

**VANCOUVER ISLAND COMPASSION DOGS SOCIETY**

**FINANCIAL STATEMENTS**

**March 31, 2017**

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# SABO, JANG & CO. LTD.

*(A Professional Corporation)*

Chartered Professional Accountants

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GREG K. SABO, CPA, CGA, PARTNER  
TIM O'CONNOR, CPA, CGA, ASSOCIATE

MICHAEL JANG, CPA, CGA, CAFM, PARTNER

## INDEPENDENT AUDITOR'S REPORT

To the Members of Vancouver Island Compassion Dogs Society

We have audited the accompanying financial statements of Vancouver Island Compassion Dogs Society, which comprise the statement of financial position as at March 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 not-for-profit organizations, Vancouver Island Compassion Dogs Society derives income from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded into the records of Vancouver Island Compassion Dogs Society. Therefore, we were not able to determine whether any adjustments might be necessary to donations or fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2017, current assets as at March 31, 2017 and net assets as at March 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 Vancouver Island Compassion Dogs Society as at March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**Comparative Information**

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes that Vancouver Island Compassion Dogs Society adopted the Canadian accounting standards for not-for-profit organizations on April 1, 2016 with a transition date of April 1, 2015. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at March 31, 2016 and April 1, 2015, and the statements of operations, changes in net assets, and cash flows for the period ended March 31, 2016 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Parksville, BC  
September 11, 2017

**Sabo, Jang & Co. Ltd.**  
Chartered Professional Accountants

**VANCOUVER ISLAND COMPASSION DOGS SOCIETY**  
**STATEMENT OF OPERATIONS**  
**For the year ended March 31, 2017**

	<u>2017</u>	<u>2016</u> (unaudited)
<b>REVENUE</b>		
Interest	\$ 9	\$ 3
Grants	11,000	13,000
Fundraising	20,829	29,532
Contributions	<u>245,013</u>	<u>103,540</u>
	<u>276,851</u>	<u>146,075</u>
<b>EXPENSES</b>		
Advertising and promotion	19,128	2,003
Amortization of tangible assets	1,570	133
Bank charges	118	67
Fundraising expenses	11,061	4,689
Insurance	3,808	3,808
Office and general	11,358	4,689
Professional fees	7,940	1,383
Rent	14,770	11,585
Client services and training	8,666	7,477
Supplies	16,544	20,859
Telephone	1,027	701
Testing fees	1,509	2,529
Client travel	58,921	33,420
Veterinary expenses	13,125	11,792
Wages and benefits	78,381	15,582
Workers' compensation	<u>1,334</u>	<u>-</u>
	<u>249,260</u>	<u>120,717</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 27,591</u>	<u>\$ 25,358</u>

**VANCOUVER ISLAND COMPASSION DOGS SOCIETY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**For the year ended March 31, 2017**

NET ASSETS	Invested in capital assets	Restricted	Unrestricted	Total 2017	Total 2016 (unaudited)
Balance, beginning of year	\$ 1,199	\$ -	\$ 40,394	\$ 41,593	\$ 16,235
Excess of revenues over expenses	(1,570)	-	29,161	27,591	25,358
Investment in capital assets	<u>6,811</u>	<u>-</u>	<u>(6,811)</u>	<u>-</u>	<u>-</u>
	<u>6,440</u>	<u>-</u>	<u>62,744</u>	<u>69,184</u>	<u>41,593</u>
<b>Balance, end of year</b>	<b><u>6,440</u></b>	<b><u>-</u></b>	<b><u>62,744</u></b>	<b><u>69,184</u></b>	<b><u>41,593</u></b>

**VANCOUVER ISLAND COMPASSION DOGS SOCIETY**  
**STATEMENT OF FINANCIAL POSITION**  
**March 31, 2017**

	ASSETS		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
		(unaudited)	(April 1) (unaudited)
<b>CURRENT</b>			
Cash	\$ 61,234	\$ 40,900	\$ 21,024
Prepaid expenses	7,376	-	-
Goods and Services Tax recoverable	2,435	1,220	884
<b>TOTAL CURRENT ASSETS</b>	71,045	42,120	21,908
<b>TANGIBLE CAPITAL ASSETS (Note 5)</b>	6,440	1,199	-
<b>TOTAL ASSETS</b>	<b>\$ 77,485</b>	<b>\$ 43,319</b>	<b>\$ 21,908</b>

Approved on behalf of the Board:

\_\_\_\_\_, Director

\_\_\_\_\_, Director

**VANCOUVER ISLAND COMPASSION DOGS SOCIETY**  
**STATEMENT OF FINANCIAL POSITION**  
**March 31, 2017**

	LIABILITIES		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
		(unaudited)	(April 1) (unaudited)
<b>CURRENT</b>			
Accounts payable and accrued liabilities	\$ 7,497	\$ 1,645	\$ 5,673
Payroll liabilities	804	81	-
<b>TOTAL LIABILITIES</b>	<u>8,301</u>	<u>1,726</u>	<u>5,673</u>
	NET ASSETS		
Net assets invested in capital assets	6,440	1,199	-
Unrestricted net assets	62,744	40,394	16,235
<b>TOTAL NET ASSETS</b>	<u>69,184</u>	<u>41,593</u>	<u>16,235</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u>\$ 77,485</u>	<u>\$ 43,319</u>	<u>\$ 21,908</u>

**VANCOUVER ISLAND COMPASSION DOGS SOCIETY**  
**CASH FLOW STATEMENT**  
**For the year ended March 31, 2017**

	<u>2017</u>	<u>2016</u> (unaudited)
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 27,591	\$ 25,358
Add (deduct):		
Charges to income not involving cash		
Amortization	<u>1,570</u>	<u>133</u>
	29,161	25,491
Net change in non-cash working capital balances related to operations		
Prepaid expenses	(7,376)	-
Accounts payable and accrued liabilities	5,851	(4,028)
Payroll liabilities	724	81
Goods and services tax payable	<u>(1,215)</u>	<u>(336)</u>
	<u>27,145</u>	<u>21,208</u>
 <b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of tangible capital assets	(6,811)	(1,332)
	<u>(6,811)</u>	<u>(1,332)</u>
 <b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	20,334	19,876
CASH AND CASH EQUIVALENTS, beginning of year	<u>40,900</u>	<u>21,024</u>
 <b>CASH AND CASH EQUIVALENTS, end of year</b>		
	<u>\$ 61,234</u>	<u>\$ 40,900</u>



**VANCOUVER ISLAND COMPASSION DOGS SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2017**

**1. ADOPTION OF CANADIAN ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS**

These are the first financial statements of the society since adopting Canadian accounting standards for not-for-profit organizations. The financial statements for the year ended March 31, 2016 were previously prepared in accordance with the pre-changeover accounting standards. The society's date of transition to Canadian accounting standards for not-for-profit organizations is April 1, 2015.

The society did not elect to apply any exemptions upon initial adoption of Canadian accounting standards for not-for-profit organizations.

The adoption of Canadian accounting standards for not-for-profit organizations has not resulted in any restatement of the previous financial statements.

**2. PURPOSE OF THE NOT-FOR-PROFIT ORGANIZATION**

Vancouver Island Compassion Dogs Society (the "Society") is a not-for-profit organization incorporated under the B.C. Societies Act. The Society is registered as a charity under the Canada Income Tax Act and is exempt from income taxes. The Society's purpose is to assist Canadian Armed Forces personnel and veterans with post traumatic stress disorder through the use of certified service dogs.

**3. ACCOUNTING POLICIES**

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

- a) When preparing financial statements according to Canadian accounting standards for not-for-profit organizations, we make estimates and assumptions that affect the reported amounts of revenues and expenses during the year, the reported amounts of assets and liabilities at the date of the financial statements, and the disclosure of contingent assets and liabilities at the date of the financial statements. We base our assumptions on a number of factors including historical experience, current events, actions that the Society may undertake in the future, and other assumptions believed reasonable under the circumstances. Material measurement uncertainties include estimates of useful lives of property, plant and equipment. Actual results could differ from our estimates; the resolution of these uncertainties will be determined by future events.
- b) Cash and cash equivalents include amounts on deposit with financial institutions.
- c) Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution. Amortization is recorded at the following rates, which have been established by estimates of useful lives. Additions during the current year are amortized at one-half their normal rates, and no amortization is taken in the year of disposition. Amortization expense is reported in the Capital Asset Fund.

Computer hardware	45% declining balance
Furniture and equipment	30% declining balance
- d) Revenue from donations, fundraising activities, grants and unrestricted contributions are recognized when received.

**VANCOUVER ISLAND COMPASSION DOGS SOCIETY**  
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**March 31, 2017**

e) The society does not record in its books of account the value of contributed materials and services.

**4. FINANCIAL INSTRUMENTS**

The society is exposed to various risks through its financial instruments. The society's financial instruments consist of cash and accounts payable. Unless otherwise noted, it is management's opinion that the society is not exposed to significant interest, currency or credit risk arising from these financial instruments.

**5. TANGIBLE CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2017</u>	<u>Net Book Value</u>	
				<u>2016</u>	<u>2015</u> (April 1)
Computer hardware	\$ 3,709	\$ 1,020	\$ 2,689	\$ -	\$ -
Furniture and equipment	<u>4,434</u>	<u>683</u>	<u>3,751</u>	<u>1,199</u>	<u>-</u>
	<u>\$ 8,143</u>	<u>\$ 1,703</u>	<u>\$ 6,440</u>	<u>\$ 1,199</u>	<u>\$ -</u>

**6. RELATED PARTIES**

During the year, the society made purchases of \$10,855 (2016 - \$6,522) from Qualicum Pet Food & Grooming Ltd., a corporation owned by a director and a senior employee of the Society. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**7. COMPARATIVE INFORMATION**

Certain comparative amounts have been reclassified to conform with the current year classifications of operating expenses.