

**C.O.P.E. CANINE OPPORTUNITY PEOPLE EMPOWERMENT**  
**Financial Statements**  
**December 31, 2019**

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## INDEPENDENT AUDITOR'S REPORT

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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, 2019, 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, 2019, 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, excess 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.

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

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 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.



May 25, 2020

Chartered Professional Accountants  
Licensed Public Accountants

**C.O.P.E. CANINE OPPORTUNITY PEOPLE EMPOWERMENT**  
**Statement of Financial Position**  
**December 31, 2019**

	2019	2018
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	168,053	86,147
Short term investments (Note 4)	60,848	85,848
Accounts receivable	-	5,820
Government remittances receivable	4,947	5,011
	233,848	182,826
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	11,974	12,752
Deferred revenue (Note 5)	7,500	10,000
	19,474	22,752
<b>NET ASSETS</b>	214,374	160,074
	233,848	182,826

**APPROVED ON BEHALF OF THE BOARD**

  
 \_\_\_\_\_ Director  
 \_\_\_\_\_ Director

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

**Statement of Operations  
Year Ended December 31, 2019**

	2019 Budget (Note 6) \$	2019 Actual \$	2018 Actual \$
<b>REVENUES</b>			
Canines in the Classroom	3,300	3,138	3,780
Dog purchases and training	2,100	1,474	26,800
Donations	126,500	127,214	69,345
Fundraising	117,575	212,048	121,140
Grant revenue	-	56,750	12,133
	<u>249,475</u>	<u>400,624</u>	<u>233,198</u>
<b>EXPENDITURES</b>			
<b>Administration</b>			
Insurance	2,200	2,276	2,089
Interest and bank charges	1,000	1,958	1,223
Office expenses	1,500	1,816	4,551
Professional fees	10,700	9,585	10,798
Rent	1,200	1,200	1,200
Salaries, benefits and contract wages	23,508	31,327	23,475
Telephone	240	204	199
	<u>40,348</u>	<u>48,366</u>	<u>43,535</u>
<b>Program Expenses</b>			
Canine care and training	1,500	2,294	2,563
Membership fees	9,500	5,269	4,631
Office expenses	7,100	7,846	4,897
Rent	9,600	9,600	9,600
Salaries and wages	93,293	98,142	76,140
Telephone	1,920	1,631	1,593
Travel	10,540	6,014	10,325
Veterinary care	19,700	10,574	11,724
Vehicle	10,000	69,579	-
	<u>163,153</u>	<u>210,949</u>	<u>121,473</u>
<b>Fundraising and Marketing Expense</b>			
Advertising and promotion	1,000	-	2,066
Event expenses and promotion	22,250	33,027	16,497
Office expenses	4,830	4,516	4,187
Rent	1,200	1,200	1,200
Salaries, benefits and contract wages	36,772	46,594	45,062
Telephone	240	204	199
	<u>66,292</u>	<u>85,541</u>	<u>69,211</u>
<b>Professional Development</b>			
Employee education	1,500	1,468	877
	<u>271,293</u>	<u>346,324</u>	<u>235,096</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(21,818)</u>	<u>54,300</u>	<u>(1,898)</u>

**C.O.P.E. CANINE OPPORTUNITY PEOPLE EMPOWERMENT**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2019**

	2019	2018
	\$	\$
<b>NET ASSETS - BEGINNING OF YEAR</b>	160,074	161,972
Excess (deficiency) of revenues over expenditures	54,300	(1,898)
<b>NET ASSETS - END OF YEAR</b>	214,374	160,074

**C.O.P.E. CANINE OPPORTUNITY PEOPLE EMPOWERMENT**  
**Statement of Cash Flows**  
**Year Ended December 31, 2019**

	2019	2018
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenditures	54,300	(1,898)
Changes in non-cash working capital:		
Short term investments	25,000	24,917
Accounts receivable	5,820	(2,520)
Government remittances receivable	64	(3,264)
Prepaid expenses	-	1,681
Accounts payable and accrued liabilities	(778)	(1,205)
Deferred revenue	(2,500)	(4,980)
	<u>27,606</u>	<u>14,629</u>
<b>INCREASE IN CASH FLOW</b>	81,906	12,731
Cash - beginning of year	<u>86,147</u>	<u>73,416</u>
<b>CASH - END OF YEAR</b>	<u>168,053</u>	<u>86,147</u>

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

## Notes to Financial Statements

For the Year Ended December 31, 2019

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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 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.

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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, limited resources and in light of the current global COVID-19 pandemic, 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 capital expenditures of \$69,579 were incurred (2018 - \$nil).

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

## Notes to Financial Statements

For the Year Ended December 31, 2019

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

#### Donated goods and services

##### (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 (2018 - \$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 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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# C.O.P.E. CANINE OPPORTUNITY PEOPLE EMPOWERMENT

## Notes to Financial Statements

For the Year Ended December 31, 2019

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### 4. SHORT TERM INVESTMENTS

	2019	2018
	\$	\$
CIBC High Interest Savings Account	20,817	20,817
RBC Guaranteed Investment Certificate, 0.35% annual interest, matured February 9, 2019	-	65,031
RBC Guaranteed Investment Certificate, 0.35% annual interest, matures February 4, 2020	40,031	-
	<u>60,848</u>	<u>85,848</u>

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### 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.

	2019	2018
	\$	\$
Grants	-	10,000
Canines in the classroom (CIC) expansion	7,500	-
	<u>7,500</u>	<u>10,000</u>

The funding of \$7,500 for the CIC expansion will be used for human resource expenditures to be incurred in the next fiscal year.

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### 6. BUDGET

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

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### 7. SUBSEQUENT EVENTS

The global COVID-19 pandemic has disrupted economic activities and supply chains. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. The Organization's ability to continue to meet obligations as they come due is dependent on the continued ability to generate earnings and cash flows.

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### 8. 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, 2019.

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**C.O.P.E. CANINE OPPORTUNITY PEOPLE EMPOWERMENT**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2019**

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**8. 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.

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