

**The Canadian Kennel Club
Foundation
Financial Statements
For the year ended December 31, 2014**

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Independent Auditor's Report

To the Board of Directors of The Canadian Kennel Club Foundation

We have audited the accompanying financial statements of The Canadian Kennel Club Foundation, which comprise the statement of financial position as at December 31, 2014, 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 charitable organizations, the Foundation derives revenue from fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to revenue from fundraising and donations, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2014 and 2013, current assets as at December 31, 2014 and 2013, and net assets as at January 1 and December 31 for both the 2014 and the 2013 years. Our audit opinion on the financial statements for the year ended December 31, 2013 was modified accordingly because of the possible effects of this limitation in scope.

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 The Canadian Kennel Club Foundation as at December 31, 2014, 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Mississauga, Ontario
March 20, 2015

The Canadian Kennel Club Foundation
Statement of Financial Position

December 31	2014	2013
Assets		
Current		
Cash	\$ 87,313	\$ 97,754
Accounts receivable	529	1,630
Prepaid expenses	1,620	-
Short-term investment	25,211	24,913
	\$ 114,673	\$ 124,297
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 473	\$ 256
Due to related party (Note 2)	804	-
	1,277	256
Net assets		
Unrestricted	113,396	124,041
	\$ 114,673	\$ 124,297

On behalf of the Board:

_____ Director

_____ Director

The Canadian Kennel Club Foundation

Statement of Operations

For the year ended December 31	2014	2013
Revenue		
Donations	\$ 5,511	\$ 4,426
Fundraising	1,140	-
Interest revenue	299	295
	6,950	4,721
Expenditures		
Fundraising	2,922	1,567
Office expenses	143	833
Printing and photocopying	224	343
Professional fees	13,665	21,375
Sundry expenses	641	814
Write-off of capital assets (Note 3)	-	10,742
	17,595	35,674
Deficiency of revenue over expenditures	\$ (10,645)	\$ (30,953)

Statement of Changes in Net Assets

For the year ended December 31	2014	2013
Unrestricted Net Assets		
Balance , beginning of year	\$ 124,041	\$ 144,252
Deficiency of revenue over expenditures for the year	(10,645)	(20,211)
Balance , end of year	\$ 113,396	\$ 124,041
Net Assets Invested in Capital Assets		
Balance , beginning of year	\$ -	\$ 10,742
Write-off of capital assets (Note 3)	-	(10,742)
Balance , end of year	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

The Canadian Kennel Club Foundation
Statement of Cash Flows

For the year ended December 31	2014	2013
Cash provided by (used in)		
Operating activities		
Deficiency of revenue over expenditures for the year	\$ (10,645)	\$ (30,953)
Adjustments to reconcile deficiency of revenue over expenditures to net cash provided by operating activities		
Write-off of capital assets	-	10,742
Changes in non-cash working capital balances:		
Accounts receivable	1,101	11,459
Prepaid expenses	(1,620)	-
Accounts payable and accrued liabilities	217	(352)
	(10,947)	(9,104)
Investing activity		
Increase in short-term investments	(298)	(296)
Financing activity		
Advance from related party	804	-
Decrease in cash during the year	(10,441)	(9,400)
Cash, beginning of year	97,754	107,154
Cash, end of year	\$ 87,313	\$ 97,754

The Canadian Kennel Club Foundation

Notes to Financial Statements

December 31, 2014

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. Unrestricted 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 1.2% (2013 - 1.2%), maturing in October 2015 and is recorded at amortized cost, which is principal plus accrued interest.

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.

The Canadian Kennel Club Foundation

Notes to Financial Statements

December 31, 2014

2. Related Party Transactions

The amount due to related party is due to The Canadian Kennel Club, an organization that exercises significant influence over the operations of the Foundation and is non-interest bearing with no set terms of repayment.

3. Write-off of Capital Assets

In the prior year the Foundation wrote off the carrying amount of its software of \$10,742 as it was determined to have no future service potential to the Foundation.

4. Financial Instrument Risks

The Foundation utilizes various financial instruments. 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.