

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

**Financial Statements**

**December 31, 2017**

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of C.O.P.E. Canine Opportunity People Empowerment, which comprise the statement of financial position as at December 31, 2017 and the statements of operations, changes in net assets and cash flows 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 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, excess of revenues over expenses, current assets and net assets.

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Independent Auditor's Report to the Members of C.O.P.E. Canine Opportunity People Empowerment  
(continued)

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the contributions referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of C.O.P.E. Canine Opportunity People Empowerment as at December 31, 2017 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.

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.

A handwritten signature in black ink that reads "Paul Jones LLP". The signature is written in a cursive style with a large initial "P" and "J".


June 4, 2018

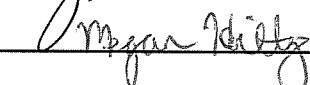
Chartered Professional Accountants  
Licensed Public Accountants

**C.O.P.E. CANINE OPPORTUNITY PEOPLE EMPOWERMENT**  
**Statement of Financial Position**  
**December 31, 2017**

	2017	2016
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	73,416	35,785
Short term investments <i>(Note 4)</i>	110,765	27,284
Accounts receivable	3,300	502
Government remittances receivable	1,747	4,654
Prepaid expenses	1,681	2,335
	190,909	70,560
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	13,957	41,170
Deferred revenue <i>(Note 5)</i>	14,980	17,845
	28,937	59,015
<b>NET ASSETS</b>	161,972	11,545
	190,909	70,560

**APPROVED ON BEHALF OF THE BOARD**

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

**C.O.P.E. CANINE OPPORTUNITY PEOPLE EMPOWERMENT****Statement of Operations****Year Ended December 31, 2017**

	2017	2016
	\$	\$
<b>REVENUES</b>		
Canines in the Classroom	6,840	8,330
Dog purchases	13,780	7,760
Donations	191,289	87,515
Fundraising	120,235	134,692
Grant revenue	44,178	37,400
Other income	-	7,128
	<u>376,322</u>	<u>282,825</u>
<b>EXPENDITURES</b>		
<b>Administration</b>		
Insurance	2,238	2,457
Interest and bank charges	698	1,269
Office expenses	1,783	4,314
Professional fees	15,646	12,642
Rent	1,200	4,000
Salaries, benefits and contract wages	24,097	33,286
Telephone	1,086	2,479
	<u>46,748</u>	<u>60,447</u>
<b>Program Expenses</b>		
Canine care and training	1,485	1,776
Office expenses	2,361	5,238
Rent	9,600	4,000
Salaries and wages	84,521	209,240
Telephone	1,760	1,160
Travel	9,460	12,915
Veterinary care	9,172	30,331
	<u>118,359</u>	<u>264,660</u>
<b>Fundraising and Marketing Expense</b>		
Advertising and promotion	3,522	12,577
Event expenses and promotion	19,584	26,868
Office expenses	4,091	7,091
Rent	1,200	4,000
Salaries, benefits and contract wages	31,750	62,028
Telephone	220	720
	<u>60,367</u>	<u>113,284</u>
<b>Professional Development</b>		
Conference and membership fees	421	1,347
	<u>225,895</u>	<u>439,738</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>150,427</u>	<u>(156,913)</u>

**C.O.P.E. CANINE OPPORTUNITY PEOPLE EMPOWERMENT**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2017**

	2017	2016
	\$	\$
NET ASSETS - BEGINNING OF YEAR	11,545	168,458
Excess (deficiency) of revenues over expenditures	<u>150,427</u>	<u>(156,913)</u>
NET ASSETS - END OF YEAR	<u>161,972</u>	<u>11,545</u>

**C.O.P.E. CANINE OPPORTUNITY PEOPLE EMPOWERMENT**  
**Statement of Cash Flows**  
**Year Ended December 31, 2017**

	2017	2016
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenditures	150,427	(156,913)
Changes in non-cash working capital:		
Short term investments	(83,481)	99,844
Accounts receivable	(2,798)	65,385
Government remittances receivable	2,907	4,506
Prepaid expenses	654	10,836
Accounts payable and accrued liabilities	(27,213)	8,073
Deferred revenue	(2,865)	1,965
	(112,796)	190,609
<b>INCREASE IN CASH FLOW</b>	37,631	33,696
Cash - beginning of year	35,785	2,089
<b>CASH - END OF YEAR</b>	73,416	35,785

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

## Notes to Financial Statements

Year Ended December 31, 2017

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### 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 is dedicated to children with special needs training dogs to become partners for people with disabilities or for community service.

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### 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.

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### 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 (2016 - \$nil).

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

**Notes to Financial Statements**

**Year Ended December 31, 2017**

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**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) Donated Vehicle

A van has been donated to the Organization with an estimated fair market value of \$5,000.

(iv) Rent

Office space has been donated to the Organization. Payments of \$12,000 (2016 - \$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.

Contributed services

The operations of the Organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

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.

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

## Notes to Financial Statements

Year Ended December 31, 2017

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### 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### 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.

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### 4. SHORT TERM INVESTMENTS

	2017 \$	2016 \$
CIBC High Interest Savings Account	20,765	20,790
TD Canada Trust Guaranteed Investment Certificate, 0.2% annual interest, matured October 9, 2017	-	6,494
RBC Guaranteed Investment Certificate, 1.30% annual interest, matures on January 8, 2018	50,000	-
RBC Guaranteed Investment Certificate, 1.30% annual interest, matures on January 8, 2018	15,000	-
RBC Guaranteed Investment Certificate, 1.30% annual interest, matures on January 8, 2018	10,000	-
RBC Guaranteed Investment Certificate, 1.30% annual interest, matures on January 10, 2018	15,000	-
	<hr/> 110,765	<hr/> 27,284

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

## Notes to Financial Statements

Year Ended December 31, 2017

### 5. DEFERRED REVENUE

The Organization receives funding from individuals, governmental agencies, private foundations and not for profit organizations. Deferred revenue represent funds received from different sources in 2017 for fiscal 2018.

	2017 \$	2016 \$
Sponsorships	3,000	13,000
High Schools	1,980	1,980
Grants	10,000	-
Event revenue	-	2,865
	<u>14,980</u>	<u>17,845</u>

### 6. 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, 2017.

#### (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 Organizations 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.

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

**Notes to Financial Statements**

**Year Ended December 31, 2017**

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**6. FINANCIAL INSTRUMENT RISK *(continued)***

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.

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