

**The Canadian Kennel Club  
Foundation  
Financial Statements**  
For the years ended December 31, 2012 and  
December 31, 2011

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## Independent Auditor's Report

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To the Members of  
The Canadian Kennel Club Foundation

We have audited the accompanying financial statements of The Canadian Kennel Club Foundation, which comprise the statements of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011, and the statements of operations, changes in net assets, and cash flows for the years ended December 31, 2012 and December 31, 2011, 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 audits. 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 Foundation derives revenue from fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue from fundraising and donations, excess of revenue over expenses, assets and net assets.

### *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 positions of The Canadian Kennel Club Foundation as at December 31, 2012, December 31, 2011 and January 1, 2011 and results of its operations and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

Mississauga, Ontario  
May 7, 2013

**The Canadian Kennel Club Foundation**  
**Statements of Financial Position**

	December 31 2012	December 31 2011	January 1 2011
<b>Assets</b>			
<b>Current</b>			
Cash	\$ 107,154	\$ 120,402	\$ 136,552
Accounts receivable (Note 3)	13,089	576	526
Prepaid expenses	-	1,102	1,164
Short-term investment	24,617	24,446	24,324
	<u>144,860</u>	<u>146,526</u>	<u>162,566</u>
<b>Capital assets</b>	10,742	10,742	10,742
	<u>\$ 155,602</u>	<u>\$ 157,268</u>	<u>\$ 173,308</u>
<b>Liabilities and Net Assets</b>			
<b>Current</b>			
Due to related parties	\$ -	\$ -	\$ 2,909
Accounts payable and accrued liabilities	608	-	25,000
	<u>608</u>	<u>-</u>	<u>27,909</u>
<b>Net assets</b>			
Invested in capital assets	10,742	10,742	10,742
Unrestricted	144,252	146,526	134,657
	<u>\$ 155,602</u>	<u>\$ 157,268</u>	<u>\$ 173,308</u>

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

The accompanying notes are an integral part of these financial statements.

## The Canadian Kennel Club Foundation

### Statements of Operations

For the years ended December 31	2012	2011
<b>Revenue</b>		
Donations	\$ 4,703	\$ 4,638
Club donations (Note 3)	12,074	12,694
Fundraising	-	2,235
Interest revenue	172	122
	<u>16,949</u>	<u>19,689</u>
<b>Expenditures</b>		
Fundraising	2,592	1,562
Handling costs	-	28
Office expenses	76	412
Professional fees	14,550	-
Building and equipment	1,102	5,248
Sundry expenses	903	570
	<u>19,223</u>	<u>7,820</u>
<b>(Deficiency) excess of revenue over expenditures</b>	<u>\$ (2,274)</u>	<u>\$ 11,869</u>

### Statements of Changes in Net Assets

For the years ended December 31	2012	2011
<b>Unrestricted Net Assets</b>		
Balance, beginning of year	\$ 146,526	\$ 134,657
(Deficiency) excess of revenue over expenditures for the year	<u>(2,274)</u>	<u>11,869</u>
Balance, end of year	<u>\$ 144,252</u>	<u>\$ 146,526</u>
<b>Net Assets Invested in Capital Assets</b>		
Balance, beginning and end of year	<u>\$ 10,742</u>	<u>\$ 10,742</u>

The accompanying notes are an integral part of these financial statements.

# The Canadian Kennel Club Foundation

## Statements of Cash Flows

For the years ended December 31	2012	2011
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
(Deficiency) excess of revenue over expenditures for the year	\$ (2,274)	\$ 11,869
Adjustments to reconcile excess of revenue over expenditures to net cash provided by operating activities		
Changes in non-cash working capital balances:		
Accounts receivable	(12,513)	(50)
Prepaid expenses	1,102	62
Accounts payable and accrued liabilities	608	(25,000)
	<u>(13,077)</u>	<u>(13,119)</u>
<b>Investing activity</b>		
Increase in short-term investments	<u>(171)</u>	<u>(122)</u>
<b>Financing activity</b>		
Repayment to related party	<u>-</u>	<u>(2,909)</u>
<b>Decrease in cash during the year</b>	<b>(13,248)</b>	<b>(16,150)</b>
<b>Cash, beginning of year</b>	<u>120,402</u>	<u>136,552</u>
<b>Cash, end of year</b>	<b>\$ 107,154</b>	<b>\$ 120,402</b>

The accompanying notes are an integral part of these financial statements.



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## The Canadian Kennel Club Foundation

### Notes to Financial Statements

December 31, 2012

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#### 1. Significant Accounting Policies

##### **Purpose of the Organization**

The Canadian Kennel Club Foundation ("the Foundation") is a not-for-profit organization incorporated without share capital under the laws of Canada. Its purpose is to educate the public about the diverse and beneficial roles of dogs in Canadian Society and to support research into the causes, diagnoses and treatment of canine diseases. The Foundation is a registered charity and, as such, is exempt from income tax.

##### **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 at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

##### **Revenue Recognition**

The Foundation follows the deferral method of accounting for revenue. Donations, gifts and fundraising revenues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

##### **Short-Term Investment**

The short term investment consists of a Guaranteed Investment Certificate with an interest rate of 0.8% (2011 - 0.7%), maturing in October 2013 and is recorded at amortized cost, which is principal plus accrued interest.

##### **Capital Assets**

Capital assets are stated at acquisition cost, less accumulated amortization and are amortized over their estimated useful lives. The capital assets consist of software (intangible asset) that is not yet in use and, as such, no amortization has been taken.

##### **Financial Instruments**

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, they are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument for those measured at amortized cost.

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## The Canadian Kennel Club Foundation

### Notes to Financial Statements

**December 31, 2012**

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#### **2. First-time Adoption**

Effective January 1, 2012, the Foundation adopted the requirements of the new accounting framework, Canadian accounting standards for not-for-profit organizations (ASNPO) or Part III of the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook - Accounting. These are the Foundation's first financial statements prepared in accordance with this framework and the transitional provisions of Section 1501, First-time Adoption have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and mandatory exceptions. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended December 31, 2012, the comparative information presented in these financial statements for the year ended December 31, 2011 and in the preparation of an opening ASNPO statement of financial position at the date of transition of January 1, 2011.

The Foundation issued financial statements for the year ended December 31, 2011 using Canadian generally accepted accounting principles prescribed by the CICA Handbook - Accounting Part V - Pre-changeover Accounting Standards. The adoption of ASNPO resulted in no adjustments to the previously reported assets, liabilities, equity, excess of revenue over expenses and cash flows of the organization.

The following exemptions were used at the date of transition of Canadian accounting standards for not-for-profit organizations:

##### **Related party transactions**

The Foundation elected to not restate assets or liabilities related to transactions with related parties when the related party transaction occurred prior to the date of transition to Canadian accounting standards for private enterprises.

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#### **3. Related Party Transactions**

During the year, club donations revenue of \$12,074 (2011 - \$12,694) was received from the Canadian Kennel Club. Included in accounts receivable is \$12,074 (2011 - \$nil) due from the Canadian Kennel Club. This amount is non-interest bearing and payment is expected in the upcoming year.

These transactions are recorded at the exchange amount (the amount of consideration established and agreed to by the related parties).

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#### **4. Financial Instrument Risks**

The Foundation utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values. This risk assessment has not changed from prior year.