

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

**FINANCIAL STATEMENTS**

**NOVEMBER 30, 2018**



**David Burkes, B. Com, CPA, CA•IFA, CFF**

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

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**NOVEMBER 30, 2018**

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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, 2018 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)**

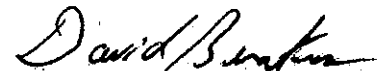
***Basis for Qualified Opinion***

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, 2018, 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 17, 2019



Chartered Professional Accountant  
Licensed Public Accountant



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

**STATEMENT OF FINANCIAL POSITION**

**AS AT NOVEMBER 30, 2018**

**ASSETS**

	<u>2018</u>	<u>2017</u>
<b><u>CURRENT</u></b>		
Cash	\$ 105,874	\$ 142,926
Short Term Investments (Note 2)	101,493	200,564
Accounts Receivable	12,295	8,165
HST Recoverable	9,886	4,370
Prepaid Expenses	1,859	1,859
	<u>231,407</u>	<u>357,884</u>
 <b><u>INVESTMENTS</u></b> (Note 3)	 100,024	 -
 <b><u>CAPITAL ASSETS</u></b> (Note 4)	 <u>12,940</u>	 <u>2,916</u>
	<u>\$ 344,371</u>	<u>\$ 360,800</u>

**LIABILITIES AND NET ASSETS**

<b><u>CURRENT</u></b>		
Accounts Payable and Accrued Liabilities	\$ 7,603	\$ 8,276
Deferred Revenue (Note 5)	20,265	11,600
	<u>27,868</u>	<u>19,876</u>
 <b><u>NET ASSETS</u></b>	 <u>316,503</u>	 <u>340,924</u>
	<u>\$ 344,371</u>	<u>\$ 360,800</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, 2018**

	<u>2018</u>	<u>2017</u>
<b><u>REVENUES</u></b>		
Grants (Note 6)	\$ 48,663	\$ 70,084
Memberships, Lesson Fees, and Ticket Sales	129,277	139,068
Donations (Note 7)	30,560	67,791
Fundraising	79,551	42,039
Unrealized Gain (Loss)	( 1,303 )	-
Investment Income	2,256	564
	<u>289,004</u>	<u>319,546</u>
<b><u>EXPENSES</u></b>		
Wages and Benefits	166,541	167,596
Professional Fees	12,820	20,684
Operating Expenses	50,053	76,982
Equestrian Expenses	31,769	29,511
Programming Expense	9,073	3,261
Fundraising Expenses	23,413	18,795
Administrative Expenses	12,076	10,175
HST Expense	4,299	4,706
Amortization Expense	3,381	937
	<u>313,425</u>	<u>332,647</u>
<b><u>DEFICIENCY OF REVENUES OVER EXPENSES</u></b>	<b>( 24,421 )</b>	<b>( 13,101 )</b>
<b><u>NET ASSETS, Beginning of the Year</u></b>	<b>340,924</b>	<b>354,025</b>
<b><u>NET ASSETS, End of the Year</u></b>	<b><u>\$ 316,503</u></b>	<b><u>\$ 340,924</u></b>

*(See Accompanying Notes)*



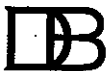
**T.E.A.D. EQUESTRIAN ASSOCIATION FOR THE DISABLED**

**STATEMENT OF CASH FLOWS**

**AS AT NOVEMBER 30, 2018**

	<u>2018</u>	<u>2017</u>
<b><u>CASH PROVIDED BY OPERATING ACTIVITIES</u></b>		
Deficiency of Revenues over Expenses	\$ (24,421)	\$ (13,101)
Unrealized Gain (Loss)	1,303	-
Amortization Expense	3,381	937
	<u>(19,737)</u>	<u>(12,164)</u>
<b><u>CHANGES IN NON-CASH OPERATING WORKING CAPITAL</u></b>		
Accounts Receivable	(4,130)	(8,165)
Sales Tax Recoverable	(5,516)	5,775
Prepaid Expenses	-	(312)
Accounts Payable and Accrued Liabilities	(673)	22
Deferred Revenue	8,665	(9,319)
	<u>(1,654)</u>	<u>(11,999)</u>
<b><u>CASH USED IN INVESTING ACTIVITIES</u></b>		
Purchase of Investments	(101,327)	-
Purchase of Capital Assets	(13,405)	-
	<u>(114,732)</u>	<u>-</u>
<b><u>DECREASE IN CASH</u></b>	<b>(136,123)</b>	<b>(24,163)</b>
<b><u>CASH AND CASH EQUIVALENTS, Beginning of the Year</u></b>	<b>343,490</b>	<b>367,653</b>
<b><u>CASH AND CASH EQUIVALENTS, End of the Year</u></b>	<b>\$ 207,367</b>	<b>\$ 343,490</b>
<b><u>CASH AND CASH EQUIVALENTS REPRESENTED BY:</u></b>		
Cash	\$ 105,874	\$ 142,926
Short Term Investments	101,493	200,564
	<u>\$ 207,367</u>	<u>\$ 343,490</u>

*(See Accompanying Notes)*



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

**NOTES TO THE FINANCIAL STATEMENTS**

**NOVEMBER 30, 2018**

**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.**

**Membership fees represent fees paid by the organization's members and is recognized as revenue in the period in which they are earned. Lesson fees and ticket sales are recorded as revenue when services have been rendered.**

**(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, 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

**(c) Capital 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%

Leasehold improvements are recorded at cost and are amortized over the useful life on a straight line basis:

- Leasehold Improvements	5 years
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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**

Financial Instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, and investments. Financial instruments are initially recorded at historical cost. If subsequent circumstances indicate that a decline in the fair market value of a financial asset is other than temporary, the financial instrument is written down to its fair market value. Unless otherwise indicated, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial statements. The fair market value of these instruments approximate recorded amounts because of the short period to receipt or payment of cash.



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

**NOTES TO THE FINANCIAL STATEMENTS**

**NOVEMBER 30, 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

**(f) Horses**

All Horses purchased by the Association are expensed in the year of acquisition. 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.

**2. SHORT-TERM INVESTMENTS:**

Short-term investments consists of the following:

	<u>Maturity</u> <u>Date</u>	<u>Annual</u> <u>Interest</u> <u>Rate</u>	<u>2018</u>	<u>2017</u>
1 Year GIC	Dec-17	0.20%	\$ -	\$ 100,564
1 Year GIC	May-19	1.90%	101,493	100,000
			<u>\$ 101,493</u>	<u>\$ 200,564</u>

**3. INVESTMENTS:**

Investments are analyzed as follows:

	<u>Total Book</u> <u>Value</u>	<u>Market Value</u>
Equity	\$ 51,180	\$ 50,522
Fixed Income	50,147	49,502
	<u>\$ 101,327</u>	<u>\$ 100,024</u>

Market value reflects the closing market price of the investment as at November 30, 2018.



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

**NOTES TO THE FINANCIAL STATEMENTS**

**NOVEMBER 30, 2018**

**4. CAPITAL ASSETS:**

	<u>2018</u>			<u>2017</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Office Equipment	\$ 28,124	\$ 26,724	\$ 1,400	\$ 1,750
Equine Equipment	49,784	48,968	816	1,166
Leasehold Improvements	13,405	2,681	10,724	-
	<u>\$ 77,908</u>	<u>\$ 75,692</u>	<u>\$ 12,940</u>	<u>\$ 2,916</u>

**5. 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>2018</u>	<u>2017</u>
Balance, Beginning of the Year	\$ 11,600	\$ 20,919
Contributions Received in the Year	57,328	60,765
Less: Amounts recognized in Revenue in the Year	(48,663)	(70,084)
Balance, End of the Year	<u>\$ 20,265</u>	<u>\$ 11,600</u>

**6. GRANTS:**

Grant income is summarized as follows:

	<u>2018</u>	<u>2017</u>
Federal Government Program Grants	\$ 21,641	\$ 14,364
City of Hamilton Operating Grant	-	17,500
Province of Ontario	-	15,560
Non-government Program Grants	3,063	22,660
Miscellaneous Grants-Other	1,000	-
Bell Canada Volunteer Grant	250	-
City of Ham- Active Lifestyles	6,875	-
City of Ham- Agricultural Grant	9,167	-
Paralympian Grant	6,667	-
	<u>\$ 48,663</u>	<u>\$ 70,084</u>



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

**NOTES TO THE FINANCIAL STATEMENTS**

**NOVEMBER 30, 2018**

**7. DONATIONS AND IN-KIND DONATIONS:**

During the 2017 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>2018</u>	<u>2017</u>
Donations (Received)	\$ 30,560	\$ 56,066
Donations (Non-receipted)	-	11,725
	<u>\$ 30,560</u>	<u>\$ 67,791</u>

**8. COMMITMENTS:**

The organization leases the space on a month to month basis for a rental fee of \$3,00 a month, excluding HST.

**9. 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, and as a result the Nevada bank account has been permanently closed.

**10. 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.



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

**NOTES TO THE FINANCIAL STATEMENTS**

**NOVEMBER 30, 2018**

**10. FINANCIAL INSTRUMENTS - RISK MANAGEMENT: (Continued)**

**d) Market Risk**

The Organization is exposed to market risk through the fluctuation in financial instrument fair values due to changes in market prices. The significant market risks to which the Organization is exposed is interest rate risk and price risk.

**e) Interest Rate Risk:**

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The interest rate exposure of the Organization arises from its interest-bearing investments.

The Organization's cash includes amounts on deposit with financial institutions that earn interest at market rates.

The Organization manages its exposure to interest rate risk of its cash by maximizing the interest income earned on excess funds while maintaining the minimum liquidity necessary to conduct operations on a day-to-day basis.

The primary objective of the Organization with respect to its investments in fixed income investments is to ensure the security of principal amounts invested and provide for a high degree of liquidity, while achieving a satisfactory investment return.

**f) Price Risk**

Price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency or interest rate risk).

The Organization is exposed to securities price risk due to its investments in bonds and equities.



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

**NOTES TO THE FINANCIAL STATEMENTS**

**NOVEMBER 30, 2018**

**11. 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.

**12. COMPARATIVE FIGURES:**

Certain figures for the year 2017 have been reclassified to conform to that of the current year's presentation.

