

**LIONS FOUNDATION OF CANADA/  
FONDATION DES LIONS DU CANADA**

**CONSOLIDATED FINANCIAL STATEMENTS**

**AS AT JUNE 30, 2017**

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GLENN • GRAYDON • WRIGHT LLP  
CHARTERED ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

To the Members  
Lions Foundation of Canada/Fondation des Lions du Canada

We have audited the accompanying consolidated financial statements of Lions Foundation of Canada/Fondation des Lions du Canada which comprise the consolidated statement of financial position as at June 30, 2017, and the consolidated statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated 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 consolidated 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 auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Basis for Qualified Opinion*

In common with many charitable organization, Lions Foundation of Canada/Fondation des Lions du Canada derived revenue from donations, fundraising, and other income, the completeness of which are not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Lions Foundation of Canada/Fondation des Lions du Canada. Consequently, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenditures, cash flows from operations, current assets and net assets.

### *Qualified Opinion*

In our opinion, except for the possible effects of the matters described in the Basis of Qualified Opinion the consolidated financial statements present fairly, in all material respects, the financial position of Lions Foundation of Canada/Fondation des Lions du Canada as at June 30, 2017 and of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Other Matter*

The consolidated financial statements of Lions Foundation of Canada/Fondation des Lions du Canada for the year ended 2016 were audited by another auditor who expressed a modified opinion on those consolidated financial statements on October 21, 2016.

Glenn Graydon Wright LLP

Chartered Accountants  
Licensed Public Accountants  
Oakville, Ontario  
October 20, 2017

DOUGLAS M.W. FERGUSON, CPA, CA  
TEP, CPA (ILLINOIS)

JOHN R. NUNNIKHOVEN, CPA, CA

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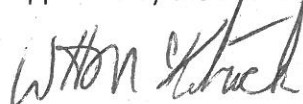
# LIONS FOUNDATION OF CANADA/FONDATION DES LIONS DU CANADA

## Consolidated statement of financial position

As at June 30, 2017

		Restricted			
	General fund	Dog Guide Endowment fund	Stevenson Fellowship fund	Total 2017	Total 2016
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 818,268	-	12,003	830,271	661,671
Accounts receivable	37,169	-	-	37,169	30,305
Interfund receivables	1,891,252	-	-	1,891,252	1,063,538
Inventory	52,480	-	-	52,480	45,770
Prepaid expenses	24,490	-	-	24,490	24,365
	2,823,659	-	12,003	2,835,662	1,825,649
<b>Property, plant and equipment (Note 4)</b>					
	5,157,669	-	-	5,157,669	5,336,687
<b>Long-term assets</b>					
Investments (Note 5)	4,604,083	6,218,255	3,514,662	14,337,000	12,773,738
	\$ 12,585,411	6,218,255	3,526,665	22,330,331	19,936,074
<b>Liabilities and net assets</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities	\$ 408,748	36,405	20,459	465,612	428,296
Interfund payables	-	1,423,331	467,921	1,891,252	1,063,538
	408,748	1,459,736	488,380	2,356,864	1,491,834
<b>Net assets</b>					
Invested in property, plant and equipment	5,157,669	-	-	5,157,669	5,336,687
Externally restricted	-	4,758,519	3,038,285	7,796,804	7,692,598
Unrestricted	7,018,994	-	-	7,018,994	5,414,955
	12,176,663	4,758,519	3,038,285	19,973,467	18,444,240
	\$ 12,585,411	6,218,255	3,526,665	22,330,331	19,936,074

Approved by the Board



Chairperson



Treasurer



**LIONS FOUNDATION OF CANADA/FONDATION DES LIONS DU CANADA**
**Consolidated statement of net assets**
**For the year ended June 30, 2017**

		General fund	Restricted		Total 2017	Total 2016
			Dog Guide Endowment fund	Stevenson Fellowship fund		
<b>Net assets, beginning of year</b>	\$	10,751,642	4,758,519	2,934,079	18,444,240	17,940,003
Excess of revenue over expenditure (expenditure over revenue) for year		1,536,445	(71,078)	63,860	1,529,227	504,237
Interfund transfers (Note 8)		(111,424)	71,078	40,346	-	-
<b>Net assets, end of year</b>	\$	12,176,663	4,758,519	3,038,285	19,973,467	18,444,240



# LIONS FOUNDATION OF CANADA/FONDATION DES LIONS DU CANADA

## Consolidated statement of operations

For the year ended June 30, 2017

		General fund	Restricted		Total 2017	Total 2016
			Dog Guide Endowment fund	Stevenson Fellowship fund		
<b>Revenue</b>						
Donations (Schedule 1)	\$	2,751,222	-	110,357	2,861,579	3,463,188
Walk for Dog Guides		1,482,380	-	-	1,482,380	1,305,517
Life memberships		42,650	-	-	42,650	58,100
Fellowship		14,597	-	-	14,597	7,750
Grants		195,537	-	-	195,537	101,232
Investment income (Note 6)		1,565,151	-	-	1,565,151	147,058
Other income		95,735	-	-	95,735	82,144
Events (Schedule 1)		187,886	-	-	187,886	227,540
Gift shop (Schedule 1)		16,975	-	-	16,975	22,296
		6,352,133	-	110,357	6,462,490	5,414,825
<b>Expenditure</b>						
Administration		387,727	-	-	387,727	440,287
Amortization		266,740	-	-	266,740	296,326
Fundraising		454,062	-	-	454,062	477,670
General		292,947	71,078	46,497	410,522	396,742
Marketing		237,128	-	-	237,128	238,237
Program costs						
Assessment and follow-up		109,285	-	-	109,285	104,771
General		50,896	-	-	50,896	44,889
Salaries and benefits		2,026,153	-	-	2,026,153	1,977,652
Student		243,111	-	-	243,111	234,213
Veterinary		280,467	-	-	280,467	256,074
Property		467,172	-	-	467,172	443,727
		4,815,688	71,078	46,497	4,933,263	4,910,588
<b>Excess of revenue over expenditure (expenditure over revenue) for year</b>						
	\$	1,536,445	(71,078)	63,860	1,529,227	504,237



**LIONS FOUNDATION OF CANADA/FONDATION DES LIONS DU CANADA**
**Consolidated statement of cash flows**
**For the year ended June 30, 2017**

	2017	2016
<b>Cash flows from (used in) operating activities</b>		
Excess of revenue over expenditure (expenditure over revenue) for year		
General Fund	\$ 1,536,445	476,823
Dog Guide Endowment Fund	(71,078)	(68,965)
Stevenson Fellowship Fund	63,860	96,379
Adjustments for		
Amortization of property, plant and equipment	266,740	296,326
Loss on disposal of property, plant and equipment	-	(514)
	1,795,967	800,049
Changes in non-cash working capital		
(Increase) decrease in accounts receivable	(6,864)	11,176
(Increase) decrease in inventory	(6,710)	2,877
(Increase) decrease in prepaid expenses	(125)	20
Increase (decrease) in accounts payable and accrued liabilities	37,316	(40,724)
<b>Cash flows from operating activities</b>	<b>1,819,584</b>	<b>773,398</b>
<b>Cash flows from (used in) investing activities</b>		
Acquisition of property, plant and equipment	(87,722)	(23,841)
Proceeds on disposal of property, plant and equipment	-	1,000
Increase in long-term investments	(1,563,262)	(611,387)
<b>Cash flows used in investing activities</b>	<b>(1,650,984)</b>	<b>(634,228)</b>
<b>Net increase in cash and cash equivalents during year</b>	<b>168,600</b>	<b>139,170</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>661,671</b>	<b>522,501</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 830,271</b>	<b>661,671</b>
<b>Cash and cash equivalents are comprised of</b>		
General fund	\$ 818,268	653,346
Stevenson Fellowship fund	12,003	8,325
	\$ 830,271	661,671



# LIONS FOUNDATION OF CANADA/FONDATION DES LIONS DU CANADA

## Notes to consolidated financial statements

As at June 30, 2017

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### 1. Purpose of the organization

Lions Foundation of Canada/Fondation des Lions du Canada ("the Foundation") was incorporated without share capital under the Corporation Act as a not-for-profit organization on August 1, 1983 and acts exclusively as a national organization operating dog guide schools for Canadians with visual, hearing and medical or physical disabilities.

### 2. Significant accounting policies

These consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant policies where alternatives are available:

#### a) Principles of consolidation

These consolidated financial statements include the accounts of Lions Foundation of Canada and Dog Guides Canada. Lions Foundation of Canada has a common board of directors and effectively controls both organizations. All material inter-organization transactions have been eliminated.

#### b) Management estimates

The preparation of the consolidated financial statements in conformity 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 disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements of changes in such estimates in future periods could be significant.

#### c) Basis of accounting

The Foundation follows the restricted fund method of accounting for contributions for financial statement reporting purposes, the accounts have been classified into the following funds:

##### (i) General fund

The General fund accounts for the Foundation's program delivery and administrative activities. The General fund reports unrestricted resources.

##### (ii) Stevenson Fellowship fund

The Stevenson Fellowship fund reports restricted resources donated for special recognition awards. Investment income earned on resources of the Stevenson Fellowship fund is for the benefit of the General fund. It is the Foundation's policy to transfer from the General fund back to the Stevenson Fellowship fund an amount equal to annual investment management fees.





# LIONS FOUNDATION OF CANADA/FONDATION DES LIONS DU CANADA

## Notes to consolidated financial statements

As at June 30, 2017

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### 2. Significant accounting policies - continued

#### c) Basis of accounting - continued

##### (iii) Dog Guide Endowment fund

Dog Guide Endowment fund has been established to provide for future service to Canadians with visual, hearing and medical or physical disabilities in the areas of safety, mobility and independence. Investment income earned on the resources of the fund is for the benefit of the General fund. It is the Foundation's policy to transfer from the General fund back to the Dog Guide Endowment fund an amount equal to annual investment management fees.

#### d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts and highly liquid temporary money market instruments with original maturities of three months or less.

#### e) Inventory

Inventory is valued at the lower of cost and net realizable value.

#### f) Property, plant and equipment

Purchased property, plant and equipment are recorded at acquisition cost. Contributed property, plant and equipment are recorded at their fair value at the date of contribution. Amortization is recorded in the accounts at rates intended to write off the cost of the assets over their estimated useful life. Methods and rates used are:

Building  
5% diminishing balance basis

Furniture and fixtures  
20% diminishing balance basis

Veterinary clinic equipment  
20% diminishing balance basis

Vehicles  
30% diminishing balance basis

Computer equipment  
45% diminishing balance basis

Computer software  
50% diminishing balance basis





## LIONS FOUNDATION OF CANADA/FONDATION DES LIONS DU CANADA

### Notes to consolidated financial statements

As at June 30, 2017

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#### 2. Significant accounting policies - continued

##### g) Revenue recognition

Donations, life memberships, fellowship, grant revenue and other income are recognized in the respective fund in the year it is received. Fundraising and event revenue is recognized when the corresponding event takes place. Investment income is recognized in the respective fund in the year in which it is earned. This includes both realized and unrealized investment gains and losses.

##### h) Contributed materials and services

The value of contributed materials and services is not reflected in these consolidated financial statements.

#### 3. Financial instruments

##### a) Fair value

The Foundation initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The entity subsequently measures all its financial assets and financial liabilities at cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value.

##### b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in underlying market factors. The organization is exposed to other price risk.

##### (i) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to other price risk through its investments in securities traded in active markets.

##### c) Liquidity risk

Liquidity risk is the risk that the Foundation cannot meet a demand for cash or fund its obligations as they come due. Unless otherwise noted, the Foundation is not subject to significant liquidity risk. The Foundation manages liquidity risk by:

- maintaining access to a number of sources of funding which are sufficient to meet anticipated funding requirements.
- holding financial assets for which there is not a liquid market, but which are expected to generate cash inflows that will be available to meet cash outflows on liabilities.



**LIONS FOUNDATION OF CANADA/FONDATION DES LIONS DU CANADA**
**Notes to consolidated financial statements**
**As at June 30, 2017**
**4. Property, plant and equipment**

		2017		2016
	Cost	Accumulated amortization	Net	Net
Land	\$ 1,109,490	-	1,109,490	1,109,490
Building	8,727,685	4,888,132	3,839,553	3,982,203
Furniture and fixtures	540,608	440,361	100,247	105,486
Veterinary clinic equipment	116,270	93,416	22,854	28,568
Vehicles	324,428	261,719	62,709	89,583
Computer equipment	228,495	211,149	17,346	14,996
Computer software	35,031	29,561	5,470	6,361
	<u>\$ 11,082,007</u>	<u>5,924,338</u>	<u>5,157,669</u>	<u>5,336,687</u>

Amortization recorded during the year amounted to \$266,740.

During the year, property, plant and equipment were acquired for cash at an aggregate cost of \$87,722.

**5. Long-term investments**

The investment in the Oakville Community Foundation represents an endowment and entitles the organization to share in investment income from pooled funds, along with other agencies. In the event that the organization ceases to exist, the Lions Foundation of Canada/Fondation des Lions du Canada (or its successor) will act as a replacement successor to the organization for purposes of this investment (Note 8).

**6. Investment income**

The General fund investment income includes \$395,928 earned in the Stevenson Fellowship fund and \$693,738 earned in the Dog Guide Endowment fund in accordance with the original terms of the respective funds. The income earned in each of these funds is unrestricted and is for the benefit of the General fund. As such, this investment income, both realized and unrealized, is recognized in the General fund.



# LIONS FOUNDATION OF CANADA/FONDATION DES LIONS DU CANADA

## Notes to consolidated financial statements

As at June 30, 2017

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### 7. Operating lease commitments

Future minimum rental payments required under operating leases that have initial or remaining terms in excess of one year are:

2018	\$	70,508
2019		3,433
2020		3,433
2021		3,433
2022		3,433
Thereafter		<u>3,424</u>
	\$	<u>87,664</u>

### 8. Fund transfers

Transfers represent reallocations within the funds of the Foundation.

Transfers to and from the General and Restricted funds are determined at the Board of Directors' discretion.

### 9. Income tax status

The Foundation is a registered charity and is therefore exempt from income taxes under Section 149(1)(f) of the Income Tax Act.



**LIONS FOUNDATION OF CANADA/FONDATION DES LIONS DU CANADA**

Consolidated schedule of General fund donations, events and gift shop

For the year ended June 30, 2017

	2017	2016
<b>Donations</b>		
Bequests	\$ 579,127	1,205,811
Corporations and organizations	212,348	257,968
Gifts in kind	32,260	33,864
Individuals	456,317	426,322
In memoriam	42,220	63,434
Lions and Lioness sponsorships	580,230	508,839
Lioness clubs	19,562	8,071
Lions clubs	252,991	241,750
Other sponsorships	576,167	576,400
	<b>\$ 2,751,222</b>	<b>3,322,459</b>
<b>Events</b>		
Dog Bowl	\$ 4,000	9,154
Hockey draw	57,235	75,955
Local	25,434	45,598
Memorial Forest	23,100	18,215
Nevada, Kitchener	8,441	10,497
Oakville bingo	8,548	-
Pet memorial wall	1,500	2,250
Project Pride	44,565	41,731
Ride for Dog Guides	15,063	24,140
	<b>\$ 187,886</b>	<b>227,540</b>
<b>Gift shop</b>		
Sales	\$ 56,905	53,399
Cost of sales	(39,930)	(31,103)
<b>Net earnings</b>	<b>\$ 16,975</b>	<b>22,296</b>

