

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

Financial Statements

December 31, 2022

INDEPENDENT AUDITOR'S REPORT

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

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, 2022, and the statements of revenues and expenditures, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

Basis for Opinion

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

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 ASNPO, 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 related 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:

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

- 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 12, 2023


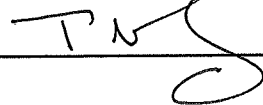


Chartered Professional Accountants
Licensed Public Accountants

C.O.P.E. CANINE OPPORTUNITY PEOPLE EMPOWERMENT
Statement of Financial Position
As at December 31, 2022

| | 2022 | 2021 <i>(Note 8)</i> |
|--|---------|-------------------------|
| | \$ | \$ |
| ASSETS | | |
| CURRENT | | |
| Cash | 189,951 | 158,254 |
| Short term investments <i>(Note 3)</i> | 60,848 | 62,055 |
| Accounts receivable | 4,300 | 6,650 |
| Government remittances receivable | 8,605 | 5,880 |
| Prepaid expenses | 935 | 935 |
| | 264,639 | 233,774 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | 16,200 | 15,009 |
| NET ASSETS | 248,439 | 218,765 |
| LIABILITIES AND NET ASSETS | 264,639 | 233,774 |

ON BEHALF OF THE BOARD


 _____ Director

 _____ Director

C.O.P.E. CANINE OPPORTUNITY PEOPLE EMPOWERMENT
Statement of Revenues and Expenditures
For the Year Ended December 31, 2022

| | 2022 Budget (Note 5) \$ | 2022 Actual \$ | 2021 Actual (Note 8) \$ |
|--|----------------------------------|----------------------|----------------------------------|
| REVENUES | | | |
| Donations (Note 4) | 417,880 | 424,372 | 226,479 |
| Fundraising | 74,000 | 97,831 | 69,831 |
| Program revenue | 21,100 | 21,334 | 7,071 |
| | 512,980 | 543,537 | 303,381 |
| EXPENDITURES | | | |
| Administration | | | |
| Insurance | 1,700 | 2,192 | 2,045 |
| Interest and bank charges | 2,500 | 3,045 | 2,656 |
| Office expenses | - | - | 760 |
| Professional fees | 11,750 | 11,246 | 9,994 |
| Rent (Note 6) | 1,260 | 1,392 | 1,227 |
| Salaries, benefits and contract wages | 29,691 | 23,477 | 32,525 |
| Telephone | 396 | 182 | 233 |
| | 47,297 | 41,534 | 49,440 |
| Program Expenses | | | |
| Canine care and training | 8,900 | 17,197 | 15,141 |
| Membership fees - program | 4,400 | 2,587 | 3,796 |
| Office expenses | 12,200 | 13,192 | 16,630 |
| Rent (Note 6) | 10,080 | 11,214 | 9,814 |
| Salaries and wages | 234,456 | 234,424 | 139,956 |
| Telephone | 3,168 | 2,879 | 3,930 |
| Travel | 59,920 | 68,998 | 10,079 |
| Veterinary care | 45,000 | 53,320 | 15,940 |
| | 378,124 | 403,811 | 215,286 |
| Fundraising and Marketing Expenses | | | |
| Advertising and promotion | 10,520 | 10,747 | 21,605 |
| Promotion | 8,750 | 5,318 | 4,590 |
| Office expenses | 4,700 | 5,382 | 4,485 |
| Rent (Note 6) | 1,260 | 1,392 | 1,227 |
| Salaries, benefits and contract wages | 42,429 | 44,915 | 42,814 |
| Telephone | 396 | 182 | 233 |
| | 68,055 | 67,936 | 74,954 |
| | 493,476 | 513,281 | 339,680 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FROM OPERATIONS | 19,504 | 30,256 | (36,299) |
| OTHER INCOME (EXPENDITURE) | | | |
| Government assistance (repayment) (Note 7) | - | (582) | 43,160 |
| EXCESS OF REVENUES OVER EXPENDITURES | 19,504 | 29,674 | 6,861 |

See notes to financial statements

C.O.P.E. CANINE OPPORTUNITY PEOPLE EMPOWERMENT
Statement of Changes in Net Assets
For the Year Ended December 31, 2022

| | 2022 | 2021 |
|---------------------------------------|----------------|----------------|
| | \$ | (Note 8) \$ |
| NET ASSETS - BEGINNING OF YEAR | 218,765 | 211,904 |
| Excess of revenues over expenditures | <u>29,674</u> | <u>6,861</u> |
| NET ASSETS - END OF YEAR | <u>248,439</u> | <u>218,765</u> |

See notes to financial statements

C.O.P.E. CANINE OPPORTUNITY PEOPLE EMPOWERMENT
Statement of Cash Flows
For the Year Ended December 31, 2022

| | 2022 | 2021 <i>(Note 8)</i> |
|--|---------|-------------------------|
| | \$ | \$ |
| OPERATING ACTIVITIES | | |
| Excess of revenues over expenditures | 29,674 | 6,861 |
| Changes in non-cash working capital: | | |
| Short term investments | 1,207 | (1,207) |
| Accounts receivable | 2,350 | 20,053 |
| Government remittances payable | (2,725) | (3,114) |
| Accounts payable and accrued liabilities | 1,191 | 1,824 |
| | 2,023 | 17,556 |
| INCREASE IN CASH FLOW | 31,697 | 24,417 |
| Cash - beginning of year | 158,254 | 133,837 |
| CASH - END OF YEAR | 189,951 | 158,254 |

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

Notes to Financial Statements

Year Ended December 31, 2022

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. 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.

Short term investments

Short term investments consist primarily of term deposits with an original maturity date of purchase of three months or less. Because of the short term maturity of these investments, their carrying amount approximates fair value.

Capital assets and amortization

Capital assets are expensed in the year of acquisition. During the current year capital expenditures of \$48,756 were incurred (2021 - \$4,126).

Allocation of expenses

The Organization incurs expenses in the statement of revenues and expenditures that are either incurred directly by one reporting centre or that are allocated amongst two or more reporting centres. The allocations for shared expenses are determined in a consistent manner each year. Rent and telephone costs are allocated based on usage and time spent by a reporting centre.

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.

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

Notes to Financial Statements Year Ended December 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 with the exception of short term investments which are measured at market value. Financial assets measured at amortized cost include cash and accounts receivable. 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.

3. SHORT TERM INVESTMENTS

| | 2022 | 2021 |
|---|---------------|---------------|
| | \$ | \$ |
| CIBC High Interest Savings Account | 20,817 | 20,817 |
| CIBC Equities | - | 1,207 |
| RBC Guaranteed Investment Certificate, 1.5% annual interest, matures January 19, 2023 | 40,031 | 40,031 |
| | <u>60,848</u> | <u>62,055</u> |

Subsequent to year end the guaranteed investment certificate was renewed at 1.5% with a maturity of July 19, 2023.

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

Notes to Financial Statements

Year Ended December 31, 2022

4. GIFT AGREEMENT

The Organization has entered into a gift agreement with a private foundation with a total gift of \$349,230 to be received over a three year period ending January 2023. The purpose of the gift is to fund the pilot expansion of the Canines in the Classroom program. As of December 31, 2022, \$268,850 has been received in total, \$20,250 in fiscal 2019, \$92,220 in fiscal 2021, and \$156,380 in the current year, which has been included in donations in the statement of revenues and expenditures. An amount of \$80,380 is to be received in fiscal 2023.

5. BUDGET

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

6. COMMITMENTS

The Organization has entered into a lease agreement for rental of premises which expires December 31, 2024. The monthly rent is \$1,151 plus HST.

7. GOVERNMENT ASSISTANCE (REPAYMENT)

During the year it was determined the Organization received funds under the Canada Emergency Wage Subsidy (CEWS) program in excess of their eligible amount. Accordingly, the Organization repaid an amount of \$582 in CEWS to the Government of Canada.

In the prior year the Organization received an aggregate amount of \$43,160 in assistance from government Covid-19 assistance programs.

8. COMPARATIVE FIGURES

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

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

Notes to Financial Statements

Year Ended December 31, 2022

9. 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, 2022.

(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.

(c) Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument might be adversely affected by a change in the interest rates. The Organization is exposed to interest rate risk on its investment in GICs which are included in short term investments in the statement of financial position. The Organization manages its exposure to interest rate risk through ongoing monitoring of its investments.

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