amortization. The Society calculates amortization on its property and equipment over their estimated useful lives using the following methods and rates:

Buildings	4%	declining balance method
Furniture and fixtures	20%	declining balance method
Equipment	20%	declining balance method
Organizational costs	20%	declining balance method
Art work	20%	declining balance method
Computer equipment	30%	declining balance method
Motor vehicles	30%	declining balance method

The society regularly reviews its property and equipment to eliminate obsolete items.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

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**DOGS WITH WINGS ASSISTANCE DOG SOCIETY**

**Notes to Financial Statements**

**Year Ended December 31, 2019**

**3. BANK OVERDRAFT**

The Society's overdraft limit is \$150,000. As at year end, no amount was drawn against the overdraft.

**4. GUARANTEED INVESTMENT CERTIFICATES**

	2019	2018
GIC with stated interest rate of 1.72%, maturing January 27, 2020.	\$ 76,428	\$ -

The market value of these investments approximate their cost.

**5. PROPERTY AND EQUIPMENT**

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Buildings	\$ 1,083,760	\$ 295,828	\$ 787,932	\$ 820,763
Equipment	2,012	1,705	307	383
Motor vehicles	12,500	11,250	1,250	1,786
Computer equipment	27,082	25,767	1,315	1,878
Furniture and fixtures	38,543	31,656	6,887	8,609
Art work	14,900	13,620	1,280	1,600
Organizational costs	1,075	1,075	-	-
	\$ 1,179,872	\$ 380,901	\$ 798,971	\$ 835,019

Amortization provided in the current period totalled \$36,048; (2018 - \$36,083)

**6. LONG TERM INVESTMENTS**

The Society established a permanent endowment fund with Edmonton Community Foundation. The Society's net income from the fund will be 3.5% of the market value of each fund at the prior fiscal year end, and it will be used within the intent and purpose of the funds.

The intent and purpose of the funds is to support qualified donees who foster the independence and integration of people living with disabilities, with the highest priority given to providing highly skilled guide or assistance dogs.

Fair market value of the fund balance is \$16,955 (2018 - \$17,546).

**7. DEFERRED INCOME**

Deferred income represents revenue with external restrictions that will be recognized into income as the associated expenses are incurred.

	2019	2018
Funds received in the year	\$ 20,000	\$ -
Funds used in the year	(2,500)	-
	\$ 17,500	\$ -

**DOGS WITH WINGS ASSISTANCE DOG SOCIETY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2019**

**8. CALLABLE LONG TERM DEBT**

	<b>2019</b>	<b>2018</b>
Mortgage, bearing interest at prime plus 1.0% per annum, repayable in monthly blended payments of \$3,024. The mortgage is secured by a building with a net book value of \$787,932.	<b>\$ 244,670</b>	<b>\$ 268,250</b>

Principal repayment terms are approximately:

2020	\$ 24,725
2021	25,977
2022	27,292
2023	28,674
2024	30,126
Thereafter	107,876
	<b>\$ 244,670</b>

**9. DEFERRED CAPITAL CONTRIBUTIONS**

Deferred capital contributions represent contributions received to fund the cost of previous property and equipment additions. The funds were fully spent on the acquisition of the building. The capital contributions are amortized to income at the same rate as the building is amortized. The changes in the deferred contributions balances are as follows:

	<b>2019</b>	<b>2018</b>
Opening balance	<b>\$ 250,820</b>	<b>\$ 261,271</b>
Less: amounts amortized during the year	(10,033)	(10,451)
	<b>\$ 240,787</b>	<b>\$ 250,820</b>

**10. FUND DEVELOPMENT**

Resource development expenses incurred for the purpose of soliciting contributions were \$191,214 (2018 - \$144,090). Of which, \$112,560 (2018 - \$96,481) was paid as remuneration to employees whose duties mostly involve fundraising.

No expenditures for soliciting contributions were paid to a third party.

**11. RISK MANAGEMENT**

**Market risk**

Market risk is the risk that the fair value or future cash flows of the Society's financial instruments will fluctuate because of changes in the market price. The Society is exposed to market risk on its long term investments held with the Edmonton Community Foundation. Risk is managed through the Foundation which professionally manages the diverse investment portfolio.

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**DOGS WITH WINGS ASSISTANCE DOG SOCIETY**

**Notes to Financial Statements**

**Year Ended December 31, 2019**

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11. RISK MANAGEMENT *(continued)*

Interest Rate

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through its normal operating and financing activities. The Society is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

Liquidity risk

Liquidity risk is the risk that the Society cannot meet a demand for cash or fund its obligations as they come due. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The Society manages liquidity risk by maintaining adequate reserves, banking facilities, and monitoring forecast and actual cash flows. The Society has \$150,000 of available borrowing facilities.

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12. INTERFUND TRANSFERS

The Society transferred \$23,579 from the Operating Fund to the Property & Equipment Fund during the year for the repayment of long-term debt and the purchase of property and equipment.

In 2019, the Society transferred \$33,359 from the Bingo Fund and \$48,785 from the Casino Fund to the Operating Fund to cover approved expenses.

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13. COMPARATIVE FIGURES

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

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