

Financial Statements of
Dogs With Wings Assistance Dog Society
December 31, 2016

Dogs With Wings Assistance Dog Society
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December 31, 2016

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Dogs With Wings Assistance Dog Society

Statement of Operations

Year ended December 31, 2016

	Operating Fund	Bingo Fund	Casino Fund	Property & Equipment Fund	Endowment Fund	2016 TOTAL	2015 TOTAL
REVENUES							
Donations	\$ 262,440	\$	\$	\$	\$	\$ 262,440	\$ 223,584
Bequests	645,000					645,000	61,838
Sponsorship	194,500					194,500	153,956
Graduation gala	92,756					92,756	59,148
Grants	52,650					52,650	136,107
Bingo income		24,233				24,233	29,612
Other income	19,132					19,132	14,988
Fundraising	5,715		9,128			14,843	12,819
Volunteer fundraising	7,775					7,775	9,830
Investment income	640				670	1,310	1,472
Casino income						-	81,955
	1,280,608	24,233	9,128		670	1,314,639	785,309
EXPENSES							
Salaries and benefits	527,261					527,261	440,197
Training costs and supplies	50,409					50,409	37,539
Amortization				40,538		40,538	43,815
Fundraising	36,307					36,307	31,700
Veterinary	33,906					33,906	40,275
Donated minor equipment and supplies	27,895					27,895	
Advertising and promotion	26,076					26,076	22,797
Professional fees	22,646					22,646	16,148
Travel	20,794					20,794	15,048
Office supplies	15,991					15,991	9,474
Telephone and utilities	15,795					15,795	11,472
Insurance	8,455	5,356				13,811	13,010
Interest on debt				13,087		13,087	16,568
Breeding program	12,023					12,023	12,556
Software maintenance	9,422					9,422	2,803
Condo fees		8,400				8,400	8,400
Cleaning services	7,238					7,238	8,241
Interest and bank charges	5,197		57			5,254	4,673
Staff training	4,177					4,177	8,302
Website	3,524					3,524	3,569
Repairs and maintenance	1,375					1,375	3,528
Rent	1,107					1,107	1,107
Consultant fees							2,768
Amortization of deferred capital contributions				(11,340)		(11,340)	(14,035)
	829,598	13,756	57	42,285		885,696	739,955
EXCESS (DEFICIENCY) OF REVENUES							
OVER EXPENSES	\$ 451,010	\$ 10,477	\$ 9,071	\$ (42,285)	\$ 670	\$ 428,943	\$ 45,354

Dogs With Wings Assistance Dog Society**Statement of Changes in Net Assets**Year ended December 31, 2016

	Unrestricted		Internally Restricted		Externally Restricted			
	Operating Fund	Bingo Fund	Casino Fund	Property & Equipment Fund	Endowment Fund	2016 TOTAL	2015 TOTAL	
BALANCE, BEGINNING OF YEAR	\$ 21,122	\$ 13,829	\$ 17,894	\$ 213,231	\$ 15,369	\$ 281,445	\$ 236,091	
Excess (deficiency) of revenues over expenses	451,010	10,477	9,071	(42,285)	670	428,943	45,354	
Transfers (Note 11)	(40,688)			40,688				
BALANCE, END OF YEAR	\$ 431,444	\$ 24,306	\$ 26,965	\$ 211,634	\$ 16,039	\$ 710,388	\$ 281,445	

Dogs With Wings Assistance Dog Society
Statement of Financial Position
December 31, 2016

	Unrestricted		Internally Restricted		Externally Restricted		2016 TOTAL	2015 TOTAL
	Operating Fund	Bingo Fund	Casino Fund	Property & Equipment Fund	Endowment Fund			
ASSETS								
CURRENT ASSETS								
Cash (Note 3)	\$ 154,059	\$ 24,232	\$ 9,190	\$	\$	\$ 187,481	\$	77,302
Guaranteed investment certificates (Note 4)	300,025					300,025		
GST receivable	5,491					5,491		5,328
Other receivables	1,466					1,466		90
Prepaid expenses								2,000
Due (to) from other funds	(17,849)	74	17,775					
	443,192	24,306	26,965			494,463		84,720
PROPERTY AND EQUIPMENT (Note 5)					799,213	799,213		835,437
LONG TERM INVESTMENT (Note 6)						16,039	16,039	15,369
	\$ 443,192	\$ 24,306	\$ 26,965	\$ 799,213	\$ 16,039	\$ 1,309,715	\$	935,526
LIABILITIES AND NET ASSETS (DEFICIENCIES)								
CURRENT LIABILITIES								
Accounts payable	\$ 11,403					\$ 11,403		\$ 31,530
Equipment deposit	345					345		345
	11,748					11,748		31,875
CALLABLE LONG TERM DEBT (Note 7)					315,422	315,422		338,709
DEFERRED CAPITAL CONTRIBUTIONS (Note 8)					272,157	272,157		283,497
	11,748				587,579	599,327		654,081
NET ASSETS								
Operating fund	431,444					431,444		21,122
Bingo fund		24,306				24,306		13,829
Casino fund			26,965			26,965		17,894
Property & equipment fund				211,634		211,634		213,231
Endowment fund						16,039	16,039	15,369
	431,444	24,306	26,965	211,634	16,039	710,388		281,445
	\$ 443,192	\$ 24,306	\$ 26,965	\$ 799,213	\$ 16,039	\$ 1,309,715	\$	935,526

APPROVED BY THE BOARD

Executive Director

Treasurer

Dogs With Wings Assistance Dog Society**Statement of Cash Flows**Year ended December 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess of revenue over expenses (expenses over revenue)	\$ 428,943	\$ 45,354
Items not affecting cash flow		
Amortization	40,538	43,815
Amortization of deferred capital contributions	(11,340)	(14,035)
Change in fair market value of investments	(670)	(1,141)
	457,471	73,993
Net change in non-cash working capital	(19,690)	10,728
	437,781	84,721
INVESTING ACTIVITIES		
Purchase of property and equipment	(4,314)	(2,505)
Purchase of term deposit	(300,000)	
	(304,314)	(2,505)
FINANCING ACTIVITIES		
Repayment of callable debt	(23,288)	(139,679)
Proceeds from callable debt		178,961
Deferred contributions received		39,282
	(23,288)	39,282
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	110,179	121,498
CASH AND CASH EQUIVALENTS (BANK OVERDRAFT), BEGINNING OF YEAR	77,302	(44,196)
CASH AND CASH EQUIVALENTS (BANK OVERDRAFT), END OF YEAR	\$ 187,481	\$ 77,302
OTHER INFORMATION		
Interest paid	\$ 13,087	\$ 16,568

Dogs With Wings Assistance Dog Society

Notes to the Financial Statements

As at December 31, 2016

Note 1

Nature of Organization

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 Society provides funding for training of guide and service dogs for the disabled and the training of recipients on how to use these dogs. The objective is to enhance the quality of life by increasing mobility and independence for people.

Note 2

Significant Accounting Policies

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

Fund Accounts

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

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

The Property and Equipment fund reports the assets, liabilities, revenues and expenses related to the Society's capital assets.

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 Services

The functions of the Society are dependent on the voluntary services of many members. The value of donated services is not recognized in these statements as determining their fair value is not practicable.

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.

Cash and cash equivalents

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

Dogs With Wings Assistance Dog Society

Notes to the Financial Statements

As at December 31, 2016

Note 2 Significant Accounting Policies (continued)

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. Such 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.

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:

	<u>Method</u>	<u>Rate</u>
Buildings	Declining balance	4%
Furniture and fixtures	Declining balance	20%
Equipment	Declining balance	20%
Organizational costs	Declining balance	20%
Art work	Declining balance	20%
Computer equipment	Declining balance	30%
Automotive	Declining balance	30%

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

Note 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.

Dogs With Wings Assistance Dog Society

Notes to the Financial Statements

As at December 31, 2016

Note 4

Guaranteed Investment Certificates

	2016	2015
Prime linked cashable GICs with stated interest rate of 0.75%, maturing March 28, 2017.	\$ 300,000	\$ -
Accrued interest receivable	25	-
	\$ 300,025	\$ -

The market value of these investments approximate their cost.

Note 5

Property and Equipment

	2016		2015	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Building	\$ 971,743	\$ 200,273	\$ 771,470	\$ 803,614
Furniture and fixtures	30,984	21,958	9,026	11,283
Automotive	39,650	32,299	7,351	10,501
Signs	7,559	3,133	4,426	680
Computer equipment	27,082	23,250	3,832	5,474
Art work	14,900	12,400	2,500	3,125
Equipment	2,012	1,413	599	748
Organizational costs	1,075	1,066	9	12
	\$ 1,095,005	\$ 295,792	\$ 799,213	\$ 835,437

Amortization provided in the current period totalled \$40,538; (2015 - \$43,815)

Note 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 \$615 from the fund, while the fair market value of the portfolio increased \$670. Fair market value of the fund balance is \$16,039 (2015 - \$15,369).

Dogs With Wings Assistance Dog Society

Notes to the Financial Statements

As at December 31, 2016

Note 7 Callable Long Term Debt

	<u>2016</u>	<u>2015</u>
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 \$771,470.	\$ 315,422	\$ 338,709

Expected principal repayment over the next five years is as follows:

2017	\$ 23,312
2018	24,322
2019	25,376
2020	26,447
2021 and thereafter	<u>215,965</u>
	<u>\$ 315,422</u>

Note 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:

	<u>2016</u>	<u>2015</u>
Opening balance	\$ 283,497	\$ 118,571
Add: current year contributions	-	178,961
Less: amounts amortized to revenue during the year	<u>(11,340)</u>	<u>(14,035)</u>
	<u>\$ 272,157</u>	<u>\$ 283,497</u>

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

Note 9 External Fundraiser

The Society utilized the services of an external fundraiser, Canada Helps, to collect donations over the Internet and issue receipts for a fee. The Society received \$22,077 from the organization and paid \$829 in fees.

Dogs With Wings Assistance Dog Society

Notes to the Financial Statements

As at December 31, 2016

Note 10 **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 risk

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.

Note 11 **Interfund Transfers**

The Society transferred \$40,688 from the Operating Fund to the Property & Equipment Fund during the year for the repayment of long-term debt, the payment of interest on long-term debt and the purchase of capital assets. In 2015, \$14,856 was transferred from the Property & Equipment Fund to the Operating Fund to repay prior year capital asset purchases now funded by capital contributions.

Note 12 **Correction of Error**

The revenue recognition policy of the Society was incorrectly worded in 2015. The 2015 accounting policy note stated the restricted method, whereas the deferral method was actually used. As there was no actual change in policy, only an error in the wording, there is no effect on prior year amounts and no effect on this year's statement of operations.

Note 13 **Comparative Figures**

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