

C.O.P.E. CANINE OPPORTUNITY PEOPLE EMPOWERMENT

Financial Statements

December 31, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of C.O.P.E. Canine Opportunity People Empowerment

Qualified Opinion

We have audited the financial statements of C.O.P.E. Canine Opportunity People Empowerment (the Organization), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in 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, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from the general public in the form of donations and fundraising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to contributions, deficiency of revenues over expenses, current assets and net assets.

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

Emphasis of Matter

We draw attention to Note 2 in the financial statements which indicates the Organization's ability to continue as a going concern is dependent upon its ability to secure additional funds and volunteers. It is not possible to predict at this time whether the Organization will attain profitable levels of operations. Our opinion is not qualified in respect of this matter.

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 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the
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Independent Auditor's Report to the Members of C.O.P.E. Canine Opportunity People Empowerment
(continued)

going concern basis of 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.

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 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 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 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.




June 17, 2019

Chartered Professional Accountants
Licensed Public Accountants

C.O.P.E. CANINE OPPORTUNITY PEOPLE EMPOWERMENT
Statement of Financial Position
December 31, 2018

	2018	2017
	\$	\$
ASSETS		
CURRENT		
Cash	86,147	73,416
Short term investments (Note 4)	85,848	110,765
Accounts receivable	5,820	3,300
Government remittances receivable	5,011	1,747
Prepaid expenses	-	1,681
	182,826	190,909
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	12,752	13,957
Deferred revenue (Note 5)	10,000	14,980
	22,752	28,937
NET ASSETS	160,074	161,972
	182,826	190,909

APPROVED ON BEHALF OF THE BOARD


 _____ Director

 _____ Director

C.O.P.E. CANINE OPPORTUNITY PEOPLE EMPOWERMENT
Statement of Operations
Year Ended December 31, 2018

	2018 Budget (Note 6) \$	2018 Actual \$	2017 Actual \$
REVENUES			
Canines in the Classroom	6,840	3,780	6,840
Dog purchases and training	13,900	26,800	13,780
Donations	131,500	69,345	191,289
Fundraising	75,700	121,140	120,235
Grant revenue	12,138	12,133	44,178
	240,078	233,198	376,322
EXPENDITURES			
Administration			
Insurance	2,500	2,089	2,238
Interest and bank charges	600	1,223	698
Office expenses	5,826	4,551	1,783
Professional fees	13,660	10,798	15,646
Rent	1,200	1,200	1,200
Salaries, benefits and contract wages	22,685	23,475	24,097
Telephone	235	199	1,086
	46,706	43,535	46,748
Program Expenses			
Canine care and training	1,350	2,563	1,485
Membership fees	900	4,631	-
Office expenses	4,920	4,897	2,361
Rent	9,600	9,600	9,600
Salaries and wages	83,728	76,140	84,521
Telephone	1,880	1,593	1,760
Travel	30,100	10,325	9,460
Veterinary care	19,700	11,724	9,172
	152,178	121,473	118,359
Fundraising and Marketing Expense			
Advertising and promotion	1,500	2,066	3,522
Event expenses and promotion	20,250	16,497	19,584
Office expenses	3,225	4,187	4,091
Rent	1,200	1,200	1,200
Salaries, benefits and contract wages	35,964	45,062	31,750
Telephone	235	199	220
	62,374	69,211	60,367
Professional Development			
Employee education	4,200	877	421
	265,458	235,096	225,895
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES	(25,380)	(1,898)	150,427

C.O.P.E. CANINE OPPORTUNITY PEOPLE EMPOWERMENT
Statement of Changes in Net Assets
Year Ended December 31, 2018

	2018	2017
	\$	\$
NET ASSETS - BEGINNING OF YEAR	161,972	11,545
(Deficiency) excess of revenues over expenditures	<u>(1,898)</u>	<u>150,427</u>
NET ASSETS - END OF YEAR	<u>160,074</u>	<u>161,972</u>

C.O.P.E. CANINE OPPORTUNITY PEOPLE EMPOWERMENT

Statement of Cash Flows

Year Ended December 31, 2018

	2018	2017
	\$	\$
OPERATING ACTIVITIES		
(Deficiency) excess of revenues over expenditures	(1,898)	150,427
Changes in non-cash working capital:		
Short term investments	24,917	(83,481)
Accounts receivable	(2,520)	(2,798)
Government remittances receivable	(3,264)	2,907
Prepaid expenses	1,681	654
Accounts payable and accrued liabilities	(1,205)	(27,213)
Deferred revenue	(4,980)	(2,865)
	14,629	(112,796)
INCREASE IN CASH FLOW	12,731	37,631
Cash - beginning of year	73,416	35,785
CASH - END OF YEAR	86,147	73,416

C.O.P.E. CANINE OPPORTUNITY PEOPLE EMPOWERMENT
Notes to Financial Statements
Year Ended December 31, 2018

1. STATUS AND NATURE OF ACTIVITIES

C.O.P.E. Canine Opportunity People Empowerment (the "Organization") is a not-for-profit organization incorporated provincially under the Not-for-profit Corporations Act of Ontario. As a registered charity the Organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Organization provides education programs that engage communities and empowers students and others in the training of service dogs to transform the lives of those living with disabilities.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of operations. Should the Organization be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

Based on current cash flows and limited resources, management is not certain the Organization will be able sustain operations. Management is hopeful additional funds and volunteers will allow the Organization to continue to operate.

3. SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are deferred and recognized as revenue in the same period as the related expenses are recognized. Contributions from schools are deferred and amortized over the school year.

Capital assets and amortization

Capital assets are expensed in the year of acquisition. During the current year no capital expenditures were incurred (2017 - \$nil).

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C.O.P.E. CANINE OPPORTUNITY PEOPLE EMPOWERMENT
Notes to Financial Statements
Year Ended December 31, 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated goods

(i) Dog Food Donations

Dog food donations received by the Organization are not reflected in the financial statements. The Organization receives a substantial amount of dog food donations which are required to maintain and meet the needs of the Organization.

(ii) Contributed Services

Volunteers contribute substantial time to assist the Organization in carrying out its fundraising, operating and administrative activities. Contributed services are not recognized in the financial statements due to the difficulty of determining their fair value.

(iii) Rent

Office space has been donated to the Organization. Payments of \$12,000 (2017 - \$12,000) were donated during the year and the annual fair market value of the donation is \$12,000. The donation and rent have been recorded in donations and rent expense respectively.

Use of estimates

The preparation of the Organization's financial statements, in accordance with Canadian accounting standards for not-for-profit organizations, requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures for the year. A significant item subject to estimates and assumptions is the allowance for doubtful accounts. Due to the inherent uncertainty involved with making such estimates, actual results could differ from those reported. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

Financial instruments

Measurement of Financial Instruments

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Organization subsequently measures all of its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash, accounts receivable and short-term investments. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

At the end of each reporting period, the Organization assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as an impairment loss in the statement of operations.

C.O.P.E. CANINE OPPORTUNITY PEOPLE EMPOWERMENT
Notes to Financial Statements
Year Ended December 31, 2018

4. SHORT TERM INVESTMENTS

	2018 \$	2017 \$
CIBC High Interest Savings Account	20,817	20,765
RBC Guaranteed Investment Certificate, 1.30% annual interest, matured on January 8, 2018	-	50,000
RBC Guaranteed Investment Certificate, 1.30% annual interest, matured on January 8, 2018	-	15,000
RBC Guaranteed Investment Certificate, 1.30% annual interest, matured on January 8, 2018	-	10,000
RBC Guaranteed Investment Certificate, 1.30% annual interest, matured on January 10, 2018	-	15,000
RBC Guaranteed Investment Certificate, 0.35% annual interest, matures February 9, 2019	65,031	-
	85,848	110,765

5. DEFERRED REVENUE

The Organization receives funding from individuals, governmental agencies, private foundations and not for profit organizations. Deferred revenue represent funds received in prior years to be spent in future fiscal years.

	2018 \$	2017 \$
Sponsorships	-	3,000
High Schools	-	1,980
Grants	10,000	10,000
	10,000	14,980

Subsequent to year end, the grant of \$10,000 was put towards the purchase of a new van.

6. BUDGET

The budget figures are presented for comparative purposes and have not been audited or reviewed.

7. FINANCIAL INSTRUMENT RISK

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of December 31, 2018.

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C.O.P.E. CANINE OPPORTUNITY PEOPLE EMPOWERMENT
Notes to Financial Statements
Year Ended December 31, 2018

7. FINANCIAL INSTRUMENT RISK *(continued)*

(a) Credit risk

The Organization is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party or if there is a concentration of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Organization does not directly hold any collateral as security for financial obligations.

Cash and investments: Credit risk associated with cash and Canadian fixed income investments is minimized substantially by ensuring that these assets are invested in financial obligations of major financial institutions that have been accorded investment grade ratings by a primary rating agency. An ongoing review is performed to evaluate changes in the status of the issuers of securities authorized for investment under the Organization's investment policy.

Amounts receivable: Credit risk associated with amounts receivable is minimized by the Organization's large and diverse donor base. The Organization continually monitors the aging of its receivables. The Organization maintains allowances for potential credit losses, and any such losses to date have been within management's expectations.

The Organization must make estimates in respect of the allowance for doubtful accounts. Current economic conditions, historical information and the reasons for the accounts being past due are all considered in the determination of when to allow for past due accounts. The allowance for doubtful accounts is calculated on a specific identification basis.

(b) Liquidity risk

Liquidity risk is the risk that the Organization 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 Organization not being able to liquidate assets in a timely manner at a reasonable price.

The Organization meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations and holding assets that can be readily converted into cash.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant currency, interest, or other price risks arising from these financial instruments.
