

T.E.A.D. EQUESTRIAN ASSOCIATION FOR THE DISABLED

FINANCIAL STATEMENTS

NOVEMBER 30, 2017



T.E.A.D. EQUESTRIAN ASSOCIATION FOR THE DISABLED

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NOVEMBER 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Members of
T.E.A.D. Equestrian Association For The Disabled

I have audited the accompanying financial statements of T.E.A.D. Equestrian Association For The Disabled, which comprise the statement of financial position as at November 30, 2017 and the statements of operations and changes in net assets and cash flows for the year then ended, and notes, comprising 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

INDEPENDENT AUDITOR'S REPORT (Continued)

Basis for Qualified Opinion

In common with many charitable organizations, T.E.A.D. Equestrian Association For The Disabled derives revenues from donations, fundraising, memberships, lesson fees and ticket sales, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these amounts was limited to the amounts recorded in the organization's accounting records and I was not able to determine whether any adjustments might be necessary to donations, fundraising, memberships, lesson fees and ticket sale revenues.

Qualified Opinion

In my opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of T.E.A.D. Equestrian Association For The Disabled, as at November 30, 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.



Richmond Hill, Ontario
April 25, 2018

Chartered Professional Accountant
Licensed Public Accountant



T.E.A.D. EQUESTRIAN ASSOCIATION FOR THE DISABLED

STATEMENT OF FINANCIAL POSITION

AS AT NOVEMBER 30, 2017

ASSETS

	<u>2017</u>	<u>2016</u>
<u>CURRENT</u>		
Cash	\$ 142,926	\$ 367,653
Short Term Investments (Note 2)	100,564	-
Accounts Receivable	8,165	-
HST Recoverable	4,370	10,145
Prepaid Expenses	1,859	1,547
	<u>257,884</u>	<u>379,345</u>
 <u>LONG TERM INVESTMENTS</u> (Note 2)	 100,000	 -
 <u>CAPITAL ASSETS</u> (Note 3)	 <u>2,916</u>	 <u>3,853</u>
	<u>\$ 360,800</u>	<u>\$ 383,198</u>

LIABILITIES AND NET ASSETS

<u>CURRENT</u>		
Accounts Payable and Accrued Liabilities	\$ 8,276	\$ 8,254
Deferred Revenue (Note 4)	11,600	20,919
	<u>19,876</u>	<u>29,173</u>
 <u>NET ASSETS</u>	 <u>340,924</u>	 <u>354,025</u>
	<u>\$ 360,800</u>	<u>\$ 383,198</u>

APPROVED BY THE BOARD:

Director

Director

(See Accompanying Notes)



T.E.A.D. EQUESTRIAN ASSOCIATION FOR THE DISABLED

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

AS AT NOVEMBER 30, 2017

	<u>2017</u>	<u>2016</u>
<u>REVENUES</u>		
Grants (Note 7)	\$ 70,084	\$ 46,353
Memberships, Lesson Fees, and Ticket Sales	139,068	148,579
Donations (Note 8)	56,066	66,195
Fundraising	39,324	30,350
Other Income	2,715	5,370
Donations in - kind	11,725	8,295
Investment Income	565	-
	<u>319,547</u>	<u>305,142</u>
<u>EXPENSES</u>		
Wages and Benefits	167,597	167,472
Professional Fees	21,183	29,464
Operating Expenses	79,705	68,185
Equestrian Expenses	30,674	26,871
Programming Expense	22,056	54,380
Administrative Expenses	10,496	16,751
Amortization Expense	937	1,224
	<u>332,648</u>	<u>364,347</u>
<u>EXCESS OF EXPENSES OVER REVENUES</u>		
<u>FROM OPERATIONS</u>	(13,101)	(59,205)
<u>GAIN ON SALE OF FIXED ASSETS</u>	-	455,750
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</u>	(13,101)	396,545
<u>NET ASSETS, Beginning of the Year</u>	354,025	(42,520)
<u>NET ASSETS, End of the Year</u>	<u>\$ 340,924</u>	<u>\$ 354,025</u>

(See Accompanying Notes)



T.E.A.D. EQUESTRIAN ASSOCIATION FOR THE DISABLED

STATEMENT OF CASH FLOWS

AS AT NOVEMBER 30, 2017

	<u>2017</u>	<u>2016</u>
<u>CASH PROVIDED BY OPERATING ACTIVITIES</u>		
Excess (Deficiency) of Revenues over Expenses	\$ (13,101)	\$ 396,545
Gain on Sale of Fixed Assets	-	(455,750)
Amortization Expense	937	1,224
	<u>(12,164)</u>	<u>(57,981)</u>
<u>CHANGES IN NON-CASH OPERATING WORKING CAPITAL</u>		
Accounts Receivable	(8,165)	2,738
Sales Tax Recoverable	5,775	(4,231)
Prepaid Expenses	(312)	6,391
Accounts Payable and Accrued Liabilities	22	(66,861)
Deferred Revenue	(9,319)	15,918
	<u>(11,999)</u>	<u>(46,045)</u>
	<u>(24,163)</u>	<u>(104,026)</u>
<u>CASH PROVIDED BY INVESTING ACTIVITIES</u>		
Sale of Fixed Assets	-	850,000
<u>CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</u>		
Private Operating Loan Repayments	-	(105,000)
Repayments of Mortgage Payable	-	(338,596)
	<u>-</u>	<u>(443,596)</u>
<u>CHANGES IN CASH AND EQUIVALENTS</u>		
<u>DURING THE YEAR</u>	(24,163)	302,378
<u>CASH AND EQUIVALENTS, Beginning of the Year</u>	<u>367,653</u>	<u>65,275</u>
<u>CASH AND EQUIVALENTS, End of the Year</u>	<u>\$ 343,490</u>	<u>\$ 367,653</u>
<u>CASH AND CASH EQUIVALENTS REPRESENTED BY:</u>		
Cash	\$ 142,926	\$ 367,653
Short Term Investments	100,564	-
Long Term Investments	100,000	-
	<u>\$ 343,490</u>	<u>\$ 367,653</u>

(See Accompanying Notes)



T.E.A.D. EQUESTRIAN ASSOCIATION FOR THE DISABLED

NOTES TO THE FINANCIAL STATEMENTS

NOVEMBER 30, 2017

PURPOSE OF THE ORGANIZATION:

T.E.A.D. Equestrian Association for the Disabled is an accredited therapeutic horseback riding, training and examination facility that provides instruction to people with physical and emotional disabilities. T.E.A.D. was incorporated on May 7, 1979 under the Ontario Business Corporations Act as a not-for-profit organization without share capital and is exempt from income tax in Canada as a not-for-profit organization under Section 149(1)(F) of the Canadian Income Tax Act.

The organization is a registered charity and the charity number is 889874970RR0001.

1. SIGNIFICANT ACCOUNTING POLICIES:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies that are considered particularly significant:

(a) Revenue Recognition:

The Association follows the deferral method of accounting for operating and project grant contributions. Unrestricted contributions are recognized as revenue when received or receivable. Government operating grants are recognized as revenue in the year in which the related expenses are incurred. Project grants are recorded as revenue in the fiscal period in which the project expenses are incurred.

Memberships, lesson fees and ticket sale revenue represents annual fees paid by the organization's members and is recognized as revenue when received.

(b) Donated Materials and Services

The Association receives donations of materials and services from members and volunteers. Materials which would otherwise be paid for by the entity are recorded at fair value when reasonably determined. Because of the difficulty of determining the fair value of services provided by volunteers, contributed services are not recognized in the financial statements.

T.E.A.D. EQUESTRIAN ASSOCIATION FOR THE DISABLED

NOTES TO THE FINANCIAL STATEMENTS

NOVEMBER 30, 2017

1. SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(c) Captial Assets

Equipment is recorded at cost and is amortized over the useful life on a declining-balance basis at the following annual rates:

- Office Equipment	20%
- Equine Equipment	30%

A capital asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the capital assets exceeds its fair value.

(d) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reported period. Significant items subject to such estimates and assumptions include the useful lives of capital assets, and year-end accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

(e) Financial Instruments

The Association initially records all financial instruments at fair market value, and subsequently records them at amortized cost.

The Association's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities.

(f) Horses

All Horses purchased by the Association are expensed in the year of aquisition. Donated Horses are not recorded within the financial statements.

(g) Income Taxes

The Association is a not-for-profit organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes.



T.E.A.D. EQUESTRIAN ASSOCIATION FOR THE DISABLED

NOTES TO THE FINANCIAL STATEMENTS

NOVEMBER 30, 2017

2. INVESTMENTS:

Investments include Guaranteed Investment Certificates, as follows:

	<u>2017</u>	<u>2016</u>
Short Term: Maturing December 2017 at 0.20%	\$ 100,564	\$ -
Long Term: Maturing March 2018 at 1.28%	100,000	-
	<u>\$ 200,564</u>	<u>\$ -</u>

3. CAPITAL ASSETS:

	<u>2017</u>			<u>2016</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Office Equipment	\$ 28,124	\$ 26,374	\$ 1,750	\$ 2,379
Equine Equipment	49,784	48,618	1,166	1,474
	<u>\$ 77,908</u>	<u>\$ 74,992</u>	<u>\$ 2,916</u>	<u>\$ 3,853</u>

4. DEFERRED REVENUE:

Deferred revenue represents amounts that are restricted for use in a specific program. The amounts are recognized on the same basis as the related expense. The change in the deferred revenue balance is as follows:

	<u>2017</u>	<u>2016</u>
Balance, Beginning of the Year	\$ 20,919	\$ 5,001
Contributions Received in the Year	66,124	35,713
Less: Amounts recognized in Revenue in the Year	<u>(75,443)</u>	<u>(19,795)</u>
Balance, End of the Year	<u>\$ 11,600</u>	<u>\$ 20,919</u>

5. MORTGAGE PAYABLE:

Upon the sale of the property, the Association used a portion of the proceeds to discharge the mortgage payable. The remaining portion was recognized as a gain in the year of sale.

T.E.A.D. EQUESTRIAN ASSOCIATION FOR THE DISABLED

NOTES TO THE FINANCIAL STATEMENTS

NOVEMBER 30, 2017

6. PRIVATE OPERATING LOANS:

Private operating loans payable are analyzed as follows:

	<u>Principle</u>	<u>Interest Rate</u>	<u>Due Date</u>
Private (Local Family Loan)	\$55,000	5%	May 7, 2015
Community Forward Fund	\$50,000	7%	August 24, 2015

The above stated loans were repaid with interest upon sale of the farm in 2015.

7. GRANTS:

Grant income is summarized as follows:

	<u>2017</u>	<u>2016</u>
Ontario Trillium Foundation	\$ -	\$ 26,308
Federal Government Program Grants	14,364	14,794
City of Hamilton Operating Grant	17,500	-
Province of Ontario	15,560	-
Non-government Program Grants	22,660	-
Non-government Operating Grants	-	5,251
	<u>\$ 70,084</u>	<u>\$ 46,353</u>

8. IN-KIND DONATIONS:

During the 2016 fiscal year, T.E.A.D. issued donation receipts for donations of in-kind goods and services. No in-kind donations were received in the current year. The donation receipts have been allocated as follows:

	<u>2017</u>	<u>2016</u>
Donations (Received)	\$ 59,326	\$ 66,195
Donations (Non-received)	11,725	7,795
Donations (In-Kind)	-	500
	<u>\$ 71,051</u>	<u>\$ 74,490</u>

9. SALE OF PROPERTY:

The Association sold its property located in Mount Hope, Ontario in December 2015 to a third party. The land and building were sold for proceeds of \$850,000. The Association operates from the same location on a monthly basis, for a rental fee of \$3000+HST.

T.E.A.D. EQUESTRIAN ASSOCIATION FOR THE DISABLED

NOTES TO THE FINANCIAL STATEMENTS

NOVEMBER 30, 2017

10. NEVADA LOTTERY:

During the 2017 fiscal year, The Association operated a break open ticket lottery from the Government of Ontario. All profits are restricted for use in charitable purposes. As a registered charity, profits from the Nevada Lottery are permitted for use in the operation of the Association only. All ticket sales related to the lottery are recorded in the Nevada bank account. The Association has now ceased their participation in the lottery.

11. FINANCIAL INSTRUMENTS - RISK MANAGEMENT:

a) Interest Rate Risk

Interest rate risk is the risk of potential financial loss caused by fluctuations in their fair value of future cash flow of financial instruments due to changes in market interest rates.

b) Credit Risk

Credit risk is the potential for financial loss should a counter-party in a transaction fail to meet its obligations.

c) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Association's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest or credit risks. Liquidity risk is managed by establishing budgets and maintaining sufficient cash and equivalents on hand or in interest bearing accounts.

12. CAPITAL MANAGEMENT AND ECONOMIC DEPENDENCE:

The organization includes cash, receivables, accounts payable, and net assets in its capital management consideration. The organization's objectives when managing capital are to safeguard its ability to continue as a going concern and continue to execute its mandate.

The organization monitors these items to assess its ability to fulfil its ongoing financial obligations. The organization relies primarily on grants to fund its operations and makes adjustments to its budgeted expenditures in light of changes. The organization is not subject to externally imposed capital requirements.