

**NATIONAL SERVICE DOG TRAINING
CENTRE INC.**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

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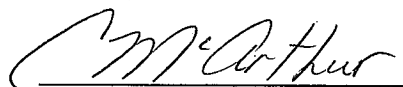
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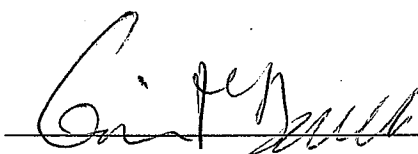
NATIONAL SERVICE DOG TRAINING CENTRE INC.
(Incorporated under the laws of Ontario)

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2009
(With comparative figures as at 2008)

	2009	2008
ASSETS		
CURRENT		
Bank	\$ 28,737	\$ 73,146
Sales tax recoverable	<u>4,701</u>	<u>5,907</u>
	33,438	79,053
CAPITAL (notes 2 and 3)	<u>569,525</u>	<u>581,683</u>
	<u>\$ 602,963</u>	<u>\$ 660,736</u>
LIABILITIES		
CURRENT		
Accounts, payable and accrued	\$ 19,705	\$ 24,788
Current portion of long-term debt (note 4)	51,795	32,440
Capital lease obligation (note 5)	<u>-</u>	<u>8,485</u>
	71,500	65,713
LONG-TERM DEBT (note 4)	<u>336,721</u>	<u>392,694</u>
	<u>408,221</u>	<u>458,407</u>
ORGANIZATIONS' EQUITY		
SURPLUS , available for future operations	<u>194,742</u>	<u>202,329</u>
	<u>\$ 602,963</u>	<u>\$ 660,736</u>

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

(See accompanying notes to financial statements)



AUDITORS' REPORT

To the Directors of
National Service Dog Training Centre Inc.:


We have audited the balance sheet of National Service Dog Training Centre Inc. as at December 31, 2009 and the statements of operations and surplus, and cash flows for the year then ended. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles except that its building on 1286 Cedar Creek will no longer be amortized. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, National Service Dog Training Centre Inc. derives a portion of its revenue from the general public in the form of fees, donations and fundraising events which are not susceptible to complete audit verification. Accordingly, our verification of these revenues was limited to accounting for the amounts recorded in the records of the organization.

In our opinion, except for the for the effect of adjustments, if any, had the revenue from various sources, referred to in the preceding paragraph, been susceptible to complete audit verification and the change of amortization policy on the organization's building, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2009 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Cambridge, Ontario
May 19, 2010



Embree & Co. LLP
Chartered Accountants
Licensed Public Accountants

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NATIONAL SERVICE DOG TRAINING CENTRE INC.

STATEMENT OF OPERATIONS AND SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2009

(With comparative figures for 2008)

	2009	%	2008	%
REVENUE				
Donations, general	\$ 426,780	78.8	\$ 598,221	82.6
Donations, building	-	-	15,875	2.2
Donations, third parties	106,402	19.7	95,392	13.2
Fee for service	<u>8,270</u>	<u>1.5</u>	<u>14,938</u>	<u>2.1</u>
	<u>541,452</u>	<u>100.0</u>	<u>724,426</u>	<u>100.0</u>
EXPENSES				
Amortization	6,705	1.2	26,619	3.7
Animal care	59,406	11.0	51,738	7.1
Bank charges	2,843	0.5	6,950	1.0
Insurance	8,384	1.5	9,550	1.3
Interest on long-term debt (notes 4 and 5)	18,721	3.5	26,929	3.7
Marketing and fund raising material	21,963	4.1	30,483	4.2
Occupancy costs	13,580	2.5	20,772	2.9
Office	10,256	1.9	35,177	4.9
Professional fees	52,818	9.8	38,316	5.3
Research and development	22,550	4.2	-	-
Salaries and wages	273,248	50.5	359,785	49.7
Telephone, IT web and server	17,994	3.3	46,360	6.4
Training	26,823	5.0	57,957	8.0
Vehicle	<u>14,791</u>	<u>2.7</u>	<u>26,252</u>	<u>3.6</u>
	<u>550,082</u>	<u>101.6</u>	<u>736,888</u>	<u>101.7</u>
DEFICIENCY OF REVENUE OVER EXPENDITURE	(8,630)	(1.6)	(12,462)	(1.7)
Gain on disposal of vehicle	<u>1,043</u>	<u>0.2</u>	<u>-</u>	<u>-</u>
DEFICIENCY OF REVENUE OVER EXPENDITURE	(7,587)	<u>(1.4)</u>	(12,462)	<u>(1.7)</u>
SURPLUS, beginning	<u>202,329</u>		<u>214,791</u>	
SURPLUS, ending	<u>\$ 194,742</u>		<u>\$ 202,329</u>	

(See accompanying notes to financial statements)

NATIONAL SERVICE DOG TRAINING CENTRE INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2009

(With comparative figures for 2008)

	2009	2008
OPERATING ACTIVITIES		
Deficiency of revenue over expenditure	\$ (7,587)	\$ (12,462)
Charges to earnings not requiring cash:		
Amortization	6,705	26,619
Gain on disposal of vehicle	<u>(1,043)</u>	<u>-</u>
	(1,925)	14,157
CHANGES IN NON-CASH WORKING CAPITAL		
(Decrease) increase in accounts, payable and accrued	(5,083)	18,628
Increase in sales tax payable	<u>1,206</u>	<u>665</u>
Cash (used in) from operating activities	<u>(5,802)</u>	<u>33,450</u>
FINANCING ACTIVITIES		
Repayments of note payable	(36,618)	(32,440)
Repayment of capital lease liability	<u>(1,233)</u>	<u>(2,941)</u>
Cash used in financing activities	<u>(37,851)</u>	<u>(35,381)</u>
INVESTING ACTIVITIES		
Purchases of capital assets	(756)	-
Money master fund	<u>-</u>	<u>25,585</u>
Cash (used in) from investing activities	<u>(756)</u>	<u>25,585</u>
INCREASE (DECREASE) IN CASH	(44,409)	23,654
BANK, beginning	<u>73,146</u>	<u>49,492</u>
BANK, ending	<u>\$ 28,737</u>	<u>\$ 73,146</u>
SUPPLEMENTARY INFORMATION:		
Interest paid	\$ 18,721	\$ 26,929

(See accompanying notes to financial statements)

NATIONAL SERVICE DOG TRAINING CENTRE INC.

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2009

1. PURPOSE OF THE ORGANIZATION

The organization is incorporated without share capital under the laws of the province of Ontario as a not for profit organization to operate a facility providing training of service dogs for individuals with disabilities. The organization is a registered charity under the Income Tax Act and is exempt from income tax.

The organization's activities are supported through donations, grants and fundraising activities. The on-going operations of the association could not continue without these sources of funding.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles except that the building will no longer be amortized from this year forward and reflect the following policies:

(a) Capital assets and amortization

Capital assets are recorded at cost. Amortization is provided at the following annual rates:

Office equipment	- 20% declining balance basis
Kennel equipment	- 20% declining balance basis
Vehicle	- 30% declining balance basis
Computer equipment	- 30% declining balance basis
Fencing	- 20% declining balance basis
Building, Cedar Creek	Not amortized

Amortization is calculated at one-half of the normal rate in the year of acquisition.

The building has been appraised by the Municipal Property Assessment Corporation in excess of its book value, accordingly, no amortization will be recorded in order to realistically disclose the organization's book value.

Capital assets are subject to an assessment for impairment. An impairment loss is recognized when the carrying amount of property and equipment is not recoverable and exceeds its fair value. Management does not feel that there has been an impairment to the carrying amount of the capital assets.

(b) Revenue recognition

Revenues from donations and fundraising are recognized when received.

Revenues from grants are recognized in the period to which they relate.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

(c) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the organization's management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes to the financial statements. Actual results may differ from these estimates. Items material to the financial statements that require the use of estimates are rates of amortization for capital assets.

NATIONAL SERVICE DOG TRAINING CENTRE INC.

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2009

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	2009 Net Book Value	2008 Net Book Value
Office equipment	\$ 10,934	\$ 8,299	\$ 2,635	\$ 3,294
Kennel equipment	2,225	1,915	310	388
Vehicle	64,254	51,491	12,763	23,524
Computer equipment	8,756	7,250	1,506	2,152
Fencing	711	656	55	69
Building, Cedar Creek	390,256	38,000	352,256	352,256
Land (Cedar Creek)	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>200,000</u>
	<u>\$ 677,136</u>	<u>\$ 107,611</u>	<u>\$ 569,525</u>	<u>\$ 581,683</u>

4. LONG-TERM DEBT

	2009	2008
Scotia Bank term loan, bearing interest at bank prime plus 2.0 per cent per annum is repayable in monthly payments of \$620 principal plus interest, due November 2012. The loan is secured by two 2005 GMC cargo vans.	\$ 21,694	\$ 29,134
The private second mortgage bearing interest at 8 per cent is repayable in monthly interest payments, the loan was completely discharged in April 2010.	12,000	75,000
Royal Bank first mortgage bearing interest at bank prime plus 2.05 per cent is repayable in four principal payments of \$6,700 each plus monthly interest payments, due October 2020. It is secured by property located at 1286 Cedar Creek Road, Cambridge.	294,200	321,000
Royal bank loan bearing interest at bank prime plus 2.05 per cent is repayable in quarterly principal payments of \$1389 each plus monthly interest payments, due October 2020. It is secured by property located at 1286 Cedar Creek Road, Cambridge.	<u>60,622</u>	<u>-</u>
	388,516	425,134
Less principal due within one year	<u>51,795</u>	<u>32,440</u>
	<u>\$ 336,721</u>	<u>\$ 392,694</u>

Interest expense for the above loans totalled approximately \$18,721 (2008 - \$26,929). Principal payments are as follows:

2010	\$ 51,795
2011	39,795
2012	39,175
2013	32,355
2014	32,355
thereafter	<u>193,041</u>
	<u>\$ 388,516</u>

NATIONAL SERVICE DOG TRAINING CENTRE INC.

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2009

5. OBLIGATION UNDER CAPITAL LEASE

	2009	2008
A 2005 Pontiac Wave, was leased through GMAC for \$264.31 per month including taxes. This lease was paid out in April 2009. The company no longer has the vehicle and the lease obligation has been discharged.	\$ -	\$ 8,485
Less portion due within one year	<u>-</u>	<u>8,485</u>
	<u>\$ -</u>	<u>\$ -</u>

6. DONATED GOODS AND SERVICES

The work of the organization is dependent on volunteer services of the Board of Directors, various committees and other volunteers, the nature of which is not verifiable and therefore is not recognized in these financial statements.

7. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of bank, accounts payable, loans payable and capital lease obligation. The carrying value of these financial instruments approximates their fair value. It is management's opinion that the organization is not exposed to significant interest or currency risks arising from these financial instruments.

8. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the presentation adopted in the current year.

