

**DOGS WITH WINGS ASSISTANCE DOG SOCIETY**  
**Financial Statements**  
**Year Ended December 31, 2017**

**DOGS WITH WINGS ASSISTANCE DOG SOCIETY**  
**Index to Financial Statements**  
**Year Ended December 31, 2017**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Dogs With Wings Assistance Dog Society

We have audited the accompanying financial statements of Dogs With Wings Assistance Dog Society, which comprise the statement of financial position as at December 31, 2017 and the statements of revenues and expenditures, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility 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 financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, Dogs With Wings Assistance Dog 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 Dogs With Wings Assistance Dog Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2017, current assets and net assets as at December 31, 2017.

### Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Dogs With Wings Assistance Dog Society as at December 31, 2017 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Edmonton, Alberta  
May 15, 2018

MAHON + ASSOCIATES  
Chartered Professional Accountants

**DOGS WITH WINGS ASSISTANCE DOG SOCIETY**

**Statement of Revenues and Expenditures**

**Year Ended December 31, 2017**

	2017	2016
<b>REVENUES</b>		
Donations	\$ 629,232	\$ 250,399
Casino income	74,999	9,128
Graduation Gala	70,598	92,756
Fundraising	63,267	16,968
Sponsorship	57,500	194,500
Bequests	36,104	645,000
Bingo income	23,388	24,233
Other income	21,487	19,920
Volunteer fundraising	14,298	7,775
Gain on sale of assets	4,894	-
Interest income	2,091	1,310
Grants	-	52,650
	<b>997,858</b>	<b>1,314,639</b>
<b>EXPENSES</b>		
Salaries and wages	622,324	527,261
Donated goods and services	108,647	27,895
Veterinary	62,209	42,939
Graduation and gala costs	41,987	37,923
Amortization	36,421	40,538
Travel	35,063	29,781
Professional fees	26,203	22,646
Computer expenses	18,937	12,947
Office	17,361	19,024
Telephone and utilities	16,412	17,938
Dog supplies and food	13,317	14,530
Fundraising costs	13,280	10,233
Interest on long term debt	12,486	13,087
Training costs	9,941	13,988
Condo fees and rent	9,534	9,507
Insurance	8,528	8,455
Professional development	6,692	8,461
Advertising and promotion	5,792	26,076
Licenses and memberships	3,766	3,753
Interest and bank charges	3,732	5,335
Repairs and maintenance	2,274	1,375
Meals and entertainment	1,548	3,344
Amortization of deferred capital contributions	(10,886)	(11,340)
	<b>1,065,568</b>	<b>885,696</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>\$ (67,710)</b>	<b>\$ 428,943</b>

**DOGS WITH WINGS ASSISTANCE DOG SOCIETY**

**Statement of Changes in Net Assets**

**Year Ended December 31, 2017**

	2016 Balance	Excess (deficiency) of revenues over expenses	Transfers	2017 Balance
Operating Fund	\$ 431,444	\$ (140,854)	\$ 108,210	\$ 398,800
Bingo Fund	24,306	23,358	(36,773)	10,891
Casino Fund	26,965	74,999	(95,238)	6,726
Property & Equipment Fund	211,634	(25,535)	23,801	209,900
Endowment Fund	16,039	322	-	16,361
	\$ 710,388	\$ (67,710)	\$ -	\$ 642,678

	2015 Balance	Excess (deficiency) of revenues over expenses	Transfers	2016 Balance
Operating Fund	\$ 21,122	\$ 451,010	\$ (40,688)	\$ 431,444
Bingo Fund	13,829	10,477	-	24,306
Casino Fund	17,894	9,071	-	26,965
Property & Equipment Fund	213,231	(42,285)	40,688	211,634
Endowment Fund	15,369	670	-	16,039
	\$ 281,445	\$ 428,943	\$ -	\$ 710,388

**DOGS WITH WINGS ASSISTANCE DOG SOCIETY**

**Statement of Financial Position**

**December 31, 2017**

	2017	2016
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 3)	\$ 264,748	\$ 187,481
Guaranteed Investment Certificates (Note 4)	200,955	300,025
Accounts receivable	1,500	1,466
Goods and services tax recoverable	4,250	5,491
Prepaid expenses	2,468	-
	<b>473,921</b>	494,463
PROPERTY AND EQUIPMENT (Note 5)	<b>759,086</b>	799,213
LONG TERM INVESTMENT (Note 6)	<b>16,361</b>	16,039
	<b>\$ 1,249,368</b>	<b>\$ 1,309,715</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 25,920	\$ 11,748
Wages payable	27,878	-
	<b>53,798</b>	11,748
Callable debt due thereafter (Note 7)	<b>291,621</b>	315,422
	<b>345,419</b>	327,170
DEFERRED CAPITAL CONTRIBUTIONS (Note 8)	<b>261,271</b>	272,157
	<b>606,690</b>	599,327
<b>NET ASSETS</b>		
Operating fund	<b>398,800</b>	431,444
Bingo fund	10,891	24,306
Casino fund	6,726	26,965
Property & Equipment fund	209,900	211,634
Endowment fund	16,361	16,039
	<b>642,678</b>	710,388
	<b>\$ 1,249,368</b>	<b>\$ 1,309,715</b>

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ *Executive Director*

\_\_\_\_\_ *Treasurer*

**DOGS WITH WINGS ASSISTANCE DOG SOCIETY**

**Statement of Cash Flow**

**Year Ended December 31, 2017**

	2017	2016
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	\$ (67,710)	\$ 428,943
Items not affecting cash:		
Amortization of property and equipment	36,421	40,538
Amortization of deferred capital contributions	(10,886)	(11,340)
Change in fair market value of investments	(322)	(670)
Gain on disposal of property and equipment	(4,894)	-
	<b>(47,391)</b>	457,471
Changes in non-cash working capital:		
Accounts receivable	(34)	(1,376)
Interest receivable	(190)	(25)
Accounts payable	14,173	(20,127)
Prepaid expenses	(2,468)	2,000
Goods and services tax payable	1,241	(163)
Wages payable	27,878	-
	<b>40,600</b>	(19,691)
Cash flow from (used by) operating activities	<b>(6,791)</b>	437,780
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	-	(4,313)
Proceeds on disposal of property and equipment	8,600	-
Purchase of guaranteed investment certificates	(200,740)	(300,000)
Proceeds on disposal of guaranteed investment certificate	300,000	-
Cash flow from (used by) investing activities	<b>107,860</b>	(304,313)
<b>FINANCING ACTIVITY</b>		
Repayment of callable debt	(23,802)	(23,288)
<b>INCREASE IN CASH FLOW</b>	<b>77,267</b>	110,179
Cash - beginning of year	187,481	77,302
<b>CASH - END OF YEAR</b>	<b>\$ 264,748</b>	\$ 187,481
<b>CASH FLOW SUPPLEMENTARY INFORMATION</b>		
Interest received	\$ 2,091	\$ 1,310
Interest paid	\$ 12,486	\$ 13,087

# DOGS WITH WINGS ASSISTANCE DOG SOCIETY

## Notes to Financial Statements

Year Ended December 31, 2017

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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 is not subject to income taxes.

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, 2017

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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 company 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.

**DOGS WITH WINGS ASSISTANCE DOG SOCIETY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2017**

3. BANK OVERDRAFT

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

4. GUARANTEED INVESTMENT CERTIFICATES

	<b>2017</b>	2016
GICs with stated interest rate of 0.75%, maturing February 7, 2018.	<b>\$ 200,741</b>	\$ 300,000
Accrued interest receivable	<b>214</b>	25
	<b>\$ 200,955</b>	\$ 300,025

The market value of these investments approximate their cost.

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	<b>2017 Net book value</b>	2016 Net book value
Buildings	\$ 971,743	\$ 231,132	<b>\$ 740,611</b>	\$ 771,470
Equipment	2,012	1,533	<b>479</b>	599
Motor vehicles	12,500	9,949	<b>2,551</b>	7,351
Computer equipment	27,082	24,399	<b>2,683</b>	3,832
Furniture and fixtures	38,543	27,781	<b>10,762</b>	13,452
Art work	14,900	12,900	<b>2,000</b>	2,500
Organizational costs	1,075	1,075	-	9
	<b>\$ 1,067,855</b>	<b>\$ 308,769</b>	<b>\$ 759,086</b>	<b>\$ 799,213</b>

Amortization provided in the current period totalled \$36,421; (2016 - \$40,538)

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.

During the year the Society received \$654 from the fund, while the fair market value of the portfolio increased \$322. Fair market value of the fund balance is \$16,361 (2016 - \$16,039).

**DOGS WITH WINGS ASSISTANCE DOG SOCIETY**

**Notes to Financial Statements**

**Year Ended December 31, 2017**

7. CALLABLE LONG TERM DEBT

	<b>2017</b>	2016
Mortgage, bearing interest at prime plus 1.25% per annum, repayable in monthly blended payments of \$3,024. The mortgage is secured by a building with a net book value of \$740,611.	<b>\$ 291,621</b>	\$ 315,422

Principal repayment terms are approximately:

2018	\$ 24,322
2019	25,376
2020	26,447
2021	27,667
2022	28,866
Thereafter	158,943
	<b>\$ 291,621</b>

8. DEFERRED CONTRIBUTIONS

Deferred contributions represent contributions received to fund the cost of property and equipment additions. The changes in the deferred contributions balances are as follows:

	<b>2017</b>	2016
Opening balance	<b>\$ 272,157</b>	\$ 283,497
Less: amounts amortized during the year	(10,886)	(11,340)
	<b>\$ 261,271</b>	\$ 272,157

Deferred contributions are amortized at the same rate as the assets to which the contributions relate.

9. 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.

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.

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**DOGS WITH WINGS ASSISTANCE DOG SOCIETY**

**Notes to Financial Statements**

**Year Ended December 31, 2017**

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9. RISK MANAGEMENT (*continued*)

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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10. INTERFUND TRANSFERS

The Society transferred \$23,801 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 2017, the Society transferred \$36,773 from the Bingo Fund and \$95,238 from the Casino Fund to the Operating Fund to cover approved expenses.

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11. 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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